

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
OF THE**



**TOWN OF VERNON,  
CONNECTICUT**

**FOR THE YEAR ENDED  
JUNE 30, 2018**

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

**TOWN OF VERNON, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**INTRODUCTORY SECTION**

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OFFICE OF THE  
FINANCE DEPARTMENT

# TOWN OF VERNON

14 PARK PLACE, VERNON, CT 06066

Tel: (860) 870-3634

Fax: (860) 870-3587

E-mail: [joneill@vernon-ct.gov](mailto:joneill@vernon-ct.gov)

February 27, 2019

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

Connecticut General Statutes require that all municipal governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. In accordance with that requirement, we hereby issue the comprehensive annual financial report of the Town of Vernon, Connecticut (the "Town") for the fiscal year ended June 30, 2018.

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

Pursuant to the Charter, on an annual basis the Town Council shall designate an auditor or auditors to audit the books and accounts of the town. The Town of Vernon's financial statements have been audited by Mahoney Sabol and Company LLP, a firm that provides comprehensive accounting, auditing, tax and business consulting services to a wide range of clients and industries. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2018 are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures contained within the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. MahoneySabol concluded, based upon their audit, that there was a reasonable basis for rendering an "unmodified opinion" that the Town's financial statements for the fiscal year ended June 30, 2018 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, federally and State mandated “Single Audit” designed to meet the special needs of federal and State grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited governments internal controls and compliance with legal requirements with special emphasis on internal controls and legal requirements involving the administration of federal awards and State financial assistance. These reports are available in the Town of Vernon’s separately issued Single Audit Reports.

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

### **Profile of the Town of Vernon**

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

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

The Town of Vernon provides a full range of services, including police and fire protection, ambulance services, construction and maintenance of streets and other infrastructure, solid waste and recycling services, and also offers a variety of human services, recreational activities and cultural events. The Town owns and operates wastewater treatment facility that serves approximately 80% of the Town’s residents. This facility also accepts sanitary waste from portions of the surrounding towns of Tolland, Ellington, Manchester and South Windsor in accordance with the provisions of Intergovernmental Sewer Agreements between each of those communities and the Town. The Town’s educational system consists of five elementary schools, one middle school and one high school that includes a regional Vo-Ag on its campus.

The annual operating budget serves as the foundation for the Town of Vernon’s financial planning and control. The appropriated budget is prepared by fund, function (e.g. Public Safety) and departments (e.g. Police). Department Heads may request transfers of appropriations within account classifications to the Finance Officer. Other transfers within a department and between departments require the



approval of Town Council. Budget to actual comparisons are provided in this report for the general fund, the only legally adopted budget as prescribed by the Town Charter.

### **Local Economy**

The Town of Vernon is a residential community consisting of 18.6 square miles located 14 miles east of Hartford with an estimated population of 29,289 as of June 2018. Vernon is strategically located on Interstate 84 with four interchanges within the Town's borders providing convenient access to all areas of Connecticut, Massachusetts and New York. Bradley International Airport is 30 minutes from Vernon.

Industrial development continues to provide a challenge as manufacturers leave the state and available employment declines. The Town continues to pursue merging parcels for industrial development while facing the task of addressing the redevelopment of older mill properties. Investments in infrastructure, clean water management and public safety will have a positive effect locally and will factor into economic recovery and stability of the region.

The local economic base serves the region as a commercial, governmental, legal and medical center. Local employment in manufacturing has been replaced by employment in these service areas. This shift is revealed in the additions to the tax base as planned development and new construction are related to retail commerce and professional services. The Net Taxable Grand List grew to \$1,820,225,893 an increase of 1.41% over the prior. The tax base is moderately concentrated with the top ten taxpayers accounting for 14.5% of the Net Taxable Grand List. The top taxpayers are primarily comprised of apartments, shopping centers and utilities.

In 2018, economic development continued to progress in Vernon. A 174 unit luxury apartment complex (Hyde Park Apartments) was approved by Planning and Zoning at 14 Hyde Ave and Trail Run apartments, a 300 unit complex, is currently underway at 243 Talcottville Rd. Scranton Powersports constructed a new 13,000 sq ft. showroom for their expanding off-road line of vehicles and Scranton's previous location was renovated to accommodate an expanded footprint for Enterprise Rental Car. Joining the many entertainment options in town, Spark Virtual Reality also opened up a new location at 425 Talcottville Rd. The former Hockanum Mill complex at 200 West Main Street also opened their doors as a motorcycle focused retail destination after a multiple year renovation project.

The 2018-2019 operating budget was approved by the Town Council, sent to the annual Town Meeting and adopted on April 24, 2018. A single mil rate of 39.63 was adopted, increasing from 38.71 for real estate and personal property and from 37.00 for motor vehicles resulting in a blended mil rate increase of 2.83%.

Due to its healthy financial position supported by conservative budgeting and management practices that have contributed to consistent operating surpluses, Moody's Investor Service has assigned the Town of Vernon a credit rating of Aa2 – obligations are judged to be of high-quality and are subject to very low credit risk.

## **Long Range Planning**

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

In August of 2018, general obligation bonds of \$5,000,000 were issued with \$3,387,000 allocated to ongoing improvements of town roads and \$1,613,000 to retire a BAN issued in August of 2017 for acquisition and improvements for the new Senior Center which opened to great success in April of 2018. On December 4, 2018, the Senior Center enrolled its 1000<sup>th</sup> new member! In fiscal year 2020, the town plans to issue the final general obligation bond authorized as part of the road reconstruction and improvements ordinance adopted in 2013 and bond authorization approved in January of 2014.

In addition to ongoing road improvements, town projects include reconstruction of sidewalks funded via a combination of town and LOTCIP grant funds while also continuing to work on various bridge replacements funded through town appropriations and other state grants.

Looking ahead, the town will begin the process of upgrading the regional Water Pollution Control Facility. Construction is anticipated to begin in the summer of 2019 with financing for the project to be accomplished through a loan from the CT Clean Water Fund with participating towns contributing their agreed upon percentage of the total cost.

Vernon continues to address major rolling stock demands to replace equipment and vehicles that have met their useful life, Besides being better equipped to serve the residents, these efforts have resulted in stabilization of maintenance budgets for succeeding years. In the current fiscal year, included in this plan were 3 dump trucks and a front-load refuse truck for Public Works, and a new Class A Pumper for the Fire Department.

## **Relevant Financial Policies**

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

The Town's cash management policy emphasizes foremost the security of the principal being invested, second liquidity and third to obtain the highest yield on the investment. The cash invested is idle cash, which is transferred as needed into investment accounts. This idle cash is primarily invested in the State Treasurer's Short-Term Investment Fund. The Town's investment practices are in compliance with its Charter and the Connecticut General Statutes.

## **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Vernon for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. This was the **twenty-seventh** consecutive year the Town has received this prestigious award which is valid for a one-year period. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both generally accepted accounting principles and applicable legal requirements. The Town believes its current report continues to meet the program requirements and we will be submitting it to the GFOA to be considered for another certificate.

The preparation of this annual financial report could not have been accomplished without a major effort and commitment from all members of the finance team. I would like to extend special recognition to Frank J. Zitkus, Controller, for his significant contribution in the completion of this report. In addition, I would like to express sincere gratitude to Mr. James M. Luddecke for his many years of service as the Finance Officer and Treasurer of the Town of Vernon promoting the highest degree of public creditability and confidence in fiscal accountability and stability.

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

Respectfully submitted,



Jeffrey A. O'Neill  
Finance Officer



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, 2017**

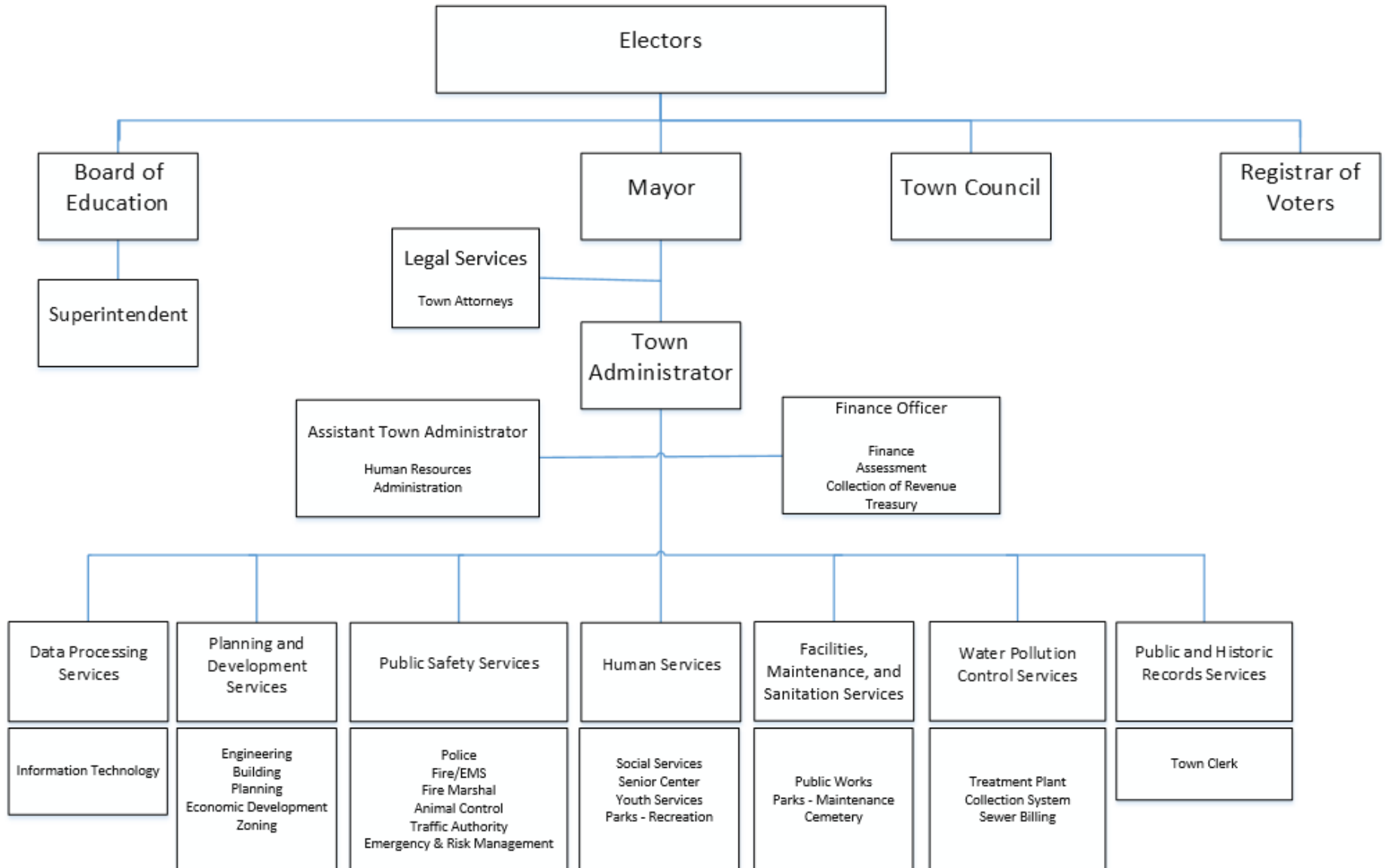
*Christopher P. Morrill*

Executive Director/CEO



# Town of Vernon

Organizational Chart  
FY 2017-2018



**TOWN OF VERNON, CONNECTICUT**

**LIST OF PRINCIPAL OFFICIALS**

JUNE 30, 2018

**MAYOR**

Daniel Champagne

**TOWN COUNCIL**

Laura B. Bush  
William F. Campbell  
Julie Clay  
Thomas DiDio  
Ann Letendre  
Brian R. Motola

Steven Peterson  
Pauline Schaefer  
James Tedford  
Steve Wakefield, Mayor Pro Tempore  
Michael Wendus  
Ralph Zahner

**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, Waste Treatment  
Director, Youth Services  
Ambulance Coordinator  
Animal Control Officer  
Assessor  
Assistant Town Administrator  
Building Inspector  
Cemetery Superintendent/Forman  
Collector of Revenue  
Controller  
Fire Marshal  
Registrar (D)  
Registrar (R)  
Town Attorney  
Town Engineer  
Town Planner  
Economic Development Coordinator

Michael J. Purcaro  
Jeffrey O'Neill  
James M. Luddecke  
Karen Daigle  
James Kenny  
John Kelley  
Stephen Eppler  
Robert Sigan  
Michael J. Purcaro  
Robert Kleinhans  
Martin Sitler  
Maureen Gabriele  
Robert Grasis  
Michelle Hill  
Jean Gauthier  
Craig P. Segar  
David A. Wheeler  
Dawn Maselek  
John Labossiere  
Alan B. West  
Terry A. Hjarne  
Frank J. Zitkus  
Raymond Walker  
Christopher Prue  
John K. Anderson  
Louis A. Spadaccini  
David Smith  
Marina Rodriguez  
Shaun Gately

**BOARD OF EDUCATION**

Michelle B. Arn  
Kevin Brown  
Anne H. Fischer, Chairperson  
Linda Gessary, Secretary  
David Kemp, Vice-Chairman

Mark Kalina, Treasurer  
John Kopec  
Deborah Rodriguez  
Thomasina Russell

**EDUCATION OFFICIALS**

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

Dr. Joseph Macary  
Robert Testa  
Raymond Engle

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## INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Town of Vernon, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vernon, Connecticut (the "Town") as of and for the year ended June 30, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## **Other Matters**

### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, the Town adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. Our opinion is not modified with respect to this matter.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 20, and the information on pages 83 through 107 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section on pages i through viii, the combining and individual fund statements and schedules on pages 108 through 128, and the statistical section and trend data section on pages 129 through 158 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Certified Public Accountants  
Glastonbury, Connecticut  
February 27, 2019

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**TOWN OF VERNON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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The management of the Town of Vernon, Connecticut (the "Town") offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - v of this Comprehensive Annual Financial Report ("Report").

**Financial Highlights**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$109.897 million (net position). Of this amount, \$30.376 million represents a deficit in the Town's unrestricted net position. This deficit is attributed to the Town's net pension and other post-employment benefits liabilities, which are being funded by the Town over time based on actuarially determined contributions.
- The beginning net position of the Town was decreased by \$4.795 million as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions* (OPEB). This decrease represented the difference between the net OPEB obligation previously recognized in accordance with GASB Statement No. 45 and the net other OPEB liability recognized in accordance with GASB Statement No. 75.
- Net position of the Town's governmental activities totaled \$91.521 million, an increase of \$6.050 million over the prior year net position, adjusted for the implementation of GASB Statement No. 75. Net position of the Town's business-type activities totaled \$18.376 million, a decrease of \$386 thousand over the prior year net position, adjusted for the implementation of GASB Statement No. 75.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balances of \$30.285 million, an increase of \$2.934 million in comparison with the prior year. Of this amount, 83.26% or \$25.215 million is available for spending at the Town's discretion (committed, assigned, and unassigned fund balance).
- The fund balance of the Town's General Fund increased by \$2.146 million from \$19.208 million to \$21.354 million. The current year increase 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.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$18.645 million or 19.29% of total current year General Fund expenditures and other financing uses. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover over 2.3 months of General Fund operating expenditures.

**Overview of the Financial Statements**

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

**TOWN OF VERNON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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**Overview of the Financial Statements (Continued)**

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

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

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

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

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

The government-wide financial statements can be found on pages 21 and 22 of this report.

**Fund Financial Statements**

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

**Governmental Funds**

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

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

**TOWN OF VERNON, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**Overview of the Financial Statements (Continued)**

**Fund Financial Statements (*Continued*)**

***Governmental Funds (Continued)***

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

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

The basic governmental fund financial statements can be found on pages 23 through 27 of this report.

***Proprietary Funds***

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

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

The basic proprietary fund financial statements can be found on pages 28 through 30 of this report.

***Fiduciary Funds***

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

The basic fiduciary fund financial statements can be found on pages 31 and 32 of this report.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 through 82 of this report.

**TOWN OF VERNON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**Overview of the Financial Statements (Continued)**

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information, combining and individual fund statements and schedules, and a statistical section that can be found on pages 83 through 158 of this report.

**Government-wide Financial Analysis**

**Net Position**

Over time, net position may serve as one measure of a government's financial position. The Town's total net position (governmental and business-type activities combined) totaled \$109.897 million as of June 30, 2018 and \$104.233 million as of June 30, 2017, as adjusted for the implementation of GASB Statement No. 75, and is summarized as follows.

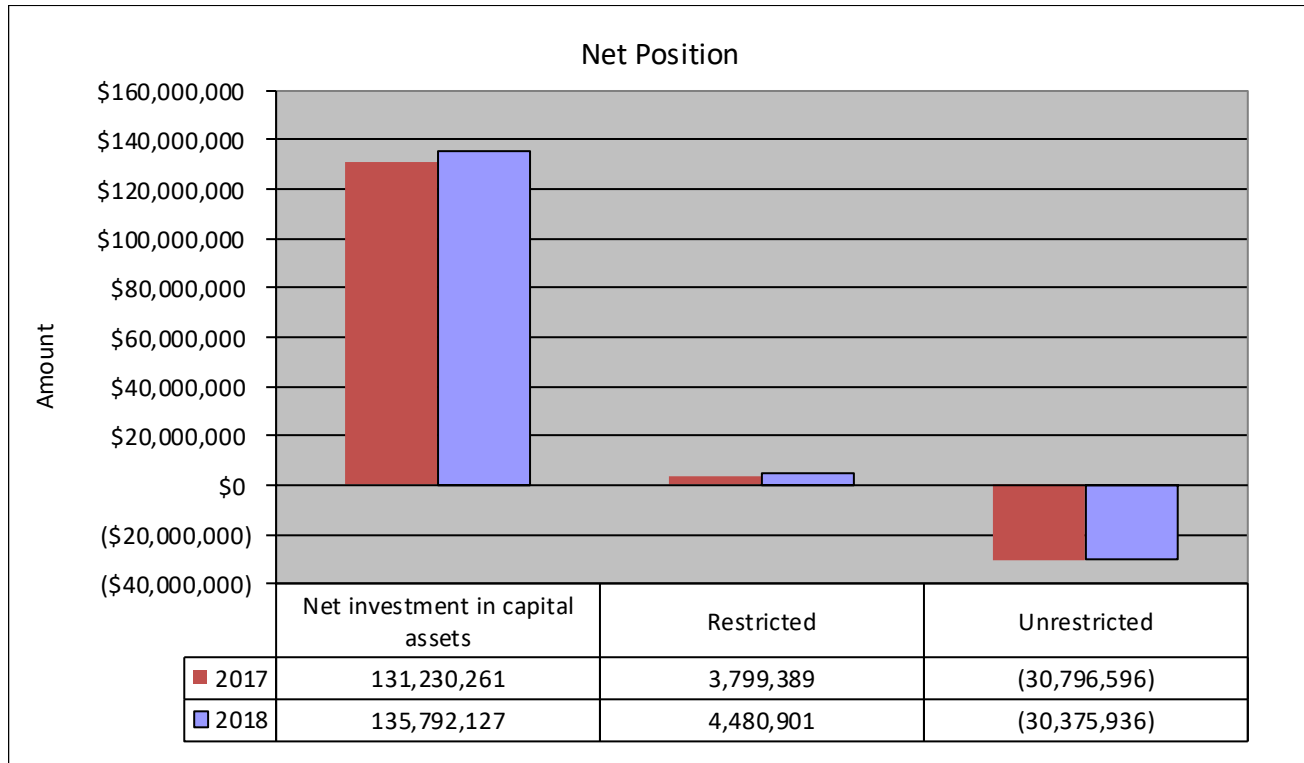
	<b>Net Position</b>					
	<b>June 30, 2018</b>		<b>Total</b>	<b>June 30, 2017</b>	<b>2018 vs 2017</b>	
	<b>Governmental Activities</b>	<b>Business-type Activities</b>		<b>Total (As Adjusted)</b>	<b>\$ Change</b>	<b>% Change</b>
Current and other assets	\$ 48,986,242	\$ 14,200,001	\$ 63,186,243	\$ 47,613,657	\$ 15,572,586	33%
Capital assets	172,933,486	9,231,706	182,165,192	176,458,533	5,706,659	3%
Total assets	221,919,728	23,431,707	245,351,435	224,072,190	21,279,245	9%
Deferred outflows of resources	4,376,436	261,321	4,637,757	9,176,713	(4,538,956)	-49%
Other liabilities	10,220,562	418,983	10,639,545	6,050,887	4,588,658	76%
Long-term liabilities	111,750,813	4,506,301	116,257,114	120,202,273	(3,945,159)	-3%
Total liabilities	121,971,375	4,925,284	126,896,659	126,253,160	643,499	1%
Deferred inflows of resources	12,803,898	391,543	13,195,441	2,762,689	10,432,752	378%
Net position:						
Net investment in capital assets	126,560,421	9,231,706	135,792,127	131,230,261	4,561,866	3%
Restricted	4,480,901	-	4,480,901	3,799,389	681,512	18%
Unrestricted	(39,520,431)	9,144,495	(30,375,936)	(30,796,596)	420,660	-1%
Total net position	\$ 91,520,891	\$ 18,376,201	\$ 109,897,092	\$ 104,233,054	\$ 5,664,038	5%

	<b>Net Position</b>		
	<b>June 30, 2017 (As Adjusted)</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current and other assets	\$ 34,471,914	\$ 13,141,743	\$ 47,613,657
Capital assets	166,891,530	9,567,003	176,458,533
Total assets	201,363,444	22,708,746	224,072,190
Deferred outflows of resources	8,809,574	367,139	9,176,713
Other liabilities	5,883,283	167,604	6,050,887
Long-term liabilities	116,158,713	4,043,560	120,202,273
Total liabilities	122,041,996	4,211,164	126,253,160
Deferred inflows of resources	2,660,580	102,109	2,762,689
Net position:			
Net investment in capital assets	121,663,258	9,567,003	131,230,261
Restricted	3,799,389	-	3,799,389
Unrestricted	(39,992,205)	9,195,609	(30,796,596)
Total net position	\$ 85,470,442	\$ 18,762,612	\$ 104,233,054

**TOWN OF VERNON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**Government-wide Financial Analysis (Continued)**

**Net Position (Continued)**



As of June 30, 2018, 123.6% of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

As of June 30, 2018, 4.1% of the Town's net position is subject to restrictions on how it may be used and are, therefore, presented as restricted net position.

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

Significant changes in the Town's financial position include increases in cash and cash equivalents and deferred inflows of resources in the amount of \$7,098,849 relating to advance tax collections. In addition, deferred outflows and inflows of resources and long-term liabilities were impacted by significant changes in the components of the Town's net pension and other post-employment benefit liabilities.

**TOWN OF VERNON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**Government-wide Financial Analysis (Continued)**

**Changes in Net Position**

Changes in net position for the years ended June 30, 2018 and 2017 are as follows. Reclassifications have been made to the amounts reported for the year ended June 30, 2017 to conform with the current year presentation. The amounts reported for the year ended June 30, 2017 have not been adjusted for the implementation of GASB Statement No. 75, since the effects of the adjustments on the statements of changes in net position are not readily determinable.

Changes in Net Position						
	For the Years Ended				2018 vs 2017	
	June 30, 2018			June 30, 2017		
	Governmental	Business-type	Total	Total		
	Activities	Activities		(As Adjusted)	\$ Change	% Change
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 6,929,998	\$ 6,133,376	\$ 13,063,374	\$ 12,248,230	\$ 815,144	6.7%
Operating grants and contributions	38,647,706	7,948	38,655,654	38,974,240	(318,586)	-0.8%
Capital grants and contributions	2,950,461	67,470	3,017,931	4,042,505	(1,024,574)	-25.3%
General revenues:						
Property taxes, levied for general purposes	70,636,382	-	70,636,382	68,129,637	2,506,745	3.7%
Grants and contributions not restricted to specific programs	905,765	-	905,765	1,532,993	(627,228)	-40.9%
Investment earnings	245,173	45,650	290,823	277,150	13,673	4.9%
Total revenues	120,315,485	6,254,444	126,569,929	125,204,755	1,365,174	1.1%
<b>Expenses</b>						
General government	5,726,965	-	5,726,965	6,076,452	(349,487)	-5.8%
Community development	516,403	-	516,403	497,261	19,142	3.8%
Public safety	14,218,806	-	14,218,806	14,975,891	(757,085)	-5.1%
Maintenance and development	12,373,159	-	12,373,159	15,085,714	(2,712,555)	-18.0%
Human services	1,321,334	-	1,321,334	1,469,554	(148,220)	-10.1%
Parks, recreation and culture	3,226,817	-	3,226,817	3,182,850	43,967	1.4%
Education	75,318,075	-	75,318,075	72,074,705	3,243,370	4.5%
Interest expense	1,563,477	-	1,563,477	1,426,711	136,766	9.6%
Sewer	-	6,428,958	6,428,958	5,657,815	771,143	13.6%
Center 375 (rental)	-	211,897	211,897	205,667	6,230	3.0%
Total expenses	114,265,036	6,640,855	120,905,891	120,652,620	253,271	0.2%
Change in net position	6,050,449	(386,411)	5,664,038	\$ 4,552,135	\$ 1,111,903	
Net position, beginning as adjusted	85,470,442	18,762,612	104,233,054			
Net position, ending	\$ 91,520,891	\$ 18,376,201	\$ 109,897,092			



**TOWN OF VERNON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**Government-wide Financial Analysis (Continued)**

**Change in Net Position (Continued)**

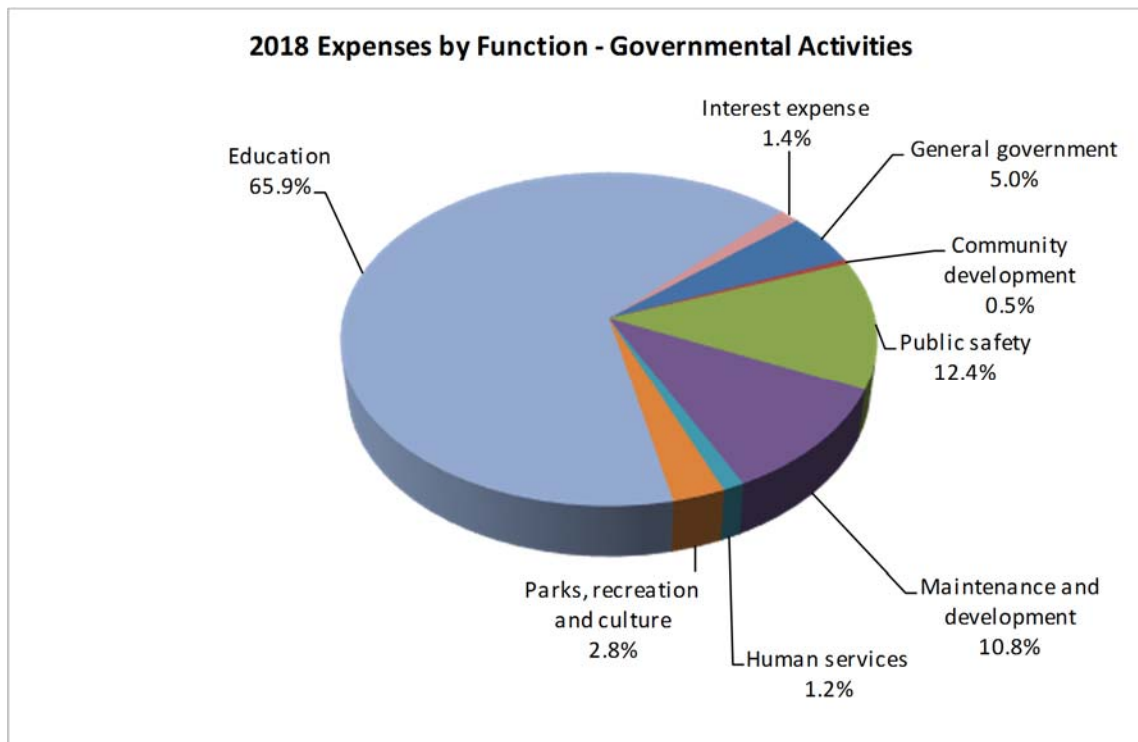
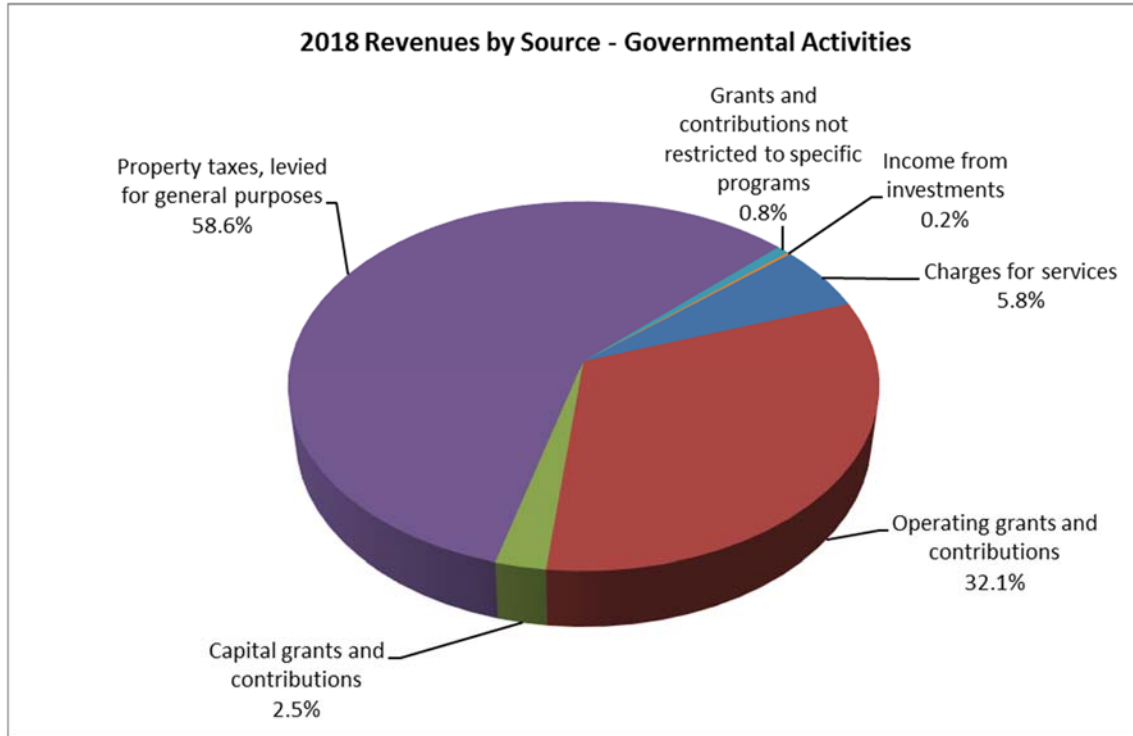
<b>Changes in Net Position</b>			
<b>For The Year Ended June 30, 2017 (As Adjusted)</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 6,092,987	\$ 6,155,243	\$ 12,248,230
Operating grants and contributions	38,957,031	17,209	38,974,240
Capital grants and contributions	3,750,012	292,493	4,042,505
General revenues:			
Property taxes, levied for general purposes	68,129,637	-	68,129,637
Grants and contributions not restricted to specific programs	1,532,993	-	1,532,993
Investment earnings	256,856	20,294	277,150
Total revenues	<u>118,719,516</u>	<u>6,485,239</u>	<u>125,204,755</u>
<b>Expenses</b>			
General government	6,076,452	-	6,076,452
Community development	497,261	-	497,261
Public safety	14,975,891	-	14,975,891
Maintenance and development	15,085,714	-	15,085,714
Human services	1,469,554	-	1,469,554
Parks, recreation and culture	3,182,850	-	3,182,850
Education	72,074,705	-	72,074,705
Interest expense	1,426,711	-	1,426,711
Sewer	-	5,657,815	5,657,815
Center 375 (rental)	-	205,667	205,667
Total expenses	<u>114,789,138</u>	<u>5,863,482</u>	<u>120,652,620</u>
Change in net position	<u>\$ 3,930,378</u>	<u>\$ 621,757</u>	<u>\$ 4,552,135</u>

**TOWN OF VERNON, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**Government-wide Financial Analysis (Continued)**

**Change in Net Position *(Continued)***



**TOWN OF VERNON, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**Government-wide Financial Analysis (Continued)**

**Change in Net Position (*Continued*)**

***Governmental Activities***

Net position from governmental activities increased from \$85.470 million to \$91.521 million, an increase of \$6.050 million. Since the Town began preparing a statement of net position as of June 30, 2003, this is the thirteenth increase in the sixteen year period.

Overall revenues increased by \$1.596 million from the prior year. Key factors in this increase were as follows:

- Property tax revenues increased by \$2.507 million or 3.7% primarily as a result of an increase in the Town's mill rate levied to fund increased General Fund expenditure appropriations.
- Charges for services increased by \$837 thousand or 13.7%. The increase included revenue increases of \$191 thousand in building permits, \$75 thousand in ambulance emergency service fees, \$75 thousand in zoning citations, \$71 thousand in sewer connection charges, \$50 thousand in medical insurance reimbursements and \$32 thousand in police special services.
- Operating grants and contributions decreased by \$309 thousand or 0.8%. The decrease included decreases of \$2.106 million in brownfield remediation grants and \$47 thousand in community development grants; which were offset by increases in special education grants of \$797 thousand, other education grants of \$63 thousand, and an increase in on-behalf pension contributions of \$1.047 million relating to the State Teachers' Retirement System.
- Capital grants and contributions decreased by \$800 thousand or 21.3% due primarily to a \$470 thousand decrease in school building improvement and equipment grants, a \$402 thousand decrease in grants for wastewater treatment plant pre-development costs, a \$359 thousand decrease in grant funding for Town building renovations, a \$353 thousand decrease in school roof construction grants, and a \$188 thousand decrease for Town capital equipment grants; which were offset by an increase of \$709 thousand in street improvements grants and \$461 thousand for bridge reconstruction projects.
- Non-restrictive grants and contributions decreased by \$627 thousand or 40.9%. This decrease included decreases of \$132 thousand in property tax relief grants, a \$279 thousand decrease in a State grant received to offset a State imposed cap on the taxation of motor vehicles, and a decrease of \$98 thousand in payment in lieu of taxes.

Overall expenses decreased by \$524 thousand or 0.5% from the prior year. Key factors in this increase were as follows:

- The cost of educational services increased by \$3.243 million primarily due to increased General Fund operating costs of \$664 thousand (including significant increases in special education, curriculum development, benefit costs and student transportation costs), an increase of \$825 thousand in grant-funded special education programs, an increase of \$91 thousand in school cafeteria costs, and an increase in on-behalf retirement costs of \$1.047 million; which were offset by a significant reduction in regular education, school building and grounds and business office costs. Allocable net pension and other post-employment benefits costs and internal service fund claim costs comprise the remainder of the educational service cost increase.

**TOWN OF VERNON, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**Government-wide Financial Analysis (Continued)**

**Change in Net Position (Continued)**

***Governmental Activities (Continued)***

- General government costs decreased by \$350 thousand or 5.8%. This decrease is attributable to reduced allocable pension and internal service fund claim costs. These decreases were offset by an increase in data processing and technology costs.
- Public safety costs decreased by \$757 thousand or 5.1% due to decreases in General Fund operating police service costs of \$281 thousand, traffic authority costs of \$52 thousand and firefighting operating service costs of \$43 thousand. Other decreases are attributable to reduced allocation of internal service fund claim costs and reduced allocable net pension liability costs. Offsetting these decreases are increases in building inspection costs of \$75 thousand and ambulance service costs of \$7 thousand.
- Maintenance and development costs decreased \$2.713 million or 18.0% due to decreased brownfield remediation costs of \$1.813 million, reduced school roof replacement costs of \$411 thousand, reduced Town building renovation costs of \$392 thousand, reduced sewer connection costs of \$227 thousand, reduced road reconstruction costs of \$111 thousand and reduced grant-funded capital equipment costs of \$188 thousand. Also, there were decreases in allocable internal service fund claim costs and net pension liability costs during the year. Increased General Fund operating costs for building maintenance of \$99 thousand, refuse and recycling services of \$84 thousand, grounds and road maintenance of \$46 thousand and snow removal of \$26 thousand; which were offset by reductions of \$26 thousand for engineering services, \$20 thousand in leaf collection services and \$2 thousand in equipment maintenance.
- Parks, recreation and culture costs increased by \$44 thousand from the prior year, primarily due to park improvement costs funded by memorial donations.
- Interest on long-term debt increased by \$137 thousand from the prior year based upon scheduled debt service payments.

***Business-type Activities***

Revenues of the Town's business-type activities decreased by \$231 thousand or 3.6% and expenses increased by \$777 or 13.3%. The factors influencing revenue results were decreased service charges of \$189 thousand (sewer use fee collections), a decrease in operating grants and contributions of \$9 thousand and decreased capital contributions of \$225 thousand; offset by increases in septic fees and other revenues of \$167 thousand and investment earnings of \$25 thousand.

The increase in expenses of \$777 thousand is comprised of an increase in wages and benefits of \$106 thousand, pension costs of \$450 thousand, utility costs of \$154 thousand, repair and maintenance costs of \$55 thousand, administrative costs of \$40 thousand and depreciation expense of \$10 thousand; which were offset by a reduction to supplies and materials of \$38 thousand.

**Financial Analysis of the Town's Funds**

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

**TOWN OF VERNON, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (*Continued*)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**Financial Analysis of the Town's Funds (Continued)**

**Governmental Funds**

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

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$30.285 million. Of total fund balance, \$15.066 million is either non-spendable, committed, restricted or assigned because it has been committed for construction contracts or has been set aside for capital purposes, trust fund purposes, special assessment debt service, prepaid items and inventory.

Included in the current year total change in fund balance is an increase of \$2.146 million in the Town's General Fund. The unassigned fund balance reflects an overall increase of \$3.235 million. The unassigned fund balance of the General Fund at June 30, 2018 is \$18.645 million, which represents 20.22% 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 Town's other major governmental funds are the Road Improvements Bond Fund, the School Roof Replacements and Renovations Fund, the Senior Center Acquisition and Renovations Fund and the Waste Treatment Plant Upgrades Fund. The Road Improvements Bond Fund incurred \$3.301 million on roadway improvements costs during the current year resulting in a \$492 thousand fund balance deficit at year-end. The Town issued \$3.387 million in general obligation bonds in August 2018 to fund on-going road improvement costs and to retire the \$1.525 million bond anticipation notes outstanding as of year-end. The School Roof Replacements and Renovation Fund incurred project costs of \$827 thousand offset by State grant proceeds of \$477 thousand. Available fund balance at June 30, 2018 totaled \$243 thousand. The Senior Center Acquisition and Renovations Fund incurred costs of \$1.194 million in the current year resulting in a fund balance of \$565 thousand at fiscal year-end. The Town issued \$1.613 in general obligation bonds in August 2018 to retire bond anticipation notes outstanding at year-end. The Waste Treatment Plant Upgrade Fund incurred costs of \$2.342 million during the year and has a current fund balance deficit of \$2.267 million.

Changes in fund balances of Nonmajor Governmental Funds include the following:

*Nonmajor Special Revenue Funds* - there was an increase of \$711 thousand, with gains of \$63 thousand in the Town Aid Road Fund, \$202 thousand in the Public Safety Complex Fund, \$293 thousand in the Sewer Connections Fund, and \$247 thousand in the Miscellaneous Special Revenue Fund. Fund balance decreases include \$37 thousand in the Insurance Exchange Fund and \$85 thousand in the Miscellaneous Special Revenue Grants Fund.

*Nonmajor Debt Service Fund* - the Fund received a transfer in of \$447 thousand during the fiscal year and that same amount of fund balance is anticipated to cover future debt service requirements of the Waste Treatment Plant facility upgrades.

**TOWN OF VERNON, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**Financial Analysis of the Town's Funds (Continued)**

**Governmental Funds (Continued)**

*Nonmajor Capital Projects Funds* - there was an increase of \$537 thousand including fund balance increases of \$260 thousand increase in the Town Capital and Nonrecurring Fund, \$301 thousand in Citizens Block Renovations Fund, and \$342 thousand and \$275 thousand in the Dart Hill Road and Pleasantview Drive Bridge Reconstruction Funds, respectively. Decreases include \$307 thousand in the Town and School Improvement Projects Fund, \$234 thousand in the Education Capital Non-Recurring Fund and \$88 thousand in the South Street Reconstruction Fund. The Permanent Trust Fund increased by \$128 thousand due to an increase in the fair value of investments.

**Proprietary Funds**

The Town accounts for five proprietary funds, two as business-type activities and three as internal service funds. The Sewer User Fund and the Center 375 Fund are established as self-supporting business-type activities that reported a reduced change in net position of \$409 thousand for the year.

The Sewer User Fund is established for the operation and maintenance of the wastewater treatment plant. Quarterly bills for sewer usage and interest earned on investments generate its resources. The net decrease to the Sewer User Fund net position was \$375 thousand compared to an increase of \$629 thousand in the prior year. The current year decrease is attributable to operating expenses exceeding operating revenues by \$483 thousand. The October 1, 2017 sewer rate was kept level at its prior year rate of \$5.99/1,000. A reduced level of treated flow from the prior year resulted in a decrease in user fee collections of \$189 thousand. There was a combined \$167 thousand increase in septic fees, delinquent interest and other revenues. Other revenue, non-operating revenue and capital contributions were \$216 thousand lower than prior year. Operating expenses increased \$767 thousand from the prior year primarily due to a \$450 thousand increase in the Fund's net pension liability and \$148 thousand in utility costs. The plant is in the twenty first year of operation since major renovations, and its latest upgrade 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 \$34 thousand.

The Internal Service Funds are supported by department budgets. The Data Processing Fund serves both the Town and school administrations, which equally support its operating expenses. Net position increased by \$447 thousand as contributions from the General Fund increased by \$65 thousand and there was an increase in capital contributions of \$503 thousand. An \$186 thousand increase in the Fund's wage and benefit costs accounted for the majority of the \$169 thousand increase in operating costs. The future needs of the department require continual upgrades to the various computer systems as well as maintaining a network for sharing common software and databases.

The Workers' Compensation Fund provides for self-insurance of workers' compensation and is supported by contributions from the General Fund and Sewer User Fund, as well as investment income. At fiscal year-end, revenue exceeded expenses by \$88 thousand, decreasing the prior year net position deficit from \$1.750 million to \$1.661 million. Contributions to the Fund increased by \$25 thousand from the prior year and claims incurred decreased from \$1.931 million in the prior year to \$691 thousand in the current year. The allocation of adequate contributions in the next year to meet financial demands is based on actual experience. The Medical Self-Insurance Fund, which became effective January 1, 2006, provides medical prescription coverage for employees and retirees. Effective July 1, 2007, dental coverage for general government employees and retirees became self-insured. Effective July 1, 2017, dental coverage for education employees and retirees became self-insured. The fund is supported by contributions from all covered participants and employer contributions. Contribution amounts are based upon historical experience of claims incurred and paid, and third-party administrators process the claims. Net position was \$935 thousand, an increase of \$122 thousand from the prior year, primarily due to favorable dental claims experience.

**TOWN OF VERNON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget amounted to an increase of \$4.062 million. Included in this amount is \$2.831 million of encumbrances carried forward from the previous fiscal year (net of \$49 thousand of liquidated encumbrances) and \$1.231 million of current year budget amendments that can be classified as either pass-through additional appropriations or other additional appropriations.

*Pass-through additional appropriations* are those supported by revenue and other sources and amounted to \$383 thousand during the year, including \$44 thousand for capital equipment; \$200 thousand for collections remitted to the State of Connecticut by the Town Clerk for the community investment and historic preservation acts; \$139 thousand in police special services pay. Although these additional appropriations had revenue and other funding sources, they were legally appropriated from fund balance.

*Other additional appropriations* taken from fund balance amounted to \$848 thousand, including \$194 thousand for snow removal; \$239 thousand for payments of compensated absences; \$273 in vehicle replacements; and \$142 thousand for other costs. These additional appropriations include funds for retroactive and current wages, medical insurance, invasive species management and parks maintenance equipment.

Actual final expenditures totaled \$89.527 million and can be summarized as follows. The budgetary unexpended, unencumbered resulted in a favorable amount of \$1.319 million. Contained within this amount are favorable variances of \$230 thousand in general government spending; \$26 thousand in community development; \$591 thousand for police and firefighting services and other public safety expenditures; \$9 thousand in refuse and recycling collection, \$93 thousand in public works maintenance and \$60 thousand in engineering services; \$62 thousand in human services expenditures; \$47 thousand for parks recreation administration and maintenance; \$48 thousand for FICA, \$94 thousand in group and municipal insurance; and \$13 thousand in contingency. As the fiscal year progresses, financial measures are taken to manage areas where additional costs are required, as well as projecting revenue shortfalls. One example is a hiring deferral to cover additional costs associated with the payment of compensated absences. Another is seeking out alternative revenue sources such as excess special education grants and Medicaid reimbursements to help offset the decrease in special education tuitions.

On the revenue side, final actual revenues exceeded the original budget by \$3.075 million due to favorable variances in the following categories: \$920 thousand in total tax collections including \$904 thousand in current taxes; intergovernmental revenues were \$1.073 million above estimates including \$634 thousand from excess special education and state agency placement grants. Charges for services were above estimates by \$601 thousand due in most part to the farmland preservation surcharge of \$115 thousand; police special services, \$200 thousand; and MERS receipts, \$56 thousand, which in turn are appropriated to cover respective costs. Education tuition receipts were below projections by \$6 thousand. Licenses and permits were above projections by \$289 thousand due primarily to a favorable building permits variance of \$290 thousand. Fines and penalties were \$69 thousand above projections including a zoning citations favorable variance of \$66 thousand. An increase in interest rates produced a surplus of \$35 thousand in investment income. Other financing sources were below original estimates by \$19 thousand and other revenue, which includes items such as education, insurance and gasoline reimbursements, were above estimates by \$87 thousand.

**TOWN OF VERNON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**Capital Asset and Debt Administration**

**Capital Assets**

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2018 totaled \$182.165 million (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, park facilities, vehicles and equipment, roads, bridges, storm water drainage and sewer lines. This amount represents a net increase (including additions and deductions) of \$5.707 million or 3.2% more than last year.

The following are tables of the investment in capital assets presented for both governmental and business-type activities:

**Capital Assets, Net**  
**June 30, 2018**

	Governmental Activities	Business-type Activities	Total
Land	\$ 9,866,728	\$ 1,322,840	\$ 11,189,568
Construction in progress	27,042,402	-	27,042,402
Intangibles	23,212	44,064	67,276
Buildings and system	77,414,116	1,114,932	78,529,048
Land improvements	2,647,381	133,727	2,781,108
Machinery and equipment	9,888,689	1,330,842	11,219,531
Infrastructure	46,050,958	5,285,301	51,336,259
Totals	<u>\$ 172,933,486</u>	<u>\$ 9,231,706</u>	<u>\$ 182,165,192</u>

**Capital Assets, Net**  
**June 30, 2017**

	Governmental Activities	Business-type Activities	Total
Land	\$ 9,866,728	\$ 1,267,840	\$ 11,134,568
Construction in progress	18,807,529	-	18,807,529
Intangibles	-	18,400	18,400
Buildings and system	79,270,197	1,242,986	80,513,183
Land improvements	2,665,207	22,716	2,687,923
Machinery and equipment	9,484,017	1,529,329	11,013,346
Infrastructure	46,797,852	5,485,732	52,283,584
Totals	<u>\$ 166,891,530</u>	<u>\$ 9,567,003</u>	<u>\$ 176,458,533</u>

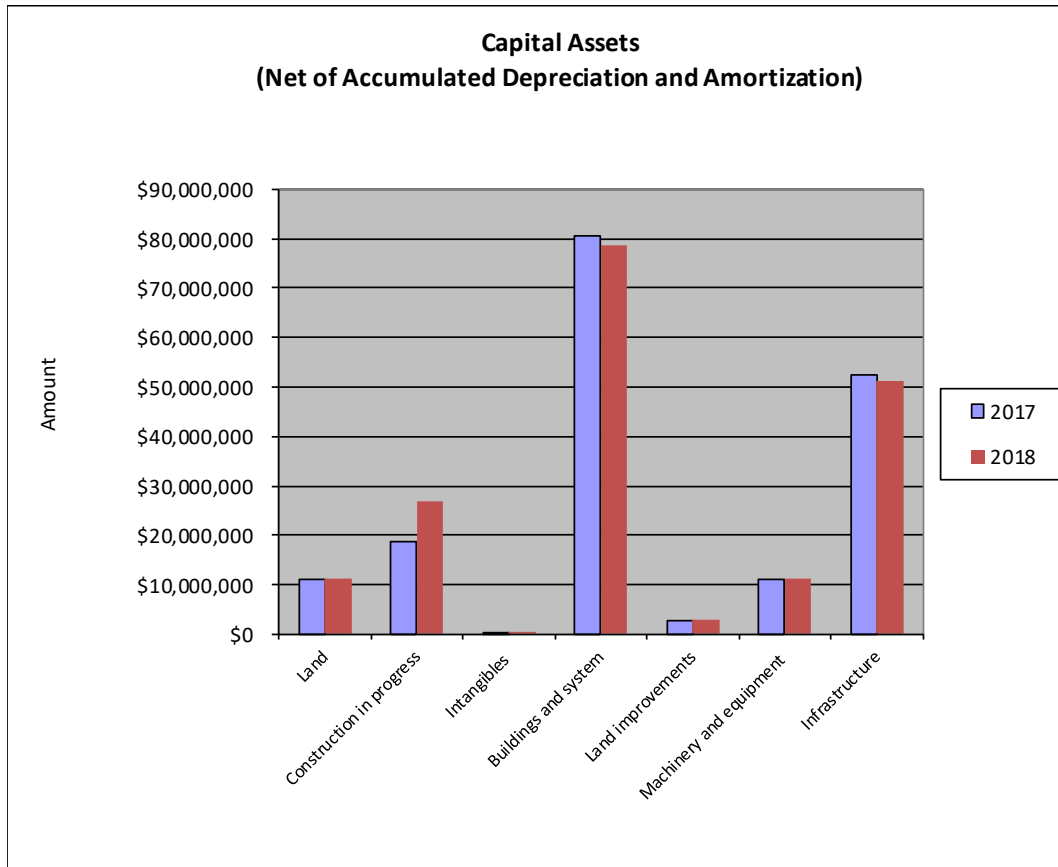


**TOWN OF VERNON, CONNECTICUT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**Capital Asset and Debt Administration (Continued)**

**Capital Assets *(Continued)***



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

- \$4.890 million in road reconstruction and improvements;
- \$1.137 million in renovations to the new Senior Center facility;
- \$2.342 million in engineering costs for the upgrade of the Waste Treatment Plant facility
- \$1.300 million minor capital improvements to the Town's educational facilities, including roof replacements;
- \$330 thousand in bridge reconstruction costs
- \$195 thousand in park improvements

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

**TOWN OF VERNON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**Capital Asset and Debt Administration (Continued)**

**Debt Administration**

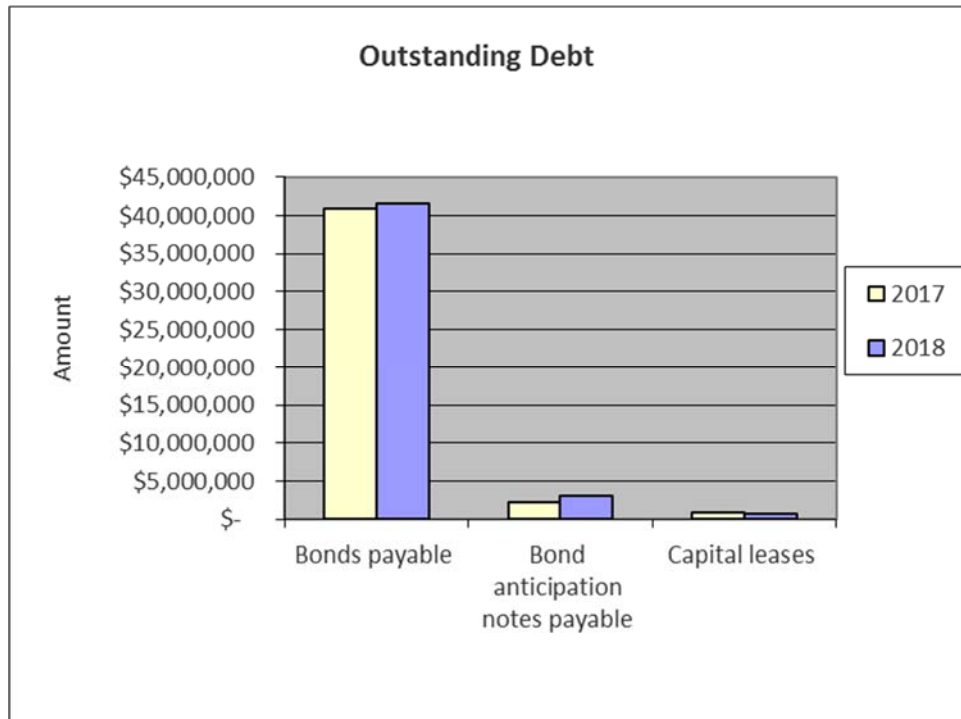
At the end of the current fiscal year, the Town had \$45.477 million in long-term bonds, notes and lease purchase obligations outstanding compared to \$44.079 million at the end of the prior fiscal year, an increase of \$1.398 million or 3.17%. The following is a two-year comparison of long-term debt:

**Long-term Debt  
June 30, 2018**

	Governmental Activities	Business-type Activities	Total
Bonds payable	\$ 41,645,000	\$ -	\$ 41,645,000
Bond anticipation notes payable	3,138,000	-	3,138,000
Capital leases	693,718	-	693,718
Totals	<u>\$ 45,476,718</u>	<u>\$ -</u>	<u>\$ 45,476,718</u>

**Long-term Debt  
June 30, 2017**

	Governmental Activities	Business-type Activities	Total
Bonds payable	\$ 40,960,000	\$ -	\$ 40,960,000
Bond anticipation notes payable	2,200,000	-	2,200,000
Capital leases	918,516	-	918,516
Totals	<u>\$ 44,078,516</u>	<u>\$ -</u>	<u>\$ 44,078,516</u>



**TOWN OF VERNON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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**Capital Asset and Debt Administration (Continued)**

**Debt Administration (Continued)**

During the current fiscal year long-term debt principal payments of \$3.940 million were made. In August 2018, the Town issued general obligation bonds of \$3.387 million to fund road reconstruction and improvement projects that commenced in fiscal year 2013-2014. Also in August 2018, the Town issued general obligation bonds of \$1.613 million to fund improvements to the new Senior Citizen Center facility.

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

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

Additional information on the Town's long-term debt can be found in note 8 to the financial statements beginning on page 48.

**Economic Factors and Next Year's Budget and Rates**

The Town's elected and appointed officials considered many factors when setting the fiscal year 2018-2019 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 4.2%, 0.7% less than the prior year-end. This compares with the State's unemployment rate of 4.5% and the national rate of 3.8%.

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 2.55% for fiscal year 2018 compared with the average U.S. town rate of 2.87%.

These indicators were also taken into account when adopting the General Fund budget for fiscal year 2018-2019. Total appropriations in the General Fund budget are \$92.171 million, an increase of \$2.677 million over the original 2017-2018 budget. Property taxes total \$71.962 million, a revenue increase of \$2.765 million from the prior year. In the next fiscal year, the estimated aid from the State of Connecticut is expected to increase by \$70 thousand to \$18.098 million, which represents 19.64% of total revenue in the General Fund.

The Town will use the increases in revenues to finance programs currently offered and to offset expected inflationary increases on program costs. Increases of \$456 thousand in education, \$220 thousand in public safety, \$168 thousand in maintenance and development, \$16 thousand in parks and recreation, \$34 thousand in medical insurance, \$42 thousand in pension contributions, and \$1.133 million in debt service requirements and contributions comprise the major increases in the fiscal year 2018-2019 budget. Decreases in the fiscal year 2018-2019 budget include \$4 thousand in community development and \$36 thousand in capital improvements.

**TOWN OF VERNON, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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

The 2018-2019 Town budget experienced an overall 2.99% increase in appropriations with a blended increase of 1.08 mills in the tax rate from 38.55 to 39.63. The Grand List for fiscal year 2018-2019 increased 1.41% providing \$962 thousand of additional funding. State grant funding is projected to provide \$18.1 million, an increase of \$70 thousand. While the Town continues to deliver current town and school services in a cost effective manner, funding for expanded senior center programs and activities are offered in the 2018-2019 budget.

Examples of cost containment measures include a collaborative risk management program with the Town and school system that is helping to stabilize and reduce general liability insurance costs; competitive bidding for health insurance; redesigning health plans for current and future budgetary relief; fully self-insuring for dental and workers compensation costs; continued transitioning from a defined benefit to a defined contribution retirement plan for new employees; the acquisition of all streetlights using efficient LED lighting, and creation of the Town's own telephone system have all resulted in current year savings, which will continue into future years.

Concerning the Town's business-type activities, the Town will continue to preserve a favorable unrestricted net position. As in all areas, most especially the waste treatment facility, the volatile rates of energy resources is carefully examined, and the purchasing of solar credits was one practice the Town employed to offset the impact of energy costs.

**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**  
**STATEMENTS OF NET POSITION**  
JUNE 30, 2018

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 40,854,597	\$ 11,586,924	\$ 52,441,521
Investments	1,781,807	-	1,781,807
Receivables:			
Property taxes and interest, net	1,949,066	-	1,949,066
User charges and interest, net	-	2,621,792	2,621,792
Grants and contracts	2,209,078	-	2,209,078
Other	894,876	-	894,876
Internal balances	38,615	(38,615)	-
Other	645,411	29,900	675,311
Noncurrent assets:			
Receivables:			
Loans	612,792	-	612,792
Capital assets:			
Non-depreciable	36,909,130	1,322,840	38,231,970
Depreciable, net	136,024,356	7,908,866	143,933,222
Total assets	<u>221,919,728</u>	<u>23,431,707</u>	<u>245,351,435</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on pension expenses	4,294,779	258,366	4,553,145
Deferred charges on OPEB expense	81,657	2,955	84,612
Total deferred outflows of resources	<u>4,376,436</u>	<u>261,321</u>	<u>4,637,757</u>
<b>LIABILITIES</b>			
Accounts payable	5,438,233	418,983	5,857,216
Accrued interest payable	612,007	-	612,007
Accrued liabilities	482,704	-	482,704
Bond anticipation notes payable	187,000	-	187,000
Unearned revenue	362,618	-	362,618
Noncurrent liabilities:			
Due in one year	9,821,143	112,501	9,933,644
Due in more than one year	105,067,670	4,393,800	109,461,470
Total liabilities	<u>121,971,375</u>	<u>4,925,284</u>	<u>126,896,659</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Advance tax collections	7,098,849	-	7,098,849
Deferred charges on pension expenses	4,764,433	391,543	5,155,976
Deferred charge on refunding	940,616	-	940,616
Total deferred inflows of resources	<u>12,803,898</u>	<u>391,543</u>	<u>13,195,441</u>
<b>NET POSITION</b>			
Net investment in capital assets	126,560,421	9,231,706	135,792,127
Restricted for:			
Endowments:			
Nonexpendable	1,757,835	-	1,757,835
Expendable	826,421	-	826,421
Grants and other programs	1,896,645	-	1,896,645
Unrestricted	(39,520,431)	9,144,495	(30,375,936)
Total net position	<u>\$ 91,520,891</u>	<u>\$ 18,376,201</u>	<u>\$ 109,897,092</u>

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

**TOWN OF VERNON, CONNECTICUT**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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
<b>Primary Government:</b>							
Governmental activities:							
General government	\$ 5,726,965	\$ 1,464,231	\$ -	\$ -	\$ (4,262,734)	\$ -	\$ (4,262,734)
Community development	516,403	45,406	107,667	-	(363,330)	-	(363,330)
Public safety	14,218,806	2,377,758	64,394	-	(11,776,654)	-	(11,776,654)
Maintenance and development	12,373,159	726,735	942,607	1,961,923	(8,741,894)	-	(8,741,894)
Human services	1,321,334	123,453	13,850	-	(1,184,031)	-	(1,184,031)
Parks, recreation and culture	3,226,817	953,588	386,579	-	(1,886,650)	-	(1,886,650)
Education	75,318,075	1,238,827	37,132,609	988,538	(35,958,101)	-	(35,958,101)
Interest expense	1,563,477	-	-	-	(1,563,477)	-	(1,563,477)
Total governmental activities	114,265,036	6,929,998	38,647,706	2,950,461	(65,736,871)	-	(65,736,871)
Business-type activities:							
Sewer	6,428,958	5,967,655	7,948	67,470	-	(385,885)	(385,885)
Center 375 (building rental)	211,897	165,721	-	-	-	(46,176)	(46,176)
Total business-type activities	6,640,855	6,133,376	7,948	67,470	-	(432,061)	(432,061)
Total primary government	\$ 120,905,891	\$ 13,063,374	\$ 38,655,654	\$ 3,017,931	(65,736,871)	(432,061)	(66,168,932)
General revenues:							
Property taxes, levied for general purposes					70,636,382	-	70,636,382
Grants and contributions not restricted to specific programs					905,765	-	905,765
Investment earnings					245,173	45,650	290,823
Total general revenues					71,787,320	45,650	71,832,970
Change in net position					6,050,449	(386,411)	5,664,038
Net position - beginning, as originally reported					90,058,190	18,970,125	109,028,315
Cumulative effect of implementing new accounting standard (See Note 1)					(4,587,748)	(207,513)	(4,795,261)
Net position - beginning, as adjusted					85,470,442	18,762,612	104,233,054
Net position - ending					\$ 91,520,891	\$ 18,376,201	\$ 109,897,092

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

**TOWN OF VERNON, CONNECTICUT**  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

	General Fund	Road Improvements Bond Fund	School Roof Replacements and Renovations Fund	Senior Center Acquisition and Renovations Fund	Waste Treatment Plant Upgrade Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 24,300,526	\$ 1,433,047	\$ 83,737	\$ 1,040,651	\$ 16,263	\$ 11,577,538	\$ 38,451,762
Investments	-	-	-	-	-	1,781,807	1,781,807
Receivables:							
Property taxes, net	1,557,421	-	-	-	-	-	1,557,421
Grants and contracts	51,356	-	718,737	-	22,504	1,416,481	2,209,078
Loans	-	-	-	-	-	612,792	612,792
Assessments	-	-	-	-	-	508	508
Other	189,824	75,000	-	-	-	600,270	865,094
Due from other funds	6,176,292	-	446,800	-	-	1,321,437	7,944,529
Inventories	-	-	-	-	-	25,858	25,858
Prepaid items	558,850	-	-	-	-	4,200	563,050
Total assets	<u>\$ 32,834,269</u>	<u>\$ 1,508,047</u>	<u>\$ 1,249,274</u>	<u>\$ 1,040,651</u>	<u>\$ 38,767</u>	<u>\$ 17,340,891</u>	<u>\$ 54,011,899</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 1,258,498	\$ 1,067,652	\$ 825,341	\$ 15,980	\$ 625,000	\$ 1,570,139	\$ 5,362,610
Accrued liabilities	407,607	27,712	-	32,709	-	14,676	482,704
Due to other funds	795,529	904,681	180,792	240,086	1,680,947	3,373,206	7,175,241
Bond anticipation note payable	-	-	-	187,000	-	-	187,000
Unearned revenue	362,618	-	-	-	-	-	362,618
Total liabilities	<u>2,824,252</u>	<u>2,000,045</u>	<u>1,006,133</u>	<u>475,775</u>	<u>2,305,947</u>	<u>4,958,021</u>	<u>13,570,173</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Advance tax collections	7,098,849	-	-	-	-	-	7,098,849
Unavailable revenues	1,557,421	-	-	-	-	1,500,737	3,058,158
Total deferred inflows of resources	<u>8,656,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,737</u>	<u>10,157,007</u>
<b>FUND BALANCES</b>							
Nonspendable	558,850	-	-	-	-	1,787,893	2,346,743
Restricted	-	-	-	564,876	-	2,158,190	2,723,066
Committed	-	-	243,141	-	-	7,603,583	7,846,724
Assigned	2,149,417	-	-	-	-	-	2,149,417
Unassigned	18,645,480	(491,998)	-	-	(2,267,180)	(667,533)	15,218,769
Total fund balances	<u>21,353,747</u>	<u>(491,998)</u>	<u>243,141</u>	<u>564,876</u>	<u>(2,267,180)</u>	<u>10,882,133</u>	<u>30,284,719</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,834,269</u>	<u>\$ 1,508,047</u>	<u>\$ 1,249,274</u>	<u>\$ 1,040,651</u>	<u>\$ 38,767</u>	<u>\$ 17,340,891</u>	<u>\$ 54,011,899</u>

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



**TOWN OF VERNON, CONNECTICUT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

Total fund balances for governmental funds	\$	30,284,719
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		171,241,808
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Deferred outflows and inflows of resources resulting from changes in the components of the Town's net pension and OPEB liabilities are reported in the statement of net position.		(364,305)
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Some of the Town's revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable revenues in the funds.		3,058,158
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Long-term receivables are not available soon enough to pay for the current period's expenditures and, therefore, are not reported in the funds:		
Interest on property taxes receivables	\$ 644,645	
Less allowance for uncollectible accounts	<u>(253,000)</u>	
		391,645

Long-term liabilities and related amounts applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities and related amounts - both current and long-term - are reported in the statement of net position.

Accrued interest payable	(612,007)	
Bond anticipation notes payable	(3,138,000)	
Long-term debt:		
Bonds and notes payable	(41,645,000)	
Unamortized bond premium	(401,633)	
Deferred charges on refunding	(940,616)	
Other long-term liabilities:		
Capital lease obligations	(693,718)	
Compensated absences	(3,447,761)	
Termination benefits	(2,443,422)	
Claims payable	(388,602)	
Net pension liability	(51,878,356)	
Net OPEB liability	<u>(7,352,901)</u>	
Total long-term liabilities		(112,942,016)

An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. A portion of the assets and liabilities of the internal service funds are included in the governmental activities statement of net position.		<u>(149,118)</u>
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Net position of governmental activities	\$	<u><u>91,520,891</u></u>
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*The accompanying notes are an integral part of these financial statements.*

**TOWN OF VERNON, CONNECTICUT**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	Road Improvements Bond Fund	School Roof Replacements and Renovations Fund	Senior Center Acquisition and Renovations Fund	Waste Treatment Plant Upgrade Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Property taxes	\$ 70,116,452	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,116,452
Grants and contracts	25,360,411	-	477,310	-	39,465	11,557,807	37,434,993
Charges for services	2,681,217	-	-	-	-	3,051,065	5,732,282
Contributions	-	-	-	-	-	424,619	424,619
Interest and dividend income	62,936	8,128	-	11,849	-	68,978	151,891
Net appreciation in the fair value of investments	-	-	-	-	-	93,282	93,282
Other	577,141	75,000	-	-	-	475,656	1,127,797
Total revenues	<u>98,798,157</u>	<u>83,128</u>	<u>477,310</u>	<u>11,849</u>	<u>39,465</u>	<u>15,671,407</u>	<u>115,081,316</u>
<b>EXPENDITURES</b>							
Current:							
General government	3,858,068	-	-	-	-	5,323	3,863,391
Community development	308,006	-	-	-	-	83,315	391,321
Public safety	8,239,281	-	-	-	-	1,117,449	9,356,730
Maintenance and development	5,721,529	-	-	-	-	995,216	6,716,745
Human services	929,904	-	-	-	-	84,743	1,014,647
Parks, recreation and culture	1,601,828	-	-	-	-	962,540	2,564,368
Townwide	8,391,849	-	-	-	-	-	8,391,849
Education	59,077,409	-	-	-	-	9,097,824	68,175,233
Debt service	5,538,195	31,383	-	32,709	-	-	5,602,287
Capital outlays	412,942	3,269,199	827,118	1,161,039	2,341,754	3,628,615	11,640,667
Total expenditures	<u>94,079,011</u>	<u>3,300,582</u>	<u>827,118</u>	<u>1,193,748</u>	<u>2,341,754</u>	<u>15,975,025</u>	<u>117,717,238</u>
Excess (deficiency) of revenues over expenditures	4,719,146	(3,217,454)	(349,808)	(1,181,899)	(2,302,289)	(303,618)	(2,635,922)
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from issuance of notes	-	1,525,000	-	1,613,000	-	-	3,138,000
Premium on issuance of notes	-	14,823	-	17,496	-	-	32,319
Proceeds from issuance of bonds	-	3,130,000	-	1,270,000	-	-	4,400,000
Premium on issuance of bonds	-	141,776	-	57,390	-	-	199,166
Repayment of notes	-	(2,200,000)	-	-	-	-	(2,200,000)
Transfers in	133,003	-	446,800	-	-	3,709,753	4,289,556
Transfers out	(2,706,508)	-	-	-	-	(1,583,048)	(4,289,556)
Total other financing sources (uses)	<u>(2,573,505)</u>	<u>2,611,599</u>	<u>446,800</u>	<u>2,957,886</u>	<u>-</u>	<u>2,126,705</u>	<u>5,569,485</u>
Net change in fund balances	2,145,641	(605,855)	96,992	1,775,987	(2,302,289)	1,823,087	2,933,563
Fund balances - beginning	<u>19,208,106</u>	<u>113,857</u>	<u>146,149</u>	<u>(1,211,111)</u>	<u>35,109</u>	<u>9,059,046</u>	<u>27,351,156</u>
Fund balances - ending	<u>\$ 21,353,747</u>	<u>\$ (491,998)</u>	<u>\$ 243,141</u>	<u>\$ 564,876</u>	<u>\$ (2,267,180)</u>	<u>\$ 10,882,133</u>	<u>\$ 30,284,719</u>

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

**TOWN OF VERNON, CONNECTICUT**  
**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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Net change in fund balances - total governmental funds	\$	2,933,563
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Total change in net position reported for governmental activities in the statement of activities is different because:

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

Expenditures for capital assets	\$ 11,505,120	
Depreciation and amortization expense	<u>(5,964,366)</u>	
Net adjustment		5,540,754

Certain revenues are not susceptible to accrual and, therefore, are only reported as revenue in the funds when the cash is received by the Town. In the government-wide financial statements, the cash received reduces the receivable recognized in the government-wide statement of net position.	6,339
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:		
Bond anticipation notes issued	(938,000)	
Bonds issued	(4,400,000)	
Premium on bonds issued	(199,166)	
Principal repayments:		
Bonds and notes payable	3,715,000	
Capital lease financing	<u>224,798</u>	
Net adjustment		(1,597,368)

Deferred outflows and inflows of resources resulting from changes in the components of the net pension and OPEB liabilities are amortized as a component of pension and OPEB expense in the statement of activities.	(7,480,653)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported within the governmental activities.	638,878
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Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of resources in the governmental funds. This amount represents the change in unavailable revenues.	957,779
	(Continued)

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

**TOWN OF VERNON, CONNECTICUT**  
**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES *(Concluded)***  
**FOR THE YEAR ENDED JUNE 30, 2018**

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

Accrued interest	\$ (53,836)	
Amortization of bond premiums	26,466	
Amortization of deferred charges on refunding	94,064	
Compensated absences	287,834	
Termination benefits	(240,215)	
Claims payable	34,246	
Net OPEB liability	(299,328)	
Net pension liability	5,201,926	
	<hr/>	<hr/>
		\$ 5,051,157
Change in net position of governmental activities		<hr/> <hr/>
		\$ 6,050,449
		<i>(Concluded)</i>

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

**TOWN OF VERNON, CONNECTICUT**  
**STATEMENTS OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2018**

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Sewer User Fund</b>	<b>Nonmajor Center 375 Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 10,609,010	\$ 977,914	\$ 11,586,924	\$ 2,402,835
Receivables:				
User charges and interest, net	2,621,792	-	2,621,792	-
Other	-	-	-	32,329
Due from other funds	100	-	100	-
Prepaid expenses	29,900	-	29,900	56,503
Total current assets	<u>13,260,802</u>	<u>977,914</u>	<u>14,238,716</u>	<u>2,491,667</u>
Capital assets:				
Non-depreciable	762,160	560,680	1,322,840	-
Depreciable, net	7,278,776	630,090	7,908,866	1,691,678
Total noncurrent assets	<u>8,040,936</u>	<u>1,190,770</u>	<u>9,231,706</u>	<u>1,691,678</u>
Total assets	<u>21,301,738</u>	<u>2,168,684</u>	<u>23,470,422</u>	<u>4,183,345</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on pension expense	258,366	-	258,366	45,963
Deferred charges on OPEB expense	2,955	-	2,955	-
Total deferred outflows of resources	<u>261,321</u>	<u>-</u>	<u>261,321</u>	<u>45,963</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	347,329	71,654	418,983	78,778
Claims payable	-	-	-	796,710
Compensated absences	112,501	-	112,501	50,538
Due to other funds	600,785	11,010	611,795	157,493
Total current liabilities	<u>1,060,615</u>	<u>82,664</u>	<u>1,143,279</u>	<u>1,083,519</u>
Noncurrent liabilities:				
Compensated absences	279,996	-	279,996	18,318
Claims payable	-	-	-	1,949,345
Net pension liability	3,847,764	-	3,847,764	684,508
Net OPEB liability	266,040	-	266,040	-
Total non-current liabilities	<u>4,393,800</u>	<u>-</u>	<u>4,393,800</u>	<u>2,652,171</u>
Total liabilities	<u>5,454,415</u>	<u>82,664</u>	<u>5,537,079</u>	<u>3,735,690</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred charges on pension expense	391,543	-	391,543	69,655
<b>NET POSITION</b>				
Net investment in capital assets	8,040,936	1,190,770	9,231,706	1,691,678
Unrestricted	7,676,165	895,250	8,571,415	(1,267,715)
Total net position	<u>\$ 15,717,101</u>	<u>\$ 2,086,020</u>	<u>17,803,121</u>	<u>\$ 423,963</u>
Cumulative adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			573,080	
Net position of business-type activities			<u>\$ 18,376,201</u>	

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

**TOWN OF VERNON, CONNECTICUT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Sewer User Fund</b>	<b>Nonmajor Center 375 Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 5,335,456	\$ 165,721	\$ 5,501,177	\$ 3,293,292
Other	632,199	-	632,199	43,538
Total operating revenues	<u>5,967,655</u>	<u>165,721</u>	<u>6,133,376</u>	<u>3,336,830</u>
<b>OPERATING EXPENSES</b>				
Wages and benefits	3,068,175	6,459	3,074,634	1,234,096
Repairs, maintenance and rentals	270,856	27,880	298,736	448,218
Utilities	1,619,706	63,060	1,682,766	16,821
Supplies and materials	514,645	8,732	523,377	1,449
General and administrative	401,148	60,290	461,438	135,663
Claims incurred	-	-	-	1,176,432
Depreciation	572,926	45,476	618,402	184,026
Total operating expenses	<u>6,447,456</u>	<u>211,897</u>	<u>6,659,353</u>	<u>3,196,705</u>
Operating income (loss)	(479,801)	(46,176)	(525,977)	140,125
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Loss in disposal of asset	-	-	-	(1,323)
Interest income	32,734	12,916	45,650	7,572
Insurance and other reimbursements	7,948	-	7,948	-
Total non-operating revenues (expenses), net	<u>40,682</u>	<u>12,916</u>	<u>53,598</u>	<u>6,249</u>
Change in net position before capital contributions	(439,119)	(33,260)	(472,379)	146,374
Capital contributions	<u>67,470</u>	<u>-</u>	<u>67,470</u>	<u>511,002</u>
Change in net position	(371,649)	(33,260)	(404,909)	657,376
Net position - beginning, as originally reported	16,296,263	2,119,280		(233,413)
Cumulative effect of implementing new accounting standard (See Note 1)	<u>(207,513)</u>	<u>-</u>		<u>-</u>
Net position - beginning, as adjusted	<u>16,088,750</u>	<u>2,119,280</u>		<u>(233,413)</u>
Net position - ending	<u>\$ 15,717,101</u>	<u>\$ 2,086,020</u>		<u>\$ 423,963</u>
Net current year adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			18,498	
Net change in net position of business-type activities			<u>\$ (386,411)</u>	

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

**TOWN OF VENRON, CONNECTICUT**  
**STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Sewer User Fund</b>	<b>Nonmajor Center 375 Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received for the following:				
Charges for services	\$ 5,269,780	\$ 172,493	\$ 5,442,273	\$ 3,324,939
Other operating revenues received	448,428	-	448,428	47,258
Cash paid for the following:				
Claims incurred	-	-	-	(1,226,521)
Employee wages and benefits	(2,194,140)	-	(2,194,140)	(1,083,959)
Goods and services	(2,619,609)	(107,259)	(2,726,868)	(554,410)
Net cash provided by operating activities	<u>904,459</u>	<u>65,234</u>	<u>969,693</u>	<u>507,307</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Insurance and other reimbursements	7,948	-	7,948	-
Interfund activities	291,118	(3,272)	287,846	(653,448)
Net cash provided by (used in) noncapital financing activities	<u>299,066</u>	<u>(3,272)</u>	<u>295,794</u>	<u>(653,448)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(78,101)	(137,534)	(215,635)	(175,549)
Net cash used in capital and related financial activities	<u>(78,101)</u>	<u>(137,534)</u>	<u>(215,635)</u>	<u>(175,549)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	32,733	12,916	45,649	7,572
Net increase (decrease) in cash and cash equivalents	1,158,157	(62,656)	1,095,501	(314,118)
Cash and cash equivalents, beginning of year	9,450,853	1,040,570	10,491,423	2,716,953
Cash and cash equivalents, end of year	<u>\$ 10,609,010</u>	<u>\$ 977,914</u>	<u>\$ 11,586,924</u>	<u>\$ 2,402,835</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (479,801)	\$ (46,176)	\$ (525,977)	\$ 140,125
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	572,926	45,476	618,402	184,026
Changes in assets and liabilities:				
(Increase) decrease in receivables	(242,669)	6,772	(235,897)	37,012
Increase in accounts payable	192,217	59,162	251,379	58,499
Increase in accrued liabilities	2,110	-	2,110	4,699
Increase in net pension liability	449,801	-	449,801	1,587
Increase in net OPEB liability	10,830	-	10,830	-
(Increase) decrease in prepaid expense	100	-	100	(9,659)
Decrease in deferred outflows of resources	109,511	-	109,511	47,391
Increase in deferred inflows of resources	289,434	-	289,434	43,627
Net cash provided by (used in) operating activities	<u>\$ 904,459</u>	<u>\$ 65,234</u>	<u>\$ 969,693</u>	<u>\$ 507,307</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets through capital contributions	\$ 67,470	\$ -	\$ 67,470	\$ 511,002

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

**TOWN OF VERNON, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2017 AND JUNE 30, 2018**

	<b>Pension Trust Funds</b>			<b>June 30, 2018</b>	
	<b>December 31, 2017</b>	<b>June 30, 2018</b>	<b>Total</b>		
	<b>Pension Trust Funds</b>	<b>Other Post-Employment Benefit Trust Fund</b>		<b>Private Purpose Trust Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 79,365	\$ 309,900	\$ 389,265	\$ 230,271	\$ 758,839
Investments:					
Certificates of deposit	-	-	-	91,561	-
U.S. Treasury securities	165,343	-	165,343	-	-
Corporate bonds	123,594	-	123,594	-	-
Fixed insurance contracts	13,594,877	-	13,594,877	-	-
Variable insurance contracts	53,926,332	-	53,926,332	-	-
Common stock	1,489,316	152,995	1,642,311	-	-
Mutual funds	-	674,612	674,612	126,039	-
Receivables	-	7,025	7,025	-	8,039
Total assets	<u>69,378,827</u>	<u>1,144,532</u>	<u>70,523,359</u>	<u>447,871</u>	<u>\$ 766,878</u>
<b>LIABILITIES</b>					
Due to others	-	-	-	-	\$ 724,851
Payables	22,016	29,462	51,478	28	42,027
Unearned revenue	-	57,479	57,479	-	-
Total liabilities	<u>22,016</u>	<u>86,941</u>	<u>108,957</u>	<u>28</u>	<u>\$ 766,878</u>
<b>NET POSITION</b>					
Restricted for pension, other post-employment benefits and other purposes	69,356,811	1,057,591	70,414,402	447,843	
Total net position	<u>\$ 69,356,811</u>	<u>\$ 1,057,591</u>	<u>\$ 70,414,402</u>	<u>\$ 447,843</u>	

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



**TOWN OF VERNON, CONNECTICUT**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND JUNE 30, 2018

	Pension Trust Funds			June 30, 2018 Private Purpose Trust Fund
	December 31, 2017	June 30, 2018		
	Pension Trust Funds	Other Post- Employment Benefit Trust Fund	Total	
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 4,388,530	\$ 586,807	\$ 4,975,337	\$ -
Employee	1,320,899	-	1,320,899	-
Retirees	-	589,451	589,451	-
State	-	83,531	83,531	-
Private	-	-	-	5,900
Other	-	6,051	6,051	-
Total contributions	5,709,429	1,265,840	6,975,269	5,900
Investment earnings:				
Net investment income (loss)	8,524,405	(36,843)	8,487,562	4,152
Less investment expenses	(292,658)	-	(292,658)	-
Total investment earnings	8,231,747	(36,843)	8,194,904	4,152
Total additions	13,941,176	1,228,997	15,170,173	10,052
<b>DEDUCTIONS</b>				
Benefit payments	6,292,742	1,060,840	7,353,582	-
Refunds of contributions	234,263	-	234,263	-
Awards expense	-	-	-	58,076
Administrative expenses	195,440	4,252	199,692	-
Total deductions	6,722,445	1,065,092	7,787,537	58,076
Change in net position	7,218,731	163,905	7,382,636	(48,024)
Net position - beginning	62,138,080	893,686	63,031,766	495,867
Net position - ending	\$ 69,356,811	\$ 1,057,591	\$ 70,414,402	\$ 447,843

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

**TOWN OF VERNON, CONNECTICUT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Financial Reporting Entity**

The Town of Vernon 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.

**Government-wide and Fund Financial Statements**

**Government-wide Financial Statements**

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

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

**Fund Financial Statements**

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

The Town reports the following major governmental funds:

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

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

**Fund Financial Statements *(Continued)***

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

**School Roof Replacements and Renovations Fund** – This fund is used to account for the financial activity to replace roofs at three Vernon schools, as authorized by Town Council and financed through school construction grants.

**Senior Center Acquisition and Renovations Fund** – This fund is used to account for the financial activity for the acquisition and construction of a new Senior Citizen Center, as authorized by Town referendum and financed with debt proceeds.

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

The Town reports the following major proprietary fund:

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

In addition, the Town reports the following fund types:

**Special Revenue Funds** – These funds account for 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** – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt.

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

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

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

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

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

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

**Fund Financial Statements *(Continued)***

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

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

**Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

**Cash and Cash Equivalents**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**Investments**

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

**Donor-Restricted Endowments**

The Town has received certain endowments for perpetual care of the cemetery maintenance. The amounts are reflected in net position as restricted for endowments. Investment income, including appreciation of \$20,555 for the Cemetery Fund is approved for expenditure by the Cemetery Committee.

**Property Taxes**

Property taxes are assessed as of October 1. Real estate and personal property taxes are billed in the following July and are due in two installments, July 1 and January 1. Motor vehicle taxes are billed in July and are due in one installment, July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest as of June 30, 2018 of \$166,000 and \$253,000, respectively.

**Sewer Assessments**

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

**Loans**

The Town administers a federally funded rehabilitation loan program for eligible applicants. The loans do not accrue interest and repayment of the loans is deferred. The loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence/business. The loans may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2018, loans receivable totaled \$612,792 under this program.

**Inventories and Prepaid Items**

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

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

**Capital Assets**

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

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

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

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

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

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

**Unearned Revenue**

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

**Deferred Outflows/Inflows of Resources**

Deferred outflows and inflows of resources represent either an acquisition or consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until that time.

Deferred outflows and inflows of resources consists of deferred charges on pension and OPEB expenses. Deferred charges on pension and OPEB expenses resulted from changes in the components of the Town's net pension and OPEB liabilities and are being amortized as a component of pension and OPEB expenses on a systematic and rational basis.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

**Deferred Outflows/Inflows of Resources *(Continued)***

Deferred inflows of resources also include deferred charges on refundings in the government-wide financial statements and unavailable revenues in the governmental funds financial statements. Deferred charges on refundings resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount has been deferred and is being amortized as a component of interest expense over the life of the related debt. Unavailable revenue is deferred and recognized as an inflow of resources in the period that the amounts become available.

**Compensated Absences**

Certain employees are compensated by a prescribed formula for absence due to vacation or sickness. The eligibility for vacation pay vests, and unused sick leave may only be accumulated to be used for future absences, although unused sick leave may be paid upon termination, death or retirement. The liability at June 30, 2018 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 has also been estimated and added to the compensated absences accrual. The General Fund is the primary source of funding for compensated absences. Compensated absences are only reported in governmental funds if they are due and payable to an employee who has resigned or retired before or at fiscal yearend.

**Long-term Obligations**

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

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

**Net Position and Fund Balance**

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

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

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

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

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

**Net Position and Fund Balance *(Continued)***

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

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

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

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

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

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

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

***Net Position Flow Assumption***

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

***Fund Balance Flow Assumption***

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



**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**Interfund Activities**

Interfund activities are reported as follows:

**Interfund Receivables and Payables**

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

**Interfund Services Provided and Used**

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

**Interfund Transfers**

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

**Interfund Reimbursements**

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

**Use of Estimates**

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

**Implementation of Accounting Standards**

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The adoption of these statements did not have a material effect on the Town's financial statements.

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 established standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and expenses/expenditures for post-employment benefits other than pensions. This standard identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, this statement provides for certain required supplementary information and note disclosures about post-employment benefits other than pensions.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**Implementation of Accounting Standards**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Sewer User Fund</b>
Net position - beginning, as originally reported	\$ 90,058,190	\$ 18,970,125	\$ 16,296,263
Adjustment to remove net other post-employment benefit obligation recognized under GASB Statement No. 45	2,465,825	47,697	47,697
Adjustment to record net other post-employment benefit liability recognized under GASB Statement No. 75	(7,053,573)	(255,210)	(255,210)
	<u>(4,587,748)</u>	<u>(207,513)</u>	<u>(207,513)</u>
Net position - beginning, as adjusted	<u>\$ 85,470,442</u>	<u>\$ 18,762,612</u>	<u>\$ 16,088,750</u>

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**Cash Deposits**

A reconciliation of the Town's cash deposits as of June 30, 2018 is as follows:

**Government-wide statement of net position:**

Cash and cash equivalents \$ 52,441,521

**Statement of fiduciary net position:**

Cash and cash equivalents 1,378,375  
53,819,896

Add: certificates of deposit presented as investments 120,364  
Less: investments presented as cash equivalents (10,837,009)  
\$ 43,103,251

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2018, \$44,719,326 of the Town's bank balance of \$45,252,471 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 40,247,393
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>4,471,933</u>
	<u>\$ 44,719,326</u>

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

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**Investments**

A reconciliation of the Town's investments as of June 30, 2018 is as follows:

**Government-wide statement of net position:**

Investments \$ 1,781,807

**Statement of fiduciary net position:**

Investments 70,344,669  
72,126,476

Less: certificates of deposit presented as investments (120,364)

Add: investments presented as cash equivalents 10,837,009  
\$ 82,843,121

As of June 30, 2018, the Town's investments consist of the following:

Investment Type	Valuation Basis	Value	Investment Maturities (In Years)			
			Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities:						
Governmental Activities:						
Short-Term Investment Fund	Net asset value	\$ 7,242,815	\$ 7,242,815	\$ -	\$ -	\$ -
Money market mutual funds	Net asset value	45,558	45,558	-	-	-
Business-Type Activities:						
Short-Term Investment Fund	Net asset value	3,259,287	3,259,287	-	-	-
Fiduciary Funds:						
Short-Term Investment Fund	Net asset value	190,738	190,738	-	-	-
Money market mutual funds	Net asset value	98,611	98,611	-	-	-
Corporate bonds	Fair value	123,593	-	14,571	109,022	-
U.S. Treasury securities	Fair value	165,343	-	62,470	102,873	-
		11,125,945	\$ 10,837,009	\$ 77,041	\$ 211,895	\$ -
Other Investments:						
Governmental Activities:						
Common stock	Fair value	324,891				
Mutual funds	Fair value	1,428,114				
Fiduciary Funds:						
Common stock	Fair value	1,642,311				
Mutual funds	Fair value	800,651				
Variable insurance contracts	Contract value	53,926,332				
Fixed insurance contracts	Contract value	13,594,877				
		\$ 82,843,121				

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**Investments *(Continued)***

**Interest Rate Risk**

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

**Credit Risk**

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

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

<b>Investment Type</b>	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>BBB</b>	<b>Unrated</b>
<b>Debt Securities:</b>					
<b><i>Governmental Activities:</i></b>					
Short-Term Investment Fund	\$ 7,242,815	\$ -	\$ -	\$ -	\$ -
Money market mutual funds	-	-	-	-	45,558
<b><i>Business-Type Activities:</i></b>					
Short-Term Investment Fund	3,259,287	-	-	-	-
<b><i>Fiduciary Funds:</i></b>					
Short-Term Investment Fund	190,738	-	-	-	-
Money market mutual funds	-	-	-	-	98,611
Corporate bonds	14,747	14,571	46,646	47,629	-

**Custodial Credit Risk**

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

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**Investments *(Continued)***

**Concentrations of Credit Risk**

The Town's policy states credit risk will be minimized by limiting investments to the safest types of securities and pre-qualifying the financial institution with which the Town will do business. The Town is only allowed to invest in those types of investments that are covered by the state of Connecticut Municipal Investment Act. The investment portfolio must be diversified so that potential losses on individual securities will be minimized. As of June 30, 2018, more than 10% of the Town's investments within its governmental activities, business-type activities and fiduciary funds were invested in the following:

Issuer	Investment	Value	% of Investments
<b><i>Governmental Activities:</i></b>			
State of CT Treasurer	Short-Term Investment Fund	\$ 7,242,815	80.1%
<b><i>Business-type Activities:</i></b>			
State of CT Treasurer	Short-Term Investment Fund	3,259,287	100.0%
<b><i>Fiduciary Funds:</i></b>			
Prudential Retirement Insurance and Annuity Company	Variable Separate Accounts	53,926,332	76.4%
Prudential Retirement Insurance and Annuity Company	Guaranteed Deposit Accounts	13,594,877	19.3%

**NOTE 3 - FAIR VALUE MEASUREMENTS**

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

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2018, by level within the fair value hierarchy are presented in the table below.

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b><i>Governmental Activities:</i></b>			
Common stock	\$ 324,891	\$ -	\$ -
Mutual funds	1,428,114	-	-
<b><i>Fiduciary Funds:</i></b>			
Common stock	1,642,311	-	-
Mutual funds	800,651	-	-
Corporate bonds	-	123,593	-
U.S. Treasury securities	165,343	-	-
	<u>\$ 4,361,310</u>	<u>\$ 123,593</u>	<u>\$ -</u>

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended June 30, 2018 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 9,866,728	\$ -	\$ -	\$ 9,866,728
Construction in progress	18,807,529	10,245,894	(2,011,021)	27,042,402
Total capital assets, not being depreciated	<u>28,674,257</u>	<u>10,245,894</u>	<u>(2,011,021)</u>	<u>36,909,130</u>
Capital assets, being depreciated:				
Land improvements	7,496,603	200,611	-	7,697,214
Buildings and improvements	116,071,571	555,545	-	116,627,116
Machinery and equipment	45,921,000	2,120,200	(235,828)	47,805,372
Intangibles - computer software	387,279	24,997	-	412,276
Infrastructure	79,900,117	1,054,395	-	80,954,512
Total capital assets, being depreciated	<u>249,776,570</u>	<u>3,955,748</u>	<u>(235,828)</u>	<u>253,496,490</u>
Less accumulated depreciation and amortization for:				
Land improvements	4,831,396	218,437	-	5,049,833
Buildings and improvements	36,801,374	2,411,626	-	39,213,000
Machinery and equipment	36,436,983	1,715,108	(235,408)	37,916,683
Intangibles - computer software	387,279	1,785	-	389,064
Infrastructure	33,102,265	1,801,289	-	34,903,554
Total accumulated depreciation and amortization	<u>111,559,297</u>	<u>6,148,245</u>	<u>(235,408)</u>	<u>117,472,134</u>
Total capital assets, being depreciated, net	<u>138,217,273</u>	<u>(2,192,497)</u>	<u>(420)</u>	<u>136,024,356</u>
Governmental activities capital assets, net	<u>\$ 166,891,530</u>	<u>\$ 8,053,397</u>	<u>\$ (2,011,441)</u>	<u>\$ 172,933,486</u>

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

<b>Governmental Activities:</b>	
General government	\$ 209,239
Community development	162
Public safety	602,837
Maintenance and development	2,671,588
Human services	953
Parks, recreation and culture	270,300
Education	<u>2,393,166</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 6,148,245</u>

**TOWN OF VERNON, CONNECTICUT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for business-type activities for the year ended June 30, 2018 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 1,267,840	\$ 55,000	\$ -	\$ 1,322,840
Total capital assets, not being depreciated	<u>1,267,840</u>	<u>55,000</u>	<u>-</u>	<u>1,322,840</u>
Capital assets, being depreciated:				
Buildings and system	6,507,818	8,424	-	6,516,242
Improvements other than building	217,871	117,490	(57,131)	278,230
Machinery and equipment	9,083,651	56,695	-	9,140,346
Intangibles - computer software	85,800	33,024	-	118,824
Infrastructure	11,393,552	12,472	-	11,406,024
Total capital assets, being depreciated	<u>27,288,692</u>	<u>228,105</u>	<u>(57,131)</u>	<u>27,459,666</u>
Less accumulated depreciation and amortization for:				
Buildings and system	5,264,832	136,478	-	5,401,310
Improvements other than building	195,155	6,479	(57,131)	144,503
Machinery and equipment	7,554,322	255,182	-	7,809,504
Intangibles - computer software	67,400	7,360	-	74,760
Infrastructure	5,907,820	212,903	-	6,120,723
Total accumulated depreciation and amortization	<u>18,989,529</u>	<u>618,402</u>	<u>(57,131)</u>	<u>19,550,800</u>
Total capital assets, being depreciated, net	<u>8,299,163</u>	<u>(390,297)</u>	<u>-</u>	<u>7,908,866</u>
Business-type activities capital assets, net	<u>\$ 9,567,003</u>	<u>\$ (335,297)</u>	<u>\$ -</u>	<u>\$ 9,231,706</u>

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

<b>Business-Type Activities:</b>	
Sewer Use	\$ 572,926
Rental of building	<u>45,476</u>
Total depreciation and amortization expense - business-type activities	<u>\$ 618,402</u>

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2018 are as follows:

Receivable Fund	Payable Fund	Amount
<b>Governmental Funds:</b>		
General Fund	Other Governmental Funds	\$ 2,400,498
	Waste Treatment Plant Upgrade Fund	1,680,947
	Road Improvements Bond Fund	904,681
	Sewer User Fund	600,785
	Senior Center Acquisitions and Renovations Fund	240,086
	School Roof Replacements and Renovations Fund	180,792
	Internal Service Funds	157,493
	Other Enterprise Funds	11,010
		<u>6,176,292</u>
School Roof Replacements and Renovations Fund	Other Governmental Funds	<u>446,800</u>
Other Governmental Funds	General Fund	795,529
	Other Governmental Funds	525,908
		<u>1,321,437</u>
		<u>\$ 7,944,529</u>

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

**NOTE 6 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2018 consisted of the following:

Transfers In	Transfers Out	Amount
<b>Governmental Funds:</b>		
General Fund	Other Governmental Funds	\$ 133,003
School Roof Replacements and Renovations Fund	Other Governmental Funds	446,800
Other Governmental Funds	General Fund	2,706,508
	Other Governmental Funds	1,003,245
		<u>3,709,753</u>
		<u>\$ 4,289,556</u>

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



**TOWN OF VERNON, CONNECTICUT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 7 - BOND ANTICIPATION NOTES PAYABLE**

The following is a summary of terms and changes in bond anticipation notes payable for the year ended June 30, 2018:

	Interest Rate	Maturity Date	Beginning Balance	Increases	Decreases	Reclass from (to) Long-term Debt	Ending Balance
<b>Governmental Activities</b>							
Bond anticipation notes payable	1.0%	August 2017	\$ -	\$ -	\$ (2,200,000)	\$ 2,200,000	\$ -
Bond anticipation notes payable	1.0%	August 2018	-	3,325,000	-	(3,138,000)	187,000
			<u>\$ -</u>	<u>\$ 3,325,000</u>	<u>\$ (2,200,000)</u>	<u>\$ (938,000)</u>	<u>\$ 187,000</u>

In August 2017, the Town retired \$2,200,000 in previously outstanding bond anticipation notes through proceeds from the issuance of general obligation bonds (see Note 8). In addition, the Town issued \$3,325,000 in bond anticipation notes that matured in August 2018. The \$3,325,000 in bond anticipation notes were subsequently retired through proceeds from the issuance of general obligation bonds (see Note 8). Accordingly, \$3,138,000 of this amount has been reclassified as long-term debt. The purpose of the notes were to provide short-term financing to fund authorized capital projects.

**NOTE 8 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	Beginning Balance (As Adjusted)	Increases	Decreases	Reclass from (to) Long-term Debt	Ending Balance	Due Within One Year
<b>Governmental Activities</b>						
<b>Bonds and notes payable:</b>						
General obligation bonds	\$ 40,960,000	\$ 4,400,000	\$ (3,715,000)	\$ -	\$ 41,645,000	\$ 4,170,000
Unamortized premiums	228,933	199,165	(26,465)	-	401,633	-
Bond anticipation notes payable	2,200,000	-	-	938,000	3,138,000	3,138,000
Total bonds and notes payable	<u>43,388,933</u>	<u>4,599,165</u>	<u>(3,741,465)</u>	<u>938,000</u>	<u>45,184,633</u>	<u>7,308,000</u>
<b>Other liabilities:</b>						
Capital lease obligations:						
Fire trucks	762,828	-	(147,526)	-	615,302	150,003
Asphalt box reclaimer	155,688	-	(77,272)	-	78,416	78,416
Total capital lease obligations	<u>918,516</u>	<u>-</u>	<u>(224,798)</u>	<u>-</u>	<u>693,718</u>	<u>228,419</u>
Compensated absences:						
Town	2,937,638	140,276	(461,215)	-	2,616,699	693,054
Board of Education ("BOE")	797,957	88,285	(55,179)	-	831,063	294,949
Internal Service Fund	64,157	4,699	-	-	68,856	50,538
Total compensated absences	<u>3,799,752</u>	<u>233,260</u>	<u>(516,394)</u>	<u>-</u>	<u>3,516,618</u>	<u>1,038,541</u>
Termination benefits:						
BOE estimated retirement pay	1,751,182	491,483	(247,650)	-	1,995,015	257,441
BOE early retirement pay	449,414	190,541	(191,548)	-	448,407	181,833
BOE healthcare termination	2,611	-	(2,611)	-	-	-
Total termination benefits	<u>2,203,207</u>	<u>682,024</u>	<u>(441,809)</u>	<u>-</u>	<u>2,443,422</u>	<u>439,274</u>
Risk management:						
Claims payable	2,680,839	1,176,432	(1,111,216)	-	2,746,055	796,709
Heart and hypertension	422,848	-	(34,246)	-	388,602	10,200
Total risk management	<u>3,103,687</u>	<u>1,176,432</u>	<u>(1,145,462)</u>	<u>-</u>	<u>3,134,657</u>	<u>806,909</u>
Net pension liability	57,891,045	393,578	(5,721,759)	-	52,562,864	-
Net OPEB liability	7,053,573	299,328	-	-	7,352,901	-
Total long-term liabilities	<u>\$ 118,358,713</u>	<u>\$ 7,383,787</u>	<u>\$ (11,791,687)</u>	<u>\$ 938,000</u>	<u>\$ 114,888,813</u>	<u>\$ 9,821,143</u>

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

	Beginning Balance <i>(As Adjusted)</i>	Increases	Decreases	Ending Balance	Due Within One Year
<b>Business-type Activities</b>					
<b>Other liabilities:</b>					
Compensated absences	\$ 390,386	\$ 6,149	\$ (4,038)	\$ 392,497	\$ 112,501
Net pension liability	3,397,963	449,801	-	3,847,764	-
Net OPEB liability	255,210	10,830	-	266,040	-
	<u>\$ 4,043,559</u>	<u>\$ 466,780</u>	<u>\$ (4,038)</u>	<u>\$ 4,506,301</u>	<u>\$ 112,501</u>

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

**General Obligation Bonds**

A summary of general obligation bonds outstanding at June 30, 2018 is as follows:

Purpose of Bonds	Fiscal Date of Issue	Original Issue	Interest Rates	Fiscal Maturity Date	Amount Outstanding
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	2011	\$ 3,755,000	2.00% - 3.75%	2026	\$ 2,040,000
General Obligation Refunding Bonds	2012	33,892,000	2.00% - 4.50%	2028	23,501,000
General Obligation Refunding Bonds	2012	793,000	2.00% - 4.50%	2028	469,000
General Obligation Bonds	2016	6,130,000	2.00% - 3.13%	2031	5,310,000
General Obligation Bonds	2017	6,350,000	2.00% - 4.00%	2032	5,925,000
General Obligation Bonds	2018	4,400,000	2.00% - 5.00%	2033	4,400,000
					<u>\$ 41,645,000</u>

Annual debt service requirements to maturity on general obligation bonds and the notes payable are as follows as of June 30, 2018:

Year ending June 30:	Governmental Activities		
	Bonds Payable		
	Principal	Interest	Total
2019	\$ 4,170,000	\$ 1,363,482	\$ 5,533,482
2020	4,160,000	1,222,881	5,382,881
2021	4,170,000	1,061,394	5,231,394
2022	4,175,000	898,169	5,073,169
2023	4,275,000	732,206	5,007,206
2024-2028	16,360,000	1,684,600	18,044,600
2029-2033	4,335,000	229,863	4,564,863
	<u>\$ 41,645,000</u>	<u>\$ 7,192,595</u>	<u>\$ 48,837,595</u>

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**General Obligation Bonds *(Continued)***

**Legal Debt Limit**

Connecticut General Statutes Section 7-374(b) provides that debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2018.

**Advanced Debt 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 year end, the amount of defeased debt outstanding amounted to \$17,750,000 (net of \$7,500,000 called debt).

**Authorized/Unissued Debt**

The amount of authorized, unissued bonds at June 30, 2018 totaled to \$14,491,690 for general purposes, \$5,051,504 for schools and \$57,946 for sewers as disclosed below.

At a referendum held on November 4, 2004, Public Bond Improvements of \$21,609,000 were authorized to fund \$19,103,000 of roads, sidewalk and bridge reconstruction projects, \$1,295,000 of waste treatment plant improvements and \$1,211,000 of sewer system improvements. Of the \$21,609,000 authorization, the remaining unissued Public Bond Improvements authorization as of June 30, 2018 is \$741,690 for general purposes and \$57,946 for sewers.

At a referendum held on March 29, 2005, School Bond Improvements of \$68,322,000 were authorized to fund \$34,657,000 of additions and renovations to Rockville High School, \$11,519,000 of renovations to Vernon Center Middle School and \$22,146,000 of additions and renovations to the Town's five elementary schools. Of the \$68,322,000 authorization, the remaining unissued School Bond Improvements authorization as of June 30, 2018 is \$5,051,504 for schools.

On January 28, 2014, a referendum was held that appropriated \$27,637,000 for Road Reconstruction and Improvements. Of the \$27,637,000 authorization, the remaining unissued Road Reconstruction and Improvements authorization as of June 30, 2018 is \$11,775,000 for general purposes.

On February 21, 2017, a referendum was held that appropriated \$3,245,000 for the acquisition of property known as 135 Bolton Road and for design, reconstruction and improvements to such property for use as a Senior Center. No bonds have been issued against this appropriation and, therefore, the remaining unissued Public Bond Improvements authorization as of June 30, 2018 is \$1,975,000 for general purposes.

**Overlapping Debt**

A Bolton Lakes Regional Water Pollution Control Authority (BLRWPCA) sewer project was completed in 2016 with approximately \$6,291,000, or 29% of project costs attributable to the Town of Vernon. This proportionate cost was reduced by BLRWPCA grants and benefit assessments to \$2,701,277. In June 2016, the BLRWPCA issued a State of Connecticut Clean Water Fund loan obligation to finance project costs, allocating \$2,701,277 to Vernon, considered overlapping debt. At June 30, 2018, the overlapping debt balance is \$2,296,085.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**Capital Leases**

A summary of assets acquired through capital leases is as follows as of June 30, 2018:

	<b>Governmental Activities</b>
Equipment	\$ 1,972,354
Less: accumulated amortization	<u>1,298,355</u>
	<u><u>\$ 673,999</u></u>

Amortization expense relative to leased property under capital leases totaled \$230,913 for the year ended June 30, 2018 and is included in depreciation and amortization expense disclosed in Note 4.

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2018 is as follows:

	<b>Governmental Activities</b>
Year Ending June 30:	
2019	\$ 239,917
2020	160,340
2021	160,340
2022	<u>160,340</u>
Total minimum lease payments	720,937
Less: amount representing interest	<u>27,219</u>
Present value of minimum lease payments	<u><u>\$ 693,718</u></u>

**Heart and Hypertension Claims**

Heart and hypertension outstanding claims, including an estimated \$141,936 of incurred, but not reported claims, totaled \$388,602 as of June 30, 2018. There are three heart and hypertension claims outstanding at year-end. Medical claims of \$11,902 were made during the year ended June 30, 2018.

**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.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**Termination Benefits *(Continued)***

**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 is 1 former school administrator receiving this benefit. The cost to the Town, net of participant contributions, for the fiscal year is \$2,611. There is no liability for this benefit as of June 30, 2018.

In addition to healthcare termination benefits, cash payments are available to school administrator early retirees. Also, there are 3 former school administrators receiving this benefit. The cost to the Town for the fiscal year is \$46,548. The early retirement liability of \$88,487 has been calculated based upon the discounted present value of expected future benefits and a 1.977% 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 39 former teachers receiving this benefit. The cost to the Town for the fiscal year is \$145,000. The early retirement liability of \$359,920 as of June 30, 2018 has been calculated based upon the discounted present value of expected future benefits and a 1.977% yield of investments that are expected to be used to finance such benefit payments.

**Estimated Retirement Pay**

Upon retirement, members of the School Administrators, Teachers, Librarians, Nurses and Supervisors bargaining units are eligible to receive up to 3 days of compensation for each year of service. Based upon historical evidence, approximately 75% of members of these bargaining units will become eligible for retirement pay. The early retirement pay liability totaled \$1,995,015 as of June 30, 2018. Paid benefits for the current fiscal year were \$247,650.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 9 - EMPLOYEE RETIREMENT PLANS**

**Pension Trust Fund**

**Plan Description**

***Plan Administration***

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

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

***Plan Membership***

As of December 31, 2017, plan membership consisted of the following:

	<u>Town</u>	<u>Police</u>	<u>LOSAP</u>
Retirees and beneficiaries receiving benefits	219	58	20
Terminated plan members entitled to but not yet receiving benefits	23	5	46
Active plan members	323	47	93
	<u>565</u>	<u>110</u>	<u>159</u>

***Benefits Provided***

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

**Police Employees**

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

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

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Pension Trust Fund *(Continued)***

**Plan Description *(Continued)***

***Benefits Provided (Continued)***

**Town Employees**

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

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

**LOSAP**

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

**Early Retirement**

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

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Pension Trust Fund *(Continued)***

**Plan Description *(Continued)***

***Benefits Provided (Continued)***

**Death Benefits**

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

**Disability Benefits**

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

***Contributions***

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

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

For the year ended June 30, 2018, the average active member contribution rate was 8.50% of annual base compensation, and the Town's average contribution rate was 38.41% of annual payroll.

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

For the current fiscal year, the average active member contribution rate was 6.98% of annual base compensation, and the Town's average contribution rate was 16.87% of annual payroll.



**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 9 - EMPLOYEE RETIREMENT PLANS**

**Pension Trust Fund (Continued)**

**Plan Description (Continued)**

**Contributions (Continued)**

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

**Summary of Significant Accounting Policies**

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

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

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

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

*Rate of return* - For the year ended December 31, 2017, the annual money-weighted rate of return on the pension plan investments was as follows:

<b>Plan</b>	<b>Money-Weighted Rate of Return</b>
Police Plan	13.60%
Town Plan	13.00%
LOSAP Plan	15.39%

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 THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 9 - EMPLOYEE RETIREMENT PLANS**

**Pension Trust Fund (Continued)**

**Plan Statements**

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for each of the Town's plans as of and for the year ended December 31, 2017:

	<b>Town Plan</b>	<b>Police Plan</b>	<b>Volunteer Firefighters LOSAP</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 27,016	\$ 6,685	\$ 45,664	\$ 79,365
Investments	45,212,610	22,308,600	1,778,252	69,299,462
Total assets	45,239,626	22,315,285	1,823,916	69,378,827
<b>LIABILITIES</b>				
Payables	12,527	9,489	-	22,016
Total liabilities	12,527	9,489	-	22,016
<b>NET POSITION</b>				
Held in trust for pension benefits	45,227,099	22,305,795	1,823,917	69,356,811
	<u>\$ 45,227,099</u>	<u>\$ 22,305,795</u>	<u>\$ 1,823,917</u>	<u>\$ 69,356,811</u>
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 2,495,374	\$ 1,839,551	\$ 53,605	\$ 4,388,530
Plan members	950,310	370,589	-	1,320,899
Total contributions	3,445,684	2,210,140	53,605	5,709,429
Investment earnings:				
Net investment income	5,438,300	2,822,976	263,129	8,524,405
Less investment expense	(194,248)	(98,410)	-	(292,658)
Total investment earnings	5,244,052	2,724,566	263,129	8,231,747
Total additions	8,689,736	4,934,706	316,734	13,941,176
<b>DEDUCTIONS</b>				
Benefit payments	3,552,669	2,693,179	46,894	6,292,742
Refund of contributions	234,263	-	-	234,263
Administrative expenses	105,945	68,718	20,777	195,440
Total deductions	3,892,877	2,761,897	67,671	6,722,445
Change in net position	4,796,859	2,172,809	249,063	7,218,731
Net position - beginning	40,430,240	20,132,986	1,574,854	62,138,080
Net position - ending	<u>\$ 45,227,099</u>	<u>\$ 22,305,795</u>	<u>\$ 1,823,917</u>	<u>\$ 69,356,811</u>

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 9 - EMPLOYEE RETIREMENT PLANS**

**Pension Trust Fund (Continued)**

**Net Pension Liability**

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

	<u>Town</u>	<u>Police</u>	<u>LOSAP</u>
Total pension liability	\$ 79,798,201	\$ 43,879,584	\$ 2,089,654
Plan fiduciary net position	45,227,099	22,305,795	1,823,917
Net pension liability	<u>\$ 34,571,102</u>	<u>\$ 21,573,789</u>	<u>\$ 265,737</u>

Plan fiduciary net position as a percentage of the total pension liability	56.68%	50.83%	87.28%
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The Town's net pension liability was measured at December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The changes in net pension liability for each of the Town's plans were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
<b>Town Plan</b>			
Balance as of January 1, 2017	\$ 78,820,895	\$ 40,430,240	\$ 38,390,655
<b>Changes for the year:</b>			
Service cost	1,658,692	-	1,658,692
Interest	5,338,478	-	5,338,478
Differences between expected and actual experience	(2,232,932)	-	(2,232,932)
Contributions - employer	-	2,495,374	(2,495,374)
Contributions - employee	-	950,310	(950,310)
Net investment income	-	5,244,052	(5,244,052)
Benefit payments, including refunds	(3,786,932)	(3,786,932)	-
Administrative expense	-	(105,945)	105,945
<b>Net changes</b>	<u>977,306</u>	<u>4,796,859</u>	<u>(3,819,553)</u>
Balance as of December 31, 2017	<u>\$ 79,798,201</u>	<u>\$ 45,227,099</u>	<u>\$ 34,571,102</u>

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 9 - EMPLOYEE RETIREMENT PLANS**

**Pension Trust Fund (Continued)**

**Net Pension Liability (Continued)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Police Plan</b>			
Balance as of January 1, 2017	\$ 43,031,339	\$ 20,132,986	\$ 22,898,353
<b>Changes for the year:</b>			
Service cost	836,982	-	836,982
Interest	2,924,672	-	2,924,672
Differences between expected and actual experience	(220,230)	-	(220,230)
Contributions - employer	-	1,839,551	(1,839,551)
Contributions - employee	-	370,589	(370,589)
Net investment income	-	2,724,566	(2,724,566)
Benefit payments, including refunds	(2,693,179)	(2,693,179)	-
Administrative expense	-	(68,718)	68,718
<b>Net changes</b>	<u>848,245</u>	<u>2,172,809</u>	<u>(1,324,564)</u>
Balance as of December 31, 2017	<u>\$ 43,879,584</u>	<u>\$ 22,305,795</u>	<u>\$ 21,573,789</u>

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>LOSAP Plan</b>			
Balance as of January 1, 2017	\$ 1,447,013	\$ 1,574,854	\$ (127,841)
<b>Changes for the year:</b>			
Service cost	20,149	-	20,149
Interest	92,532	-	92,532
Differences between expected and actual experience	124,920	-	124,920
Change in benefits	451,934	-	451,934
Contributions - employer	-	53,605	(53,605)
Net investment income	-	263,129	(263,129)
Benefit payments, including refunds	(46,894)	(46,894)	-
Administrative expense	-	(20,777)	20,777
<b>Net changes</b>	<u>642,641</u>	<u>249,063</u>	<u>393,578</u>
Balance as of December 31, 2017	<u>\$ 2,089,654</u>	<u>\$ 1,823,917</u>	<u>\$ 265,737</u>

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 9 - EMPLOYEE RETIREMENT PLANS**

**Pension Trust Fund (Continued)**

**Net Pension Liability (Continued)**

*Actuarial assumptions* - The total pension liability was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in each plan's target asset allocation as of December 31, 2017 are summarized in the following table:

<b>Asset Class</b>	<b>Town Long-term Expected Real Rate of Return</b>	<b>Police Long-term Expected Real Rate of Return</b>	<b>LOSAP Long-term Expected Real Rate of Return</b>
Large Cap Equity	8.00%	8.00%	8.50%
Mid Cap Equity	8.75%	8.75%	9.00%
Small Cap Equity	8.50%	8.50%	9.25%
International Equity	7.50%	7.50%	8.25%
Fixed Income	5.00%	5.00%	4.90%
Stable Value	4.60%	4.60%	N/A
Real Estate/Commodities	N/A	N/A	3.75%

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

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 9 - EMPLOYEE RETIREMENT PLANS**

**Pension Trust Fund (Continued)**

**Net Pension Liability (Continued)**

*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 7.00%, for the Police and Town plans, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b>Discount Rate</b>		
	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Town Plan's net pension liability	\$ 42,861,909	\$ 34,571,102	\$ 27,220,748
Police Plan's net pension liability	\$ 26,881,697	\$ 21,573,789	\$ 16,954,755

The following presents the net pension (asset) liability, calculated using the discount rate of 6.50%, for the LOSAP plan, as well as what the net pension (asset) 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:

	<b>Discount Rate</b>		
	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
LOSAP Plan's net pension (asset) liability	\$ 574,843	\$ 265,737	\$ (9,865)

**Pension Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2018, the Town recognized pension expense of \$2,755,462, \$5,929,731, and \$480,953 for the Town, Police, and LOSAP plans, respectively. The Town reported deferred outflows and inflows of resources as of June 30, 2018 related to all plans from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
<b>Town Plan</b>			
Difference between expected and actual experience	\$ 1,227,122	\$ 2,031,778	\$ (804,656)
Changes of assumptions and demographics	508,702	-	508,702
Difference between projected and actual earnings on plan investments	585,520	1,486,132	(900,612)
Total	<u>\$ 2,321,344</u>	<u>\$ 3,517,910</u>	<u>\$ (1,196,566)</u>

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 9 - EMPLOYEE RETIREMENT PLANS**

**Pension Trust Fund (Continued)**

**Pension Expense and Deferred Outflows/Inflows of Resources *(Continued)***

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
<b>Police Plan</b>			
Difference between expected and actual experience	\$ 550,674	\$ 1,103,800	\$ (553,126)
Changes of assumptions and demographics	977,121	-	977,121
Difference between projected and actual earnings on plan investments	510,157	354,280	155,877
Total	<u>\$ 2,037,952</u>	<u>\$ 1,458,080</u>	<u>\$ 579,872</u>
<b>LOSAP Plan</b>			
Difference between expected and actual experience	\$ 193,849	\$ 126,042	\$ 67,807
Changes of assumptions and demographics	-	-	-
Difference between projected and actual earnings on plan investments	-	53,944	(53,944)
Total	<u>\$ 193,849</u>	<u>\$ 179,986</u>	<u>\$ 13,863</u>

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

	<b>Amortization Pension Expense</b>		
	<b>Town Plan</b>	<b>Police Plan</b>	<b>LOSAP Plan</b>
Year ended June 30,			
2019	\$ 376,108	\$ 645,930	\$ 18,704
2020	(595,999)	420,897	6,929
2021	(468,729)	(178,910)	(27,390)
2022	(507,946)	(308,345)	(22,706)
2023	-	-	5,292
Thereafter	-	-	33,034
	<u>\$ (1,196,566)</u>	<u>\$ 579,572</u>	<u>\$ 13,863</u>

**State of Connecticut Teachers' Retirement System**

**Plan Description**

The faculty and professional personnel of the Town's Board of Education participate in the Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan that provides retirement, Disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The TRS is included as a fiduciary pension trust fund in the State of Connecticut's Comprehensive Annual Financial Report and the Board issues publicly available financial reports.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 9 - EMPLOYEE RETIREMENT PLANS**

**State of Connecticut Teachers' Retirement System (Continued)**

**Benefit Provisions**

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

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

*Early Retirement:* Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years proceeding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.0% per year by which retirement precedes normal retirement date.

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

*Disability Retirement:* Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2% per years of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

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

**Contributions**

Per CGS 10-183z, contribution requirements of active employees and the State are amended and certified by the Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability. In accordance with CGS Section 10-183z, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute 100% of an employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Effective January 1, 2018, active employees are required to contribute 7.0%, previously 6.0%, of their annual earnings to the plan.

**Administrative Expenses**

Administrative costs of the plan are funded by the State.



**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 9 - EMPLOYEE RETIREMENT PLANS**

**State of Connecticut Teachers' Retirement System (Continued)**

**Basis of Presentation**

The collective net pension liability, deferred outflows and inflows of resources, and pension expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net pension liability that is attributed to the Town as of June 30, 2018.

**Allocation Methodology**

The schedule of employer allocations for the TRS was calculated based upon the fiscal year 2018 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. For fiscal year 2018, the Town's expected contribution effort for allocation purposes totaled \$6,256,446 or 0.618% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective pension expense and deferred outflows and inflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective pension expense allocated to the Town totaled \$9,654,054. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net pension liability of participating employers for the TRS was approximately \$13.502 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$83,461,472 or 0.618% of the total collective net pension liability.

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases, including inflation	3.25% - 6.50%
Investment rate of return	8.00% net of pension plan investment expense, including inflation

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

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 9 - EMPLOYEE RETIREMENT PLANS**

**State of Connecticut Teachers' Retirement System (Continued)**

**Actuarial Assumptions (Continued)**

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

**Long-Term Rate of Return**

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Large Cap U.S. Equities	21.0%	5.8%
Developed Non-U.S. Equities	18.0%	6.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%
Real Estate	7.0%	5.1%
Private Equity	11.0%	7.6%
Alternative Investments	8.0%	4.1%
Fixed Income (Core)	7.0%	1.3%
High Yield Bonds	5.0%	3.9%
Emerging Market Bond	5.0%	3.7%
Inflation Linked Bonds	3.0%	1.0%
Cash	6.0%	0.4%
	<u>100.0%</u>	

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 9 - EMPLOYEE RETIREMENT PLANS**

**State of Connecticut Teachers' Retirement System (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the State contributions will be made at 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.

**Proportionate Share of the Collective Net Pension Liability**

The following presents the proportionate share of the collective net pension liability attributed to the Town as of the June 30, 2017 measurement date, calculated using a discount rate of 8.00%, as well as what the proportionate share of the net pension liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	Discount Rates		
	1% Decrease (7.00%)	Current (8.00%)	1% Increase (9.00%)
Proportionate share of the net pension liability attributed to the Town	\$ 108,632,088	\$ 83,461,472	\$ 70,655,681

**Defined Contribution Plans**

**Establishment and Amendment**

The Vernon Town Council has authorized the establishment of 13 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 twelve plans are as follows:

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

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Defined Contribution Plans *(Continued)***

**Contributions**

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

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

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Defined Contribution Plans *(Continued)***

**Contributions *(Continued)***

Employee contributions and pension expense recognized by the employer for the year ended June 30, 2018 are as follows:

<b>Plan</b>	<b>Employee Contribution</b>	<b>Employer Pension Expense</b>
Professionals	\$ 71,766	\$ 42,993
Town Non-Union	56,268	49,868
DPW Laborers/Parks/WPC	88,038	47,967
Police Civilians	15,083	8,909
Education Non-Union	47,411	36,906
Education Cafeteria	551	294
Education Supervisors	5,282	12,517
Education Nurses	9,011	4,627
Education Librarians	1,052	538
Education Secretarial/ Custodial/ Maintenance	8,324	4,905

**Vesting**

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

**Normal Retirement Age**

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

**Assets**

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

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

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

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

**Funding Policy**

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

**Employees Covered by Benefit Terms**

At July 1, 2016, plan membership consisted of the following:

	<u>Police</u>	<u>Town</u>	<u>Board of Education</u>	<u>Total</u>
Retired members	14	3	43	60
Spouses of retired members	2	1	10	13
Active employees	38	147	555	740
Beneficiaries	1	1	3	5
Total	<u>55</u>	<u>152</u>	<u>611</u>	<u>818</u>

**Contributions**

Contribution requirements of the plan members and the Town are established in the provisions of the program and in accordance with State Statutes. The Town funds these benefits through contributions to an Other Post-Employment Benefits Trust Fund. Town contributions are based on an actuarially determined amount. Active employees are not required to contribute to the plan, however, retirees are required to contribute a portion of the cost of the benefits. For the year ended June 30, 2018, the Police, Town and Board of Education's contribution totaled \$586,807, which represented 1.12% of covered-employee payroll.

**Net OPEB Liability**

The Town's net OPEB liability reported as of June 30, 2018 totaled \$7,618,941. The net OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2016.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Net OPEB Liability *(Continued)***

*Actuarial Assumptions* – The total OPEB liability as of June 30, 2018 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Investment rate of return	6.50%
Discount rate	6.50%
Medical trend	5.70% decreasing to an ultimate rate of 4.70%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table for males and females projected forward 19 year using Scale AA, with a two year age setback, for all teachers and administrators and the RP-2000 Combined Healthy Mortality Table for males and females projected forward using Scale AA for all other employees.

The long-term expected rate of returns on OPEB Plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Arithmetic Rate of Return</b>	<b>Long-Term Expected Real Geometric Rate of Return</b>
U.S. Cash	3.10%	0.52%	0.51%
U.S. Core Bonds	19.80%	2.50%	2.34%
Non-U.S. Bonds	3.40%	1.01%	0.45%
U.S. Large Caps	52.50%	4.57%	3.37%
Non-U.S. Equity	20.30%	6.06%	4.35%
Hedge FOF Conservative	0.90%	1.69%	1.51%

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

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Changes in the Net OPEB Liability**

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
Balance as of July 1, 2017	\$ 8,202,469	\$ 893,686	\$ 7,308,783
<b>Changes for the year:</b>			
Service cost	314,481	-	314,481
Interest	541,389	-	541,389
Contributions - employer	-	586,807	(586,807)
Net investment income	-	(41,095)	41,095
Benefit payments, including refunds	(381,807)	(381,807)	-
<b>Net changes</b>	<b>474,063</b>	<b>163,905</b>	<b>310,158</b>
Balance as of June 30, 2018	\$ 8,676,532	\$ 1,057,591	\$ 7,618,941

*Sensitivity of the net OPEB asset to changes in the discount rate* - The following presents the Town's net OPEB asset for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the Town's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	<b>Discount Rates</b>		
	<b>1% Decrease (5.50%)</b>	<b>Current (6.50%)</b>	<b>1% Increase (7.50%)</b>
Net OPEB liability as of June 30, 2018	\$ 8,628,983	\$ 7,618,941	\$ 6,748,938

*Sensitivity of the net OPEB asset to changes in the healthcare cost trend rates* - The following presents the Town's net OPEB asset for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the Town's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower (4.70% decreasing to 3.70%) or 1-percentage-point higher (6.70% decreasing to 5.70%) than the current rate:

	<b>Healthcare Cost Trend Rates</b>		
	<b>1% Decrease (4.70% decreasing to 3.70%)</b>	<b>Current (5.70% decreasing to 4.70%)</b>	<b>1% Increase (6.70% decreasing to 5.70%)</b>
Net OPEB liability as of June 30, 2018	\$ 6,472,740	\$ 7,618,941	\$ 8,994,567



**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**OPEB Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2018, the Town recognized OPEB expense of \$812,347. At June 30, 2018, the Town reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>
Difference between expected and actual experience	\$ -
Changes of assumptions and demographics	-
Difference between projected and actual earnings on plan investments	84,612
Total	<u>\$ 84,612</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	<b>Amortization OPEB Expense</b>
2019	\$ 21,154
2020	21,154
2021	21,154
2022	21,150
	<u>\$ 84,612</u>

**OPEB Plan Financial Statements**

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for the Town's OPEB Plan as of and for the year ended June 30, 2018:

<b>Statement of Fiduciary Net Position</b>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 309,900
Investments	827,607
Receivables	7,025
Total assets	<u>1,144,532</u>
<b>LIABILITIES</b>	
Payables	29,462
Unearned revenue	57,479
Total liabilities	<u>86,941</u>
<b>NET POSITION</b>	
Held in trust for pension benefits	1,057,591
	<u>\$ 1,057,591</u>

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**OPEB Plan Financial Statements *(Continued)***

<b>Statement of Changes in Fiduciary Net Position</b>	
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 586,807
Retirees	589,451
State	83,531
Other	6,051
Total contributions	<u>1,265,840</u>
Investment earnings:	
Net investment loss	<u>(36,843)</u>
Total additions	<u>1,228,997</u>
<b>DEDUCTIONS</b>	
Benefit payments	1,060,840
Administrative expenses	<u>4,252</u>
Total deductions	<u>1,065,092</u>
Change in net position	163,905
Net position - beginning	<u>893,686</u>
Net position - ending	<u><u>\$ 1,057,591</u></u>

**Connecticut State Teachers' Retirement System**

**Plan Description**

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund.

**Benefit Provisions**

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

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Benefit Provisions *(Continued)***

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

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

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

**Contributions**

Per CGS 10-183z, which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through and annual appropriation in the General Fund. School district employers are not required to make contributions to the Plan.

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

Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

**Administrative Expenses**

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

**Basis of Presentation**

The collective net OPEB liability, deferred outflows and inflows of resources, and OPEB expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net OPEB liability that is attributed to the Town as of June 30, 2018.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Basis of Presentation *(Continued)***

The components associated with the OPEB expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes for the year ended June 30, 2017.

**Allocation Methodology**

The schedule of allocations have been prepared to provide the total amount of employer contributions from the State and the proportionate share percentages that have been determined based on these contributions. Based on these percentages the proportionate share amounts of the net OPEB liability associated with each participating employer and the employer OPEB expense and revenue for State support for each participating employer for the year ending June 30, 2017.

For fiscal year 2018, the Town's expected contribution effort for allocation purposes totaled \$123,143 or 0.618% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective OPEB expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective OPEB expense allocated to the Town totaled \$995,586. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net OPEB liability of participating employers for the TRS was approximately \$3.475 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$21,482,040 or approximately 0.618% of the total collective net OPEB liability.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	2.75%, net of investment related expense
Healthcare cost trend rates:	
Pre- Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022
Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022

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

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Long-Term Rate of Return**

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Treasuries (Cash Equivalents)	100.0%	0.04%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2016. In addition to the actuarial methods and assumptions of the June 30, 2016 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate.
- Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.
- For future plan members, contribution inflows were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Proportionate Share of the Collective Net OPEB Liability**

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate* - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using a discount rate of 3.56%, as well as what the proportionate share of the net OPEB liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (2.56%) or 1-percentage-point higher (4.56%) than the current rate:

	Discount Rates		
	1% Decrease (2.56%)	Current (3.56%)	1% Increase (4.56%)
Proportionate share of the net OPEB liability attributed to the Town	\$ 25,889,298	\$ 21,482,040	\$ 18,016,665

*Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trend Rates* - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Healthcare Cost Trend Rates		
	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Proportionate share of the net OPEB liability attributed to the Town	\$ 17,687,470	\$ 21,482,040	\$ 26,590,965

**NOTE 11 - FUND BALANCE**

**Deficit Fund Balances**

The following funds have deficit equity balances as of June 30, 2018, which do not constitute a violation of statutory provisions:

Fund	Amount
Waste Treatment Plant Facilities Upgrade Fund	\$ (2,267,180)
Workers' Compensation Fund	(1,660,809)
Public Safety Complex Grant-In-Aid Fund	(578,500)
Road Improvement Bond Fund	(491,998)
Cafeteria Fund	(55,715)
West Main Street Bridge Renovations Fund	(7,460)

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

**TOWN OF VERNON, CONNECTICUT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 11 - FUND BALANCE (Continued)**

As of June 30, 2018, fund balances have been classified based on the following purposes:

	General Fund	Road Improvements Bond Fund	School Roof Replacements and Renovations Fund	Senior Center Acquisition and Renovations Fund	Waste Treatment Plant Upgrade Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>							
Cemetery Trust	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,757,835	\$ 1,757,835
Inventories and prepaid items	558,850	-	-	-	-	30,058	588,908
Nonspendable total	558,850	-	-	-	-	1,787,893	2,346,743
<b>Restricted for:</b>							
Donor purpose restrictions	-	-	-	-	-	826,421	826,421
Grant programs	-	-	-	-	-	592,344	592,344
Sewer assessment	-	-	-	-	-	28	28
Cemeteries	-	-	-	-	-	82,682	82,682
Housing and community development	-	-	-	-	-	109,274	109,274
Education grants	-	-	-	-	-	515,604	515,604
Adult education	-	-	-	-	-	31,837	31,837
Capital outlays	-	-	-	564,876	-	-	564,876
Restricted total	-	-	-	564,876	-	2,158,190	2,723,066
<b>Committed to:</b>							
Sewer repairs and maintenance	-	-	-	-	-	2,114,892	2,114,892
Insurance and medical	-	-	-	-	-	503,117	503,117
Community development	-	-	-	-	-	419,123	419,123
Police	-	-	-	-	-	125,704	125,704
Ambulance	-	-	-	-	-	251,525	251,525
Animal control	-	-	-	-	-	53,258	53,258
Human services	-	-	-	-	-	103,773	103,773
Maintenance for water runoff	-	-	-	-	-	51,726	51,726
Parks and recreation programs	-	-	-	-	-	318,107	318,107
Sidewalk development	-	-	-	-	-	2,701	2,701
Debt payments	-	-	-	-	-	446,854	446,854
Capital outlays	-	-	243,141	-	-	3,212,803	3,455,944
Committed total	-	-	243,141	-	-	7,603,583	7,846,724
<b>Assigned to:</b>							
General government:							
Administration and finance	119,024	-	-	-	-	-	119,024
Data processing	106,344	-	-	-	-	-	106,344
Pension	52,456	-	-	-	-	-	52,456
Insurance	218,521	-	-	-	-	-	218,521
Community development:							
Planning	309	-	-	-	-	-	309
Public safety:							
Police	82,643	-	-	-	-	-	82,643
Fire	102,497	-	-	-	-	-	102,497
Street lights	51,389	-	-	-	-	-	51,389
Maintenance and development:							
Buildings, streets, grounds	73,319	-	-	-	-	-	73,319
Refuse and recycling	43,321	-	-	-	-	-	43,321
Human services:							
Social services	3,047	-	-	-	-	-	3,047
Youth services	256	-	-	-	-	-	256
Senior services	22	-	-	-	-	-	22
Health services	1,375	-	-	-	-	-	1,375
Parks and recreation:							
Parks supervision and maintenance	2,098	-	-	-	-	-	2,098
Education	717,548	-	-	-	-	-	717,548
Compensated absences	322,000	-	-	-	-	-	322,000
Debt payments	179,748	-	-	-	-	-	179,748
Miscellaneous	73,500	-	-	-	-	-	73,500
Assigned total	2,149,417	-	-	-	-	-	2,149,417
<b>Unassigned</b>	18,645,480	(491,998)	-	-	(2,267,180)	(667,533)	15,218,769
	<u>\$ 21,353,747</u>	<u>\$ (491,998)</u>	<u>\$ 243,141</u>	<u>\$ 564,876</u>	<u>\$ (2,267,180)</u>	<u>\$ 10,882,133</u>	<u>\$ 30,284,719</u>

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 12 - 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 probable that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries.

A summary of claims activity for Workers' Compensation claims transactions the years ended June 30, 2018 and 2017 are as follows:

<b>Year Ended June 30</b>	<b>Claims Payable, Beginning of Year</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Paid</b>	<b>Claims Payable, End of Year</b>
2018	\$ 2,668,899	\$ 690,669	\$ 646,558	\$ 2,713,010
2017	1,312,820	1,931,050	574,971	2,668,899

Claims payable at June 30, 2018 includes incurred, but not reported claims of \$622,483. Based on historical payment data, approximately 28.1% of claims payable will be paid during the following fiscal year. Thus, \$763,665 of claims payable is considered as a current liability and the remaining \$1,949,345 is considered as a long-term liability. Claims payable includes \$121,283 of estimated incremental claims adjustment expenses, net of estimated subrogation recoveries.

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

A third party administers the prescription claims processing and the dental claims processing for the Town for which the Town pays a fee. Claims incurred and paid data are provided to the Town, which reimburses Maxor and Anthem for the costs of the claims and administrative expenses. At year end, claims payable represents the cost of claims incurred and paid by Maxor and Anthem that require reimbursement from the Town. Claims payable at June 30, 2018 includes incurred, but not reported claims of \$22,800.



**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE BASIC FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 12 - RISK MANAGEMENT *(Continued)***

A summary of claims activity for Medical Self-Insurance claims transactions the years ended June 30, 2018 and 2017 are as follows:

<u>Year Ended June 30</u>	<u>Claims Payable, Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable, End of Year</u>
2018	\$ 11,940	\$ 485,763	\$ 464,658	\$ 33,045
2017	3,827	216,853	208,740	11,940

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

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

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

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund. Encumbrances are recognized as a valid and proper charge against a General Fund budget appropriation in the year in which a purchase order, contract, or other commitment is issued. Open encumbrances as of June 30, 2018 totaled \$1,827,417 and are included in assigned fund balance of the General Fund.

**NOTE 14 - TAX ABATEMENTS**

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

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

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

**TOWN OF VERNON, CONNECTICUT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 14 - TAX ABATEMENTS (Continued)**

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

- Loom City Lofts LLC, with a 25-year duration. The amount of abated taxes range from \$7,500 in year 1 to \$15,246 in year 25. The amount of abated taxes for fiscal year 2017-2018 were \$7,957. The abated taxes are per the 3<sup>rd</sup> year of the agreement.
- Shoppes at Eastview LLC, with a 7-year duration. The tax abatement for improvements will be 50% for the first four years of the agreement and 25% for the last three years of the agreement. The amount of abated taxes for fiscal year 2017-2018 was \$24,771. The abated taxes are per the fourth year of the agreement.
- Talcott Mill Landlord LLC, with a 20-year duration. The tax abatement for improvements will be 100% for the first 10 years of the agreement, 75% for years 11 to 15 and 50% for years 16 to 20. The effective date for tax abatement will be in fiscal year 2018-2019.

Total tax abatements for year ended June 30, 2018 were \$32,728.

**NOTE 15 - RECENTLY ISSUED ACCOUNTING STANDARDS**

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town is currently evaluating the potential impact of adopting the Statement on its financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town is currently evaluating the potential impact of adopting the Statement on its financial statements.

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

**TOWN OF VERNON, CONNECTICUT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 15 - RECENTLY ISSUED ACCOUNTING STANDARDS (Continued)**

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2018. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

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

**NOTE 16 - SUBSEQUENT EVENTS**

On June 20, 2018, the Vernon Town Council approved a transfer agreement, effective July 1, 2018, between the Rockville Public Library and the Town of Vernon providing for the acquisition of the Rockville Public Library by the Town of Vernon, acquiring all the Library's assets and assuming all of its liabilities, and establishing a Municipal Library. Effective fiscal year 2018-2019, the Library will become a Town department, reporting its financial operations as appropriate.

On August 2, 2018, the Town issued \$5,000,000 of general obligation bonds at a net premium of \$200,413 to provide \$3,387,000 funding for Road Reconstruction and Improvements as authorized on January 28, 2014 at referendum and \$1,613,000 of funding for the Acquisition and Improvements to property known as 135 Bolton Road for use as a Senior Center as authorized on February 21, 2017 at referendum. The bonds, payable in installments over 15 years and maturing on August 1, 2033, were issued at a net interest cost of 2.82%. The \$3,387,000 of bond proceeds were used to retire a \$1,525,000 bond anticipation note that matured on August 2, 2018. The \$1,613,000 of bond proceeds were used to retire a \$1,800,000 bond anticipation note that also matured on August 2, 2018.

On January 15, 2019, eligible Town of Vernon voters at a town-wide referendum voted to approve the appropriation of \$85,972,000 for upgrades and related improvements to the Town's water pollution control facility and authorized the issuances of bonds, notes and other obligations to finance the portion of the appropriation not defray from grants and other funding sources. The facility provides wastewater treatment to Vernon and the neighboring towns of Ellington, Manchester, South Windsor and Tolland. The Connecticut Department of Energy and Environmental Protection is requiring a more restrictive effluent phosphorous limit on the facility. In addition to removing phosphorous to meet the required effluent limitation, the project will also reduce nitrogen discharge from the facility. Of the \$85,972,000 appropriation, \$25,731,004 (approximately 30.2%) is expected to be funded by State Clean Water Fund grants and \$18,042,178 (29.95% of non-grant funded costs) is anticipated to be funded by neighboring towns as required by current inter-municipal agreements. The balance of the estimate costs, \$42,198,818 (49.1% of the appropriation) will be funded by a 2.0% Clean Water Fund loan. Construction is anticipated to commence prior to July 1, 2019, with an expected completion date of January 2023.

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## REQUIRED SUPPLEMENTARY INFORMATION

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**TOWN OF VERNON, CONNECTICUT**  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2018

	<b>Budgeted Amounts</b>			<b>Outstanding</b>	<b>Actual with</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Encumbrances</b>	<b>Outstanding Encumbrances</b>	<b>Final Budget Over (Under)</b>
<b>REVENUES</b>						
Property taxes	\$ 69,196,466	\$ 69,196,466	\$ 70,116,452	\$ -	\$ 70,116,452	\$ 919,986
Intergovernmental	18,028,791	18,028,791	19,101,973	-	19,101,973	1,073,182
Charges for services	872,285	872,285	1,473,242	-	1,473,242	600,957
Licenses and permits	696,100	696,100	985,405	-	985,405	289,305
Fines and penalties	32,000	32,000	101,419	-	101,419	69,419
Investment income	28,000	28,000	62,936	-	62,936	34,936
Other	489,650	489,650	577,141	-	577,141	87,491
Total revenues	89,343,292	89,343,292	92,418,568	-	92,418,568	3,075,276
<b>EXPENDITURES</b>						
Current:						
General government	3,504,175	4,313,653	3,858,068	225,368	4,083,436	(230,217)
Community development	262,849	334,424	308,006	309	308,315	(26,109)
Public safety	8,572,120	9,048,183	8,239,281	217,836	8,457,117	(591,066)
Maintenance and development	5,593,582	6,000,882	5,721,529	117,444	5,838,973	(161,909)
Human services	949,531	996,710	929,904	4,700	934,604	(62,106)
Parks, recreation and culture	1,585,802	1,699,805	1,601,828	51,198	1,653,026	(46,779)
Townwide	8,868,464	8,862,689	8,391,849	284,266	8,676,115	(186,574)
Debt service	5,538,195	5,720,644	5,538,195	179,748	5,717,943	(2,701)
Capital outlay	198,675	442,599	412,942	29,000	441,942	(657)
Education	52,652,169	53,426,135	52,697,820	717,548	53,415,368	(10,767)
Total expenditures	87,725,562	90,845,724	87,699,422	1,827,417	89,526,839	(1,318,885)
Excess (deficiency) of revenues over expenditures	1,617,730	(1,502,432)	4,719,146	(1,827,417)	2,891,729	4,394,161
<b>OTHER FINANCING SOURCES (USES)</b>						
Appropriation of Fund Balance	-	1,231,155	-	-	-	(1,231,155)
Appropriation of Prior Year Encumbrances	-	2,830,740	-	-	-	(2,830,740)
Transfers in	151,540	151,540	133,003	-	133,003	(18,537)
Transfers out	(1,769,270)	(2,711,003)	(2,706,508)	-	(2,706,508)	4,495
Total other financing sources (uses)	(1,617,730)	1,502,432	(2,573,505)	-	(2,573,505)	(4,075,937)
Net change in fund balances	\$ -	\$ -	\$ 2,145,641	\$ (1,827,417)	\$ 318,224	\$ 318,224

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Property Taxes:</b>				
Current year taxes	\$ 67,745,433	\$ 67,745,433	\$ 68,487,459	\$ 742,026
Prior year taxes	367,258	367,258	367,179	(79)
Supplemental motor vehicle tax	750,275	750,275	912,129	161,854
Interest and lien fees	322,000	322,000	343,540	21,540
Warrant revenue	6,000	6,000	910	(5,090)
Liens	5,500	5,500	5,232	(268)
Proceeds from tax lien sale	-	-	3	3
Total property taxes	69,196,466	69,196,466	70,116,452	919,986
<b>Intergovernmental:</b>				
Civil preparedness grant	14,581	14,581	12,007	(2,574)
FEMA Snow Disaster Assistance	-	-	1,275	1,275
Bullet Proof Vest grant	2,000	2,000	6,204	4,204
Education cost sharing	17,183,727	17,183,727	17,639,421	455,694
Vocational Agriculture	107,667	107,667	107,667	-
Special Education Excess Student Based	-	-	33,999	33,999
Regular Education State Agency Placement	-	-	144,301	144,301
Medicaid reimbursement	100,000	100,000	100,000	-
PILOT - Colleges and hospitals	-	-	219,351	219,351
PILOT - State owned property	147,624	147,624	113,496	(34,128)
PILOT - Shelter rent	73,000	73,000	80,611	7,611
Tax relief - Elderly circuit breaker	133,480	133,480	-	(133,480)
Tax relief - Disability exemption	3,100	3,100	3,364	264
Tax relief - Veterans exemption	20,500	20,500	19,193	(1,307)
Mashantucket Pequot and Mohegan grant	156,412	156,412	156,412	-
Telephone tax sharing	51,000	51,000	40,540	(10,460)
MRSF Stabilization Grant	-	-	362,272	362,272
Judicial reimbursements - Parking	50	50	200	150
Judicial reimbursements	530	530	720	190
Special reimbursements - Permits	120	120	129	9
Driving Under the Influence grant	13,000	13,000	24,123	11,123
Motor Vehicle Violation surcharge	10,000	10,000	29,765	19,765
Historic Document Preservation Grant	5,000	5,000	5,000	-
Other - State grants	7,000	7,000	1,923	(5,077)
Total intergovernmental revenue	18,028,791	18,028,791	19,101,973	1,073,182
<b>Charges for Services:</b>				
Town Clerk recording fees	430,000	430,000	500,902	70,902
Historic document preservation	10,000	10,000	21,109	11,109
Farmland Preservation surcharge	-	-	115,263	115,263
State Treasurer - MERS	20,655	20,655	76,885	56,230
Printing and copying fees	600	600	107	(493)
Finance administration fee	11,000	11,000	11,000	-
Planning and zoning fees	7,200	7,200	6,340	(860)
Conservation fees	1,800	1,800	420	(1,380)
Assessor fees	700	700	459	(241)
Police - Special services	10,000	10,000	210,239	200,239
Fingerprint fees	3,000	3,000	6,490	3,490
Other Public Safety	1,000	1,000	-	(1,000)
Fire Marshal - services	200	200	283	83
Historic Properties Certification fees	-	-	50	50
Refuse Energy Community Outreach	20,000	20,000	20,000	-
Recycling	20,000	20,000	25,649	5,649

*Continued*

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
Charges for services <i>(continued)</i> :				
Recycling bin promotion	\$ 1,800	\$ 1,800	\$ 5,940	\$ 4,140
Bulky waste pickup	15,000	15,000	20,627	5,627
MIRA reimbursement	-	-	81,044	81,044
Other maintenance and development	3,000	3,000	2,210	(790)
Yankee Gas - administrative allocation	1,080	1,080	9,776	8,696
Energy application administration	8,850	8,850	-	(8,850)
Housing Rehab Administration	600	600	512	(88)
Senior Center Membership fees	-	-	5,788	5,788
Tuition - Special education	20,000	20,000	2,985	(17,015)
Tuition - Vo-ag	210,000	210,000	205,177	(4,823)
Tuition - Special education Vo-ag	50,000	50,000	66,264	16,264
School Use Activity	7,500	7,500	-	(7,500)
Other - Education community	18,300	18,300	77,723	59,423
Total charges for services	872,285	872,285	1,473,242	600,957
Licenses and permits:				
Building permits	600,000	600,000	889,939	289,939
Zoning Review	500	500	625	125
ZBA Fees	1,600	1,600	1,610	10
Zoning Permits	6,000	6,000	6,525	525
Town Clerk - License surcharge	2,000	2,000	1,843	(157)
Refuse licensing	4,000	4,000	-	(4,000)
Transfer station permits	72,000	72,000	73,010	1,010
Driveway & road cut permits	10,000	10,000	11,853	1,853
Total licenses and permits	696,100	696,100	985,405	289,305
Fines and penalties:				
Parking tags	7,000	7,000	10,133	3,133
Zoning citations	25,000	25,000	91,286	66,286
Total fines and penalties	32,000	32,000	101,419	69,419
Investment income:				
General Fund	28,000	28,000	62,936	34,936
Total investment income	28,000	28,000	62,936	34,936
Other revenue:				
Purchasing Card Reimbursement	22,000	22,000	18,767	(3,233)
Rental income - Annex	24,000	24,000	24,000	-
Rental management fee	50,000	50,000	50,000	-
Rental income other	6,000	6,000	10,878	4,878
Proceeds from sale of property	16,000	16,000	99,251	83,251
Medical insurance reimbursement	241,850	241,850	253,404	11,554
Vision insurance reimbursements	7,200	7,200	7,693	493
Insurance reimbursements	-	-	2,754	2,754
Gasoline reimbursement	59,000	59,000	52,020	(6,980)
Refunds and reimbursements	-	-	2,408	2,408
Lease - Ellington pump station	6,600	6,600	7,073	473
Education	37,000	37,000	36,693	(307)
Miscellaneous	20,000	20,000	12,200	(7,800)
Total other revenues	489,650	489,650	577,141	87,491
Total revenues	89,343,292	89,343,292	92,418,568	3,075,276

*Continued*

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
Other Financing Sources:				
Appropriation of Fund Balance	\$ -	\$ 1,231,155	\$ -	\$ (1,231,155)
Reappropriation of Prior Year Encumbrances	-	2,830,740	-	(2,830,740)
Transfers in:				
Special Revenue Funds	144,540	144,540	133,000	(11,540)
Capital Projects Funds	7,000	7,000	-	(7,000)
Debt Service Fund	-	-	3	3
Total other financing sources	<u>151,540</u>	<u>4,213,435</u>	<u>133,003</u>	<u>(4,080,432)</u>
Total revenues and other financing sources	<u>\$ 89,494,832</u>	<u>\$ 93,556,727</u>	<u>\$ 92,551,571</u>	<u>\$ (1,005,156)</u>
				<i>Concluded</i>

*See accompanying notes to required supplementary information.*



**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Outstanding</b>	<b>Total</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Expenditures</b>	<b>Encumbrances</b>	<b>Expenditures and Encumbrances</b>	<b>Final Budget Over (Under)</b>
General Government:						
Town Council	\$ 12,165	\$ 14,125	\$ 8,867	\$ 68	\$ 8,935	\$ (5,190)
Probate court	13,655	18,446	14,514	3,641	18,155	(291)
Executive and administrative	722,534	751,512	660,613	17,410	678,023	(73,489)
Law	167,000	193,806	172,246	11,500	183,746	(10,060)
Registration	80,285	86,582	76,199	5,503	81,702	(4,880)
Elections - general	34,400	36,985	31,308	4,898	36,206	(779)
Elections - primary	1	2,037	-	-	-	(2,037)
Elections - referendum	6,500	7,100	790	-	790	(6,310)
Finance administration	516,491	717,690	698,641	5,006	703,647	(14,043)
Independent audit	71,610	71,610	71,610	-	71,610	-
Treasury	6,360	51,234	5,920	44,874	50,794	(440)
Purchasing	9,715	15,233	9,225	4,008	13,233	(2,000)
Assessment	285,291	298,110	286,638	38	286,676	(11,434)
Refunds - tax adjustments	21,000	21,000	20,800	-	20,800	(200)
Collector of Revenue	234,838	268,424	249,594	7,062	256,656	(11,768)
Town Clerk	267,760	520,503	447,110	15,016	462,126	(58,377)
Board of Assessment Appeals	2,800	2,800	2,400	-	2,400	(400)
Water Pollution Control Authority	6,818	6,818	6,818	-	6,818	-
Greater Hartford Transit District	4,377	4,377	4,377	-	4,377	-
Data processing	1,040,575	1,225,261	1,090,398	106,344	1,196,742	(28,519)
Total General Government	3,504,175	4,313,653	3,858,068	225,368	4,083,436	(230,217)
Community Development:						
Town planner - administrator	173,717	216,087	189,669	309	189,978	(26,109)
Community & economic development	89,132	118,337	118,337	-	118,337	-
Total Community Development	262,849	334,424	308,006	309	308,315	(26,109)
Public Safety:						
Police	6,271,032	6,533,187	6,076,078	53,643	6,129,721	(403,466)
School crossing guards	62,120	62,120	57,278	-	57,278	(4,842)
Traffic authority	181,000	219,425	127,621	51,389	179,010	(40,415)
Fire fighting and administration	638,352	687,422	489,253	96,457	585,710	(101,712)
Fire hydrants	688,000	766,797	737,622	6,040	743,662	(23,135)
Fire Marshal	132,869	156,406	154,061	-	154,061	(2,345)

*Continued*

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Outstanding</b>	<b>Total</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Expenditures</b>	<b>Encumbrances</b>	<b>Expenditures and Encumbrances</b>	<b>Final Budget Over (Under)</b>
Public Safety (Continued) :						
Building inspection	\$ 409,312	\$ 424,102	\$ 409,648	\$ 3,007	\$ 412,655	\$ (11,447)
Emergency Management	54,524	55,524	44,522	7,300	51,822	(3,702)
Animal control	134,911	143,200	143,198	-	143,198	(2)
Total Public Safety	<u>8,572,120</u>	<u>9,048,183</u>	<u>8,239,281</u>	<u>217,836</u>	<u>8,457,117</u>	<u>(591,066)</u>
Maintenance and Development:						
Public Works administration	703,384	738,977	736,260	1,521	737,781	(1,196)
General maintenance	1,330,202	1,359,048	1,327,463	24,860	1,352,323	(6,725)
Equipment maintenance	762,957	796,694	701,971	33,262	735,233	(61,461)
Maintenance of gov't buildings	810,657	894,037	870,787	13,676	884,463	(9,574)
Snow removal	186,970	393,218	388,213	-	388,213	(5,005)
Refuse collection and disposal	1,031,720	1,025,351	1,004,274	11,703	1,015,977	(9,374)
Recycling	339,772	371,095	332,933	31,618	364,551	(6,544)
Condominium refuse	4,803	4,803	4,762	-	4,762	(41)
Tree Warden	15,150	16,809	15,971	759	16,730	(79)
Leaf collection program	113,175	100,416	98,826	-	98,826	(1,590)
Engineering admin. services	294,792	300,434	240,069	45	240,114	(60,320)
Total Maintenance and Development	<u>5,593,582</u>	<u>6,000,882</u>	<u>5,721,529</u>	<u>117,444</u>	<u>5,838,973</u>	<u>(161,909)</u>
Human Services:						
North Central Health District	135,239	135,239	135,239	-	135,239	-
Visiting Nurses and Health Services	-	12,249	-	-	-	(12,249)
Hockanum Valley Community Council	180,000	180,000	180,000	-	180,000	-
Child Guidance Clinic	5,500	5,500	4,125	1,375	5,500	-
Exchange Club-Prevent Child Abuse	5,000	5,000	-	-	-	(5,000)
MARC, Inc. of Manchester	5,000	5,000	5,000	-	5,000	-
Shelter Services	1,000	1,000	-	-	-	(1,000)
Connecticut Legal Services	2,000	2,000	2,000	-	2,000	-
Hartford Interval House	2,500	2,500	2,500	-	2,500	-
YWCA Sexual Assault Services	2,000	2,000	2,000	-	2,000	-
Social services administration	255,986	256,231	239,008	3,047	242,055	(14,176)
Youth services	217,894	219,651	210,937	256	211,193	(8,458)
Senior center	137,412	170,340	149,095	22	149,117	(21,223)
Total Human Services	<u>949,531</u>	<u>996,710</u>	<u>929,904</u>	<u>4,700</u>	<u>934,604</u>	<u>(62,106)</u>

*Continued*

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Outstanding</b>	<b>Total</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Expenditures</b>	<b>Encumbrances</b>	<b>Expenditures and Encumbrances</b>	<b>Final Budget Over (Under)</b>
Parks, Recreation and Culture:						
Recreation administration	\$ 361,388	\$ 366,604	\$ 365,113	\$ -	\$ 365,113	\$ (1,491)
Public celebration	14,500	14,500	14,450	-	14,450	(50)
Parks maintenance	725,074	767,162	720,028	2,098	722,126	(45,036)
Art commission	4,540	4,540	4,338	-	4,338	(202)
Historical Society	6,300	6,300	6,300	-	6,300	-
Rockville Public Library	460,000	485,000	460,000	25,000	485,000	-
Invasive aquatic plant management	14,000	55,699	31,599	24,100	55,699	-
Total Parks, Recreation and Culture	1,585,802	1,699,805	1,601,828	51,198	1,653,026	(46,779)
Townwide:						
Social Security and Medicare	1,043,600	1,044,727	996,890	-	996,890	(47,837)
Pension	3,262,940	3,331,078	3,251,052	52,456	3,303,508	(27,570)
Group insurance	3,080,937	3,116,741	2,827,724	196,891	3,024,615	(92,126)
Unemployment compensation	22,800	35,703	9,561	21,630	31,191	(4,512)
Municipal insurance	1,040,783	1,055,072	1,053,507	-	1,053,507	(1,565)
Contingency	160,000	13,214	250	-	250	(12,964)
Housing Authority sewer subsidy	50,450	59,200	45,911	13,289	59,200	-
Vernon Cemetery Commission	206,954	206,954	206,954	-	206,954	-
Total Townwide	8,868,464	8,862,689	8,391,849	284,266	8,676,115	(186,574)
Debt Service:						
Principal	4,074,861	4,209,925	4,074,861	135,064	4,209,925	-
Interest	1,463,334	1,510,719	1,463,334	44,684	1,508,018	(2,701)
Total Debt Service	5,538,195	5,720,644	5,538,195	179,748	5,717,943	(2,701)
Capital Improvements - Town	198,675	442,599	412,942	29,000	441,942	(657)
Education:						
Regular instruction	17,594,873	17,229,351	17,042,685	145,351	17,188,036	(41,315)
Special Education instruction	5,663,528	5,774,850	5,800,666	1,209	5,801,875	27,025
Continuing Education	226,371	226,371	226,371	-	226,371	-
Special Education program support	2,880,000	2,880,300	3,073,472	9,035	3,082,507	202,207
Social Work services	600	500	-	-	-	(500)

*Continued*

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED) (Concluded)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Outstanding</b>	<b>Total</b>	<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Expenditures</b>	<b>Encumbrances</b>	<b>Expenditures and Encumbrances</b>	<b>Final Budget Over (Under)</b>
Education (Continued) :						
Guidance services	\$ 715,997	\$ 709,047	\$ 705,669	\$ -	\$ 705,669	\$ (3,378)
Health services	508,839	525,675	532,653	120	532,773	7,098
Psychological services	654,837	514,200	492,161	5,021	497,182	(17,018)
Speech pathology & audio services	612,581	607,859	558,580	-	558,580	(49,279)
Instructional program support	75,597	79,091	65,488	-	65,488	(13,603)
Library / Media services	358,768	342,836	306,781	-	306,781	(36,055)
Curriculum development	1,092,860	1,391,748	1,290,823	45,382	1,336,205	(55,543)
Superintendent's office	747,733	804,747	804,399	1,288	805,687	940
Board of Education - Elected	130,363	120,939	100,061	-	100,061	(20,878)
Principal office services	2,409,182	2,371,538	2,337,215	19,107	2,356,322	(15,216)
Business office	749,682	792,450	757,201	18,213	775,414	(17,036)
Building / Plant operations	4,179,439	5,095,806	4,794,435	412,574	5,207,009	111,203
Logistics and safety	364,481	420,581	377,008	37,087	414,095	(6,486)
Student transportation services	2,556,241	2,980,083	2,952,428	19,157	2,971,585	(8,498)
General control	71,335	72,582	70,248	-	70,248	(2,334)
Information systems	865,000	908,404	908,404	-	908,404	-
System-wide fringe benefits	9,312,497	8,984,833	8,937,964	4,004	8,941,968	(42,865)
Extra curricular student activities	597,588	588,558	559,265	-	559,265	(29,293)
Reserve for negotiation	283,777	3,786	3,843	-	3,843	57
Total Education	52,652,169	53,426,135	52,697,820	717,548	53,415,368	(10,767)
Total Expenditures	87,725,562	90,845,724	87,699,422	1,827,417	89,526,839	(1,318,885)
Other Financing Uses:						
Transfers Out:						
Special Revenue Funds	48,500	166,948	166,948	-	166,948	-
Capital Projects Funds	1,273,916	2,097,201	2,092,706	-	2,092,706	(4,495)
Debt Service Fund	446,854	446,854	446,854	-	446,854	-
Total Other Financing Uses	1,769,270	2,711,003	2,706,508	-	2,706,508	(4,495)
Total Expenditures and Other Financing Uses	\$ 89,494,832	\$ 93,556,727	\$ 90,405,930	\$ 1,827,417	\$ 92,233,347	\$ (1,323,380)

*Concluded*

*See accompanying notes to required supplementary information.*

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

	<b>December 31,</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Total pension liability</b>					
Service cost	\$ 836,982	\$ 812,060	\$ 767,633	\$ 760,493	\$ 759,496
Interest	2,924,672	2,790,349	2,711,068	2,663,012	2,620,600
Differences between expected and actual experience	(220,230)	878,501	(304,928)	(288,635)	-
Changes of assumptions	-	-	1,833,919	1,214,064	-
Benefit payments, including refunds	(2,693,179)	(2,508,006)	(2,473,575)	(2,434,432)	(2,385,303)
Net change in total pension liability	848,245	1,972,904	2,534,117	1,914,502	994,793
Total pension liability - beginning	43,031,339	41,058,435	38,524,318	36,609,816	35,615,023
Total pension liability - ending	43,879,584	43,031,339	41,058,435	38,524,318	36,609,816
<b>Plan fiduciary net position</b>					
Contributions - employer	1,839,551	1,730,812	1,639,455	1,515,199	1,348,338
Contributions - members	370,589	364,862	370,334	358,642	368,533
Net investment income	2,724,566	1,352,877	176,500	1,092,203	2,874,222
Benefit payments, including refunds	(2,693,179)	(2,508,006)	(2,473,575)	(2,434,432)	(2,210,603)
Administrative expense	(68,718)	(70,666)	(49,744)	(70,783)	(67,398)
Net change in plan fiduciary net position	2,172,809	869,879	(337,030)	460,829	2,313,092
Plan fiduciary net position - beginning	20,132,986	19,263,107	19,600,137	19,139,308	16,826,216
Plan fiduciary net position - ending	22,305,795	20,132,986	19,263,107	19,600,137	19,139,308
<b>Town's net pension liability</b>	<u>\$ 21,573,789</u>	<u>\$ 22,898,353</u>	<u>\$ 21,795,328</u>	<u>\$ 18,924,181</u>	<u>\$ 17,470,508</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	50.83%	46.79%	46.92%	50.88%	52.28%
<b>Covered payroll</b>	\$ 4,789,390	\$ 4,866,463	\$ 4,747,257	\$ 4,549,520	\$ 4,390,111
<b>Town's net pension liability as a percentage of covered payroll</b>	450.45%	470.53%	459.11%	415.96%	397.95%

*See accompanying notes to required supplementary information.*

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

	<b>December 31,</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Total pension liability</b>					
Service cost	\$ 1,658,692	\$ 1,510,406	\$ 1,464,780	\$ 1,396,502	\$ 1,355,480
Interest	5,338,478	5,055,024	4,604,469	4,540,614	4,472,890
Differences between expected and actual experience	(2,232,932)	1,507,303	135,086	(3,083,615)	-
Changes of assumptions	-	-	5,959,086	3,200,987	-
Benefit payments, including refunds	(3,786,932)	(3,781,356)	(3,280,576)	(2,935,096)	(2,814,688)
Net change in total pension liability	977,306	4,291,377	8,882,845	3,119,392	3,013,682
Total pension liability - beginning	78,820,895	74,529,518	65,646,673	62,527,281	59,513,599
Total pension liability - ending	79,798,201	78,820,895	74,529,518	65,646,673	62,527,281
<b>Plan fiduciary net position</b>					
Contributions - employer	2,495,374	2,575,719	2,383,370	2,135,571	1,883,779
Contributions - members	950,310	930,892	1,032,684	1,031,071	1,001,400
Net investment income	5,244,052	2,457,038	352,500	1,981,432	4,782,653
Benefit payments, including refunds	(3,786,932)	(3,781,356)	(3,280,577)	(2,935,096)	(2,664,672)
Administrative expense	(105,945)	(114,432)	(89,656)	(101,919)	(93,140)
Net change in plan fiduciary net position	4,796,859	2,067,861	398,321	2,111,059	4,910,020
Plan fiduciary net position - beginning	40,430,240	38,362,379	37,964,058	35,852,999	30,942,979
Plan fiduciary net position - ending	45,227,099	40,430,240	38,362,379	37,964,058	35,852,999
<b>Town's net pension liability</b>	<u>\$ 34,571,102</u>	<u>\$ 38,390,655</u>	<u>\$ 36,167,139</u>	<u>\$ 27,682,615</u>	<u>\$ 26,674,282</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	56.68%	51.29%	51.47%	57.83%	57.34%
<b>Covered payroll</b>	\$ 14,795,233	\$ 15,411,202	\$ 14,789,154	\$ 14,933,089	\$ 14,895,476
<b>Town's net pension liability as a percentage of covered payroll</b>	233.66%	249.11%	244.55%	185.38%	179.08%

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY - UNAUDITED**  
**LOSAP RETIREMENT PLAN**  
**LAST FIVE PLAN YEARS**

	<b>December 31,</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Total pension liability</b>					
Service cost	\$ 20,149	\$ 21,190	\$ 24,830	\$ 26,292	\$ 19,751
Interest	92,532	92,540	85,622	82,620	78,483
Differences between expected and actual experience	124,920	(27,545)	(13,707)	(31,211)	-
Changes in plan benefits and assumptions	451,934	-	-	-	-
Benefit payments, including refunds	(46,894)	(36,536)	(33,270)	(29,764)	(19,718)
Net change in total pension liability	642,641	49,649	63,475	47,937	78,516
Total pension liability - beginning	1,447,013	1,397,364	1,333,889	1,285,952	1,207,436
Total pension liability - ending	2,089,654	1,447,013	1,397,364	1,333,889	1,285,952
<b>Plan fiduciary net position</b>					
Contributions - employer	53,605	52,289	39,924	37,752	34,172
Net investment income	263,129	135,693	(54,768)	54,828	204,365
Benefit payments, including refunds	(46,894)	(36,536)	(33,270)	(29,764)	(26,184)
Administrative expense	(20,777)	(18,545)	(18,745)	(18,516)	(15,668)
Net change in plan fiduciary net position	249,063	132,901	(66,859)	44,300	196,685
Plan fiduciary net position - beginning	1,574,854	1,441,953	1,508,812	1,464,512	1,267,827
Plan fiduciary net position - ending	1,823,917	1,574,854	1,441,953	1,508,812	1,464,512
<b>Town's net pension liability</b>	<u>\$ 265,737</u>	<u>\$ (127,841)</u>	<u>\$ (44,589)</u>	<u>\$ (174,923)</u>	<u>\$ (178,560)</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	87.28%	108.83%	103.19%	113.11%	113.89%

*See accompanying notes to required supplementary information.*

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

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

*See accompanying notes to required supplemental information.*



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

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

*See accompanying notes to required supplementary information.*

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

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

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - UNAUDITED**  
**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**  
**LAST FOUR FISCAL YEARS**  
(Dollar amounts rounded to nearest thousand)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.62%	0.62%	0.67%	0.67%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability attributed to the Town	83,461,000	88,052,000	73,579,000	68,009,000
Total	<u>\$ 83,461,000</u>	<u>\$ 88,052,000</u>	<u>\$ 73,579,000</u>	<u>\$ 68,009,000</u>
Town's covered payroll	\$ 25,080,501	\$ 24,483,381	\$ 24,474,960	\$ 25,165,084
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

*See accompanying notes to required supplementary information.*

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

	<b>2018</b>	<b>2017</b>
<b>Total OPEB liability</b>		
Service cost	\$ 314,481	\$ 295,287
Interest	541,389	514,729
Benefit payments, including refunds	<u>(381,807)</u>	<u>(455,185)</u>
Net change in total OPEB liability	474,063	354,831
Total OPEB liability - beginning	<u>8,202,469</u>	<u>7,847,638</u>
Total OPEB liability - ending	<u>8,676,532</u>	<u>8,202,469</u>
<b>Plan fiduciary net position</b>		
Contributions - employer	586,807	660,185
Net investment income	(41,095)	4,205
Benefit payments, including refunds	<u>(381,807)</u>	<u>(455,185)</u>
Net change in plan fiduciary net position	163,905	209,205
Plan fiduciary net position - beginning	<u>893,686</u>	<u>684,481</u>
Plan fiduciary net position - ending	<u>1,057,591</u>	<u>893,686</u>
<b>Town's net OPEB liability</b>	<u><u>\$ 7,618,941</u></u>	<u><u>\$ 7,308,783</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	12.19%	10.90%
Covered employee payroll	\$ 52,602,048	\$ 52,602,048
Town's net OPEB liability as a percentage of covered employee payroll	14.48%	13.89%

*See accompanying notes to required supplementary information.*

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

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	<u><b>2018</b></u>	<u><b>2017</b></u>
Actuarially determined contribution	\$ 770,427	\$ 719,304
Contributions in relation to the actuarially determined contribution	<u>586,807</u>	<u>660,185</u>
Contribution deficiency (excess)	<u><u>\$ 183,620</u></u>	<u><u>\$ 59,119</u></u>
Covered employee payroll	\$ 52,602,048	\$ 52,602,048
Contributions as a percentage of covered employee payroll	1.12%	1.26%
Annual money-weighted rate of return, net of investment expense	-4.60%	0.61%

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - UNAUDITED  
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM  
LAST FISCAL YEAR  
(Dollar amounts rounded to nearest thousand)

	<u><b>2018</b></u>
Proportion of the Net OPEB Liability attributed to the Town	0.62%
Town's proportionate share of the Net OPEB Liability	\$ -
State's proportionate share of the Net OPEB Liability attributed to the Town	<u>21,482,000</u>
Total	<u><u>\$ 21,482,000</u></u>
Town's covered employee payroll	\$ 25,080,501
Town's proportionate share of the Net OPEB Liability as a percentage of its covered employee payroll	0.0%
Plan fiduciary net position as a percentage of the Total OPEB Liability	1.79%

*See accompanying notes to required supplementary information.*

**TOWN OF VERNON, CONNECTICUT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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

**Budgetary Information**

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

- No later than March 15, the Mayor must submit an appropriated budget to the Town Council for review. The Town Council must hold two or more public hearings, the last of which shall be the annual Town Meeting, not later than April 30. The Town Council shall approve a budget to be presented at the Annual Town Meeting. The budget becomes effective only after it has been approved by a majority vote of qualified voters present and voting at the annual Town Meeting. The vote may neither increase nor decrease the budget as approved by Town Council. Within five days after the adoption of the budget, the Council must set the mill rate for the coming fiscal year.
- The Town Council is authorized to transfer any unencumbered appropriation balance or portion thereof from one department to another; however, such transfers must occur subsequent to March 31. Transfers within account classifications of a single department are approved by the Town's Finance Officer. Individual additional appropriations of less than 1/10 of 1% of the total budgeted expenditures are approved by Town Council.
- The Board of Education is authorized, under State law, to make any transfers necessary within the education budget at their discretion. Authorization for additional appropriations exceeding 1/10 of 1% of total budgeted expenditures requires a public hearing followed by Town Council approval in a special Town meeting. Revised budget amounts are reported as amended by the Town Council during the course of the year.
- Additional appropriations of \$1,231,155 were authorized during the fiscal year along with re-appropriations of \$2,830,740. 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 re-appropriated and honored during the subsequent year.

**TOWN OF VERNON, CONNECTICUT**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

**Budgetary Information (Continued)**

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2018:

	<b>Total Revenues</b>	<b>Total Expenditures</b>	<b>Other Financing Sources (Uses), Net</b>	<b>Net Change in Fund Balance</b>
Budgetary basis	\$ 92,418,568	\$ 89,526,839	\$ (2,573,505)	\$ 318,224
"On-behalf" payments - State Teachers Retirement Fund	6,379,589	6,379,589	-	-
Encumbrances outstanding as of June 30, 2018	-	(1,827,417)	-	1,827,417
GAAP basis	<u>\$ 98,798,157</u>	<u>\$ 94,079,011</u>	<u>\$ (2,573,505)</u>	<u>\$ 2,145,641</u>

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

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

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

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

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



**TOWN OF VERNON, CONNECTICUT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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

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

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

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

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

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

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

*Benefit Changes* - The following benefit changes in 2017 had a significant effect on the measurement of the total pension liability.

- The maximum benefit has increased from \$8 per month for each year of service to a maximum of 30 years to –
  - Less than 20 years of service - \$8 per month for each year of service to a maximum of 35 years
  - 20 to 29 years of service - \$10 per month for each year of service to a maximum of 35 years
  - 30 years or more of service - \$12 per month for each year of service to a maximum of 35 years

*Assumption Changes* - The following assumption changes in 2017 had a significant effect on the measurement of the total pension liability.

- the mortality table was adjusted from RP-2000 projected to 2014 to the 2018 IRS Static Table Male and Female

**TOWN OF VERNON, CONNECTICUT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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

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

Actuarial determined contribution rates are calculated as of January 1, six months prior to the fiscal year in which contributions are reported. Actuarial determined contribution for fiscal year ending June 30, 2018 were determined from the January 1, 2017 valuation.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2018.

Actuarial Cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	5 year smoother market
Inflation rate	1.50%
Salary increases	4.50%
Investment rate of return	7.00%

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

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

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

Actuarial determined contribution rates are calculated as of January 1, six months prior to the fiscal year in which contributions are reported. Actuarial determined contribution for fiscal year ending June 30, 2018 were determined from the January 1, 2017 valuation.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2018.

Actuarial Cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	5 year smoother market
Inflation rate	1.50%
Salary increases	4.50%
Investment rate of return	7.00%

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

**TOWN OF VERNON, CONNECTICUT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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

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

Actuarial determined contribution rates are calculated as of July 1, prior to the end of the fiscal year in which contributions are reported. Actuarial determined contribution for fiscal year ending June 30, 2018 were determined from the July 1, 2017 valuation.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2018.

Actuarial Cost method	Frozen entry age
Amortization method	Level dollar, closed
Remaining amortization period	10 years
Asset valuation method	Fair Value
Inflation rate	N/A
Salary increases	6.50%
Investment rate of return	N/A

Mortality rates were based 2018 IRS Static Table Male and Female.

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

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

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

*Assumption Changes* - The following assumption changes had a significant effect on the measurement of the total pension liability reported as of June 30, 2018.

- the inflation assumption was reduced from 3.00% to 2.75%,
- the real rate of return assumption was reduced from 5.50% to 5.25%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.50% to 8.00%,
- the payroll growth assumption was reduced from 3.75% to 3.25%, and
- various demographic assumption changes including the utilization of the RPH-2014 mortality tables.

**TOWN OF VERNON, CONNECTICUT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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

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

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

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

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

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

Actuarial determined contribution rates are calculated as of July 1, one fiscal years prior to the fiscal year in which contributions are reported. Actuarial determined contribution for fiscal year ending June 30, 2018 were determined from the July 1, 2016 valuation.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2018.

Actuarial Cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	21 years
Asset valuation method	Market value
Inflation rate	2.50%
Salary increases	3.50%
Investment rate of return	6.50%
Healthcare trend rates	5.70% initial
	4.70% final

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table for males and females projected forward 19 year using Scale AA, with a two year age setback, for all teachers and administrators and the RP-2000 Combined Healthy Mortality Table for males and females projected forward using Scale AA for all other employees.

**TOWN OF VERNON, CONNECTICUT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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

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

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

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

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

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND 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, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 24,300,526	\$ 15,394,454
Receivables:		
Property taxes, net	1,557,421	1,285,423
Grants and contracts	51,356	20,537
Other	123,319	25,159
Due from other funds	6,242,797	5,309,418
Prepaid items	558,850	595,917
Total assets	<u>\$ 32,834,269</u>	<u>\$ 22,630,908</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 1,258,498	\$ 958,331
Accrued liabilities	407,607	341,339
Due to other funds	795,529	767,767
Unearned revenue	362,618	306,216
Total liabilities	<u>2,824,252</u>	<u>2,373,653</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Advance tax collections	7,098,849	5,319
Unavailable revenues	1,557,421	1,043,830
Total deferred inflows of resources	<u>8,656,270</u>	<u>1,049,149</u>
<b>FUND BALANCES</b>		
Nonspendable	558,850	595,917
Assigned	2,149,417	3,201,676
Unassigned	18,645,480	15,410,513
Total fund balances	<u>21,353,747</u>	<u>19,208,106</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,834,269</u>	<u>\$ 22,630,908</u>

*See accompanying Independent Auditor's Report .*



**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Grand List Year	Balance Uncollected June 30, 2017	Current Levy	Lawful Corrections		Transfers To (From) Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2018
			Additions	Deductions			Taxes	Interest Liens and Fees	Total	
2016	\$ -	\$ 69,992,863	\$ 919,875	\$ 457,729	\$ 54,868	\$ 70,400,141	\$ 69,399,587	\$ 183,196	\$ 69,582,783	\$ 1,000,554
2015	841,188	-	26,890	25,172	81,403	761,503	446,415	84,449	530,864	315,088
2014	195,463	-	2,361	2,489	7,092	188,243	92,016	35,545	127,561	96,227
2013	76,042	-	1,914	1,845	(7,747)	83,858	37,057	20,357	57,414	46,801
2012	55,983	-	173	2,041	(3,093)	57,208	22,550	12,233	34,783	34,658
2011	32,120	-	-	1,719	(1,183)	31,584	2,949	2,768	5,717	28,635
2010	40,543	-	-	5,649	(1,213)	36,107	3,058	2,963	6,021	33,049
2009	38,647	-	-	5,671	(1,499)	34,475	1,501	1,990	3,491	32,974
2008	36,038	-	-	5,369	(774)	31,443	774	1,170	1,944	30,669
2007	32,059	-	-	5,720	(681)	27,020	196	325	521	26,824
2006	29,998	-	-	5,161	(1,245)	26,082	1,245	2,363	3,608	24,837
2005	24,275	-	-	5,170	(530)	19,635	530	1,091	1,621	19,105
2004	16,665	-	-	5,038	(43)	11,670	43	98	141	11,627
2003	13,914	-	-	2,487	(97)	11,524	97	244	341	11,427
2002	10,946	-	-	-	(343)	11,289	343	890	1,233	10,946
2001	10,541	-	-	10,541	-	-	-	-	-	-
	<u>\$ 1,454,422</u>	<u>\$ 69,992,863</u>	<u>\$ 951,213</u>	<u>\$ 541,801</u>	<u>\$ 124,915</u>	<u>\$ 71,731,782</u>	<u>\$ 70,008,361</u>	<u>\$ 349,682</u>	<u>\$ 70,358,043</u>	<u>\$ 1,723,421</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)  
FOR THE YEAR ENDED JUNE 30, 2018

Total cash collections for the year ended

June 30, 2018:

Town:

Taxes	\$ 70,008,361
Interest and lien fees	349,682
Subtotal	<u>70,358,043</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	22,557
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Base	<u><u>\$ 70,380,600</u></u>
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	<b>General Purposes</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>
Debt limitation:					
2-1/4 times base	\$ 158,356,350	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	316,712,700	-	-	-
3-3/4 times base	-	-	263,927,250	-	-
3-1/4 times base	-	-	-	228,736,950	-
3 times base	-	-	-	-	211,141,800
Total debt limitation	<u>158,356,350</u>	<u>316,712,700</u>	<u>263,927,250</u>	<u>228,736,950</u>	<u>211,141,800</u>
Indebtedness:					
Bonds payable	24,326,000	16,850,000	469,000	-	-
Bond anticipation notes payable	3,325,000	-	-	-	-
Authorized and unissued debt	14,491,690	5,051,504	57,946	-	-
Total indebtedness	<u>42,142,690</u>	<u>21,901,504</u>	<u>526,946</u>	<u>-</u>	<u>-</u>
Overlapping debt:					
Bolton Lakes Regional Water Pollution Control Authority:					
Notes payable	-	-	2,296,085	-	-
Authorized and unissued debt	-	-	3,591,000	-	-
	<u>-</u>	<u>-</u>	<u>5,887,085</u>	<u>-</u>	<u>-</u>
Net indebtedness	<u>42,142,690</u>	<u>21,901,504</u>	<u>6,414,031</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 116,213,660</u></u>	<u><u>\$ 294,811,196</u></u>	<u><u>\$ 257,513,219</u></u>	<u><u>\$ 228,736,950</u></u>	<u><u>\$ 211,141,800</u></u>
Total capacity of borrowing (7 times base)	\$ 492,664,200				
Total present indebtedness	70,458,225				
Margin for additional borrowing	<u><u>\$ 422,205,975</u></u>				

*See accompanying Independent Auditor's Report.*

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**CAPITAL PROJECTS FUND**

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**TOWN OF VERNON, CONNECTICUT**  
**SCHEDULE OF CAPITAL PROJECT AUTHORIZATIONS**  
**JUNE 30, 2018**

<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	\$ 50,387	\$ -	\$ 50,387
Town Hall Renovations	881,262	189,659	691,603
<b>Planning and Community Development:</b>			
Citizens Block Building Renovations	339,290	8,750	330,540
<b>Public Safety:</b>			
Animal Control Shelter Renovations	123,100	104,633	18,467
Police Department Elevator Repairs	16,000	-	16,000
Fox Hill Tower Communication Center Renovations	335,000	1,250	333,750
Firehouse Building Renovations	116,018	47,736	68,282
Prospect Street Firehouse Roof Replacement	50,000	-	50,000
<b>Maintenance and Development:</b>			
Road Reconstruction	30,107,238	20,815,372	9,291,866
Storm Drainage	66,000	-	66,000
Bridges	6,808,238	436,906	6,371,332
Sidewalk Reconstruction	470,000	23,950	446,050
Facility / Land Improvements	187,923	56,382	131,541
Waste Treatment Plant Facilities Studies	5,518,042	3,145,753	2,372,289
<b>Parks and Recreation:</b>			
Valley Falls Park Dam Design and Reconstruction	844,500	47,812	796,688
Walkers Reservoir Dam Design and Reconstruction	115,000	-	115,000
Fox Hill Tower Renovations	16,000	15,348	652
Valley Falls Barn Improvements	25,000	25,000	-
Park Office Facility Improvements	67,542	-	67,542
Open Space Land Acquisition	20,000	1,450	18,550
Park, Ball Field and Pool Improvements	295,000	156,326	138,674
<b>Human Services:</b>			
Senior Center Parking Lot Improvements	139,975	139,975	-
Senior Center Building Improvements	293,168	293,168	-
Senior Center Acquisition and Renovations	3,245,000	2,038,229	1,206,771
<b>Education:</b>			
Safe Routes to Schools	541,470	37,134	504,336
School Roof Replacements	5,624,327	4,083,444	1,540,883
RHS Remediation	20,000	6,773	13,227
Alliance 30 School Improvements and Equipment	580,000	517,537	62,463
RHS Erosion and Sediment Control Improvements	100,000	400	99,600
<b>Total</b>	<b>\$ 56,995,480</b>	<b>\$ 32,192,987</b>	<b>\$ 24,802,493</b>

*See accompanying Independent Auditor's Report.*

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## NONMAJOR GOVERNMENTAL FUNDS

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### SPECIAL REVENUE FUNDS

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

Fund	Funding Source	Function
Cafeteria	Sales of food, State and Federal subsidies	Operation of the school cafeterias
Town Clerk Special	Sportsmen license fees	State DEEP
Insurance Exchange	Casualty losses	Insurance claims and deductibles
Town Aid Road	State grant	General Town road maintenance and Connecticut Housing Partnership Program Grant
Dog License	Licenses and fees	Animal control program
Ambulance Medical Services	Ambulance services fees	Paramedic and collection agency costs
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
Special Education Excess Cost Reserve	State grant	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, maintenance and related expenditures
Medical Savings Reserve	Town and demutualization proceeds	Medical claims and expenses
Brownfield Mills Remediation Projects	State grants	Community and Economic development programs
Parks and Recreation Programs	Program Fees	Parks and Recreation programs
Senior Center Programs and Activities	Program Fees	Senior Citizen programs and activities
Miscellaneous Grants	Local, state and federal grants	Youth Service Bureau, State Asset Forfeiture and other grant programs
Miscellaneous Special Revenue	Various	Federal Forfeiture, Public Celebration and Special Youth Activities Funds

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**NONMAJOR GOVERNMENTAL FUNDS (Continued)**

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**DEBT SERVICE FUND**

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

**CAPITAL PROJECTS FUND**

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

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Pleasantview Drive Bridge Renovations Project 146-200	Federal grant and local funds	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
Dart Hill Road Bridge Renovations	Federal grant and local funds	Renovation of bridge
Education Capital and Nonrecurring	Town Council appropriations, State grants	Capital improvements in school system
Alliance 20 Improvements	State Alliance District grant	School building and grounds improvements and equipment
South Street Reconstruction	Federal grant and local funds	Roadway reconstruction
West Main Street Bridge Renovation	Federal grant and local funds	Renovation of bridge
Town and School Improvement Projects	Local re-designated available funds	Various public and school projects
Main Street Bridge Reconstruction	Federal grant and local funds	Renovation of bridge
Citizens Block Renovations	State grant and local funds	Renovations to Citizens Block Building
Town Capital and Nonrecurring	Grants and General Fund appropriation	Capital projects or equipment acquisition.

**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
Senior Center Endowment Trust	Investment income, donations	Senior Center memorials and specific purposes

**TOWN OF VERNON, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	<b>Nonmajor Special Revenue Funds</b>						
	<b>Cafeteria Fund</b>	<b>Town Clerk Special Fund</b>	<b>Insurance Exchange Fund</b>	<b>Town Aid Road Fund</b>	<b>Dog License Fund</b>	<b>Ambulance Medical Services Fund</b>	<b>Public Safety Complex Grant-In-Aid Fund</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 332,672	\$ 1,204	\$ 87,886	\$ 575,926	\$ 65,618	\$ 515,549	\$ -
Investments	24,870	-	-	-	-	-	-
Receivables:							
Grants and contracts	202,202	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-
Other	15,876	-	-	-	-	459,481	-
Due from other funds	4,615	-	-	-	-	93	40,000
Inventories	25,858	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 606,093</u>	<u>\$ 1,204</u>	<u>\$ 87,886</u>	<u>\$ 575,926</u>	<u>\$ 65,618</u>	<u>\$ 975,123</u>	<u>\$ 40,000</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 181,731	\$ 1,204	\$ -	\$ 63,528	\$ 9,743	\$ 24,912	\$ -
Accrued payroll	-	-	-	-	-	-	-
Due to other funds	480,077	-	3,417	-	2,617	239,205	618,500
Total liabilities	<u>661,808</u>	<u>1,204</u>	<u>3,417</u>	<u>63,528</u>	<u>12,360</u>	<u>264,117</u>	<u>618,500</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	-	-	-	-	-	459,481	-
<b>FUND BALANCES</b>							
Nonspendable	25,858	-	-	-	-	-	-
Restricted	-	-	-	512,398	-	-	-
Committed	-	-	84,469	-	53,258	251,525	-
Unassigned	(81,573)	-	-	-	-	-	(578,500)
Total fund balances	<u>(55,715)</u>	<u>-</u>	<u>84,469</u>	<u>512,398</u>	<u>53,258</u>	<u>251,525</u>	<u>(578,500)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 606,093</u>	<u>\$ 1,204</u>	<u>\$ 87,886</u>	<u>\$ 575,926</u>	<u>\$ 65,618</u>	<u>\$ 975,123</u>	<u>\$ 40,000</u>
							<i>Continued</i>

*See accompanying Independent Auditor's Report.*

**TOWN OF VERNON, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**JUNE 30, 2018**

	<b>Nonmajor Special Revenue Funds</b>						
	<b>Vernon Cemetery Commission Fund</b>	<b>Special Education Grants Fund</b>	<b>Special Education Excess Cost Reserve Fund</b>	<b>Adult Basic Education Tuition Fund</b>	<b>CDBG Small Cities Fund</b>	<b>Housing and Community Development Fund</b>	<b>Downstream Fund</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 129,670	\$ 328,621	\$ 367,890	\$ 39,258	\$ 84,154	\$ 29,450	\$ 51,726
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	-	293,427	29,532	-	-	-	-
Loans	-	-	-	-	514,637	98,155	-
Assessments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	21,776	300,606	-	2,083	-	-	-
Inventories	-	-	-	-	-	-	-
Prepaid items	4,200	-	-	-	-	-	-
Total assets	<u>\$ 155,646</u>	<u>\$ 922,654</u>	<u>\$ 397,422</u>	<u>\$ 41,341</u>	<u>\$ 598,791</u>	<u>\$ 127,605</u>	<u>\$ 51,726</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 34	\$ 377,241	\$ 4,672	\$ 7,556	\$ 4,330	\$ -	\$ -
Accrued payroll	-	12,728	-	1,948	-	-	-
Due to other funds	68,730	90,021	42,750	-	-	-	-
Total liabilities	<u>68,764</u>	<u>479,990</u>	<u>47,422</u>	<u>9,504</u>	<u>4,330</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	-	350,427	-	-	514,637	98,155	-
<b>FUND BALANCES</b>							
Nonspendable	4,200	-	-	-	-	-	-
Restricted	82,682	92,237	350,000	31,837	79,824	29,450	-
Committed	-	-	-	-	-	-	51,726
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>86,882</u>	<u>92,237</u>	<u>350,000</u>	<u>31,837</u>	<u>79,824</u>	<u>29,450</u>	<u>51,726</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 155,646</u>	<u>\$ 922,654</u>	<u>\$ 397,422</u>	<u>\$ 41,341</u>	<u>\$ 598,791</u>	<u>\$ 127,605</u>	<u>\$ 51,726</u>
							<i>Continued</i>

*See accompanying Independent Auditor's Report.*



TOWN OF VERNON, CONNECTICUT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (Continued)  
JUNE 30, 2018

	Nonmajor Special Revenue Funds							
	Sidewalk Development Fund	Sewer Assessment Fund	Sewer Connections Fund	Medical Savings Reserve Fund	Brownfield Mills Remediation Projects Fund	Parks and Recreation Programs Fund	Senior Center Programs and Activities Fund	Miscellaneous Grants Fund
<b>ASSETS</b>								
Cash and cash equivalents	\$ 2,701	\$ -	\$ 2,169,892	\$ 418,648	\$ 291,048	\$ 209,321	\$ -	\$ 146,807
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	-	-	-	-	119,710	-	-	2,033
Loans	-	-	-	-	-	-	-	-
Assessments	-	508	-	-	-	-	-	-
Other	-	28	1,707	-	-	1,362	18,845	94,406
Due from other funds	-	-	-	-	-	-	-	15,417
Inventories	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Total assets	<u>\$ 2,701</u>	<u>\$ 536</u>	<u>\$ 2,171,599</u>	<u>\$ 418,648</u>	<u>\$ 410,758</u>	<u>\$ 210,683</u>	<u>\$ 18,845</u>	<u>\$ 258,663</u>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	-	\$ -	\$ 80,449	\$ 11,223	\$ 27	\$ 76,466
Accrued payroll	-	-	-	-	-	-	-	-
Due to other funds	-	-	55,000	-	330,309	101,968	-	28,884
Total liabilities	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>-</u>	<u>410,758</u>	<u>113,191</u>	<u>27</u>	<u>105,350</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	-	508	1,707	-	-	-	13,359	-
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	28	-	-	-	-	-	153,313
Committed	2,701	-	2,114,892	418,648	-	97,492	5,459	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>2,701</u>	<u>28</u>	<u>2,114,892</u>	<u>418,648</u>	<u>-</u>	<u>97,492</u>	<u>5,459</u>	<u>153,313</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,701</u>	<u>\$ 536</u>	<u>\$ 2,171,599</u>	<u>\$ 418,648</u>	<u>\$ 410,758</u>	<u>\$ 210,683</u>	<u>\$ 18,845</u>	<u>\$ 258,663</u>

Continued

See accompanying Independent Auditor's Report.

**TOWN OF VERNON, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**JUNE 30, 2018**

	<b>Nonmajor Special Revenue Funds</b>			<b>Nonmajor Capital Projects Funds</b>			
	<b>Miscellaneous Special Revenue Fund</b>	<b>Total</b>	<b>Nonmajor Debt Service Fund</b>	<b>Pleasantview Dr Bridge Renovation Project 146-200 Fund</b>	<b>Spring Street Bridge Renovations Project 146-159 Fund</b>	<b>Phoenix Street Bridge Renovations Project 146-181 Fund</b>	<b>Dart Hill Road Bridge Renovation Project 146-20x Fund</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 770,288	\$ 6,618,329	\$ 446,854	\$ 350,000	\$ 904	\$ 6,999	\$ 301,598
Investments	-	24,870	-	-	-	-	-
Receivables:							
Grants and contracts	-	646,904	-	244,057	-	-	-
Loans	-	612,792	-	-	-	-	-
Assessments	-	508	-	-	-	-	-
Other	6,000	597,705	-	-	-	-	-
Due from other funds	151,111	535,701	-	-	-	-	40,000
Inventories	-	25,858	-	-	-	-	-
Prepaid items	-	4,200	-	-	-	-	-
Total assets	<u>\$ 927,399</u>	<u>\$ 9,066,867</u>	<u>\$ 446,854</u>	<u>\$ 594,057</u>	<u>\$ 904</u>	<u>\$ 6,999</u>	<u>\$ 341,598</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 19,606	\$ 862,722	\$ -	\$ 280,674	\$ 904	\$ -	\$ -
Accrued payroll	-	14,676	-	-	-	-	-
Due to other funds	44,037	2,105,515	-	38,737	-	-	-
Total liabilities	<u>63,643</u>	<u>2,982,913</u>	<u>-</u>	<u>319,411</u>	<u>904</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	-	1,438,274	-	-	-	-	-
<b>FUND BALANCES</b>							
Nonspendable	-	30,058	-	-	-	-	-
Restricted	-	1,331,769	-	-	-	-	-
Committed	863,756	3,943,926	446,854	274,646	-	6,999	341,598
Unassigned	-	(660,073)	-	-	-	-	-
Total fund balances	<u>863,756</u>	<u>4,645,680</u>	<u>446,854</u>	<u>274,646</u>	<u>-</u>	<u>6,999</u>	<u>341,598</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 927,399</u>	<u>\$ 9,066,867</u>	<u>\$ 446,854</u>	<u>\$ 594,057</u>	<u>\$ 904</u>	<u>\$ 6,999</u>	<u>\$ 341,598</u>

*Continued*

*See accompanying Independent Auditor's Report.*

**TOWN OF VERNON, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**JUNE 30, 2018**

**Nonmajor Capital Projects Funds**

	<b>Education Capital and Nonrecurring Fund</b>	<b>Alliance 20 Improvements Fund</b>	<b>South Street Reconstruction Fund</b>	<b>West Main St Bridge Renovations Fund</b>	<b>Town and School Improvements Projects Fund</b>	<b>Main St Bridge Renovations Fund</b>	<b>Citizens Block Renovations Fund</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 599,630	\$ 73,423	\$ 427,129	\$ 2,887	\$ 71,764	\$ 16,197	\$ -
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	-	-	473,605	11,974	-	1,986	-
Loans	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	214,096	-	-	-	-	-	309,290
Inventories	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 813,726</u>	<u>\$ 73,423</u>	<u>\$ 900,734</u>	<u>\$ 14,861</u>	<u>\$ 71,764</u>	<u>\$ 18,183</u>	<u>\$ 309,290</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 3,200	\$ 5,965	\$ 340,685	\$ -	\$ -	\$ 2,482	\$ 8,750
Accrued payroll	-	-	-	-	-	-	-
Due to other funds	446,800	4,995	356,755	22,321	-	-	-
Total liabilities	<u>450,000</u>	<u>10,960</u>	<u>697,440</u>	<u>22,321</u>	<u>-</u>	<u>2,482</u>	<u>8,750</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	-	62,463	-	-	-	-	-
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	363,726	-	203,294	-	71,764	15,701	300,540
Unassigned	-	-	-	(7,460)	-	-	-
Total fund balances	<u>363,726</u>	<u>-</u>	<u>203,294</u>	<u>(7,460)</u>	<u>71,764</u>	<u>15,701</u>	<u>300,540</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 813,726</u>	<u>\$ 73,423</u>	<u>\$ 900,734</u>	<u>\$ 14,861</u>	<u>\$ 71,764</u>	<u>\$ 18,183</u>	<u>\$ 309,290</u>

*Continued*

*See accompanying Independent Auditor's Report.*

**TOWN OF VERNON, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Concluded)**  
**JUNE 30, 2018**

	<b>Nonmajor Capital Projects Funds</b>		<b>Nonmajor Permanent Funds</b>				<b>Total Nonmajor Governmental Funds</b>
	<b>Town Capital and Nonrecurring Fund</b>	<b>Total</b>	<b>Cemetery Trust Fund</b>	<b>Memorial Trust Fund</b>	<b>Senior Center Endowment Trust Fund</b>	<b>Total</b>	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,840,294	\$ 3,690,825	\$ 813,691	\$ 7,839	\$ -	\$ 821,530	\$ 11,577,538
Investments	-	-	1,756,937	-	-	1,756,937	1,781,807
Receivables:							
Grants and contracts	37,955	769,577	-	-	-	-	1,416,481
Loans	-	-	-	-	-	-	612,792
Assessments	-	-	-	-	-	-	508
Other	-	-	-	-	2,565	2,565	600,270
Due from other funds	197,350	760,736	-	-	25,000	25,000	1,321,437
Inventories	-	-	-	-	-	-	25,858
Prepaid items	-	-	-	-	-	-	4,200
Total assets	<u>\$ 2,075,599</u>	<u>\$ 5,221,138</u>	<u>\$ 2,570,628</u>	<u>\$ 7,839</u>	<u>\$ 27,565</u>	<u>\$ 2,606,032</u>	<u>\$ 17,340,891</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 64,757	\$ 707,417	\$ -	\$ -	\$ -	\$ -	\$ 1,570,139
Accrued payroll	-	-	-	-	-	-	14,676
Due to other funds	376,307	1,245,915	21,776	-	-	21,776	3,373,206
Total liabilities	<u>441,064</u>	<u>1,953,332</u>	<u>21,776</u>	<u>-</u>	<u>-</u>	<u>21,776</u>	<u>4,958,021</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	-	62,463	-	-	-	-	1,500,737
<b>FUND BALANCES</b>							
Nonspendable	-	-	1,752,835	5,000	-	1,757,835	1,787,893
Restricted	-	-	796,017	2,839	27,565	826,421	2,158,190
Committed	1,634,535	3,212,803	-	-	-	-	7,603,583
Unassigned	-	(7,460)	-	-	-	-	(667,533)
Total fund balances	<u>1,634,535</u>	<u>3,205,343</u>	<u>2,548,852</u>	<u>7,839</u>	<u>27,565</u>	<u>2,584,256</u>	<u>10,882,133</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,075,599</u>	<u>\$ 5,221,138</u>	<u>\$ 2,570,628</u>	<u>\$ 7,839</u>	<u>\$ 27,565</u>	<u>\$ 2,606,032</u>	<u>\$ 17,340,891</u>
							<i>Concluded</i>

*See accompanying Independent Auditor's Report.*

**TOWN OF VERNON, CONNECTICUT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	Nonmajor Special Revenue Funds						
	Cafeteria Fund	Town Clerk Special Fund	Insurance Exchange Fund	Town Aid Road Fund	Dog License Fund	Ambulance Medical Services Fund	Public Safety Complex Grant-In-Aid Fund
<b>REVENUES</b>							
Grants and contracts	\$ 1,094,914	\$ -	\$ -	\$ 400,935	\$ -	\$ -	\$ -
Charges for services	426,236	5,323	-	-	13,934	1,141,548	-
Contributions	-	-	-	-	6,992	-	-
Interest and dividend income	24	-	-	-	-	-	-
Net appreciation in the fair value of investments	-	-	-	-	-	-	-
Other	1,753	-	-	-	-	-	-
Total revenues	<u>1,522,927</u>	<u>5,323</u>	<u>-</u>	<u>400,935</u>	<u>20,926</u>	<u>1,141,548</u>	<u>-</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	5,323	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Public safety	-	-	-	-	15,121	929,197	-
Maintenance and development	-	-	37,187	338,377	-	-	-
Human services	-	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-	-
Education	1,611,144	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	10,011	-
Total expenditures	<u>1,611,144</u>	<u>5,323</u>	<u>37,187</u>	<u>338,377</u>	<u>15,121</u>	<u>939,208</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(88,217)	-	(37,187)	62,558	5,805	202,340	-
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	75,000	-	-	-	-	-	202,000
Transfers out	-	-	-	-	-	(202,000)	-
Total other financing sources (uses)	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(202,000)</u>	<u>202,000</u>
Net change in fund balances	(13,217)	-	(37,187)	62,558	5,805	340	202,000
Fund balances - beginning	(42,498)	-	121,656	449,840	47,453	251,185	(780,500)
Fund balances - ending	<u>\$ (55,715)</u>	<u>\$ -</u>	<u>\$ 84,469</u>	<u>\$ 512,398</u>	<u>\$ 53,258</u>	<u>\$ 251,525</u>	<u>\$ (578,500)</u>

*Continued*

*See accompanying Independent Auditor's Report.*

**TOWN OF VERNON, CONNECTICUT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS *(Continued)*  
FOR THE YEAR ENDED JUNE 30, 2018

	Nonmajor Special Revenue Funds						
	Vernon Cemetery Commission Fund	Special Education Grants Fund	Special Education Excess Cost Reserve Fund	Adult Basic Education Tuition Fund	CDBG Small Cities Fund	Housing and Community Development Fund	Downstream Fund
<b>REVENUES</b>							
Grants and contracts	\$ -	\$ 5,797,828	\$ 54,800	\$ 1,013,315	\$ -	\$ -	\$ -
Charges for services	98,218	-	-	-	-	-	-
Contributions	1,850	-	-	-	-	-	-
Interest and dividend income	198	-	-	-	-	-	-
Net appreciation in the fair value of investments	-	-	-	-	-	-	-
Other	1,975	-	-	-	14,000	-	-
Total revenues	102,241	5,797,828	54,800	1,013,315	14,000	-	-
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	-
Community development	-	-	-	-	23,726	-	-
Public safety	110,448	-	-	-	-	-	-
Maintenance and development	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-	-
Education	-	5,775,699	12,050	1,022,716	-	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	110,448	5,775,699	12,050	1,022,716	23,726	-	-
Excess (deficiency) of revenues over expenditures	(8,207)	22,129	42,750	(9,401)	(9,726)	-	-
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	20,576	-	-	-	-	-	-
Transfers out	-	-	(42,750)	-	-	-	-
Total other financing sources (uses)	20,576	-	(42,750)	-	-	-	-
Net change in fund balances	12,369	22,129	-	(9,401)	(9,726)	-	-
Fund balances - beginning	74,513	70,108	350,000	41,238	89,550	29,450	51,726
Fund balances - ending	\$ 86,882	\$ 92,237	\$ 350,000	\$ 31,837	\$ 79,824	\$ 29,450	\$ 51,726

*Continued*

*See accompanying Independent Auditor's Report.*

**TOWN OF VERNON, CONNECTICUT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS *(Continued)*  
FOR THE YEAR ENDED JUNE 30, 2018

	Nonmajor Special Revenue Funds							
	Sidewalk Development Fund	Sewer Assessment Fund	Sewer Connections Fund	Medical Savings Reserve Fund	Brownfield Mills Remediation Projects Fund	Parks and Recreation Programs Fund	Senior Center Programs and Activities Fund	Miscellaneous Grants Fund
<b>REVENUES</b>								
Grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ 511,365	\$ -	\$ -	\$ 253,337
Charges for services	-	70,500	340,152	-	-	877,479	5,486	-
Contributions	-	-	-	-	-	-	-	-
Interest and dividend income	-	-	19,838	4,983	-	-	-	-
Net appreciation in the fair value of investments	-	-	-	-	-	-	-	-
Other	-	-	20,000	-	-	-	-	424,981
Total revenues	-	70,500	379,990	4,983	511,365	877,479	5,486	678,318
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	29,723
Maintenance and development	-	-	87,001	-	511,365	-	-	-
Human services	-	-	-	-	-	-	27	57,374
Parks, recreation and culture	-	-	-	-	-	804,391	-	-
Education	-	-	-	-	-	-	-	676,215
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	-	-	87,001	-	511,365	804,391	27	763,312
Excess (deficiency) of revenues over expenditures	-	70,500	292,989	4,983	-	73,088	5,459	(84,994)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(70,500)	-	-	-	(62,500)	-	-
Total other financing sources (uses)	-	(70,500)	-	-	-	(62,500)	-	-
Net change in fund balances	-	-	292,989	4,983	-	10,588	5,459	(84,994)
Fund balances - beginning	2,701	28	1,821,903	413,665	-	86,904	-	238,307
Fund balances - ending	\$ 2,701	\$ 28	\$ 2,114,892	\$ 418,648	\$ -	\$ 97,492	\$ 5,459	\$ 153,313

*Continued*

*See accompanying Independent Auditor's Report.*

**TOWN OF VERNON, CONNECTICUT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2018

	Nonmajor Special Revenue Funds			Nonmajor Capital Projects Funds			
	Miscellaneous Special Revenue Fund	Total	Nonmajor Debt Service Fund	Pleasantview Dr Bridge Renovation Project 146-200 Fund	Spring Street Bridge Renovations Project 146-159 Fund	Phoenix Street Bridge Renovations Project 146-181 Fund	Dart Hill Road Bridge Renovation Project 146-20x Fund
<b>REVENUES</b>							
Grants and contracts	\$ -	\$ 9,126,494	\$ -	\$ 244,057	\$ -	\$ -	\$ 151,598
Charges for services	63,162	3,042,038	-	-	-	-	-
Contributions	381,579	390,421	-	-	-	-	-
Interest and dividend income	1	25,044	3	-	-	-	-
Net appreciation in the fair value of investments	-	-	-	-	-	-	-
Other	12,947	475,656	-	-	-	-	-
Total revenues	457,689	13,059,653	3	244,057	-	-	151,598
<b>EXPENDITURES</b>							
Current:							
General government	-	5,323	-	-	-	-	-
Community development	59,589	83,315	-	-	-	-	-
Public safety	32,960	1,117,449	-	-	-	-	-
Maintenance and development	-	973,930	-	-	-	-	-
Human services	27,342	84,743	-	-	-	-	-
Parks, recreation and culture	158,149	962,540	-	-	-	-	-
Education	-	9,097,824	-	-	-	-	-
Capital outlays	-	10,011	-	319,411	-	-	-
Total expenditures	278,040	12,335,135	-	319,411	-	-	-
Excess (deficiency) of revenues over expenditures	179,649	724,518	3	(75,354)	-	-	151,598
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	91,948	389,524	446,854	350,000	-	-	540,000
Transfers out	(25,000)	(402,750)	(3)	-	-	-	(350,000)
Total other financing sources (uses)	66,948	(13,226)	446,851	350,000	-	-	190,000
Net change in fund balances	246,597	711,292	446,854	274,646	-	-	341,598
Fund balances - beginning	617,159	3,934,388	-	-	-	6,999	-
Fund balances - ending	\$ 863,756	\$ 4,645,680	\$ 446,854	\$ 274,646	\$ -	\$ 6,999	\$ 341,598

Continued

See accompanying Independent Auditor's Report.



**TOWN OF VERNON, CONNECTICUT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVNERMENTAL FUNDS *(Continued)*  
FOR THE YEAR ENDED JUNE 30, 2018

	<b>Nonmajor Capital Projects Funds</b>						
	<b>Education Capital and Nonrecurring Fund</b>	<b>Alliance 20 Improvements Fund</b>	<b>South Street Reconstruction Fund</b>	<b>West Main St Bridge Renovations Fund</b>	<b>Town and School Improvements Projects Fund</b>	<b>Main St Bridge Renovations Fund</b>	<b>Citizens Block Renovations Fund</b>
<b>REVENUES</b>							
Grants and contracts	\$ 128	\$ 511,099	\$ 1,515,591	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
Interest and dividend income	-	-	-	-	-	-	-
Net appreciation in the fair value of investments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	<u>128</u>	<u>511,099</u>	<u>1,515,591</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Maintenance and development	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Parks, recreation and culture	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Capital outlays	<u>37,134</u>	<u>511,099</u>	<u>1,603,469</u>	<u>-</u>	<u>293,168</u>	<u>11,000</u>	<u>8,750</u>
Total expenditures	<u>37,134</u>	<u>511,099</u>	<u>1,603,469</u>	<u>-</u>	<u>293,168</u>	<u>11,000</u>	<u>8,750</u>
Excess (deficiency) of revenues over expenditures	(37,006)	-	(87,878)	-	(293,168)	(11,000)	(8,750)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	249,772	-	-	-	-	-	309,290
Transfers out	<u>(446,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,629)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(197,028)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,629)</u>	<u>-</u>	<u>309,290</u>
Net change in fund balances	(234,034)	-	(87,878)	-	(306,797)	(11,000)	300,540
Fund balances - beginning	<u>597,760</u>	<u>-</u>	<u>291,172</u>	<u>(7,460)</u>	<u>378,561</u>	<u>26,701</u>	<u>-</u>
Fund balances - ending	<u>\$ 363,726</u>	<u>\$ -</u>	<u>\$ 203,294</u>	<u>\$ (7,460)</u>	<u>\$ 71,764</u>	<u>\$ 15,701</u>	<u>\$ 300,540</u>

*Continued*

*See accompanying Independent Auditor's Report.*

**TOWN OF VERNON, CONNECTICUT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVNERMENTAL FUNDS *(Concluded)*  
FOR THE YEAR ENDED JUNE 30, 2018

	Nonmajor Capital Projects Funds		Nonmajor Permanent Funds				
	Town Capital and Nonrecurring Fund	Total	Cemetery Trust Fund	Memorial Trust Fund	Senior Center Endowment Trust Fund	Total	Total Nonmajor Governmental Funds
<b>REVENUES</b>							
Grants and contracts	\$ 8,840	\$ 2,431,313	\$ -	\$ -	\$ -	\$ -	\$ 11,557,807
Charges for services	9,027	9,027	-	-	-	-	3,051,065
Contributions	17,783	17,783	13,850	-	2,565	16,415	424,619
Interest and dividend income	-	-	43,902	29	-	43,931	68,978
Net appreciation in the fair value of investments	-	-	93,282	-	-	93,282	93,282
Other	-	-	-	-	-	-	475,656
Total revenues	35,650	2,458,123	151,034	29	2,565	153,628	15,671,407
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	-	-	5,323
Community development	-	-	-	-	-	-	83,315
Public safety	-	-	-	-	-	-	1,117,449
Maintenance and development	-	-	21,286	-	-	21,286	995,216
Human services	-	-	-	-	-	-	84,743
Parks, recreation and culture	-	-	-	-	-	-	962,540
Education	-	-	-	-	-	-	9,097,824
Capital outlays	825,708	3,609,739	-	8,865	-	8,865	3,628,615
Total expenditures	825,708	3,609,739	21,286	8,865	-	30,151	15,975,025
Excess (deficiency) of revenues over expenditures	(790,058)	(1,151,616)	129,748	(8,836)	2,565	123,477	(303,618)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	1,399,313	2,848,375	-	-	25,000	25,000	3,709,753
Transfers out	(349,290)	(1,159,719)	(20,576)	-	-	(20,576)	(1,583,048)
Total other financing sources (uses)	1,050,023	1,688,656	(20,576)	-	25,000	4,424	2,126,705
Net change in fund balances	259,965	537,040	109,172	(8,836)	27,565	127,901	1,823,087
Fund balances - beginning	1,374,570	2,668,303	2,439,680	16,675	-	2,456,355	9,059,046
Fund balances - ending	\$ 1,634,535	\$ 3,205,343	\$ 2,548,852	\$ 7,839	\$ 27,565	\$ 2,584,256	\$ 10,882,133

*Concluded*

*See accompanying Independent Auditor's Report.*

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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. Effective July 1, 2017, the Town became self-insured for the cost of dental for its education employees and retirees.

**TOWN OF VERNON, CONNECTICUT**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2018**

	<b>Data Processing Fund</b>	<b>Workers' Compensation Fund</b>	<b>Medical Self-Insurance Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 397,737	\$ 1,037,286	\$ 967,812	\$ 2,402,835
Receivables	-	30,950	1,379	32,329
Prepaid expenses	56,503	-	-	56,503
Total current assets	<u>454,240</u>	<u>1,068,236</u>	<u>969,191</u>	<u>2,491,667</u>
Capital assets:				
Depreciable, net	1,691,678	-	-	1,691,678
Total assets	<u>2,145,918</u>	<u>1,068,236</u>	<u>969,191</u>	<u>4,183,345</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on pension expense	<u>45,963</u>	<u>-</u>	<u>-</u>	<u>45,963</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	62,743	16,035	-	78,778
Claims payable	-	763,665	33,045	796,710
Compensated absences	50,538	-	-	50,538
Due to other funds	156,402	-	1,091	157,493
Total current liabilities	<u>269,683</u>	<u>779,700</u>	<u>34,136</u>	<u>1,083,519</u>
Noncurrent liabilities:				
Claims payable	-	1,949,345	-	1,949,345
Compensated absences	18,318	-	-	18,318
Net pension liability	684,508	-	-	684,508
Total non-current liabilities	<u>702,826</u>	<u>1,949,345</u>	<u>-</u>	<u>2,652,171</u>
Total liabilities	<u>972,509</u>	<u>2,729,045</u>	<u>34,136</u>	<u>3,735,690</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred charges on pension expense	<u>69,655</u>	<u>-</u>	<u>-</u>	<u>69,655</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,691,678	-	-	1,691,678
Unrestricted	(541,961)	(1,660,809)	935,055	(1,267,715)
Total net position	<u>\$ 1,149,717</u>	<u>\$ (1,660,809)</u>	<u>\$ 935,055</u>	<u>\$ 423,963</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF VERNON, CONNECTICUT**  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	<b>Data Processing Fund</b>	<b>Workers' Compensation Fund</b>	<b>Medical Self-Insurance Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,836,714	\$ 825,000	\$ 631,578	\$ 3,293,292
Other	-	32,594	10,944	43,538
Total operating revenues	<u>1,836,714</u>	<u>857,594</u>	<u>642,522</u>	<u>3,336,830</u>
<b>OPERATING EXPENSES</b>				
Wages and benefits	1,234,096	-	-	1,234,096
Repairs, maintenance and rentals	448,218	-	-	448,218
Utilities	16,821	-	-	16,821
Supplies and materials	1,449	-	-	1,449
General and administrative	15,241	79,185	41,237	135,663
Claims incurred	-	690,669	485,763	1,176,432
Depreciation	184,026	-	-	184,026
Total operating expenses	<u>1,899,851</u>	<u>769,854</u>	<u>527,000</u>	<u>3,196,705</u>
Operating income (loss)	(63,137)	87,740	115,522	140,125
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Loss on disposal of assets	(1,323)	-	-	(1,323)
Interest income	-	1,533	6,039	7,572
Total non-operating revenue (expenses), net	<u>(1,323)</u>	<u>1,533</u>	<u>6,039</u>	<u>6,249</u>
Change in net position before capital contributions	(64,460)	89,273	121,561	146,374
Capital contributions	<u>511,002</u>	<u>-</u>	<u>-</u>	<u>511,002</u>
Change in net position	446,542	89,273	121,561	657,376
Net position - beginning	<u>703,175</u>	<u>(1,750,082)</u>	<u>813,494</u>	<u>(233,413)</u>
Net position - ending	<u>\$ 1,149,717</u>	<u>\$ (1,660,809)</u>	<u>\$ 935,055</u>	<u>\$ 423,963</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF VERNON, CONNECTICUT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Data Processing Fund</b>	<b>Workers' Compensation Fund</b>	<b>Medical Self-Insurance Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received for the following:				
Charges for services	\$ 1,868,829	\$ 825,000	\$ 631,110	\$ 3,324,939
Other operating revenues received	-	33,224	14,034	47,258
Cash paid for the following:				
Claims incurred	-	(720,627)	(505,894)	(1,226,521)
Employee wages and benefits	(1,083,959)	-	-	(1,083,959)
Goods and services	(554,410)	-	-	(554,410)
Net cash provided by operating activities	<u>230,460</u>	<u>137,597</u>	<u>139,250</u>	<u>507,307</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund activities	<u>(453,144)</u>	<u>(200,000)</u>	<u>(304)</u>	<u>(653,448)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	<u>(175,549)</u>	<u>-</u>	<u>-</u>	<u>(175,549)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	<u>-</u>	<u>1,533</u>	<u>6,039</u>	<u>7,572</u>
Net change in cash and cash equivalents	(398,233)	(60,870)	144,985	(314,118)
Cash and cash equivalents, beginning of year	795,970	1,098,156	822,827	2,716,953
Cash and cash equivalents, end of year	<u>\$ 397,737</u>	<u>\$ 1,037,286</u>	<u>\$ 967,812</u>	<u>\$ 2,402,835</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (63,137)	\$ 87,740	\$ 115,522	\$ 140,125
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	184,026	-	-	184,026
Changes in assets and liabilities:				
Decrease in receivables	32,115	2,274	2,623	37,012
Increase (decrease) in accounts payable	(10,189)	47,583	21,105	58,499
Increase in net pension liability	1,587	-	-	1,587
Increase in prepaid expenses	(9,659)	-	-	(9,659)
Decrease in deferred outflows of resources	47,391	-	-	47,391
Increase in deferred inflows of resources	43,627	-	-	43,627
Decrease in accrued liabilities	4,699	-	-	4,699
Net cash provided by operating activities	<u>\$ 230,460</u>	<u>\$ 137,597</u>	<u>\$ 139,250</u>	<u>\$ 507,307</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets through capital contributions	\$ 511,002	\$ -	\$ -	\$ 511,002

*See accompanying Independent Auditor's Report.*

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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.

### **OPEB TRUST FUNDS**

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

### **PRIVATE-PURPOSE TRUST FUNDS**

To account for the activities of various restricted school awards.

### **AGENCY FUNDS**

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

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

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

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

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

**TOWN OF VERNON, CONNECTICUT**  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
JUNE 30, 2018

	<b>School Activity Fund</b>	<b>Miscellaneous Activity Fund</b>	<b>Bid Bond Deposit Fund</b>	<b>C-PACE Benefit Assessments Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 293,134	\$ 213,827	\$ 238,086	\$ 13,792	\$ 758,839
Receivables	7,973	66	-	-	8,039
Total assets	<u>\$ 301,107</u>	<u>\$ 213,893</u>	<u>\$ 238,086</u>	<u>\$ 13,792</u>	<u>\$ 766,878</u>
<b>LIABILITIES</b>					
Due to others	\$ 301,107	\$ 171,866	\$ 238,086	\$ 13,792	\$ 724,851
Payables	-	42,027	-	-	42,027
Total liabilities	<u>\$ 301,107</u>	<u>\$ 213,893</u>	<u>\$ 238,086</u>	<u>\$ 13,792</u>	<u>\$ 766,878</u>

*See accompanying Independent Auditor's Report.*



**TOWN OF VERNON, CONNECTICUT**  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	Balance, July 1, 2017	Additions	Deletions	Balance, June 30, 2018
<b>School Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ 318,064	\$ 420,410	\$ 445,340	\$ 293,134
Receivables	7,973	-	-	7,973
Total assets	<u>\$ 326,037</u>	<u>\$ 420,410</u>	<u>\$ 445,340</u>	<u>\$ 301,107</u>
Liabilities:				
Due to others	<u>\$ 326,037</u>	<u>\$ 420,410</u>	<u>\$ 445,340</u>	<u>\$ 301,107</u>
<b>Miscellaneous Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ 143,361	\$ 501,190	\$ 430,724	\$ 213,827
Receivables	66	-	-	66
Total assets	<u>\$ 143,427</u>	<u>\$ 501,190</u>	<u>\$ 430,724</u>	<u>\$ 213,893</u>
Liabilities:				
Due to others	\$ 141,839	\$ 460,171	\$ 430,144	\$ 171,866
Payables	1,588	41,019	580	42,027
Total liabilities	<u>\$ 143,427</u>	<u>\$ 501,190</u>	<u>\$ 430,724</u>	<u>\$ 213,893</u>
<b>Bid Bond Deposit Fund</b>				
Assets:				
Cash and cash equivalents	<u>\$ 276,616</u>	<u>\$ 14,970</u>	<u>\$ 53,500</u>	<u>\$ 238,086</u>
Liabilities:				
Due to others	<u>\$ 276,616</u>	<u>\$ 14,970</u>	<u>\$ 53,500</u>	<u>\$ 238,086</u>
<b>C-Pace Benefit Assessments Fund</b>				
Assets:				
Cash and cash equivalents	<u>\$ 884</u>	<u>\$ 158,283</u>	<u>\$ 145,375</u>	<u>\$ 13,792</u>
Liabilities:				
Due to others	<u>\$ 884</u>	<u>\$ 158,283</u>	<u>\$ 145,375</u>	<u>\$ 13,792</u>
<b>Total All Funds</b>				
Assets:				
Cash and cash equivalents	\$ 738,925	\$ 1,094,853	\$ 1,074,939	\$ 758,839
Receivables	8,039	-	-	8,039
Total assets	<u>\$ 746,964</u>	<u>\$ 1,094,853</u>	<u>\$ 1,074,939</u>	<u>\$ 766,878</u>
Liabilities:				
Due to others	\$ 745,376	\$ 1,053,834	\$ 1,074,359	\$ 724,851
Payables	1,588	41,019	580	42,027
Total liabilities	<u>\$ 746,964</u>	<u>\$ 1,094,853</u>	<u>\$ 1,074,939</u>	<u>\$ 766,878</u>

*See accompanying Independent Auditor's Report.*

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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 - 10):**

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

#### **Demographic and Economic Information (Table 11):**

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

#### **Operating Information (Table 12 - 16):**

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

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

TABLE 1

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

	FISCAL YEAR									
	*	(1)					**			***
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net investment in capital assets	\$ 81,074,292	\$ 93,272,100	\$ 95,834,210	\$ 102,048,034	\$ 107,081,145	\$ 111,596,204	\$ 117,079,226	\$ 113,236,903	\$ 121,663,258	\$ 126,560,421
Restricted for:										
Endowments:										
Expendable	-	-	409,284	394,323	510,963	599,215	599,304	557,664	712,370	826,421
Nonexpendable	1,591,346	1,698,091	1,500,092	1,696,935	1,696,935	1,707,760	1,718,860	1,718,860	1,743,985	1,757,835
Grant programs	-	351,960	361,873	93,400	409,496	420,308	409,919	374,621	550,518	1,157,220
Sewer assessment	-	-	-	-	89,392	20,152	10,464	84	28	28
Cemeteries	-	2,462,824	2,103,563	512,639	184,036	186,559	129,428	94,237	74,513	82,682
Housing and community development	731,241	-	-	-	29,450	29,450	112,257	113,984	119,000	109,274
Education programs	8,503,748	461,740	534,712	559,169	157,770	108,553	324,395	434,575	557,736	515,604
Adult education	-	-	-	-	-	-	72,671	17,298	41,239	31,837
Unrestricted	9,814,118	7,150,265	6,733,222	12,288,256	7,962,107	7,699,805	(38,202,259)	(30,420,414)	(35,404,457)	(39,520,431)
Total Net Position - Governmental Activities	101,714,745	105,396,980	107,476,956	117,592,756	118,121,294	122,368,006	82,254,265	86,127,812	90,058,190	91,520,891
Business-Type Activities:										
Net investment in capital assets	10,693,612	11,344,015	11,052,631	10,640,331	10,110,672	10,719,298	10,294,619	9,804,653	9,567,003	9,231,706
Unrestricted	4,204,622	4,110,256	5,612,991	6,851,173	8,121,996	9,203,267	7,490,120	8,543,715	9,403,122	9,144,495
Total Net Position - Business-Type Activities	14,898,234	15,454,271	16,665,622	17,491,504	18,232,668	19,922,565	17,784,739	18,348,368	18,970,125	18,376,201
Primary Government:										
Net investment in capital assets	91,767,904	104,616,115	106,886,841	112,688,365	117,191,817	122,315,502	127,373,845	123,041,556	131,230,261	135,792,127
Restricted for:										
Endowments:										
Expendable	-	-	-	394,323	510,963	599,215	599,304	557,664	712,370	826,421
Nonexpendable	1,591,346	1,698,091	1,909,376	1,696,935	1,696,935	1,707,760	1,718,860	1,718,860	1,743,985	1,757,835
Grant programs	-	351,960	361,873	93,400	409,496	420,308	409,919	374,621	550,518	1,157,220
Sewer assessment	-	-	-	-	89,392	20,152	10,464	84	28	28
Cemeteries	731,241	2,462,824	2,103,563	512,639	184,036	186,559	129,428	94,237	74,513	82,682
Housing and community development	-	-	-	-	29,450	29,450	112,257	113,984	119,000	109,274
Education programs	8,503,748	461,740	534,712	559,169	157,770	108,553	324,395	434,575	557,736	515,604
Adult education	-	-	-	-	-	-	72,671	17,298	41,239	31,837
Unrestricted	14,018,740	11,260,521	12,346,213	19,139,429	16,084,103	16,903,072	(30,712,139)	(21,876,699)	(26,001,335)	(30,375,936)
Total Net Position - Primary Government	\$ 116,612,979	\$ 120,851,251	\$ 124,142,578	\$ 135,084,260	\$ 136,353,962	\$ 142,290,571	\$ 100,039,004	\$ 104,476,180	\$ 109,028,315	\$ 109,897,092

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

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

\*\*\* Restated due to inclusion of net OPEB liability, effective July 1, 2017.

(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.

TABLE 2

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

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Expenses:										
General government	\$ 5,543,645	\$ 6,002,872	\$ 5,633,603	\$ 5,374,112	\$ 5,907,367	\$ 5,497,317	\$ 5,673,665	\$ 6,397,451	\$ 6,076,452	\$ 5,726,965
Community development	874,382	1,631,589	2,057,937	638,976	419,554	605,573	548,397	603,740	497,261	516,403
Public safety	12,568,421	12,143,675	12,480,725	16,324,643	12,414,267	12,686,921	14,215,899	14,550,637	14,975,891	14,218,806
Maintenance and development	10,285,117	9,435,073	10,405,706	8,937,010	8,841,241	11,401,777	10,116,217	11,025,727	15,085,714	12,373,159
Human services	1,462,640	1,445,899	1,403,991	1,384,782	1,310,967	1,300,698	1,391,161	1,296,978	1,469,554	1,321,334
Parks, recreation and culture	2,332,424	2,487,532	2,610,713	2,391,015	2,657,811	2,552,523	2,661,919	2,614,666	3,182,850	3,226,817
Education	58,265,100	56,255,521	58,846,481	58,713,021	63,366,856	65,638,249	66,522,642	67,270,471	68,502,574	75,318,075
Interest on long-term debt	2,098,304	2,055,746	1,920,229	1,502,045	1,626,972	1,348,996	1,403,135	1,792,161	1,426,711	1,563,477
Total expenses	93,430,033	91,457,907	95,359,385	95,265,604	96,545,035	101,032,054	102,533,035	105,551,831	111,217,007	114,265,036
Program Revenues:										
Charges for services:										
General government	725,190	822,153	821,502	958,550	1,033,606	1,118,278	1,425,021	1,775,305	1,250,953	1,464,231
Community development	7,489	13,956	9,434	8,973	8,422	10,183	8,812	11,472	94,311	45,406
Public safety	1,181,165	1,258,051	1,254,690	1,137,357	1,092,752	1,291,753	1,204,428	1,496,729	2,053,102	2,377,758
Maintenance and development	561,824	564,608	569,932	617,746	590,490	469,094	556,001	525,845	528,937	726,735
Human services	-	-	-	-	-	-	-	-	79,352	123,453
Parks, recreation and culture	631,474	685,562	712,592	718,122	778,727	804,255	861,914	899,878	919,706	953,588
Education	1,247,574	1,217,369	1,078,802	1,129,934	984,549	1,060,476	1,045,766	1,256,755	1,166,626	1,238,827
Operating grants and contributions	28,578,832	30,312,483	30,019,905	32,226,232	29,920,655	31,446,928	32,660,452	33,703,632	35,384,900	38,647,706
Capital grants and contributions	3,770,739	3,850,322	2,770,498	8,082,486	835,929	4,390,500	2,637,723	2,103,224	3,750,012	2,950,461
Total program revenues	36,704,287	38,724,504	37,237,355	44,879,400	35,245,130	40,591,467	40,400,117	41,772,840	45,227,899	48,528,165
Net Program Expense	(56,725,746)	(52,733,403)	(58,122,030)	(50,386,204)	(61,299,905)	(60,440,587)	(62,132,918)	(63,778,991)	(65,989,108)	(65,736,871)
General revenues:										
Property taxes	51,722,860	54,100,377	57,508,605	57,711,708	58,971,919	62,672,181	64,166,823	66,111,585	68,129,637	70,636,382
Grants and contributions not restricted to specific programs	1,606,039	1,258,722	1,223,183	1,503,374	1,671,664	1,157,706	1,054,078	898,432	1,532,993	905,765
Investment income	212,312	192,081	281,909	35,105	135,297	146,202	37,394	(3,363)	256,856	245,173
Miscellaneous	966,540	900,553	1,188,309	1,079,316	1,005,114	700,385	830,872	635,159	-	-
Contributions to permanent funds	-	-	-	-	-	10,825	11,100	10,725	-	-
Gain on sale of assets	-	-	-	172,501	44,449	-	-	-	-	-
Transfers	-	(36,095)	-	-	-	-	-	-	-	-
Total general revenues	54,507,751	56,415,638	60,202,006	60,502,004	61,828,443	64,687,299	66,100,267	67,652,538	69,919,486	71,787,320
Total Change in Net Position	(2,217,995)	3,682,235	2,079,976	10,115,800	528,538	4,246,712	3,967,349	3,873,547	3,930,378	6,050,449
Net Position July 1 (as restated)	104,320,864 <sup>a</sup>	101,714,745 <sup>b</sup>	105,396,980	107,476,956	117,592,756	118,121,294	78,286,916 <sup>b</sup>	82,254,265	86,127,812	85,470,442 <sup>d</sup>
Net Position June 30	<u>\$ 102,102,869</u>	<u>\$ 105,396,980</u>	<u>\$ 107,476,956</u>	<u>\$ 117,592,756</u>	<u>\$ 118,121,294</u>	<u>\$ 122,368,006</u>	<u>\$ 82,254,265</u>	<u>\$ 86,127,812</u>	<u>\$ 90,058,190</u>	<u>\$ 91,520,891</u>

(Continued)

TABLE 2 (Continued)

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

	FISCAL YEAR ENDING JUNE 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-Type Activities:										
Expenses:										
Sewer	\$ 5,709,836	\$ 5,488,272	\$ 5,607,772	\$ 5,644,652	\$ 5,644,174	\$ 5,370,748	\$ 4,614,237	\$ 5,240,935	\$ 5,657,815	\$ 6,428,958
Building rental	245,220	197,075	220,378	181,037	186,503	217,673	196,324	204,593	205,667	211,897
Total expenses	<u>5,955,056</u>	<u>5,685,347</u>	<u>5,828,150</u>	<u>5,825,689</u>	<u>5,830,677</u>	<u>5,588,421</u>	<u>4,810,561</u>	<u>5,445,528</u>	<u>5,863,482</u>	<u>6,640,855</u>
Revenues:										
Charges for services:										
Sewer use	5,658,586	6,025,610	6,484,860	6,226,800	6,198,859	5,985,632	5,698,447	5,818,367	5,989,522	5,967,655
Building rental	168,218	169,800	169,113	161,398	165,268	168,848	167,117	166,831	165,721	165,721
Operating grants and contributions	-	-	-	-	-	-	-	-	17,209	7,948
Capital grants and contributions	-	-	-	-	-	-	6,248	360	292,493	67,470
Total revenues	<u>5,826,804</u>	<u>6,195,410</u>	<u>6,653,973</u>	<u>6,388,198</u>	<u>6,364,127</u>	<u>6,154,480</u>	<u>5,871,812</u>	<u>5,985,558</u>	<u>6,464,945</u>	<u>6,208,794</u>
Net Program (Expenses) Revenues	(128,252)	510,063	825,823	562,509	533,450	566,059	1,061,251	540,030	601,463	(432,061)
General revenues:										
Grants and contributions not restricted to specific programs	75,000	-	-	-	-	-	-	-	-	-
Investment income	38,771	9,879	5,869	641	724	277	1,181	9,800	20,294	45,650
Miscellaneous	-	-	379,659	262,732	206,990	9,812	17,784	13,799	-	-
Capital contributions	-	-	-	-	-	1,113,749	-	-	-	-
Transfers	-	36,095	-	-	-	-	-	-	-	-
Total general revenues	<u>113,771</u>	<u>45,974</u>	<u>385,528</u>	<u>263,373</u>	<u>207,714</u>	<u>1,123,838</u>	<u>18,965</u>	<u>23,599</u>	<u>20,294</u>	<u>45,650</u>
Total Change in Net Position	(14,481)	556,037	1,211,351	825,882	741,164	1,689,897	1,080,216	563,629	621,757	(386,411)
Net Position July 1 (as restated)	<u>14,524,591</u>	<u>14,898,234</u> b	<u>15,454,271</u>	<u>16,665,622</u>	<u>17,491,504</u>	<u>18,232,668</u>	<u>16,704,523</u> c	<u>17,784,739</u>	<u>\$ 18,348,368</u>	<u>\$ 18,762,612</u> d
Net Position, June 30	<u>\$ 14,510,110</u>	<u>\$ 15,454,271</u>	<u>\$ 16,665,622</u>	<u>\$ 17,491,504</u>	<u>\$ 18,232,668</u>	<u>\$ 19,922,565</u>	<u>\$ 17,784,739</u>	<u>\$ 18,348,368</u>	<u>\$ 18,970,125</u>	<u>\$ 18,376,201</u>
Total Change in Net Position	(2,232,476)	4,238,272	3,291,327	10,941,682	1,269,702	5,936,609	5,047,565	4,437,176	4,552,135	5,664,038
Net Position, July 1 (as restated)	<u>118,845,455</u> a	<u>116,612,979</u> b	<u>120,851,251</u>	<u>124,142,578</u>	<u>135,084,260</u>	<u>136,353,962</u>	<u>94,991,439</u> c	<u>100,039,004</u>	<u>\$ 104,476,180</u>	<u>\$ 104,233,054</u> d
Net Position, June 30	<u>\$ 116,612,979</u>	<u>\$ 120,851,251</u>	<u>\$ 124,142,578</u>	<u>\$ 135,084,260</u>	<u>\$ 136,353,962</u>	<u>\$ 142,290,571</u>	<u>\$ 100,039,004</u>	<u>\$ 104,476,180</u>	<u>\$ 109,028,315</u>	<u>\$ 109,897,092</u>

(Concluded)

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

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

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

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

TABLE 3

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

Fund Balances - Governmental Funds	(1)									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund:</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,500	\$ -	\$ 595,917	\$ 558,850
Assigned	1,538,649	1,833,779	2,122,970	1,820,141	1,388,542	1,540,633	2,003,342	2,729,466	3,201,676	2,149,417
Unassigned	8,367,020	8,592,950	8,955,095	9,294,386	10,015,648	11,142,709	12,151,945	14,230,790	15,410,513	18,645,480
Total General Fund	9,905,669	10,426,729	11,078,065	11,114,527	11,404,190	12,683,342	14,284,787	16,960,256	19,208,106	21,353,747
<b>All Other Governmental Funds:</b>										
Nonspendable	-	1,728,555	1,941,521	1,728,792	1,733,192	1,736,239	1,749,521	1,740,472	1,775,492	1,787,893
Restricted	15,339,913	3,234,537	3,000,148	1,559,531	1,381,107	1,364,237	1,658,438	1,570,851	2,169,261	2,723,066
Committed	-	3,728,800	4,037,469	4,063,022	3,068,867	6,590,021	6,472,283	7,899,613	6,271,373	7,846,724
Assigned	-	352,654	443,291	499,582	892,047	180,000	180,000	180,000	-	-
Unassigned	(3,468,152)	(4,955,986)	(4,930,052)	(873,722)	(887,804)	(2,593,688)	(7,752,478)	(929,811)	(2,073,076)	(3,426,711)
Total Fund Balance - All Other Governmental Funds	11,871,761	4,088,560	4,492,377	6,977,205	6,187,409	7,276,809	2,307,764	10,461,125	8,143,050	8,930,972
<b>Total Governmental Funds:</b>										
Nonspendable	-	1,728,555	1,941,521	1,728,792	1,733,192	1,736,239	1,879,021	1,740,472	2,371,409	2,346,743
Restricted	15,339,913	3,234,537	3,000,148	1,559,531	1,381,107	1,364,237	1,658,438	1,570,851	2,169,261	2,723,066
Committed	-	3,728,800	4,037,469	4,063,022	3,068,867	6,590,021	6,472,283	7,899,613	6,271,373	7,846,724
Assigned	1,538,649	2,186,433	2,566,261	2,319,723	2,280,589	1,720,633	2,183,342	2,909,466	3,201,676	2,149,417
Unassigned	4,898,868	3,636,964	4,025,043	8,420,664	9,127,844	8,549,021	4,399,467	13,300,979	13,337,437	15,218,769
Total Fund Balances - Governmental Funds	<u>\$ 21,777,430</u>	<u>\$ 14,515,289</u>	<u>\$ 15,570,442</u>	<u>\$ 18,091,732</u>	<u>\$ 17,591,599</u>	<u>\$ 19,960,151</u>	<u>\$ 16,592,551</u>	<u>\$ 27,421,381</u>	<u>\$ 27,351,156</u>	<u>\$ 30,284,719</u>

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)**

Changes in Fund Balances - Governmental Funds	For the fiscal year ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Property taxes	\$ 52,186,924	\$ 54,241,727	\$ 57,387,268	\$ 57,327,038	\$ 58,939,088	\$ 62,683,962	\$ 64,116,182	\$ 66,502,928	\$ 67,962,636	\$ 70,116,452
Intergovernmental	33,236,536	34,675,196	33,737,936	41,746,995	32,106,379	36,692,587	36,041,125	36,498,965	39,922,904	37,434,993
Assessments	72,351	64,462	51,769	11,527	4,683	8,735	10,380	22,472	-	-
Charges for services	4,363,415	4,567,821	4,449,485	4,462,560	4,355,989	4,551,193	4,984,511	5,832,562	5,329,923	5,732,282
Gifts and contributions	1,454,208	1,552,800	434,480	630,479	781,887	534,642	650,683	553,044	190,596	424,619
Income on investments	203,468	192,081	280,957	35,009	135,176	146,145	40,012	73,098	92,952	151,891
Net change in fair value of investments							(2,618)	(76,461)	163,904	93,282
Other	894,189	836,091	1,136,540	1,067,789	1,000,431	691,650	820,492	978,613	1,415,424	1,127,797
<b>Total Revenues</b>	<b>92,411,091</b>	<b>96,130,178</b>	<b>97,478,435</b>	<b>105,281,397</b>	<b>97,323,633</b>	<b>105,308,914</b>	<b>106,660,767</b>	<b>110,385,221</b>	<b>115,078,339</b>	<b>115,081,316</b>
<b>Expenditures:</b>										
General government	3,038,845	3,014,195	3,053,491	3,284,356	3,248,285	3,434,887	3,597,134	3,700,966	3,651,238	3,863,391
Community development	843,903	1,500,051	1,953,760	629,269	301,852	491,759	440,127	468,123	352,377	391,321
Public safety	8,348,918	8,667,318	8,767,903	12,514,139	9,178,663	8,992,975	9,512,816	9,738,400	9,655,144	9,356,730
Maintenance and development	6,627,082	6,017,883	6,102,700	5,784,605	5,622,410	5,855,039	6,302,123	6,732,520	8,688,681	6,716,745
Human services	986,846	1,117,125	1,044,049	1,035,291	1,056,536	1,021,879	1,061,248	1,037,486	1,028,732	1,014,647
Parks, recreation and culture	1,954,648	2,045,589	2,058,075	1,943,657	2,023,123	2,258,749	2,163,123	2,256,867	2,351,919	2,564,368
Townwide	6,661,045	6,665,401	7,321,967	6,806,996	7,054,780	7,107,547	7,469,937	7,933,163	8,017,224	8,391,849
Education	55,172,073	55,878,652	58,090,674	58,693,310	61,283,091	64,217,906	65,031,245	65,260,728	66,060,717	68,175,233
Capital outlay	21,979,002	12,963,146	5,765,044	5,863,902	4,053,503	3,753,735	8,742,077	8,849,041	11,945,063	11,640,667
Debt service:										
Principal	3,146,377	3,412,148	3,796,764	4,644,693	4,659,209	4,408,742	4,356,238	4,649,173	4,394,641	4,074,861
Interest	2,012,321	2,074,716	1,941,450	1,959,138	1,397,144	1,397,144	1,352,299	1,499,107	1,458,645	1,527,426
<b>Total Expenditures</b>	<b>110,771,060</b>	<b>103,356,224</b>	<b>99,895,877</b>	<b>103,159,356</b>	<b>99,878,596</b>	<b>102,940,362</b>	<b>110,028,367</b>	<b>112,125,574</b>	<b>117,604,381</b>	<b>117,717,238</b>
Excess of Revenues over Expenditures	(18,359,969)	(7,226,046)	(2,417,442)	2,122,041	(2,554,963)	2,368,552	(3,367,600)	(1,740,353)	(2,526,042)	(2,635,922)
<b>Other Financing Sources (Uses):</b>										
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	10,875,000	-	3,755,000	-	-	-	-	6,130,000	6,350,000	4,400,000
Bond anticipation notes	-	-	-	-	-	-	-	6,350,000	2,200,000	3,138,000
Bond / BAN premium and accrued interest	27,205	-	39,712	-	-	-	-	89,183	255,817	231,485
Repayment of notes	-	-	-	-	-	-	-	-	(6,350,000)	(2,200,000)
Lease purchase of equipment	-	-	106,412	-	2,010,000	-	-	-	-	-
Sale of Assets	-	-	-	172,501	44,830	-	-	-	-	-
Transfers in	2,130,198	3,143,579	1,900,387	1,955,665	2,245,806	2,484,435	2,350,227	3,096,890	3,131,792	4,289,556
Transfers out	(2,130,198)	(3,179,674)	(2,328,916)	(1,955,665)	(2,245,806)	(2,484,435)	(2,350,227)	(3,096,890)	(3,131,792)	(4,289,556)
<b>Net Other Financing Sources (Uses)</b>	<b>10,902,205</b>	<b>(36,095)</b>	<b>3,472,595</b>	<b>399,249</b>	<b>2,054,830</b>	<b>-</b>	<b>-</b>	<b>12,569,183</b>	<b>2,455,817</b>	<b>5,569,485</b>
<b>Net Change in Fund Balances</b>	<b>\$ (7,457,764)</b>	<b>\$ (7,262,141)</b>	<b>\$ 1,055,153</b>	<b>\$ 2,521,290</b>	<b>\$ (500,133)</b>	<b>\$ 2,368,552</b>	<b>\$ (3,367,600)</b>	<b>\$ 10,828,830</b>	<b>\$ (70,225)</b>	<b>\$ 2,933,563</b>
Debt Service as a percentage of noncapital expenditures	5.81%	6.06%	6.05%	7.09%	6.32%	5.81%	5.66%	6.00%	5.56%	5.31%
Debt Service as a percentage of total expenditures	4.66%	5.31%	5.74%	6.40%	6.06%	5.64%	5.19%	5.48%	4.98%	4.76%

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

TABLE 5

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

Fiscal Year Ended June 30,	Grand List as of 10/1		Real Property				(3) Personal Property	(3) Motor Vehicles*	Total Assessed Value of All Property	Less Exemptions	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 Assess.	(2) Total									
2018	2016	***	\$ 1,083,608	\$ 447,502	\$ 11,878	\$ 1,542,988	\$ 86,312	\$ 183,244	\$ 1,812,544	\$ 17,713	\$ -	\$ 1,794,831	38.55	\$ 2,576,069	70.36%
2017	2015		1,146,488	368,921	6,350	1,521,759	82,321	180,716	1,784,796	16,099	-	1,768,697	37.93	2,529,667	70.55%
2016	2014		1,142,602	367,152	6,425	1,516,179	89,335	180,314	1,785,828	18,745	-	1,767,083	36.91	2,565,109	69.62%
2015	2013		1,137,949	364,583	7,202	1,509,734	85,341	184,647	1,779,722	17,671	-	1,762,051	36.11	2,536,923	70.15%
2014	2012		1,133,280	359,258	7,470	1,500,008	75,767	176,322	1,752,097	17,716	-	1,734,381	35.40	2,418,110	72.46%
2013	2011	***	1,130,299	355,469	8,646	1,494,414	82,581	181,538	1,758,533	20,093	-	1,738,440	33.63	2,501,860	70.29%
2012	2010		1,270,682	402,280	9,273	1,682,235	84,559	165,126	1,931,920	17,347	-	1,914,573	29.90	2,555,955	75.59%
2011	2009		1,262,353	402,533	8,889	1,673,775	81,908	157,390	1,913,073	18,434	-	1,894,639	30.02	2,474,000	77.33%
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%

\* Excludes assessed value on supplemental motor vehicle listings.

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

\*\*\* Revaluation.

\*\*\*\* Represents blended mil rate.

(1) Includes public utility property.

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

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

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

Source of data: Town Assessor's office.



TABLE 6

**TOWN OF VERNON, CONNECTICUT**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**FISCAL YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2009**  
**(UNAUDITED)**

Taxpayer	Fiscal Years Ended June 30,					
	2018			2009		
	Taxable Assessed Value (10/01/16 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)	Taxable Assessed Value (10/01/07 Grand List)*	Rank	% of Taxable Assessed Value (Grand List)
Chapman and Mansions LLC	\$ 61,548,730	1	3.43%	\$ 42,128,960	1	2.48%
Evandro Santini & Woodbrook LLC	41,161,200	2	2.29%	20,273,920	4	1.19%
Tri City Improvements, LLC	26,595,720	3	1.48%	30,294,300	2	1.78%
Prospect Rockville Hospital / ECHN	21,395,930	4	1.19%			
Connecticut Light & Power/Yankee Gas Co.	17,043,480	5	0.95%	16,910,455	5	0.99%
CE Vernon II, LLC	16,480,560	6	0.92%	15,797,900	6	0.93%
Connecticut Water Company	14,537,689	7	0.81%	20,338,804	3	1.19%
Boston Rockville / Boston Vernon	9,676,420	8	0.54%	7,987,500	8	0.47%
Chapman Acres, LLC	9,076,970	9	0.51%	9,005,100	7	0.53%
Briar Knoll Apartments	7,899,990	10	0.44%			
Kerensky, Schneider (Risley Trust)				6,781,300	9	0.40%
Talcotville Development				6,083,090	10	0.36%
<b>Total Top 10 Taxpayers</b>	<b>225,416,689</b>		<b>12.56%</b>	<b>175,601,329</b>		<b>10.32%</b>
* Based on 10/1 Net Taxable Grand List of:	<b>\$ 1,794,830,542</b>			<b>\$ 1,702,120,658</b>		

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, 2018
		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	
2018	2016	\$ 69,992,863	\$ 407,278	\$ 70,400,141	\$ 69,399,587	99.2%	\$ -	\$ 69,399,587	99.2%	98.6%	\$ 1,000,554
2017	2015	67,980,089	(281,729)	67,698,360	66,936,857	98.5%	446,415	67,383,272	99.1%	99.5%	315,088
2016	2014	65,976,102	(319,909)	65,656,193	65,021,214	98.6%	538,752	65,559,966	99.4%	99.9%	96,227
2015	2013	64,211,229	(279,081)	63,932,148	63,158,074	98.4%	727,273	63,885,347	99.5%	99.9%	46,801
2014	2012	62,079,457	10,091	62,089,548	61,327,304	98.8%	727,586	62,054,890	100.0%	99.9%	34,658
2013	2011	58,943,099	(351,665)	58,591,434	57,812,300	98.1%	750,499	58,562,799	99.4%	100.0%	28,635
2012	2010	57,542,153	(206,885)	57,335,268	56,603,238	98.4%	698,981	57,302,219	99.6%	99.9%	33,049
2011	2009	57,205,162	(133,764)	57,071,398	56,484,922	98.7%	553,502	57,038,424	99.7%	99.9%	32,974
2010	2008	53,957,129	(144,810)	53,812,319	53,268,067	98.7%	513,583	53,781,650	99.7%	99.9%	30,669
2009	2007	51,964,949	(205,438)	51,759,511	51,114,202	98.4%	618,485	51,732,687	99.6%	99.9%	26,824

Note: The latest revaluation was effective for the year ended June 30, 2018. Property is taxed by the Town of Vernon only.

Source of Data:

Town of Vernon, Finance Director  
Town of Vernon, Tax Collector

TABLE 8

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

Fiscal Year Ended June 30,	Governmental Activities						Total Primary Government	Estimated Actual Value of Property (in thousands of \$) (2)	Total Debt as a % of Estimated Actual Value of Property	Population (3)	Total Debt Per Capita	Per Capita Personal Income (4)	Total Debt as a % of Per Capita Personal Income	Personal Income as a % of Total Debt
	General Obligation Bonds*				Notes Payable	Leases Payable	Total All Debt (1)							
	General Purpose	School	Sewer	Total										
2018	\$ 27,464,000	\$ 16,850,000	\$ 469,000	\$ 44,783,000	\$ -	\$ 693,718	\$ 45,476,718	\$ 2,576,069	1.77%	29,289	\$ 1,553	n/a	n/a	n/a
2017	23,904,000	18,733,000	523,000	43,160,000	-	918,516	44,078,516	2,529,667	1.74%	29,148	1,512	54,818	2.76%	0.12%
2016	23,053,000	20,480,000	577,000	44,110,000	826,194	1,139,748	46,075,942	2,565,109	1.80%	28,959	1,591	52,466	3.03%	0.11%
2015	11,488,500	22,084,500	632,000	34,205,000	2,454,022	1,357,473	38,016,495	2,536,923	1.50%	29,098	1,306	52,311	2.50%	0.14%
2014	12,410,000	23,693,000	687,000	36,790,000	4,049,643	1,579,841	42,419,484	2,418,110	1.75%	29,161	1,455	49,598	2.93%	0.12%
2013	13,317,000	25,275,000	743,000	39,335,000	5,613,695	1,798,543	46,747,238	2,501,860	1.87%	29,122	1,605	47,623	3.37%	0.10%
2012	14,182,000	27,003,000	1,005,000	42,190,000	7,160,338	46,109	49,396,447	2,555,955	1.93%	29,179	1,693	47,524	3.56%	0.10%
2011	15,508,000	29,723,000	1,324,000	46,555,000	8,695,599	75,395	55,325,994	2,474,000	2.24%	29,205	1,894	45,645	4.15%	0.08%
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	43,503	4.21%	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	43,334	4.54%	0.07%

Source of data:

- (1) Town of Vernon, Finance Department.  
(2) Estimated Actual Value of Property provided by State Office of Policy and Management and Town Assessor's Office.  
(3) Population estimates are provided by the Connecticut Department of Public Health except for the Fiscal Year (FY) 2011/12 population estimate which was provided by the U.S. Census Bureau.  
(4) Per capita income is for Tolland County, of which Vernon is part of. Per capita income for fiscal year-end 2016 is not available.

n/a - Information is not yet available.

\* - Includes portion of bond anticipation notes payable presented as long-term debt.

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

TABLE 9

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

Fiscal Year Ended June 30,	Total General Obligation Bonds (1)*	Other General Obligation Debt				Total Net General Obligation Debt	Net General Obligation Debt as a % of Estimated Actual Value of Property (2)	Net General Obligation Debt Per Capita (3)
		Notes Payable	Less Funds Provided by Surrounding Municipalities	Leases Payable	Total Net Other General Debt			
2018	\$ 44,783,000	\$ -	\$ -	\$ 693,718	\$ 693,718	\$ 45,476,718	1.64%	\$ 1,446
2017	43,160,000	-	-	918,516	918,516	44,078,516	1.66%	1,437
2016	44,110,000	826,194	(177,837)	1,139,748	1,788,105	45,898,105	1.79%	1,585
2015	34,205,000	2,454,022	(528,225)	1,357,473	3,283,270	37,488,270	1.48%	1,288
2014	36,790,000	4,049,643	(871,680)	1,579,841	4,757,804	41,547,804	1.72%	1,425
2013	39,335,000	5,613,695	(1,208,340)	1,798,543	6,203,898	45,538,898	2.22%	1,564
2012	42,190,000	7,160,338	(1,538,339)	46,109	5,668,108	47,858,108	1.87%	1,640
2011	46,555,000	8,695,599	(1,861,809)	75,395	6,909,185	53,464,185	2.16%	1,831
2010	44,840,000	10,210,277	(2,178,880)	188,094	8,219,491	53,059,491	2.18%	1,758
2009	45,990,000	11,696,643	(2,489,677)	963,877	10,170,843	56,160,843	2.25%	1,882

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

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

(3) Population - See Table 8.

\* - Includes portion of bond anticipation notes payable presented as long-term debt.

TABLE 10

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

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Debt limit	\$ 365,563,961	\$ 379,667,540	\$ 401,786,343	\$ 401,538,851	\$ 411,836,390
Total net debt applicable to limit	79,660,426	74,112,799	70,017,242	63,497,343	55,338,576
Legal Debt Margin	<u>\$ 285,903,535</u>	<u>\$ 305,554,741</u>	<u>\$ 331,769,101</u>	<u>\$ 338,041,508</u>	<u>\$ 356,497,814</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>21.79%</u>	<u>19.52%</u>	<u>17.43%</u>	<u>15.81%</u>	<u>13.44%</u>
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Debt limit	\$ 437,941,686	\$ 449,852,739	\$ 464,838,675	\$ 477,242,262	\$ 492,664,200
Total net debt applicable to limit	76,292,782	70,000,325	68,645,611	71,058,289	70,458,225
Legal Debt Margin	<u>\$ 361,648,904</u>	<u>\$ 379,852,414</u>	<u>\$ 396,193,064</u>	<u>\$ 406,183,973</u>	<u>\$ 422,205,975</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>17.42%</u>	<u>15.56%</u>	<u>14.77%</u>	<u>14.89%</u>	<u>14.30%</u>

Source: Town of Vernon, Finance Department

TABLE 11

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

<b>Fiscal Year Ended June 30,</b>	<b>Population</b>	<b>(1) Median Age</b>	<b>(2) Personal Income (in thousands of dollars)</b>	<b>(2) Per Capita Personal Income</b>	<b>School Enrollment</b>	<b>Annual Change in School Enrollment</b>	<b>Unemployment Rate (June 30,)</b>	<b>Labor Force (June 30,)</b>
2018	29,289	n/a	n/a	n/a	3,075	-111	4.2%	17,418
2017	29,148	39.2	8,302,286	54,818	3,186	18	4.9%	17,454
2016	28,959	39.5	7,928,531	52,466	3,168	-70	5.9%	17,208
2015	29,098	39.3	7,920,906	52,311	3,238	-79	5.2%	17,362
2014	29,161	40.4	7,507,486	49,598	3,317	-123	6.6%	17,047
2013	29,122	39.7	7,224,684	47,623	3,440	-110	7.5%	16,819
2012	29,179	40.5	7,220,143	47,524	3,550	-46	8.0%	17,444
2011	29,205	40.4	6,986,297	45,645	3,596	-107	8.4%	17,923
2010	30,182	40.4	6,664,680	43,503	3,703	119	8.4%	17,894
2009	29,839	39.7	6,601,045	43,334	3,584	-131	7.3%	17,673

n/a - Information is not yet available.

Sources of data:

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

(1) Median Age data is shown for Tolland County, Connecticut of which Vernon is a part of. This information is provided by American FactFinder.

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

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

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

TABLE 12

**TOWN OF VERNON, CONNECTICUT**  
**MAJOR EMPLOYERS**  
**FISCAL YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2009**  
**(UNAUDITED)**

Major Employer	2018			2009		
	Number Employed	Rank	Percentage of Total Town Employment	Number Employed	Rank	Percentage of Total Town Employment
Town of Vernon	792	1	4.6%	844	1	4.8%
Rockville General Hospital	537	2	3.1%	585	2	3.3%
Visiting Nurse and Health Services	431	3	2.5%	348	3	2.0%
Stop & Shop	283	4	1.6%	206	5	1.2%
New England Mechanical Services				228	4	1.3%
Vernon Manor	197	5	1.1%	195	10	1.1%
Rein's Delicatessen	155	6	0.9%			
Fox Hill Nursing and Rehabilitation	148	7	0.9%	196	7	1.1%
State of Connecticut	145	8	0.8%	196	7	1.1%
Price Chopper	140	9	0.8%	196	7	1.1%
T. J. Maxx & Home Goods	125	10	0.7%			
Ticket Network				201	6	1.1%
Total	<u>2,953</u>		<u>17.0%</u>	<u>3,195</u>		<u>18.1%</u>
Labor Force			<u>17,418</u>			<u>17,673</u>

Source: Town of Vernon Economic Development Department

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## **TREND DATA SECTION**

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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 13

**TOWN OF VERNON, CONNECTICUT**  
MUNICIPAL EMPLOYMENT, BY BARGAINING UNIT  
JUNE 30, 2018  
(UNAUDITED)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Municipal Employment										
Board of Education	580	629	615	622	640	635	631	638	624	633
General Government	212	212	209	208	206	205	204	204	211	211
Total	792	841	824	830	846	840	835	842	835	844

	Bargaining Unit	Employees Covered at 6/30/2018	Current Contract Expiration Date
Board of Education			
Clerical / Custodial / Maintenance	Local 1303, AFSCME, AFL-CIO	63	6/30/19
Teachers	Vernon Education Association	295	6/30/21
School Administrators	Vernon School Administrators Association	17	6/30/22
School Nurses	Vernon School Nurses' Association	8	6/30/19
Cafeteria	United Food & Commercial Workers, Local 919, AFL-CIO	30	6/30/20
Plant Operation Supervisors	Local 818, Council #4, Supervisors	2	6/30/22
Service Aids & Teacher Assistants	Vernon Federation of Paraprofessionals	110	6/30/20
Librarians / Media Managers / Assistants	Local 1303-279, AFSCME, AFL-CIO	8	6/30/19
Non-Bargaining Employees	Not affiliated - salaried	47	n/a
	Total Board of Education	580	
General Government			
Police officers	Vernon Police Association	48	6/30/22
Public Works/ Parks / Water Pollution	Local 1471, AFSCME, AFL-CIO	59	6/30/19
Public Works Supervisors	Local 818, AFSCME, AFL-CIO	5	6/30/18 *
Civilian Police Department Employees	Local 47, Connecticut Independent Laborers Union	13	6/30/17 **
Professionals	Local 818 Professionals, AFSCME, AFL-CIO	26	6/30/19
Professional Supervisors	Local 818 Professionals, AFSCME, AFL-CIO	8	6/30/19 ***
Waste Treatment Plant Supervisors	Local 818, AFSCME, AFL-CIO	3	6/30/19
Non-Bargaining Employees	Not affiliated	50	n/a
	Total General Government	212	

Source of data:

Board of Education, Business Office.

General Government, Town Administration.

\* Subsequent to June 30, 2018, this bargaining agreement was ratified through June 30, 2021.

\*\* Subsequent to June 30, 2018, this bargaining agreement was ratified through June 30, 2020.

\*\*\* Effective June 10, 2018, eight supervisory members of the Professional bargaining agreement were separated into a Professional Supervisors bargaining unit.

TABLE 14

**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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government:										
Administrative	7	7	7	7	7	7	7	7	8	8
Finance	14	14	14	14	14	13	13	13	14	13
Town Clerk	3	3	3	3	3	3	3	3	4	4
Data processing	12	12	11	11	10	10	4	4	4	4
Community Development:										
Planning	2	2	2	2	2	2	2	2	2	2
Economic Development	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police	64	64	64	64	64	64	67	67	67	67
Fire / Ambulance	3	3	2	2	2	2	2	2	2	2
Building	7	7	7	6	5	5	5	5	5	5
Animal Control	2	2	2	2	2	2	2	2	2	2
Maintenance and development:										
Public Works	46	46	46	47	47	47	48	48	51	51
Engineering	4	4	4	4	4	4	4	4	4	4
Water Pollution Control	22	22	22	22	22	22	22	22	23	24
Human Services:										
Youth Services	3	4	3	3	3	3	3	3	3	3
Social Services	4	4	4	4	4	4	4	4	4	4
Senior Center	4	3	3	3	3	3	3	3	3	3
Parks and Recreation:										
Administration	5	5	5	5	5	5	6	6	6	6
Parks Maintenance	7	7	7	6	6	6	6	6	6	6
Townwide:										
Cemeteries	2	2	2	2	2	2	2	2	2	2
Subtotal Town Hall employees	212	212	209	208	206	205	204	204	211	211
Education	580	629	615	622	640	635	631	638	624	633
Total Full-Time Employees	792	841	824	830	846	840	835	842	835	844

Source: Vernon Finance Department and Vernon School Business Office.

TABLE 15

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

Function/Program	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Community Development</b>										
Planning Administration:										
Number of Inland Wetland applications	8	7	10	9	7	9	8	7	12	13
Number of Planning/Zoning applications (both indicators based on calendar year)	22	20	17	14	22	22	19	26	29	20
<b>Public Safety</b>										
Police:										
Number of crimes	328	271	334	103	277	360	339	314	415	359
Number of motor vehicle infractions	1,463	949	789	1,010	678	1,002	1,108	1,126	1,567	1,678
Number of citations	5,231	4,070	3,304	3,517	3,465	5,206	4,814	6,157	6,674	5,823
Number of service calls (all indicators based on calendar year)	19,753	20,461	19,027	18,689	18,448	19,454	19,261	19,149	18,872	20,956
Building Inspection:										
Building permits issued	1,798	2,202	2,400	2,130	1,938	1,903	2,017	1,794	1,850	1,466
Building inspections conducted	3,150	2,661	4,812	5,514	7,596	7,594	7,669	6,350	6,343	2,886
<b>Maintenance and Development</b>										
General Maintenance:										
Miles of streets paved / reconstructed	10.06	18.02	14.94	15.30	10.21	1.64	1.11	6.02	0.98	1.16
Refuse Collection and Disposal:										
Tons of Municipal Solid Waste collected	7,339.10	7,151.56	7,187.91	7,158.84	7,178.17	6,740.80	7,641.02	7,570.10	8,177.00	8,398.99
Tons of Bulky Waste received	1,563.92	1,490.82	1,541.05	1,362.42	1,462.63	1,366.38	1,516.90	1,363.80	1,686.00	1,640.88
Recycling:										
Tons of Recyclables collected	2,433.18	2,490.23	2,566.03	2,462.33	2,528.12	2,510.82	2,492.44	2,442.90	1,877.00	1,955.46
Tons of Waste Motor Oil received	3.5	5.2	3.5	4.4	3.5	2.4	2.7	5.0	7.9	12.8
Tons of Metal received	199	215	158	159	162	162	168	185	275	289
Tons of Electronics received	68.8	71.2	73.0	72.0	74.8	69.5	78.0	19.8	21.0	20.3
Units of Lead Acid Batteries received	47	52	63	70	89	102	42	104	165	290
<b>Parks and Recreation</b>										
Recreation programs:										
Number of programs offered	104	100	108	112	108	89	94	97	89	65
Number of summer camp participants	2,321	2,669	2,756	2,696	2,618	2,378	2,301	2,042	1,971	1,830
<b>Townwide</b>										
Vernon Cemeteries:										
Number of cemetery lots sold	31	32	27	37	31	71	65	41	54	88
Number of burials / cremations	76	60	72	81	72	87	63	90	70	97
Water Pollution Control Facility:										
Average daily sewage treatment (thousands of gallons)	3,490	2,840	2,890	3,160	3,210	2,825	3,424	3,120	3,240	3,890

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 16

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

FUNCTION/PROGRAM	FISCAL YEAR ENDED JUNE 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of police officers	50	50	50	50	50	50	50	50	50	50
Number of fire / ambulance stations	6	6	6	6	6	6	6	6	6	6
Number of fire / ambulance volunteers	180	183	168	166	166	155	160	158	161	154
Maintenance and Development:										
Miles of improved roads	113.03	113.00	113.00	112.78	112.78	112.78	112.34	112.34	112.34	111.83
Miles of unimproved roads	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Miles of sanitary sewers	122.0	120.0	112.9	112.9	112.9	112.9	112.9	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	26	26	26	26	23	22
Acres of park land	582.52	582.52	582.52	582.52	582.52	582.52	582.52	579.52	570.42	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.

TABLE 17

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Assets</b>										
Cash and cash equivalents	\$ 24,300,526	\$ 15,394,454	\$ 13,861,671	\$ 12,656,001	\$ 12,682,587	\$ 9,068,082	\$ 11,160,475	\$ 11,307,402	\$ 10,483,361	\$ 11,062,016
Receivables:										
Property taxes	1,557,421	1,285,423	1,491,096	1,736,071	1,819,045	1,754,356	1,618,936	1,370,094	1,281,734	1,373,298
Grants and other	174,675	45,696	69,493	202,558	103,857	868,194	3,982,406	632,078	891,434	966,108
Due from other funds	6,242,797	5,309,418	5,417,912	8,326,930	3,359,413	3,746,953	2,105,434	2,255,426	4,092,563	1,954,903
Prepaid items	558,850	595,917	-	-	-	-	-	-	-	-
Advance from other funds	-	-	-	129,500	-	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 32,834,269</u>	<u>\$ 22,630,908</u>	<u>\$ 20,840,172</u>	<u>\$ 23,051,060</u>	<u>\$ 17,964,902</u>	<u>\$ 15,437,585</u>	<u>\$ 18,867,251</u>	<u>\$ 15,565,000</u>	<u>\$ 16,749,092</u>	<u>\$ 15,356,325</u>
<b>Liabilities</b>										
Accounts payable	\$ 1,258,498	\$ 958,331	\$ 1,054,590	\$ 1,129,926	\$ 1,243,216	\$ 936,300	\$ 857,826	\$ 1,039,133	\$ 1,203,518	\$ 1,523,432
Accrued wages and benefits	407,607	341,339	672,962	525,010	438,418	326,395	392,237	748,115	559,911	277,649
Due to other funds	795,529	767,767	667,277	501,580	234,446	844,442	788,442	804,219	2,464,181	1,209,431
Unearned revenue	362,618	306,216	319,882	301,386	293,879	289,007	297,872	288,810	309,740	293,839
<b>Total Liabilities</b>	<u>2,824,252</u>	<u>2,373,653</u>	<u>2,714,711</u>	<u>2,457,902</u>	<u>2,209,959</u>	<u>2,396,144</u>	<u>2,336,377</u>	<u>2,880,277</u>	<u>4,537,350</u>	<u>3,304,351</u>
<b>Deferred Inflows of Resources</b>										
Advanced tax collections	7,098,849	5,319	-	4,800,790	1,629,621	109,695	3,775,450	5,877	4,722	6,957
Unavailable revenues	1,557,421	1,043,830	1,165,205	1,507,581	1,441,980	1,527,556	1,640,897	1,600,781	1,780,291	2,139,348
<b>Total Deferred Inflows of Resources</b>	<u>8,656,270</u>	<u>1,049,149</u>	<u>1,165,205</u>	<u>6,308,371</u>	<u>3,071,601</u>	<u>1,637,251</u>	<u>5,416,347</u>	<u>1,606,658</u>	<u>1,785,013</u>	<u>2,146,305</u>
<b>Fund Equity</b>										
Nonspendable	558,850	595,917	-	129,500	-	-	-	-	-	-
Assigned	2,149,417	3,201,676	2,729,466	2,003,342	1,540,633	1,388,542	1,820,141	2,122,970	2,155,779	1,860,649
Unassigned	18,645,480	15,410,513	14,230,790	12,151,945	11,142,709	10,015,648	9,294,386	8,955,095	8,270,950	8,045,020
<b>Total fund equity</b>	<u>21,353,747</u>	<u>19,208,106</u>	<u>16,960,256</u>	<u>14,284,787</u>	<u>12,683,342</u>	<u>11,404,190</u>	<u>11,114,527</u>	<u>11,078,065</u>	<u>10,426,729</u>	<u>9,905,669</u>
<b>Total liabilities, deferred inflows of resources and fund equity</b>	<u>\$ 32,834,269</u>	<u>\$ 22,630,908</u>	<u>\$ 20,840,172</u>	<u>\$ 23,051,060</u>	<u>\$ 17,964,902</u>	<u>\$ 15,437,585</u>	<u>\$ 18,867,251</u>	<u>\$ 15,565,000</u>	<u>\$ 16,749,092</u>	<u>\$ 15,356,325</u>

Source: Town of Vernon, Finance Department.

TABLE 18

**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 & Other	Other Financing Sources	Total	Annual % Increase
2018	\$ 70,116,452	\$ 19,101,973	\$ 1,473,242	\$ 985,405	\$ -	\$ 101,419	\$ 62,936	\$ 6,956,730	\$ 133,003	\$ 98,931,160	2.6%
% of Total	70.9%	19.3%	1.5%	1.0%	0.0%	0.1%	0.1%	7.0%	0.1%	100.0%	
2017	67,962,636	19,688,630	1,337,058	800,744	-	21,716	28,277	6,487,123	73,286	96,399,470	1.0%
% of Total	70.5%	20.4%	1.4%	0.8%	0.0%	0.0%	0.0%	6.7%	0.1%	100.0%	
2016	66,502,928	19,224,840	1,426,501	1,557,541	-	111,596	14,060	6,406,341	237,180	95,480,987	2.8%
% of Total	69.7%	20.1%	1.5%	1.6%	0.0%	0.1%	0.0%	6.7%	0.2%	100.0%	
2015	64,116,182	19,415,486	1,431,194	831,371	-	94,347	1,369	6,851,629	167,162	92,908,740	2.0%
% of Total	69.0%	20.9%	1.5%	0.9%	0.0%	0.1%	0.0%	7.4%	0.2%	100.0%	
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	68.8%	21.2%	1.7%	0.6%	0.0%	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%	0.0%	6.4%	0.7%	100.0%	
2012	57,327,038	22,856,032	1,341,318	563,598	-	20,251	2,810	5,562,125	329,270	88,002,442	3.7%
% of Total	65.1%	26.0%	1.5%	0.6%	0.0%	0.0%	0.0%	6.3%	0.4%	100.0%	
2011	57,387,268	20,710,835	1,386,203	491,675	-	10,193	27,227	4,604,572	280,095	84,898,068	5.0%
% of Total	67.6%	24.4%	1.6%	0.6%	0.0%	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%	0.0%	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%	0.0%	0.3%	4.9%	0.3%	100.0%	

Source: Town of Vernon, Finance Department

TABLE 19

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

Fiscal Year Ended June 30,	Expenditures by Function										Other Financing Uses	Expenditures and Other Financing Uses	
	General Government	Community Develop.	Public Safety	Maintenance and Develop.	Human Services	Parks, Recreation and Culture	Townwide	Education & On-Behalf Payments	Capital Outlay	Debt Service		Total	Annual % Increase
2018	\$ 3,858,068	\$ 308,006	\$ 8,239,281	\$ 5,721,529	\$ 929,904	\$ 1,601,828	\$ 8,391,849	\$ 59,077,409	\$ 412,942	\$ 5,538,195	\$ 2,706,508	\$ 96,785,519	2.8%
% of Total	4.0%	0.3%	8.5%	5.9%	1.0%	1.7%	8.7%	61.0%	0.4%	5.7%	2.8%	100.0%	
2017	3,645,882	259,219	8,533,042	5,504,582	915,790	1,496,065	8,017,224	58,063,598	257,845	4,910,864	2,547,509	94,151,620	1.5%
% of Total	3.9%	0.3%	9.1%	5.8%	1.0%	1.6%	8.5%	61.7%	0.3%	5.2%	2.7%	100.0%	
2016	3,694,679	248,607	8,561,323	5,408,134	938,018	1,430,950	7,933,163	56,591,613	740,131	4,399,190	2,859,710	92,805,518	1.6%
% of Total	4.0%	0.3%	9.2%	5.8%	1.0%	1.5%	8.5%	61.0%	0.8%	4.7%	3.1%	100.0%	
2015	3,590,896	235,770	8,525,361	5,550,883	962,959	1,369,686	7,469,937	57,008,315	363,926	4,046,597	2,183,065	91,307,395	1.7%
% of Total	3.9%	0.3%	9.3%	6.1%	1.1%	1.5%	8.2%	62.4%	0.4%	4.4%	2.4%	100.0%	
2014	3,428,718	221,149	7,995,555	5,431,695	936,012	1,329,070	7,107,547	56,788,058	130,174	4,143,846	2,261,474	89,773,298	3.5%
% of Total	3.8%	0.3%	8.9%	6.1%	1.0%	1.5%	7.9%	63.3%	0.1%	4.6%	2.5%	100.0%	
2013	3,230,952	241,139	8,169,618	5,222,913	974,251	1,358,243	7,054,780	54,365,055	57,787	4,365,302	1,717,721	86,757,761	-1.4%
% of Total	3.7%	0.3%	9.4%	6.0%	1.1%	1.6%	8.1%	62.7%	0.1%	5.0%	2.0%	100.0%	
2012	3,277,010	248,176	11,428,754	5,272,527	934,675	1,339,374	6,806,996	52,300,137	77,995	4,675,035	1,605,301	87,965,980	4.4%
% of Total	3.7%	0.3%	13.0%	6.0%	1.1%	1.5%	7.7%	59.5%	0.1%	5.3%	1.8%	100.0%	
2011	3,047,360	210,671	7,774,406	5,757,991	958,938	1,343,872	7,321,967	52,089,429	109,587	4,053,738	1,578,773	84,246,732	4.9%
% of Total	3.6%	0.3%	9.2%	6.8%	1.1%	1.6%	8.7%	61.8%	0.1%	4.8%	1.9%	100.0%	
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%	

Source: Town of Vernon, Finance Department

TABLE 20

**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>
2018	\$ 508	\$ 70,500	\$ 70,500	\$ 508
2017	527	9,666	9,685	508
2016	834	16,400	16,707	527
2015	985	9,362	9,513	834
2014	1,016	8,597	8,628	985
2013	1,086	4,391	4,461	1,016
2012	825	11,253	10,992	1,086
2011	1,263	47,913	48,351	825
2010	792	59,201	58,730	1,263
2009	1,287	63,372	63,867	792

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



TABLE 21

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Additions:</b>										
Contributions:										
Employer	\$ 4,388,530	\$ 4,358,821	\$ 4,062,749	\$ 3,688,522	\$ 3,266,289	\$ 3,199,500	\$ 3,399,576	\$ 2,604,841	\$ 2,655,103	\$ 2,941,678
Employee	1,320,899	1,295,754	1,403,018	1,389,713	1,369,933	1,332,034	1,238,650	1,232,063	1,262,617	1,199,405
Net investment income (loss)	8,231,747	3,945,608	460,955	3,128,463	7,861,240	4,787,526	100,809	4,054,823	5,604,908	(8,078,201)
Total additions to Net Position	<u>13,941,176</u>	<u>9,600,183</u>	<u>5,926,722</u>	<u>8,206,698</u>	<u>12,497,462</u>	<u>9,319,060</u>	<u>4,739,035</u>	<u>7,891,727</u>	<u>9,522,628</u>	<u>(3,937,118)</u>
<b>Deductions:</b>										
Benefit payments / annuity purchases	6,292,742	6,295,600	5,561,889	5,051,222	4,839,395	4,340,495	4,061,246	3,678,415	3,269,875	3,017,123
Refunds of contributions	234,263	30,299	225,532	348,070	62,064	74,631	29,190	71,754	126,960	264,810
Administrative expense	195,440	203,643	144,869	191,218	176,206	178,039	174,509	156,607	140,276	156,406
Total deductions to Net Position	<u>6,722,445</u>	<u>6,529,542</u>	<u>5,932,290</u>	<u>5,590,510</u>	<u>5,077,665</u>	<u>4,593,165</u>	<u>4,264,945</u>	<u>3,906,776</u>	<u>3,537,111</u>	<u>3,438,339</u>
Change in Plan Net Position	<u>\$ 7,218,731</u>	<u>\$ 3,070,641</u>	<u>\$ (5,568)</u>	<u>\$ 2,616,188</u>	<u>\$ 7,419,797</u>	<u>\$ 4,725,895</u>	<u>\$ 474,090</u>	<u>\$ 3,984,951</u>	<u>\$ 5,985,517</u>	<u>\$ (7,375,457)</u>
Employer contributions as a percentage of covered payroll	<u>22.77%</u>	<u>21.99%</u>	<u>19.85%</u>	<u>18.69%</u>	<u>16.59%</u>	<u>16.36%</u>	<u>17.87%</u>	<u>13.77%</u>	<u>13.76%</u>	<u>15.85%</u>

Source: Town of Vernon, Finance Department

TABLE 22

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund expenditures	<u>\$ 94,079,011</u>	<u>\$ 91,604,111</u>	<u>\$ 89,945,808</u>	<u>\$ 89,124,230</u>	<u>\$ 87,511,824</u>	<u>\$ 85,040,040</u>	<u>\$ 86,390,679</u>	<u>\$ 82,667,959</u>	<u>\$ 77,434,462</u>	<u>\$ 77,334,900</u>
Debt service expenditures:										
Principal	\$ 4,074,861	\$ 3,505,186	\$ 3,021,345	\$ 2,760,617	\$ 2,771,437	\$ 3,126,102	\$ 2,921,774	\$ 2,301,286	\$ 1,280,829	\$ 1,731,047
Interest	<u>1,463,334</u>	<u>1,405,678</u>	<u>1,377,845</u>	<u>1,285,880</u>	<u>1,372,409</u>	<u>1,239,200</u>	<u>1,753,261</u>	<u>1,752,452</u>	<u>1,810,545</u>	<u>1,522,982</u>
Total debt service	<u>\$ 5,538,195</u>	<u>\$ 4,910,864</u>	<u>\$ 4,399,190</u>	<u>\$ 4,046,497</u>	<u>\$ 4,143,846</u>	<u>\$ 4,365,302</u>	<u>\$ 4,675,035</u>	<u>\$ 4,053,738</u>	<u>\$ 3,091,374</u>	<u>\$ 3,254,029</u>
Percentage of debt service expenditures to General Fund expenditures	<u>5.89%</u>	<u>5.36%</u>	<u>4.89%</u>	<u>4.54%</u>	<u>4.74%</u>	<u>5.13%</u>	<u>5.41%</u>	<u>4.90%</u>	<u>3.99%</u>	<u>4.21%</u>

Source of data: Town of Vernon, Finance Department.

TABLE 23

**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
2018	10/1/2016 ***	\$ 1,533,125,300	1.13%	\$ 81,619,137	8.69%	\$ 180,086,105	1.43%	1,794,830,542	1.48%
2017	10/1/2015	1,516,055,457	0.39%	75,094,698	-5.97%	177,546,348	0.27%	1,768,696,503	0.09%
2016	10/1/2014	1,510,155,882	0.45%	79,865,015	5.16%	177,061,631	-3.09%	1,767,082,528	0.29%
2015	10/1/2013	1,503,406,927	0.69%	75,942,989	13.70%	182,700,970	4.73%	1,762,050,886	1.60%
2014	10/1/2012	1,493,134,500	0.45%	66,792,040	-9.39%	174,454,325	-2.17%	1,734,380,865	-0.23%
2013	10/1/2011 ***	1,486,403,230	-11.28%	73,714,500	-4.54%	178,321,984	10.12%	1,738,439,714	-9.20%
2012	10/1/2010	1,675,422,920	0.53%	77,221,820	3.73%	161,928,532	5.47%	1,914,573,272	1.05%
2011	10/1/2009	1,666,654,720	0.13%	74,447,066	2.87%	153,537,018	-0.20%	1,894,638,804	0.21%
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%

\* Excludes assessed value on supplemental motor vehicle listings.

\*\* Phase-in of Real Property revaluation - 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.

\*\*\* Revaluation.

Source of data: Town Assessor and Town Clerk Offices.

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

Fiscal Year Ended June 30,	Grand List Oct 1,	Tax Rate (In Mills)		Original Current Year Levy	Adjusted Current Year Levy at Fiscal Year End	Adjusted Current Year Levy at June 30, 2017	Current Levy Collected within the Fiscal Year of the Levy		Collections of Current Levy, Subsequent Years	Total Levy Collections To Date	Uncollected Taxes		Total Levy Uncollected to Date	
							Amount	Percentage of Adjusted Levy			As of End of Each Fiscal Year	As of June 30, 2018	Percentage of Original Levy	Percentage of Adjusted Levy
2018	2016	38.55	* \$	67,992,863	\$ 70,400,141	\$ 70,400,141	\$ 69,399,587	98.6%	\$ -	\$ 69,399,587	\$ 1,000,554	\$ 1,000,554	-2.07%	1.42%
2017	2015	37.93	*	67,980,089	67,778,045	67,698,360	66,936,857	98.9%	446,415	67,383,272	841,188	315,088	0.88%	0.47%
2016	2014	36.91		65,976,102	65,758,703	65,656,193	65,021,214	99.0%	538,752	65,559,966	737,489	96,227	0.63%	0.15%
2015	2013	36.11		64,211,229	63,997,909	63,932,148	63,158,074	98.8%	727,273	63,885,347	839,835	46,801	0.51%	0.07%
2014	2012	35.40		62,079,457	62,210,620	62,089,548	61,327,304	98.8%	727,586	62,054,890	883,316	34,658	0.04%	0.06%
2013	2011	33.63		58,943,099	58,684,540	58,591,434	57,812,300	98.7%	750,499	58,562,799	872,240	28,635	0.65%	0.05%
2012	2010	29.90		57,542,153	57,407,016	57,335,268	56,603,238	98.7%	698,981	57,302,219	803,778	33,049	0.42%	0.06%
2011	2009	30.02		57,205,162	57,184,120	57,071,398	56,484,922	99.0%	553,502	57,038,424	699,198	32,974	0.29%	0.06%
2010	2008	28.42		53,957,129	53,909,593	53,812,319	53,268,067	99.0%	513,583	53,781,650	641,526	30,669	0.33%	0.06%
2009	2007	30.28		51,964,949	51,858,264	51,759,511	51,114,202	98.8%	618,485	51,732,687	744,062	26,824	0.45%	0.05%

\* Represents a blended tax rate.

Note: The latest revaluation was effective for the year ended June 30, 2018. Property is taxed by the Town of Vernon only.

Source Data:

Town of Vernon, Tax Collector

Town of Vernon, Finance Department

TABLE 25

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

Fiscal Year Ended June 30,	Governmental Activities		Grand List			Total Direct Debt as a % of			Total Net Debt as a % of		
	Total Direct Debt (1)	Total Net Debt (1)	Net Taxable Grand List (2)	Full Value Grand List (2)	Equalized Net Taxable Grand List (3)	Net Taxable Grand List	Full Value Grand List	Equalized Net Taxable Grand List	Net Taxable Grand List	Full Value Grand List	Equalized Net Taxable Grand List
2018	\$ 45,476,718	\$ 45,476,718	\$ 1,794,830,542	\$ 2,564,043,631	\$ 2,564,921,991	2.53%	1.77%	1.77%	2.53%	1.77%	1.77%
2017	44,078,516	44,078,516	1,768,696,503	2,526,709,290	2,514,856,753	2.49%	1.74%	1.75%	2.49%	1.74%	1.75%
2016	46,075,942	45,898,105	1,767,082,528	2,524,403,611	2,546,983,355	2.61%	1.83%	1.81%	2.60%	1.82%	1.80%
2015	38,016,495	37,488,270	1,762,050,886	2,517,215,551	2,520,764,900	2.16%	1.51%	1.51%	2.13%	1.49%	1.49%
2014	42,419,484	41,547,804	1,734,380,865	2,477,686,950	2,402,677,895	2.45%	1.71%	1.77%	2.40%	1.68%	1.73%
2013	46,747,238	45,538,898	1,738,439,714	2,483,485,306	2,484,656,177	2.69%	1.88%	1.88%	2.62%	1.83%	1.83%
2012	49,396,447	47,858,108	1,914,573,272	2,735,104,674	2,540,965,785	2.58%	1.81%	1.94%	2.50%	1.75%	1.88%
2011	55,325,994	53,464,185	1,894,638,804	2,706,626,863	2,462,690,474	2.92%	2.04%	2.25%	2.82%	1.98%	2.17%
2010	55,238,371	53,059,491	1,890,699,111	2,700,998,730	2,455,538,731	2.92%	2.05%	2.25%	2.81%	1.96%	2.16%
2009	58,650,520	56,160,843	1,702,120,658	2,431,600,940	2,491,857,824	3.45%	2.41%	2.35%	3.30%	2.31%	2.25%

Source of data:

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

TABLE 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			(3)**		(4) Nontaxable
	Construction		Construction		Construction		Construction			(3)** Residential	Industrial and Commercial	
	#	Value	#	Value	#	Value	#	Value				
2018	5	\$ 625,000	94	\$ 11,578,031	1,699	\$ 20,576,609	1,798	\$ 32,779,640	\$ 1,491,469	\$ 1,534,732,201	\$ 640,021,431	\$ 206,610,920
2017	10	1,450,000	127	17,970,651	1,758	22,409,269	1,895	41,829,920	1,442,317	1,557,385,628	582,880,643	231,613,320
2016	9	1,308,200	127	52,852,968	2,264	27,355,063	2,400	81,516,231	1,294,291	1,523,952,459	647,748,690	231,510,180
2015	16	2,100,600	50	11,502,039	2,064	19,536,294	2,130	33,138,932	1,488,947	1,549,748,720	592,059,742	231,375,068
2014	11	1,368,500	76	7,120,134	1,851	14,408,001	1,938	22,896,635	1,271,012	1,554,753,889	493,430,505	231,289,640
2013	16	1,998,000	80	5,741,017	1,807	19,899,840	1,903	27,638,857	1,002,845	1,606,255,471	506,433,643	229,212,099
2012	13	1,954,000	89	6,504,974	1,915	19,704,831	2,017	28,163,805	892,262	1,647,973,312	540,385,815	279,872,330
2011	23	2,569,000	103	4,583,919	1,668	13,263,268	1,794	20,416,187	816,121	1,517,985,824	598,948,165	270,568,720
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

\* 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**  
U.S. BUREAU OF CENSUS STATISTICS  
JUNE 30, 2018  
(UNAUDITED)

Year	Population (1)	Density (2)	Age Characteristics (1)				Income Characteristics (1)		
			Age	2000	2010	%	Income	2010	
								Households	% of total
2010	29,179	1,569	Under 5	1,713	1,663	-2.9%	\$ 0 to 14,999	1,134	8.7%
2000	28,063	1,509	5-19	5,027	4,597	-8.6%	\$15,000 to 24,999	1,110	8.5%
1990	29,841	1,604	20-34	6,023	6,456	7.2%	\$25,000 to 34,999	993	7.6%
1980	27,974	1,504	35-54	8,647	8,227	-4.9%	\$35,000 to 49,999	2,023	15.5%
1970	27,237	1,464	55-64	2,747	3,683	34.1%	\$50,000 to 74,999	2,404	18.4%
1960	16,961	912	Over 65	3,906	4,553	16.6%	\$75,000 to 99,999	2,050	15.7%
1950	10,115	544					\$100,00 or more	3,317	25.6%
			Total	28,063	29,179	4.0%			
			Median	37.7	40.2				
Years of School Completed, Persons Age 25 and Over (1)									
			All Persons 2000		All Persons 2010				
Educational Attainment			No.	%	No.	%	Income	Households	% of total
							\$ 0 to 14,999	1,355	11.0%
Did not complete high school			2,782	14.2%	2,020	9.5%	\$15,000 to 24,999	1,400	11.4%
High school graduate			5,934	30.2%	6,451	30.4%	\$25,000 to 34,999	1,520	12.4%
Some college, no degree & Associate degree			5,660	28.8%	6,348	29.9%	\$35,000 to 49,999	2,098	17.1%
Bachelor, graduate of professional degree			5,253	26.8%	6,397	30.2%	\$50,000 to 74,999	2,864	23.2%
							\$75,000 to 99,999	1,571	12.8%
							\$100,00 or more	1,482	12.1%
Total			19,629	100%	21,216	100%			
Percent high school graduate or higher			85.8%		90.5%		Total	12,290	100%
Percent bachelor's degree or higher			26.8%		30.2%				
Housing Occupancy									
			All Housing Units 2000		All Housing Units 2010		Median Income	\$ 47,816	\$ 62,115
							Mean Income	57,533	74,113
			No.	% of total	No.	% of total	Per Capita Income	25,150	33,784
Owner Occupied Housing Units			6,935	56.5%	7,532	58.0%	% below poverty level	5.8%	6.4%
Renter Occupied Housing Units			5,334	43.5%	5,444	42.0%			
Total			12,269	100%	12,976	100%			

Sources of Data:

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

TABLE 28

**TOWN OF VERNON, CONNECTICUT**  
**LAND USE / ZONING STATISTICS**  
**JUNE 30, 2018**  
**(UNAUDITED)**

Category	LAND USE			EXISTING ZONING		
	# of Acres	% of Total	% of Developed / Committed Land	Category	# of Acres	% of Total
Residential	5,304	46.05%	53.67%	Residential	7,223	62.71%
Commercial / Industrial*	712	6.18%	7.21%	Business:		
Community Facilities / Institutional	352	3.06%	3.56%	Commercial / Industrial	872	7.57%
Open Space	1,904	16.53%	19.27%	Rockville Historic District	713	6.19%
R-O-W / Utilities	1,610	13.98%	16.29%	Other Special Zones	1,310	11.37%
Vacant	1,636	14.20%		No zone (right-of-way, water, other)	1,400	12.15%
Total	11,518	100.00%	100.00%	Total	11,518	100.00%

\* Includes Agriculture and Mixed Use total acreage of 95 and 16 acres, respectively.

Source: Land Use statistics from the Town's Plan of Conservation and Development and Existing Zoning from Town Planner's Office.



TABLE 29

**TOWN OF VERNON, CONNECTICUT**  
**SCHOOL FACILITIES AND ENROLLMENT DATA**  
 JUNE 30, 2018  
 (UNAUDITED)

School	Grades	Number of Classrooms	Total Floor Area (Sq. ft.)	School Capacity	School Enrollment as of 10/1/2017
Elementary Schools:					
Center Road	Pre-K to 5	33	75,122	825	492
Lake Street	Pre-K to 5	20	39,219	525	237
Maple Street	Pre-K to 5	23	39,920	525	285
Northeast	Pre-K to 5	19	41,500	525	234
Skinner Road	Pre-K to 5	21	45,350	525	332
Total Elementary Schools				2,925	1,580
Middle School	6 to 8	70	135,988	1,500	703
Rockville High and VO-AG	9 to 12	136	272,748	2,400	792
<b>Total In-District Enrollment</b>				<b>6,825</b>	<b>3,075</b>
Out of District	All	n/a	n/a	n/a	34
<b>Total Enrollment</b>				<b>6,825</b>	<b>3,109</b>

**ACTUAL  
SCHOOL ENROLLMENTS  
LAST TEN FISCAL YEARS**

School Year *	Pre-K	K-5	6-8	9-12	TOTAL IN-DISTRICT	ANNUAL % CHANGE	OUT-OF-DISTRICT
2008/09	33	1,588	786	1,177	3,584	-3.53%	37
2009/10	124	1,638	802	1,139	3,703	3.32%	38
2010/11	129	1,620	768	1,079	3,596	-2.89%	38
2011/12	142	1,615	738	1,055	3,550	-1.28%	38
2012/13	172	1,595	697	976	3,440	-3.10%	48
2013/14	177	1,552	659	929	3,317	-3.58%	48
2014/15	177	1,535	649	877	3,238	-2.38%	46
2015/16	165	1,499	681	823	3,168	-2.16%	41
2016/17	146	1,480	712	848	3,186	0.57%	38
2017/18	135	1,445	703	792	3,075	-3.48%	34

\* As of October 1.

**PROJECTED  
SCHOOL ENROLLMENTS  
NEXT 5 FISCAL YEARS**

2018/19	174	1,422	654	848	3,098	0.75%	41
2019/20	174	1,421	641	829	3,065	-1.07%	41
2020/21	174	1,404	630	846	3,054	-0.36%	41
2021/22	174	1,397	619	836	3,026	-0.92%	41
2022/23	174	1,393	619	788	2,974	-1.72%	41

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

\* Projected Enrollments: Prepared by Milone & MacBroom, dated March 2016.

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