

Audited Financial Statements and  
Other Financial Information

**Town of Vernon, Vermont**

June 30, 2019



*Proven Expertise & Integrity*

TOWN OF VERNON, VERMONT

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JUNE 30, 2019

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ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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## INDEPENDENT AUDITORS' REPORT

Board of Selectmen  
Town of Vernon  
Vernon, Vermont

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Vernon, Vermont, as of and for the year ended June 30, 2019, 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.

### Auditors' 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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, the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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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, each major fund and the aggregate remaining fund information of the Town of Vernon, Vermont as of June 30, 2019, 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

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Vernon, Vermont's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related 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 Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019, on our consideration of the Town of Vernon, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Vernon, Vermont's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration # 092.0000697  
December 17, 2019

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**(UNAUDITED)**

The following management's discussion and analysis of Town of Vernon, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

The Town of Vernon's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule and other supplementary information which includes combining and other schedules.

**Basic Financial Statements**

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.



Both of the above mentioned financial statements have one column for the Town's activities. The type of activity presented for the Town of Vernon is:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, highway and streets, culture and recreation, sanitation and solid waste, cemetery, education, health and welfare and unclassified.

### **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 of Vernon, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Vernon, Vermont can be divided into two categories: governmental funds and fiduciary funds.

*Governmental funds:* All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of 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 government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Vernon, Vermont presents six columns in the governmental funds balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, emergency capital reserve fund, capital fund, road upgrade fund and culvert reserve

fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

*Fiduciary Funds:* These funds are used to account for resources held for the benefit of parties outside the Town of Vernon, Vermont. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Changes in Net Position - Fiduciary Funds.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund.

### **Other Supplementary Information**

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities decreased by \$131,749 from \$8,576,881 to \$8,445,132.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased for governmental activities to a balance of \$2,402,969 at the end of this year.

**Table 1**  
**Town of Vernon, Vermont**  
**Net Position**  
**June 30,**

	<b>2019</b>	<b>2018 (Restated)</b>
<b>Assets:</b>		
Current Assets	\$ 5,705,472	\$ 5,883,111
Noncurrent Assets	2,994,904	2,926,062
Total Assets	8,700,376	8,809,173
<b>Liabilities:</b>		
Current Liabilities	98,116	75,756
Noncurrent Liabilities	39,230	37,515
Total Liabilities	137,346	113,271
<b>Deferred Inflows of Resources:</b>		
Deferred Revenues	13,951	13,951
Deferred Grants	96,612	96,612
Prepaid Property Taxes	7,335	8,458
Total Deferred Inflows of Resources	117,898	119,021
<b>Net Position:</b>		
Net Investment in Capital Assets	2,994,904	2,963,577
Restricted: General Fund	52,918	52,918
Special Revenue Funds	676,542	649,741
Capital Projects Funds	2,055,333	2,353,180
Permanent Funds	262,466	252,871
Unrestricted	2,402,969	2,304,594
Total Net Position	\$ 8,445,132	\$ 8,576,881

### Revenues and Expenses

Revenues for the Town's governmental activities increased by 8.91%, while total expenses decreased by 3.91% from the prior year. The largest increase in revenues was in miscellaneous income. The biggest decrease in expenses was in general government.

**Table 2**  
**Town of Vernon, Vermont**  
**Changes in Net Position**  
**For the Years Ended June 30,**

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 290,523	\$ 346,115
Operating grants and contributions	70,625	-
<i>General Revenues:</i>		
Property taxes	1,558,395	1,441,486
Grants and contributions not restricted to specific programs	394,107	752,682
Miscellaneous	551,650	90,633
Total revenues	<u>2,865,300</u>	<u>2,630,916</u>
<b>Expenses</b>		
General government	698,935	1,052,057
Public safety	254,707	403,139
Highways and streets	771,465	449,104
Culture and recreation	711,351	679,420
Sanitation and solid waste	151,651	144,354
Cemetery	25,385	20,860
Education	24,250	35,000
Health and welfare	9,277	13,678
Unclassified	21,212	-
Capital outlay	328,816	321,311
Total expenses	<u>2,997,049</u>	<u>3,118,923</u>
Change in Net Position	(131,749)	(488,007)
Net Position - July 1, Restated	<u>8,576,881</u>	<u>9,064,888</u>
Net Position - June 30	<u>\$ 8,445,132</u>	<u>\$ 8,576,881</u>

**Financial Analysis of the Town's Fund Statements**

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

**Table 3**  
**Town of Vernon, Vermont**  
**Fund Balances - Governmental Funds**  
**June 30,**

	<u>2019</u>	<u>2018</u>
General Fund:		
Nonspendable	\$ 35,094	\$ 25,342
Restricted	52,918	52,918
Assigned	280,251	277,235
Unassigned	428,386	338,319
Total General Fund	<u>\$ 796,649</u>	<u>\$ 693,814</u>
Emergency Capital Reserve Fund		
Assigned	<u>\$ 1,514,726</u>	<u>\$ 1,621,361</u>
Total Emergency Capital Reserve Fund	<u>\$ 1,514,726</u>	<u>\$ 1,621,361</u>
Capital Fund		
Assigned	<u>\$ 1,486,576</u>	<u>\$ 1,582,218</u>
Total Capital Fund	<u>\$ 1,486,576</u>	<u>\$ 1,582,218</u>
Road Upgrade Fund		
Assigned	<u>\$ 299,361</u>	<u>\$ 406,660</u>
Total Road Upgrade Fund	<u>\$ 299,361</u>	<u>\$ 406,660</u>
Culvert Reserve Fund		
Assigned	<u>\$ 150,356</u>	<u>\$ 57,639</u>
Total Culvert Reserve Fund	<u>\$ 150,356</u>	<u>\$ 57,639</u>
Nonmajor Funds:		
Special revenues funds:		
Assigned	\$ 688,499	\$ 653,025
Unassigned	(11,957)	(3,284)
Capital projects funds:		
Committed	269,396	364,302
Permanent funds:		
Restricted	262,466	252,871
Total Nonmajor Funds	<u>\$ 1,208,404</u>	<u>\$ 1,266,914</u>

The general fund total fund balance increased by \$102,835 from the prior fiscal year. This increase is primarily due to revenues exceeding expenditures and transfers to other funds. The emergency capital reserve fund decreased by \$106,635 from the prior year primarily due to capital outlay expenditures. The capital fund decreased by \$95,642 from the prior year due to expenditures exceeding revenues. The road upgrade fund decreased by \$107,299 due to expenditures that exceeded revenues and transfers from other funds. The culvert reserve fund increased by \$92,717 mainly due to transfers from other funds. The total nonmajor fund balances decreased by \$58,510 from the prior fiscal year. In capital projects, the farmland fund saw the largest decrease due to the purchase of development rights for \$110,000.

## Budgetary Highlights

There was no difference between the original and final budget for the general fund.

The general fund actual revenues were over budget by \$140,543. This was due to property taxes, current interest income and other revenues being receipted above budgeted amounts.

The general fund actual expenditures were under budget by \$16,281. Most expenditures were under or within budget with the exception of general expenses, planning, recreation department, other public safety, road equipment repair/maintenance and miscellaneous expenses.

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2019, the net book value of capital assets recorded by the Town increased by \$68,842 from the prior year. This increase is the result of capital additions of \$294,134 less current year depreciation of \$216,338 and net disposals of \$8,954.

**Table 4**  
**Town of Vernon, Vermont**  
**Capital Assets (Net of Depreciation)**  
**June 30,**

	2019	2018 (Restated)
Land	\$ 253,228	\$ 253,228
Buildings and Improvements	571,214	602,594
Machinery and Equipment	1,251,563	1,053,651
Infrastructure	918,899	1,016,589
Total	<u>\$ 2,994,904</u>	<u>\$ 2,926,062</u>

### Debt

At June 30, 2019, the Town does not have any long-term debt. Refer to Note 5 of the Notes to the Financial Statements for detailed information.

## Economic Factors and Next Year's Budgets and Rates

The Town's maintains a sufficient fund balance to sustain government operations for a period of approximately two months while also maintaining significant reserve accounts for future capital and program needs.

## **Contacting the Town's Financial Management**

This financial report is designed to provide our 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 Town Office at 567 Governor Hunt Road, Vernon, Vermont 05456.

## TOWN OF VERNON, VERMONT

STATEMENT OF NET POSITION  
JUNE 30, 2019

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,363,450
Investments	3,112,861
Taxes receivable	42,515
Other receivables	151,552
Inventory	35,094
Total current assets	<u>5,705,472</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	253,228
Buildings and equipment, net of accumulated depreciation	2,741,676
Total noncurrent assets	<u>2,994,904</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 8,700,376</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 67,186
Accrued payroll and benefits payable	25,144
Due to delinquent tax collector	5,786
Total current liabilities	<u>98,116</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Accrued compensated absences	39,230
Total noncurrent liabilities	<u>39,230</u>
<b>TOTAL LIABILITIES</b>	<u>137,346</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Prepaid property taxes	7,335
Deferred revenue	13,951
Deferred grants	96,612
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>117,898</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,994,904
Restricted:	
General fund	52,918
Special Revenue funds	676,542
Capital Projects funds	2,055,333
Permanent funds	262,466
Unrestricted	2,402,969
<b>TOTAL NET POSITION</b>	<u>8,445,132</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 8,700,376</u></u>

See accompanying independent auditors' report and notes to financial statements.



## TOWN OF VERNON, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 698,935	\$ 75,523	\$ 8,740	\$ -	\$ (614,672)
Public safety	254,707	3,164	-	-	(251,543)
Highways and streets	771,465	-	61,885	-	(709,580)
Culture and recreation	711,351	141,344	-	-	(570,007)
Sanitation and solid waste	151,651	70,492	-	-	(81,159)
Cemetery	25,385	-	-	-	(25,385)
Education	24,250	-	-	-	(24,250)
Health and welfare	9,277	-	-	-	(9,277)
Unclassified	21,212	-	-	-	(21,212)
Capital outlay	328,816	-	-	-	(328,816)
Total government	<u>\$ 2,997,049</u>	<u>\$ 290,523</u>	<u>\$ 70,625</u>	<u>\$ -</u>	<u>(2,635,901)</u>

STATEMENT B (CONTINUED)  
TOWN OF VERNON, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(2,635,901)</u>
General revenues:	
Property taxes, levied for general purposes	1,558,395
Grants and contributions not restricted to specific programs	394,107
Miscellaneous	551,650
Total general revenues	<u>2,504,152</u>
Change in net position	(131,749)
NET POSITION - JULY 1, RESTATED	<u>8,576,881</u>
NET POSITION - JUNE 30	<u><u>\$ 8,445,132</u></u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF VERNON, VERMONT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2019

	General Fund	Emergency Capital Reserve Fund	Capital Fund	Road Upgrade Fund	Culvert Reserve Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,967,539	\$ 139,039	\$ 87,184	\$ 9,843	\$ -	\$ 159,845	\$ 2,363,450
Investments	157,706	1,375,687	926,578	104,610	-	548,280	3,112,861
Taxes receivable	42,515	-	-	-	-	-	42,515
Other receivables	54,940	-	-	96,612	-	-	151,552
Inventory	35,094	-	-	-	-	-	35,094
Due from other funds	13,111	-	472,814	184,908	150,356	518,363	1,339,552
<b>TOTAL ASSETS</b>	<b>\$ 2,270,905</b>	<b>\$ 1,514,726</b>	<b>\$ 1,486,576</b>	<b>\$ 395,973</b>	<b>\$ 150,356</b>	<b>\$ 1,226,488</b>	<b>\$ 7,045,024</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 63,662	\$ -	\$ -	\$ -	\$ -	\$ 3,524	\$ 67,186
Accrued payroll and benefits payable	23,937	-	-	-	-	1,207	25,144
Due to delinquent tax collector	5,786	-	-	-	-	-	5,786
Due to other funds	1,326,441	-	-	-	-	13,111	1,339,552
<b>TOTAL LIABILITIES</b>	<b>1,419,826</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,842</b>	<b>1,437,668</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred property tax and interest	33,386	-	-	-	-	-	33,386
Deferred grants	-	-	-	96,612	-	-	96,612
Deferred revenue	13,709	-	-	-	-	242	13,951
Prepaid property taxes	7,335	-	-	-	-	-	7,335
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>54,430</b>	<b>-</b>	<b>-</b>	<b>96,612</b>	<b>-</b>	<b>242</b>	<b>151,284</b>
<b>FUND BALANCES</b>							
Nonspendable - inventory	35,094	-	-	-	-	-	35,094
Restricted	52,918	-	-	-	-	262,466	315,384
Committed	-	-	-	-	-	269,396	269,396
Assigned	280,251	1,514,726	1,486,576	299,361	150,356	688,499	4,419,769
Unassigned	428,386	-	-	-	-	(11,957)	416,429
<b>TOTAL FUND BALANCES</b>	<b>796,649</b>	<b>1,514,726</b>	<b>1,486,576</b>	<b>299,361</b>	<b>150,356</b>	<b>1,208,404</b>	<b>5,456,072</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,270,905</b>	<b>\$ 1,514,726</b>	<b>\$ 1,486,576</b>	<b>\$ 395,973</b>	<b>\$ 150,356</b>	<b>\$ 1,226,488</b>	<b>\$ 7,045,024</b>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF VERNON, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019

	Total Governmental Funds
Total Fund Balances	\$ 5,456,072
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	2,994,904
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	33,386
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(39,230)
Net position of governmental activities	<u><u>\$ 8,445,132</u></u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF VERNON, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Emergency Capital Reserve Fund	Capital Fund	Road Upgrade Fund	Culvert Reserve Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Property taxes	\$ 1,584,737	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,584,737
Intergovernmental	394,107	-	-	58,785	3,100	8,740	464,732
Interest income	40,924	75,063	180,128	5,603	49	42,769	344,536
Charges for services	162,506	-	-	-	-	128,017	290,523
Miscellaneous	141,575	-	46,528	-	-	19,011	207,114
<b>TOTAL REVENUES</b>	<b>2,323,849</b>	<b>75,063</b>	<b>226,656</b>	<b>64,388</b>	<b>3,149</b>	<b>198,537</b>	<b>2,891,642</b>
<b>EXPENDITURES</b>							
Current:							
General government	629,805	-	-	-	-	48,960	678,765
Public safety	216,909	-	-	-	-	180	217,089
Highways and streets	364,347	-	-	262,237	-	-	626,584
Culture and recreation	612,147	-	-	-	-	83,820	695,967
Sanitation and solid waste	-	-	-	-	-	151,651	151,651
Cemetery	8,310	-	-	-	-	17,075	25,385
Education	-	-	-	-	-	24,250	24,250
Health and welfare	-	-	-	-	-	9,277	9,277
Unclassified	21,212	-	-	-	-	-	21,212
Capital outlay	-	181,698	322,298	-	-	110,000	613,996
<b>TOTAL EXPENDITURES</b>	<b>1,852,730</b>	<b>181,698</b>	<b>322,298</b>	<b>262,237</b>	<b>-</b>	<b>445,213</b>	<b>3,064,176</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>471,119</b>	<b>(106,635)</b>	<b>(95,642)</b>	<b>(197,849)</b>	<b>3,149</b>	<b>(246,676)</b>	<b>(172,534)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	90,550	89,568	188,166	368,284
Transfers (out)	(368,284)	-	-	-	-	-	(368,284)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(368,284)</b>	<b>-</b>	<b>-</b>	<b>90,550</b>	<b>89,568</b>	<b>188,166</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>102,835</b>	<b>(106,635)</b>	<b>(95,642)</b>	<b>(107,299)</b>	<b>92,717</b>	<b>(58,510)</b>	<b>(172,534)</b>
<b>FUND BALANCES - JULY 1</b>	<b>693,814</b>	<b>1,621,361</b>	<b>1,582,218</b>	<b>406,660</b>	<b>57,639</b>	<b>1,266,914</b>	<b>5,628,606</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 796,649</b>	<b>\$ 1,514,726</b>	<b>\$ 1,486,576</b>	<b>\$ 299,361</b>	<b>\$ 150,356</b>	<b>\$ 1,208,404</b>	<b>\$ 5,456,072</b>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF VERNON, VERMONT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (172,534)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	294,134
Capital asset disposals	(8,954)
Depreciation expense	<u>(216,338)</u>
	<u>68,842</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>(26,342)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>(1,715)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ (131,749)</u></u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF VERNON, VERMONT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2019

	<u>Private- Purpose Trusts</u>
ASSETS	
Cash and cash equivalents	\$ 23,443
Investments, at fair value	184,464
Due from other governments	47
TOTAL ASSETS	<u>\$ 207,954</u>
LIABILITIES	
Accounts payable	\$ -
TOTAL LIABILITIES	<u>-</u>
NET POSITION	
Restricted - held in trust for special purposes	<u>207,954</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 207,954</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF VERNON, VERMONT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR YEAR ENDED JUNE 30, 2019

	Private- Purpose Trusts
	<u>                    </u>
ADDITIONS	
Net increase (decrease) in the fair value of investments	\$ 16,329
Total additions	<u>16,329</u>
DEDUCTIONS	
Withdrawals	<u>2,218</u>
Total deductions	<u>2,218</u>
Change in net position	14,111
NET POSITION - JULY 1	<u>193,843</u>
NET POSITION - JUNE 30	<u>\$ 207,954</u>

See accompanying independent auditors' report and notes to financial statements.



TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Vernon was incorporated under the laws of the State of Vermont. The Town operates under the selectmen-treasurer form of government and provides the following services: general government, public safety, highway and streets, culture and recreation, sanitation and solid waste, cemetery, education, health and welfare and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

**Implementation of New Accounting Standards**

During the year ended June 30, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations." This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities and the estimated remaining useful life of the associated

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all activities of the entity as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

**Measurement Focus - Basic Financial Statements and Fund Financial Statements**

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. Both fiduciary funds and component units that are fiduciary in nature have been excluded from these financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

**Major Funds:**

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Emergency Capital Reserve Fund is used to account for financial resources to be used for the acquisition or construction of major projects or equipment.

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- c. The Capital Fund is used to account for financial resources to be used for the acquisition or construction of the major facilities or equipment.
- d. The Road Upgrade Fund is used to account for financial resources to be used for improving roads.
- e. The Culvert Reserve Fund is used to account for financial resources to be used for improving culverts.

Nonmajor Funds:

- f. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- g. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- h. Permanent Funds are used to account for assets held by the Town that are legally restricted and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

The emphasis in fund financial statements is on the major funds in the governmental activity category. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Accrual

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available.

"Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**Budget**

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the first half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

**Deposits and Investments**

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

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Town of Vernon has a formal investment policy but also follows the State of Vermont Statutes.

**Receivables**

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectible. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$151,552 for the year ended June 30, 2019. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2019.

**Inventories**

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). Inventory of the Town consists of highway parts, gas and diesel fuel at the end of the year.

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Transactions between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

**Long-term Obligations**

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental resources is reported as liabilities in government-wide statements. The long-term obligations consists of accrued compensated absences.

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balance**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

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

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.



TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Board of Selectmen.

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

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

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has no deferred outflows of resources.

In addition to liabilities, the statement of financial position and/or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred property tax and interest, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes, deferred revenue and deferred grants also qualify for reporting in this category. These items are reported in both the statements of net position and governmental funds balance sheet. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

The Town's property tax for the current year was levied August 1, 2018 on the assessed value listed as of April 1, 2018, for all real and personal property located in

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the Town. Taxes were due on September 13, 2018, January 17, 2019 and May 2, 2019. Payments received after the due dates were charged interest of 1% per month. Payments received after May 3, 2019 were considered delinquent and subject to a penalty of 8% plus interest accrued at 1% per month.

Property tax revenues are recognized when they become available. Available includes those property tax receivables collected by June 1. The remaining receivables due for the current fiscal year have been recorded as deferred revenues.

Tax liens are placed on real property within twenty-four months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property two months after the filing of the lien if tax liens and associated costs remain unpaid.

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided; operating capital grants and contributions, including special assessments).

**Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

**Use of Estimates**

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all Town funds.

TOWN OF VERNON, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Town does not have a policy covering custodial credit risk. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF. Town funds that may exceed insurance limits are fully collateralized with securities held by the financial institution in the Town's name.

At June 30, 2019, the Town's cash balances of \$2,386,893 were comprised of bank balances of \$2,408,325, of which \$400,364 were insured by federal depository insurance and consequently were not exposed to custodial credit risk, and the remaining bank balances of \$1,695,775 were collateralized with securities held by the financial institution in the Town's name. The cash equivalents balances of \$312,186 was collateralized by the Securities Investor Protection Corporation (SIPC).

Account Type	Bank Balance
Checking accounts	\$ 1,991,597
Money market accounts	39,232
Savings accounts	65,310
Cash equivalents	312,186
	\$ 2,408,325

**Investments:**

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

In accordance with its investment policy, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. Of the Town's investments of \$3,297,325, \$687,814 were covered by the Securities Investor Protection Corporation (SIPC) and the remaining investments of \$2,609,511 were uncollateralized and uninsured.

At June 30, 2019, the Town had the following investments and maturities:

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years	> 5 Years
Equity securities:					
Mutual funds:					
Fixed income	\$ 2,993,975	\$ -	\$ 1,717,258	\$ 1,259,371	\$ 17,346
Equities	303,350	-	303,350	-	-
	<u>\$ 3,297,325</u>	<u>\$ -</u>	<u>\$ 2,020,608</u>	<u>\$ 1,259,371</u>	<u>\$ 17,346</u>

**Fair Value Hierarchy**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2019:

	June 30, 2019 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Mutual funds and exchange traded funds	\$ 3,297,325	\$ 3,297,325	\$ -	\$ -
Total equity securities	<u>3,297,325</u>	<u>3,297,325</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>3,297,325</u>	<u>\$ 3,297,325</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	312,186			
Total cash equivalents measured at the NAV	<u>312,186</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 3,609,511</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. The Town has no Level 2 or 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2019 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

Credit risk – Statutes for the State of Vermont authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposits and other evidences of deposits at banks, savings and loan associations and credit unions, repurchase agreements and money market mutual funds. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various insured certificates of deposit.

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2019 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
General fund	\$ 13,111	\$ 1,326,441
Capital fund	472,814	-
Road upgrade fund	184,908	-
Culvert reserve fund	150,356	-
Nonmajor special revenue funds	397,835	13,111
Nonmajor capital projects funds	118,878	-
Nonmajor permanent funds	1,650	-
	<u>\$ 1,339,552</u>	<u>\$ 1,339,552</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	<u>Balance 7/1/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6/30/19</u>
Non-depreciated assets:				
Land	\$ 221,800	\$ -	\$ -	\$ 221,800
Works of Art	31,428	-	-	31,428
	<u>253,228</u>	<u>-</u>	<u>-</u>	<u>253,228</u>
Depreciated assets:				
Buildings and improvements	1,724,340	-	-	1,724,340
Vehicles	1,689,037	145,585	(92,335)	1,742,287
Machinery and equipment	719,107	148,549	-	867,656
Infrastructure	2,302,469	-	-	2,302,469
	<u>6,434,953</u>	<u>294,134</u>	<u>(92,335)</u>	<u>6,636,752</u>
Less: accumulated depreciation	<u>(3,762,119)</u>	<u>(216,338)</u>	<u>83,381</u>	<u>(3,895,076)</u>
	<u>2,672,834</u>	<u>77,796</u>	<u>(8,954)</u>	<u>2,741,676</u>
Net capital assets	<u>\$ 2,926,062</u>	<u>\$ 77,796</u>	<u>\$ (8,954)</u>	<u>\$ 2,994,904</u>

TOWN OF VERNON, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Current year depreciation

Town clerk	\$ 1,926
Police department	425
Fire department	37,193
Highway	144,227
Recreation	15,384
Cemeteries	654
Historians	873
Town wide	15,656
Total depreciation	\$ 216,338

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2019:

	Balance 7/1/18	Additions	Reductions	Balance 6/30/19	Current Year Portion
Accrued compensated absences	\$ 37,515	\$ 1,715	\$ -	\$ 39,230	\$ 39,230
Totals	\$ 37,515	\$ 1,715	\$ -	\$ 39,230	\$ 39,230

Please see Note 6 for detailed information on the other long-term obligation.

NOTE 6 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time permit employees to accumulate earned but unused vacation within each year. Employees are reimbursed for unused vacation days when terminating employment with the Town. As of June 30, 2019, the Town's liability for compensated absences is \$39,230.

NOTE 7 - NONSPENDABLE FUND BALANCE

At June 30, 2019, the Town had the following nonspendable fund balance:

General Fund:	
Inventory	\$ 35,094

TOWN OF VERNON, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2019

NOTE 8 - RESTRICTED FUND BALANCES

At June 30, 2019, the Town had the following restricted fund balances:

Nonmajor permanent funds (Schedule I)	<u>\$ 262,466</u>
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NOTE 9 - COMMITTED FUND BALANCES

At June 30, 2019, the Town had the following committed fund balances:

Nonmajor capital projects funds (Schedule G)	<u>\$ 269,396</u>
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NOTE 10 - ASSIGNED FUND BALANCES

At June 30, 2019, the Town had the following assigned fund balances:

General fund:	
Dog fund	\$ 24,282
Unemployment fund	21,909
Reserve fund	50,282
J. M. Miller Forest fund	183,753
Grant transfer fund	25
Emergency capital reserve fund	1,514,726
Capital fund	1,486,576
Road upgrade fund	299,361
Culvert reserve fund	150,356
Nonmajor special revenue funds (Schedule E)	<u>688,499</u>
	<u>\$ 4,419,769</u>

NOTE 11 - APPROPRIATIONS

At June 30, 2019, various departmental revenues funded the following departments for budgetary purposes:

	<u>Excess</u>
General expenses	\$ 1,569
Planning	16,905
Recreation department	32,695
Other public safety	1,525
Road equipment repair/maint	2,487
Miscellaneous expenses	<u>8,435</u>
	<u>\$ 63,616</u>

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 12 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Town carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Vermont League of Cities and Towns.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2019. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

In addition, the Town is a member of the Vermont League of Cities and Towns (VLCT). The VLCT has set up three insurance trusts; the Property and Casualty Intermunicipal Fund, Inc. (PACIF) for multi-line insurance; the Vermont League of Cities and Towns Health Trust (VLCTHT) for health, life and disability coverage; and the Vermont League of Cities and Towns Unemployment Trust, Inc. (VLCTUT) for unemployment compensation. PACIF, VLCTHT and VLCTUT are nonprofit corporations formed to provide insurance and risk management programs for Vermont cities and towns and is owned by the participating members. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

To provide insurance coverage, PACIF has established a self-funded insurance trust. It provides extensive coverage for losses to member municipalities for property damage, auto accidents, injured employees, public official liability and employment practices liability, members gain additional benefits from PACIF's unique public safety and risk management programs as well as dedicated in-house claims adjusters. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

To provide insurance coverage, VLCTHT has established a self-funded fully insured program in conjunction with Blue Cross and Blue Shield (BCBS). A portion of member contributions is used to purchase reinsurance and to fund a reserve required by the reinsurance. Benefits available include dental insurance, flexible spending accounts, life insurance, disability insurance and long-term care insurance. Contributions in excess of claims requirements, reserve fund requirements, reinsurance and administrative costs are returned to participants. The pooling agreement does not permit the pool to make additional assessments to its members.



TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 12 - RISK MANAGEMENT (CONTINUED)

To provide unemployment coverage, VLCTUT has established a separate trust of funds from member contributions to pay administrative costs, unemployment claims, and provide excess reinsurance protection. Contributions are based on payroll expense and the previous two-year unemployment compensation experience. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VLCTUT is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

NOTE 13 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 14 - BENEFIT PLAN

The Town offers its employees a deferred compensation plan in accordance with IRS Code Section 457. The Town is the administrator of the plan. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Town has no liability for losses under this plan but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self-directed by each employee.

NOTE 15 - CONCENTRATION OF REVENUE

The Town receives a major portion of its property tax revenue from the Vermont Yankee Nuclear Power Plant. For the year ended June 30, 2019, the Town received 20.11% of its total property tax revenue from the Vermont Yankee Nuclear Power Plant.

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - VERMONT YANKEE NUCLEAR POWER PLANT CLOSURE

Vermont Yankee pays State electric generating tax and because the Town of Vernon hosts the plant, those who own property in Vernon pay just 75% of the state's education tax. With the closure of Vermont Yankee, that tax break has been placed in danger and that would have created a sudden and significant jump in property taxes for Vernon homeowners. In 2017, the rate raised to 83%, followed by another increase to 91% in 2018. In the current year, the Vernon residents paid the same state education tax rate that property owners throughout Vermont pay.

NOTE 17 - DEFICIT FUND BALANCES

At June 30, 2019, the Town had the following deficit fund balances:

Nonmajor special revenue funds (Schedule E):	
Pay to throw fund	\$ 8,279
Solid waste fund	<u>3,678</u>
	<u>\$ 11,957</u>

NOTE 18 - RESTATEMENT

The beginning net position of the governmental activities has been restated as of July 1, 2018 to correct the beginning balance of the capital assets. The net capital asset balance has been reduced by \$155,338. The beginning net position balance has decreased by \$155,338 from \$8,732,269 to \$8,576,881.

## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund

## TOWN OF VERNON, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance - July 1	\$ 693,814	\$ 693,814	\$ 693,814	\$ -
Resources (Inflows):				
Property taxes	1,417,756	1,417,756	1,584,737	166,981
Intergovernmental revenues	508,500	508,500	394,107	(114,393)
Charges for services	212,250	212,250	162,506	(49,744)
Current interest income	10,800	10,800	40,924	30,124
Other revenue	34,000	34,000	141,575	107,575
Amounts Available for Appropriation	<u>2,877,120</u>	<u>2,877,120</u>	<u>3,017,663</u>	<u>140,543</u>
Charges to Appropriations (Outflows):				
Town clerk's office	89,672	89,672	88,677	995
Town treasurer's office	90,002	90,002	89,460	542
Listers	54,876	54,876	34,215	20,661
Selectboard	148,156	148,156	143,695	4,461
General expenses	195,634	195,634	197,203	(1,569)
Planning	9,910	9,910	26,815	(16,905)
Recreation department	352,670	352,670	385,365	(32,695)
School rental	221,270	221,270	221,270	-
Building and grounds	44,100	44,100	40,329	3,771
Cemeteries	10,880	10,880	8,310	2,570
Vernon seniors	2,550	2,550	2,550	-
Town van	13,705	13,705	9,411	4,294
Historians south school	3,000	3,000	2,962	38
County sheriff's	70,000	70,000	70,000	-
Fire department	97,700	97,700	88,362	9,338
Rescue operating budget	51,422	51,422	51,422	-
Other public safety	5,600	5,600	7,125	(1,525)
Highway maintenance	89,700	89,700	81,317	8,383
Town garage operation	262,909	262,909	244,311	18,598
Road equipment repair/maint	36,232	36,232	38,719	(2,487)
Miscellaneous expenses	-	-	8,435	(8,435)
Appropriations	19,023	19,023	12,777	6,246
Transfers to other funds	368,284	368,284	368,284	-
Total Charges to Appropriations	<u>2,237,295</u>	<u>2,237,295</u>	<u>2,221,014</u>	<u>16,281</u>
Budgetary Fund Balance, June 30	<u>\$ 639,825</u>	<u>\$ 639,825</u>	<u>\$ 796,649</u>	<u>\$ 156,824</u>
Utilization of assigned fund balance	<u>\$ 54,889</u>	<u>\$ 54,889</u>	<u>\$ -</u>	<u>\$ (54,889)</u>

See accompanying independent auditors' report and notes to financial statements.

## Other Supplementary Information

Other supplementary information includes financial statements not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

## TOWN OF VERNON, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Property taxes	\$ 1,417,756	\$ 1,417,756	\$ 1,584,737	\$ 166,981
Intergovernmental revenues:				
State of Vermont - PILOT program	450,000	450,000	300,000	(150,000)
State of Vermont - current use	32,000	32,000	43,269	11,269
State of Vermont - natural resources	8,000	8,000	8,211	211
State of Vermont - reimb services	15,500	15,500	22,568	7,068
State of Vermont - Railroad tax	3,000	3,000	4,797	1,797
Planning grants	-	-	15,262	15,262
Charges for services:				
Treasurer	1,000	1,000	1,186	186
Clerk fees	15,250	15,250	16,812	1,562
Police income	6,000	6,000	3,164	(2,836)
Recreation department	190,000	190,000	141,344	(48,656)
Interest income:				
Current tax interest	10,000	10,000	15,581	5,581
Interest income	800	800	25,343	24,543
Miscellaneous revenues	34,000	34,000	141,575	107,575
Amounts Available for Appropriation	<u>\$ 2,183,306</u>	<u>\$ 2,183,306</u>	<u>\$ 2,323,849</u>	<u>\$ 140,543</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Town Clerk's Office:					
Town clerk/treasurer's office	\$ 49,024	\$ -	\$ 49,024	\$ 49,024	\$ -
Assistant town clerk	15,767	-	15,767	15,073	694
Town clerk's office FICA	4,956	-	4,956	4,576	380
Health insurance	14,798	-	14,798	14,772	26
Dental insurance	627	-	627	598	29
New/replace office equip	200	-	200	72	128
Postage for ballots	300	-	300	67	233
Vote scanner equipment	1,800	-	1,800	2,375	(575)
Travel and conferences	600	-	600	478	122
Miscellaneous (elections)	600	-	600	742	(142)
Marriage license qtr return	1,000	-	1,000	900	100
	<u>89,672</u>	<u>-</u>	<u>89,672</u>	<u>88,677</u>	<u>995</u>
Town Treasurer's Office:					
Treasurer/finance director	51,930	-	51,930	51,930	-
Assistant treasurer/finance director	17,254	-	17,254	17,254	-
Treasurer's office FICA	5,293	-	5,293	4,856	437
Health insurance	14,798	-	14,798	14,772	26
Dental insurance	627	-	627	598	29
Travel and conferences	100	-	100	50	50
	<u>90,002</u>	<u>-</u>	<u>90,002</u>	<u>89,460</u>	<u>542</u>
Listers:					
Listers	43,059	-	43,059	26,869	16,190
Listers' FICA	3,295	-	3,295	2,067	1,228
Health insurance	6,695	-	6,695	3,934	2,761
Dental insurance	627	-	627	598	29
Travel and conferences	1,200	-	1,200	747	453
	<u>54,876</u>	<u>-</u>	<u>54,876</u>	<u>34,215</u>	<u>20,661</u>

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Selectboard:					
Selectboard salaries	10,000	-	10,000	10,000	-
Town administrator	50,000	-	50,000	50,000	-
Secretary for selectboard	6,000	-	6,000	1,736	4,264
FICA	5,049	-	5,049	8,166	(3,117)
Health insurance	14,280	-	14,280	14,255	25
Dental insurance	627	-	627	597	30
457(b) contribution	10,500	-	10,500	10,510	(10)
New/replace office equipment	500	-	500	-	500
Printing of town report	1,500	-	1,500	632	868
EOC building expenses	3,500	-	3,500	4,142	(642)
Postage for town report	200	-	200	178	22
Legal services	20,000	-	20,000	15,409	4,591
Outside audit	13,000	-	13,000	15,290	(2,290)
Travel	1,000	-	1,000	3,174	(2,174)
Safety committee	500	-	500	-	500
Contributions and gifts	200	-	200	150	50
Green-up	150	-	150	123	27
Appreciation activities	500	-	500	-	500
Emergency repairs/replacements	10,000	-	10,000	1,648	8,352
Welcome signs	450	-	450	275	175
Flag	100	-	100	-	100
Hiring expenses	100	-	100	-	100
Miscellaneous	-	-	-	7,410	(7,410)
	<u>148,156</u>	<u>-</u>	<u>148,156</u>	<u>143,695</u>	<u>4,461</u>
General Expenses:					
General office supplies	5,500	-	5,500	4,369	1,131
Advertising	1,000	-	1,000	626	374
Telephone	14,000	-	14,000	13,660	340
Postage	3,500	-	3,500	2,051	1,449
Dues and subscriptions	500	-	500	318	182
VT League of Cities & Towns	3,500	-	3,500	3,570	(70)
County tax	26,134	-	26,134	26,134	-
Contracts, maintenance and repairs	15,500	-	15,500	22,295	(6,795)
Technology upgrades	5,000	-	5,000	4,002	998
Insurance and bonds	121,000	-	121,000	120,178	822
	<u>195,634</u>	<u>-</u>	<u>195,634</u>	<u>197,203</u>	<u>(1,569)</u>



TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Planning:					
Postage and miscellaneous	225	-	225	448	(223)
Windham Regional Planning Commission	9,000	-	9,000	4,975	4,025
Professional assistance	685	-	685	-	685
17 muni planning grant	-	-	-	56	(56)
18 muni planning grant	-	-	-	21,336	(21,336)
	<u>9,910</u>	<u>-</u>	<u>9,910</u>	<u>26,815</u>	<u>(16,905)</u>
Recreation Department					
Director	49,631	-	49,631	49,416	215
Assistant director	36,805	-	36,805	36,629	176
Maintenance	5,307	-	5,307	6,381	(1,074)
Water Safety instructors	29,331	-	29,331	19,827	9,504
Day camp staff	13,906	-	13,906	15,280	(1,374)
Customer service	5,494	-	5,494	5,303	191
Pre-school instructor	28,086	-	28,086	26,617	1,469
Pre-school assistant	28,325	-	28,325	29,821	(1,496)
Weekend supervisor	3,000	-	3,000	2,072	928
Special staff grant	-	-	-	11,116	(11,116)
FICA	15,954	-	15,954	15,015	939
Health insurance	76,653	-	76,653	71,025	5,628
Dental insurance	2,508	-	2,508	2,391	117
Supplies	19,930	-	19,930	14,938	4,992
Utilities/fuel oil	8,700	-	8,700	6,807	1,893
Telephone	1,300	-	1,300	998	302
Contracts and rentals	1,590	-	1,590	1,788	(198)
New/replace equipment	-	-	-	1,167	(1,167)
Repairs and maintenance	1,050	-	1,050	1,737	(687)
Programs	25,100	-	25,100	7,004	18,096
After school program expenses	-	-	-	12,766	(12,766)
Partnership - preschool	-	-	-	42,480	(42,480)
Preschool fundraiser	-	-	-	2,017	(2,017)
Grants	-	-	-	1,601	(1,601)
L Peduzzi Scholarship	-	-	-	303	(303)
Donations	-	-	-	802	(802)
Travel and conferences	-	-	-	64	(64)
	<u>352,670</u>	<u>-</u>	<u>352,670</u>	<u>385,365</u>	<u>(32,695)</u>

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
School rental	221,270	-	221,270	221,270	-
Building and Grounds:					
Goundskeeping	-	-	-	2,965	(2,965)
Cleaning	8,000	-	8,000	7,609	391
Snow removal	2,500	-	2,500	1,706	794
Supplies	1,000	-	1,000	964	36
Custodial equipment	100	-	100	-	100
Fuel oil	9,000	-	9,000	8,501	499
Electric town/library/north	15,000	-	15,000	10,310	4,690
Repairs to equipment	500	-	500	-	500
Repairs to building	8,000	-	8,000	8,274	(274)
	<u>44,100</u>	<u>-</u>	<u>44,100</u>	<u>40,329</u>	<u>3,771</u>
Cemeteries:					
Caretaking	7,380	-	7,380	7,529	(149)
Supplies	500	-	500	-	500
Repair and maintenance	3,000	-	3,000	-	3,000
Memorial Day supplies	-	-	-	781	(781)
	<u>10,880</u>	<u>-</u>	<u>10,880</u>	<u>8,310</u>	<u>2,570</u>
Vernon Seniors:					
Activities	2,550	-	2,550	2,550	-
	<u>2,550</u>	<u>-</u>	<u>2,550</u>	<u>2,550</u>	<u>-</u>
Town Van:					
Van driver	10,873	-	10,873	5,025	5,848
FICA	832	-	832	384	448
Gasoline	1,000	-	1,000	2,409	(1,409)
Van maintenance	1,000	-	1,000	1,593	(593)
	<u>13,705</u>	<u>-</u>	<u>13,705</u>	<u>9,411</u>	<u>4,294</u>
Historians South School :					
Electricity	450	-	450	363	87
Building repairs and maintenance	250	-	250	168	82
Grounds	1,500	-	1,500	1,631	(131)
Lawn care	800	-	800	800	-
	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>2,962</u>	<u>38</u>

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Windham County Sheriff's Office	70,000	-	70,000	70,000	-
Fire Department:					
Fire chief stipend	5,000	-	5,000	5,000	-
Lost wages	800	-	800	-	800
FICA	400	-	400	383	17
Uniforms	1,000	-	1,000	3,906	(2,906)
Inoculations	500	-	500	-	500
Physicals	500	-	500	85	415
EAP	400	-	400	475	(75)
Supplies	1,200	-	1,200	1,126	74
EMS Vernon rescue supplies	3,000	-	3,000	2,406	594
New/replace equipment	13,000	-	13,000	14,235	(1,235)
Public education	1,000	-	1,000	999	1
Fuel oil	8,000	-	8,000	7,874	126
Electricity - fire dept	3,000	-	3,000	1,999	1,001
Dues and subscriptions	900	-	900	928	(28)
Southwest mutual aid	30,000	-	30,000	29,458	542
Gasoline	2,500	-	2,500	1,941	559
Equipment repair and maintenance	6,000	-	6,000	2,945	3,055
Truck repair and maintenance	8,000	-	8,000	7,549	451
Fire pond maintenance	4,000	-	4,000	-	4,000
Building repair and maintenance	4,000	-	4,000	4,006	(6)
Training, travel and conferences	1,000	-	1,000	980	20
Rescue training, travel, conferences	1,500	-	1,500	720	780
Travel reimbursements	2,000	-	2,000	1,347	653
	<u>97,700</u>	<u>-</u>	<u>97,700</u>	<u>88,362</u>	<u>9,338</u>
Rescue Operating Budget	<u>51,422</u>	<u>-</u>	<u>51,422</u>	<u>51,422</u>	<u>-</u>

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Other Public Safety:					
Health officer	2,500	-	2,500	2,500	-
Fire warden - permits	500	-	500	478	22
Deputy health officer	-	-	-	191	(191)
Public safety FICA	200	-	200	-	200
Siren's maint/batteries	2,400	-	2,400	-	2,400
Friends of Village grant	-	-	-	3,956	(3,956)
	<u>5,600</u>	<u>-</u>	<u>5,600</u>	<u>7,125</u>	<u>(1,525)</u>
Highway Maintenance:					
Equipment rental	5,500	-	5,500	5,886	(386)
Guard rails	1,100	-	1,100	-	1,100
Culverts	5,500	-	5,500	5,250	250
Gravel	8,000	-	8,000	8,873	(873)
Chloride	7,000	-	7,000	5,434	1,566
Asphalt	1,500	-	1,500	1,144	356
Salt	46,000	-	46,000	41,612	4,388
Sand	8,000	-	8,000	8,089	(89)
Tree warden	2,300	-	2,300	2,315	(15)
Stormwater run-off permit	4,400	-	4,400	2,714	1,686
RSMS/culvert inventory	400	-	400	-	400
	<u>89,700</u>	<u>-</u>	<u>89,700</u>	<u>81,317</u>	<u>8,383</u>
Town Garage Operation:					
Road commissioner	60,271	-	60,271	62,254	(1,983)
Equipment operator	40,592	-	40,592	40,987	(395)
Operator/mechanic	42,897	-	42,897	43,399	(502)
Part-time operator	5,000	-	5,000	1,637	3,363
FICA	11,381	-	11,381	10,453	928
Health insurance	50,387	-	50,387	44,143	6,244
Dental insurance	1,881	-	1,881	2,124	(243)
Uniforms	2,500	-	2,500	2,296	204
Drug and alcohol testing	500	-	500	190	310
Supplies	4,800	-	4,800	4,516	284
Fuel oil	11,000	-	11,000	9,537	1,463
Electricity	3,000	-	3,000	2,753	247

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Town Garage Operation:					
Dumpster fee	1,000	-	1,000	960	40
Dues and subscriptions	300	-	300	90	210
Gas and diesel	16,000	-	16,000	11,228	4,772
Road tools and supplies	4,000	-	4,000	3,639	361
Safety equipment	3,000	-	3,000	1,208	1,792
Building repair and maintenance	4,000	-	4,000	2,717	1,283
Travel and conferences	400	-	400	180	220
	<u>262,909</u>	<u>-</u>	<u>262,909</u>	<u>244,311</u>	<u>18,598</u>
Road equip. repair/maint:					
Trucks	10,000	-	10,000	14,960	(4,960)
Grader	2,500	-	2,500	543	1,957
Tractor	1,000	-	1,000	791	209
Snow plows and sander	3,000	-	3,000	2,167	833
Front end loader	2,500	-	2,500	94	2,406
Small equipment	2,400	-	2,400	1,905	495
Radios	500	-	500	119	381
Prior year carry over	14,332	-	14,332	18,140	(3,808)
	<u>36,232</u>	<u>-</u>	<u>36,232</u>	<u>38,719</u>	<u>(2,487)</u>
Miscellaneous expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,435</u>	<u>(8,435)</u>
Appropriations	<u>19,023</u>	<u>-</u>	<u>19,023</u>	<u>12,777</u>	<u>6,246</u>
Transfers to other funds:					
Special revenue funds	185,666	-	185,666	185,666	-
Capital project funds	2,500	-	2,500	2,500	-
Culvert reserve fund	89,568	-	89,568	89,568	-
Road upgrade fund	90,550	-	90,550	90,550	-
	<u>368,284</u>	<u>-</u>	<u>368,284</u>	<u>368,284</u>	<u>-</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 2,237,295</u>	<u>\$ -</u>	<u>\$ 2,237,295</u>	<u>\$ 2,221,014</u>	<u>\$ 16,281</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF VERNON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 111,016	\$ 12,944	\$ 35,885	\$ 159,845
Investments	185,775	137,574	224,931	548,280
Due from other funds	397,835	118,878	1,650	518,363
<b>TOTAL ASSETS</b>	<b>\$ 694,626</b>	<b>\$ 269,396</b>	<b>\$ 262,466</b>	<b>\$ 1,226,488</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,524	\$ -	\$ -	\$ 3,524
Accrued payroll and benefits payable	1,207	-	-	1,207
Due to other funds	13,111	-	-	13,111
<b>TOTAL LIABILITIES</b>	<b>17,842</b>	<b>-</b>	<b>-</b>	<b>17,842</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	242	-	-	242
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>242</b>	<b>-</b>	<b>-</b>	<b>242</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	-	-	262,466	262,466
Committed	-	269,396	-	269,396
Assigned	688,499	-	-	688,499
Unassigned	(11,957)	-	-	(11,957)
<b>TOTAL FUND BALANCES</b>	<b>676,542</b>	<b>269,396</b>	<b>262,466</b>	<b>1,208,404</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 694,626</b>	<b>\$ 269,396</b>	<b>\$ 262,466</b>	<b>\$ 1,226,488</b>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF VERNON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Intergovernmental	\$ 8,740	\$ -	\$ -	\$ 8,740
Interest income	10,860	12,594	19,315	42,769
Charges for services	128,017	-	-	128,017
Other income	11,656	-	7,355	19,011
<b>TOTAL REVENUES</b>	<u>159,273</u>	<u>12,594</u>	<u>26,670</u>	<u>198,537</u>
<b>EXPENDITURES</b>				
Capital outlay	-	110,000	-	110,000
Other	318,138	-	17,075	335,213
<b>TOTAL EXPENDITURES</b>	<u>318,138</u>	<u>110,000</u>	<u>17,075</u>	<u>445,213</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(158,865)</u>	<u>(97,406)</u>	<u>9,595</u>	<u>(246,676)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	185,666	2,500	-	188,166
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>185,666</u>	<u>2,500</u>	<u>-</u>	<u>188,166</u>
<b>NET CHANGE IN FUND BALANCES</b>	26,801	(94,906)	9,595	(58,510)
<b>FUND BALANCES - JULY 1</b>	<u>649,741</u>	<u>364,302</u>	<u>252,871</u>	<u>1,266,914</u>
<b>FUND BALANCES - JUNE 30</b>	<u>\$ 676,542</u>	<u>\$ 269,396</u>	<u>\$ 262,466</u>	<u>\$ 1,208,404</u>

See accompanying independent auditors' report and notes to financial statements.

## Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.



## TOWN OF VERNON, VERMONT

## COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2019

	Emergency Services	Reappraisal	Solid Waste Fund	Scholarship Fund	Pay to Throw Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,736	\$ 2,013	\$ 105	\$ 4,952	\$ -
Investments	96,500	21,395	1,049	32,104	-
Due from other funds	-	153,509	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 106,236</u></b>	<b><u>\$ 176,917</u></b>	<b><u>\$ 1,154</u></b>	<b><u>\$ 37,056</u></b>	<b><u>\$ -</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits payable	-	143	-	-	-
Due to other funds	-	-	4,832	-	8,279
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>143</u></b>	<b><u>4,832</u></b>	<b><u>-</u></b>	<b><u>8,279</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue	-	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	106,236	176,774	-	37,056	-
Unassigned	-	-	(3,678)	-	(8,279)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b><u>106,236</u></b>	<b><u>176,774</u></b>	<b><u>(3,678)</u></b>	<b><u>37,056</u></b>	<b><u>(8,279)</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 106,236</u></b>	<b><u>\$ 176,917</u></b>	<b><u>\$ 1,154</u></b>	<b><u>\$ 37,056</u></b>	<b><u>\$ -</u></b>

TOWN OF VERNON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019

	Professional Services Fund	Elderly Assistance Fund	Restoration Fund	Library Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,268	\$ 45,076	\$ -	\$ 45,866	\$ 111,016
Investments	34,727	-	-	-	185,775
Due from other funds	225,182	-	19,144	-	397,835
<b>TOTAL ASSETS</b>	<u>\$ 263,177</u>	<u>\$ 45,076</u>	<u>\$ 19,144</u>	<u>\$ 45,866</u>	<u>\$ 694,626</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 3,524	\$ 3,524
Accrued payroll and benefits payable	-	-	-	1,064	1,207
Due to other funds	-	-	-	-	13,111
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,588</u>	<u>17,842</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue	-	-	-	242	242
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242</u>	<u>242</u>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	263,177	45,076	19,144	41,036	688,499
Unassigned	-	-	-	-	(11,957)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>263,177</u>	<u>45,076</u>	<u>19,144</u>	<u>41,036</u>	<u>676,542</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 263,177</u>	<u>\$ 45,076</u>	<u>\$ 19,144</u>	<u>\$ 45,866</u>	<u>\$ 694,626</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF VERNON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	Emergency Services	Reappraisal	Solid Waste Fund	Scholarship Fund	Pay to Throw Fund
REVENUES					
Intergovernmental	\$ -	\$ 8,740	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	70,492
Interest income	5,081	1,211	68	2,536	-
Other income	-	-	1,598	-	-
TOTAL REVENUES	<u>5,081</u>	<u>9,951</u>	<u>1,666</u>	<u>2,536</u>	<u>70,492</u>
EXPENDITURES					
Other	180	47,441	76,164	24,250	75,487
TOTAL EXPENDITURES	<u>180</u>	<u>47,441</u>	<u>76,164</u>	<u>24,250</u>	<u>75,487</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,901</u>	<u>(37,490)</u>	<u>(74,498)</u>	<u>(21,714)</u>	<u>(4,995)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	64,198	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>64,198</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	4,901	(37,490)	(10,300)	(21,714)	(4,995)
FUND BALANCES (DEFICITS) - JULY 1	<u>101,335</u>	<u>214,264</u>	<u>6,622</u>	<u>58,770</u>	<u>(3,284)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 106,236</u>	<u>\$ 176,774</u>	<u>\$ (3,678)</u>	<u>\$ 37,056</u>	<u>\$ (8,279)</u>

## TOWN OF VERNON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	Professional Services Fund	Elderly Assistance Fund	Restoration Fund	Library Fund	Total
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 8,740
Charges for services	51,743	-	5,782	-	128,017
Interest income	1,914	24	8	18	10,860
Other income	-	-	-	10,058	11,656
TOTAL REVENUES	<u>53,657</u>	<u>24</u>	<u>5,790</u>	<u>10,076</u>	<u>159,273</u>
EXPENDITURES					
Other	336	9,277	1,183	83,820	318,138
TOTAL EXPENDITURES	<u>336</u>	<u>9,277</u>	<u>1,183</u>	<u>83,820</u>	<u>318,138</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>53,321</u>	<u>(9,253)</u>	<u>4,607</u>	<u>(73,744)</u>	<u>(158,865)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	25,000	10,000	-	86,468	185,666
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,000</u>	<u>10,000</u>	<u>-</u>	<u>86,468</u>	<u>185,666</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	78,321	747	4,607	12,724	26,801
FUND BALANCES (DEFICITS) - JULY 1	<u>184,856</u>	<u>44,329</u>	<u>14,537</u>	<u>28,312</u>	<u>649,741</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 263,177</u>	<u>\$ 45,076</u>	<u>\$ 19,144</u>	<u>\$ 41,036</u>	<u>\$ 676,542</u>

See accompanying independent auditors' report and notes to financial statements.

## Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

## TOWN OF VERNON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2019

	Farmland Fund	Parking Lot Maintenance Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,908	\$ 36	\$ 12,944
Investments	137,188	386	137,574
Due from other funds	49,177	69,701	118,878
<b>TOTAL ASSETS</b>	<u><u>\$ 199,273</u></u>	<u><u>\$ 70,123</u></u>	<u><u>\$ 269,396</u></u>
<b>LIABILITIES</b>			
Due to others funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	199,273	70,123	269,396
Assigned	-	-	-
Unassigned	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>199,273</u>	<u>70,123</u>	<u>269,396</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 199,273</u></u>	<u><u>\$ 70,123</u></u>	<u><u>\$ 269,396</u></u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF VERNON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	Farmland Fund	Parking Lot Maintenance Fund	Total
REVENUES			
Interest income	\$ 12,539	\$ 55	\$ 12,594
TOTAL REVENUES	<u>12,539</u>	<u>55</u>	<u>12,594</u>
EXPENDITURES			
Capital outlay	110,000	-	110,000
TOTAL EXPENDITURES	<u>110,000</u>	<u>-</u>	<u>110,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(97,461)</u>	<u>55</u>	<u>(97,406)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	2,500	2,500
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>2,500</u>	<u>2,500</u>
NET CHANGE IN FUND BALANCES	(97,461)	2,555	(94,906)
FUND BALANCES - JULY 1	<u>296,734</u>	<u>67,568</u>	<u>364,302</u>
FUND BALANCES - JUNE 30	<u>\$ 199,273</u>	<u>\$ 70,123</u>	<u>\$ 269,396</u>

See accompanying independent auditors' report and notes to financial statements.

## Permanent Funds

Permanent funds are used to account for assets held by the Town of Vernon, Vermont that are legally restricted and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including provision for the maintenance of cemeteries in the Town of Vernon, Vermont.



TOWN OF VERNON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
JUNE 30, 2019

	A. Perry Cemetery Fund	North Cemetery Fund	P.A. Lee Cemetery Fund	South Cemetery Fund	Tyler Cemetery Fund	Whithed Cemetery Fund	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 3,763	\$ 12,747	\$ -	\$ 6,498	\$ 12,877	\$ -	\$ 35,885
Investments	1,120	47,350	-	6,287	170,174	-	224,931
Due from other funds	-	-	1,406	-	-	244	1,650
<b>TOTAL ASSETS</b>	<u>\$ 4,883</u>	<u>\$ 60,097</u>	<u>\$ 1,406</u>	<u>\$ 12,785</u>	<u>\$ 183,051</u>	<u>\$ 244</u>	<u>\$ 262,466</u>
<b>LIABILITIES</b>							
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	4,883	60,097	1,406	12,785	183,051	244	262,466
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>4,883</u>	<u>60,097</u>	<u>1,406</u>	<u>12,785</u>	<u>183,051</u>	<u>244</u>	<u>262,466</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 4,883</u>	<u>\$ 60,097</u>	<u>\$ 1,406</u>	<u>\$ 12,785</u>	<u>\$ 183,051</u>	<u>\$ 244</u>	<u>\$ 262,466</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF VERNON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	A. Perry Cemetery Fund	North Cemetery Fund	P.A. Lee Cemetery Fund	South Cemetery Fund	Tyler Cemetery Fund	Whithed Cemetery Fund	Total
REVENUES							
Interest income	\$ 162	\$ 2,703	\$ 1	\$ 378	\$ 16,071	\$ -	\$ 19,315
Other income	-	7,155	200	-	-	-	7,355
TOTAL REVENUES	<u>162</u>	<u>9,858</u>	<u>201</u>	<u>378</u>	<u>16,071</u>	<u>-</u>	<u>26,670</u>
EXPENDITURES							
Other	-	7,655	-	-	9,420	-	17,075
TOTAL EXPENDITURES	<u>-</u>	<u>7,655</u>	<u>-</u>	<u>-</u>	<u>9,420</u>	<u>-</u>	<u>17,075</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>162</u>	<u>2,203</u>	<u>201</u>	<u>378</u>	<u>6,651</u>	<u>-</u>	<u>9,595</u>
NET CHANGE IN FUND BALANCES	162	2,203	201	378	6,651	-	9,595
FUND BALANCES - JULY 1	<u>4,721</u>	<u>57,894</u>	<u>1,205</u>	<u>12,407</u>	<u>176,400</u>	<u>244</u>	<u>252,871</u>
FUND BALANCES - JUNE 30	<u>\$ 4,883</u>	<u>\$ 60,097</u>	<u>\$ 1,406</u>	<u>\$ 12,785</u>	<u>\$ 183,051</u>	<u>\$ 244</u>	<u>\$ 262,466</u>

See accompanying independent auditors' report and notes to financial statements.

## General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

## TOWN OF VERNON, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2019

	Land and Non-depreciable Assets	Buildings and Improvements	Furniture, Equipment and Vehicles	Infrastructure	Total
Town clerk	\$ -	\$ 72,454	\$ 11,315	\$ -	\$ 83,769
Town treasurer	-	-	24,715	-	24,715
Police department	-	-	10,105	-	10,105
Fire department	251	146,366	1,113,892	-	1,260,509
Highway	1	354,503	1,068,448	2,238,249	3,661,201
Recreation	1	513,588	173,296	57,220	744,105
Cemeteries	-	-	15,700	-	15,700
Historians	1	25,450	15,877	-	41,328
Town wide	252,974	611,979	176,595	7,000	1,048,548
Total General Capital Assets	253,228	1,724,340	2,609,943	2,302,469	6,889,980
Less: Accumulated Depreciation	-	(1,153,126)	(1,358,380)	(1,383,570)	(3,895,076)
Net General Capital Assets	\$ 253,228	\$ 571,214	\$ 1,251,563	\$ 918,899	\$ 2,994,904

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF VERNON, VERMONT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION  
FOR THE YEAR ENDED JUNE 30, 2019

	General Capital Assets 7/1/18 (Restated)	Additions	Deletions	General Capital Assets 6/30/19
Town clerk	\$ 83,769	\$ -	\$ -	\$ 83,769
Town treasurer	24,715	-	-	24,715
Police department	10,105	-	-	10,105
Fire department	1,126,509	134,000	-	1,260,509
Highway	3,607,951	145,585	(92,335)	3,661,201
Recreation	729,556	14,549	-	744,105
Cemeteries	15,700	-	-	15,700
Historians	41,328	-	-	41,328
Town wide	1,048,548	-	-	1,048,548
Total General Capital Assets	6,688,181	294,134	(92,335)	6,889,980
Less: Accumulated Depreciation	(3,762,119)	(216,338)	83,381	(3,895,076)
Net General Capital Assets	<u>\$ 2,926,062</u>	<u>\$ 77,796</u>	<u>\$ (8,954)</u>	<u>\$ 2,994,904</u>

See accompanying independent auditors' report and notes to financial statements.



Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Selectmen  
Town of Vernon  
Vernon, Vermont

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Vernon, Vermont as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Town of Vernon, Vermont's basic financial statements and have issued our report thereon dated December 17, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Vernon, Vermont's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Vernon, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Vernon, Vermont's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Vernon, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
December 17, 2019