

Audited Financial Statements and
Other Financial Information

Town of Vernon, Vermont

June 30, 2020



Proven Expertise & Integrity

TOWN OF VERNON, VERMONT

CONTENTS

JUNE 30, 2020

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	12
STATEMENT B - STATEMENT OF ACTIVITIES	13 - 14
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	15
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	16
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	17
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18
STATEMENT G - STATEMENT OF NET POSITION - FIDUCIARY FUNDS	19
STATEMENT H - STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	20
NOTES TO FINANCIAL STATEMENTS	21 - 41
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	42
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	43

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	44
SCHEDULE A - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND REVENUES	45
SCHEDULE B - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	46 - 52
SCHEDULE C - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	53
SCHEDULE D - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	54
SPECIAL REVENUE FUNDS DESCRIPTION	55
SCHEDULE E - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	56 - 57
SCHEDULE F - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	58 - 59
CAPITAL PROJECTS FUNDS DESCRIPTION	60
SCHEDULE G - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	61
SCHEDULE H - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	62
PERMANENT FUNDS DESCRIPTION	63
SCHEDULE I - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	61
SCHEDULE J - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	62
FIDUCIARY FUNDS DESCRIPTION	66
SCHEDULE K - COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST FUNDS	67

SCHEDULE L - COMBINING SCHEDULE OF CHANGES IN NET POSITION - FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST FUNDS	68
GENERAL CAPITAL ASSETS DESCRIPTION	69
SCHEDULE M - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	70
SCHEDULE N - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	71

FEDERAL COMPLIANCE

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 <i>GOVERNMENT AUDITING STANDARDS</i> .	72 - 73
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INDEPENDENT AUDITORS' REPORT

Selectboard
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, 2020 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.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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, 2020 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 43 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 March 23, 2021, 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
March 23, 2021

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

(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, 2020. 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, highways 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 increased by \$488,763 from \$8,448,885 to \$8,937,648.

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 \$5,890,999 at the end of this year.

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

	2020	2019 (Restated)
Assets:		
Current Assets	\$ 6,387,498	\$ 5,709,225
Noncurrent Assets - Capital Assets	2,772,906	2,994,904
Total Assets	9,160,404	8,704,129
Liabilities:		
Current Liabilities	69,917	98,116
Noncurrent Liabilities	32,349	39,230
Total Liabilities	102,266	137,346
Deferred Inflows of Resources:		
Deferred Revenues	13,952	13,951
Deferred Grants	96,612	96,612
Prepaid Property Taxes	9,926	7,335
Total Deferred Inflows of Resources	120,490	117,898
Net Position:		
Net Investment in Capital Assets	2,771,203	2,994,904
Restricted: Permanent Funds	275,446	262,466
Unrestricted	5,890,999	5,191,515
Total Net Position	\$ 8,937,648	\$ 8,448,885

Revenues and Expenses

Revenues for the Town's governmental activities increased by 5.30%, while total expenses decreased by 15.63% from the prior year. The largest increase in revenues was in property taxes. The biggest decrease in expenses was in capital outlay.

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

	<u>2020</u>	<u>2019</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 317,874	\$ 290,523
Operating grants and contributions	94,345	70,625
<i>General Revenues:</i>		
Property taxes	2,173,095	1,558,395
Grants and contributions not restricted to specific programs	82,036	394,107
Miscellaneous	349,905	551,650
Total revenues	<u>3,017,255</u>	<u>2,865,300</u>
Expenses		
General government	627,352	698,935
Public safety	271,790	254,707
Highways and streets	690,457	771,465
Culture and recreation	714,466	711,351
Sanitation and solid waste	150,962	151,651
Cemetery	18,142	25,385
Education	20,500	24,250
Health and welfare	9,425	9,277
Unclassified	22,543	21,212
Capital outlay	2,855	328,816
Total expenses	<u>2,528,492</u>	<u>2,997,049</u>
Change in Net Position	488,763	(131,749)
Net Position - July 1, Restated	<u>8,448,885</u>	<u>8,580,634</u>
Net Position - June 30	<u>\$ 8,937,648</u>	<u>\$ 8,448,885</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>2020</u>	<u>2019 (Restated)</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 37,523	\$ 35,094	\$ 2,429
Committed	84,634	52,918	31,716
Assigned	291,298	280,251	11,047
Unassigned	541,762	432,139	109,623
Total General Fund	<u>\$ 955,217</u>	<u>\$ 800,402</u>	<u>\$ 154,815</u>
Emergency Capital Reserve Fund			
Assigned	\$ 1,655,450	\$ 1,514,726	\$ 140,724
Total Emergency Capital Reserve Fund	<u>\$ 1,655,450</u>	<u>\$ 1,514,726</u>	<u>\$ 140,724</u>
Capital Fund			
Assigned	\$ 1,746,752	\$ 1,486,576	\$ 260,176
Total Capital Fund	<u>\$ 1,746,752</u>	<u>\$ 1,486,576</u>	<u>\$ 260,176</u>
Road Upgrade Fund			
Assigned	\$ 307,033	\$ 299,361	\$ 7,672
Total Road Upgrade Fund	<u>\$ 307,033</u>	<u>\$ 299,361</u>	<u>\$ 7,672</u>
Culvert Reserve Fund			
Assigned	\$ 246,222	\$ 150,356	\$ 95,866
Total Culvert Reserve Fund	<u>\$ 246,222</u>	<u>\$ 150,356</u>	<u>\$ 95,866</u>
Nonmajor Funds:			
Special Revenues Funds:			
Assigned	\$ 690,234	\$ 688,499	\$ 1,735
Unassigned	(9,850)	(11,957)	2,107
Capital Projects Funds:			
Committed	298,904	269,396	29,508
Permanent Funds:			
Restricted	275,446	262,466	12,980
Total Nonmajor Funds	<u>\$ 1,254,734</u>	<u>\$ 1,208,404</u>	<u>\$ 46,330</u>

The changes in total fund balances for the general fund, emergency capital reserve fund, capital fund, road upgrade fund, culvert reserve fund and the nonmajor funds occurred due to the regular activity of operations.

Budgetary Highlights

The difference between the original and final budget for the general fund was due to the use of assigned fund balance.

The general fund actual revenues were over budget by \$69,095. This was due to all revenue categories being receipted above budgeted amounts.

The general fund actual expenditures were under budget by \$110,720. Most expenditures were under or within budget with the exception of town treasurer's office, recreation department, Vernon seniors, other public safety, road equipment repair/maintenance and miscellaneous expenses.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2020, the net book value of capital assets recorded by the Town decreased by \$221,998 from the prior year. This decrease is the result of capital additions of \$27,877 less current year depreciation of \$249,875.

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

	<u>2020</u>	<u>2019</u>
Land	\$ 253,228	\$ 253,228
Buildings and Improvements	533,440	571,214
Machinery and Equipment	1,184,464	1,251,563
Infrastructure	<u>801,774</u>	<u>918,899</u>
Total	<u>\$ 2,772,906</u>	<u>\$ 2,994,904</u>

Debt

At June 30, 2020, the Town does not have any long-term debt.

Currently Known Facts, Decisions or Conditions

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

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 three 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, 2020

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,859,028
Investments	3,302,013
Taxes receivable	51,617
Other receivables	137,317
Inventory	37,523
Total current assets	<u>6,387,498</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	253,228
Buildings and equipment, net of accumulated depreciation	2,519,678
Total noncurrent assets	<u>2,772,906</u>
TOTAL ASSETS	<u><u>\$ 9,160,404</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 53,323
Accrued payroll and benefits payable	9,192
Due to delinquent tax collector	5,699
Current portion of long-term obligations	1,703
Total current liabilities	<u>69,917</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Accrued compensated absences	32,349
Total noncurrent liabilities	<u>32,349</u>
TOTAL LIABILITIES	<u>102,266</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid property taxes	9,926
Deferred revenue	13,952
Deferred grants	96,612
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>120,490</u>
NET POSITION	
Net investment in capital assets	2,771,203
Restricted: Permanent funds	275,446
Unrestricted	5,890,999
TOTAL NET POSITION	<u>8,937,648</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 9,160,404</u></u>

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

STATEMENT B

TOWN OF VERNON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 627,352	\$ 34,669	\$ 8,759	\$ -	\$ (583,924)
Public safety	271,790	1,395	-	-	(270,395)
Highways and streets	690,457	-	85,586	-	(604,871)
Culture and recreation	714,466	209,710	-	-	(504,756)
Sanitation and solid waste	150,962	72,100	-	-	(78,862)
Cemetery	18,142	-	-	-	(18,142)
Education	20,500	-	-	-	(20,500)
Health and welfare	9,425	-	-	-	(9,425)
Unclassified	22,543	-	-	-	(22,543)
Capital outlay	2,855	-	-	-	(2,855)
Total government	<u>\$ 2,528,492</u>	<u>\$ 317,874</u>	<u>\$ 94,345</u>	<u>\$ -</u>	<u>(2,116,273)</u>

STATEMENT B (CONTINUED)
TOWN OF VERNON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(2,116,273)</u>
General revenues:	
Property taxes, levied for general purposes	2,173,095
Grants and contributions not restricted to specific programs	82,036
Miscellaneous	349,905
Total general revenues	<u>2,605,036</u>
Change in net position	488,763
NET POSITION - JULY 1, RESTATED	<u>8,448,885</u>
NET POSITION - JUNE 30	<u><u>\$ 8,937,648</u></u>

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

STATEMENT C

TOWN OF VERNON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Emergency Capital Reserve Fund	Capital Fund	Road Upgrade Fund	Culvert Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 2,383,079	\$ 183,616	\$ 106,732	\$ 12,050	\$ -	\$ 173,551	\$ 2,859,028
Investments	168,575	1,471,834	990,442	111,820	-	559,342	3,302,013
Taxes receivable	51,617	-	-	-	-	-	51,617
Other receivables	40,705	-	-	96,612	-	-	137,317
Inventory	37,523	-	-	-	-	-	37,523
Due from other funds	78,024	-	649,578	183,163	246,222	535,546	1,692,533
TOTAL ASSETS	\$ 2,759,523	\$ 1,655,450	\$ 1,746,752	\$ 403,645	\$ 246,222	\$ 1,268,439	\$ 8,080,031
LIABILITIES							
Accounts payable	\$ 51,400	\$ -	\$ -	\$ -	\$ -	\$ 1,923	\$ 53,323
Accrued payroll and benefits payable	8,746	-	-	-	-	446	9,192
Due to delinquent tax collector	5,699	-	-	-	-	-	5,699
Due to other funds	1,681,440	-	-	-	-	11,093	1,692,533
TOTAL LIABILITIES	1,747,285	-	-	-	-	13,462	1,760,747
DEFERRED INFLOWS OF RESOURCES							
Deferred property tax and interest	33,386	-	-	-	-	-	33,386
Deferred grants	-	-	-	96,612	-	-	96,612
Deferred revenue	13,709	-	-	-	-	243	13,952
Prepaid property taxes	9,926	-	-	-	-	-	9,926
TOTAL DEFERRED INFLOWS OF RESOURCES	57,021	-	-	96,612	-	243	153,876
FUND BALANCES							
Nonspendable	37,523	-	-	-	-	-	37,523
Restricted	-	-	-	-	-	275,446	275,446
Committed	84,634	-	-	-	-	298,904	383,538
Assigned	291,298	1,655,450	1,746,752	307,033	246,222	690,234	4,936,989
Unassigned	541,762	-	-	-	-	(9,850)	531,912
TOTAL FUND BALANCES	955,217	1,655,450	1,746,752	307,033	246,222	1,254,734	6,165,408
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,759,523	\$ 1,655,450	\$ 1,746,752	\$ 403,645	\$ 246,222	\$ 1,268,439	\$ 8,080,031

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, 2020

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 6,165,408
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	2,772,906
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	<u>(34,052)</u>
Net position of governmental activities	<u><u>\$ 8,937,648</u></u>

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

STATEMENT E

TOWN OF VERNON, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Emergency Capital Reserve Fund	Capital Fund	Road Upgrade Fund	Culvert Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 2,173,095	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,173,095
Intergovernmental	82,036	-	-	60,320	25,266	8,759	176,381
Interest income	33,127	123,969	83,959	9,574	184	49,452	300,265
Charges for services	238,662	-	-	-	-	79,212	317,874
Miscellaneous	5,168	1,570	550	-	30,416	11,936	49,640
TOTAL REVENUES	<u>2,532,088</u>	<u>125,539</u>	<u>84,509</u>	<u>69,894</u>	<u>55,866</u>	<u>149,359</u>	<u>3,017,255</u>
EXPENDITURES							
Current:							
General government	569,695	-	-	-	-	40,687	610,382
Public safety	221,701	-	-	-	-	2,765	224,466
Highways and streets	366,383	-	-	162,222	-	-	528,605
Culture and recreation	614,083	-	-	-	-	81,832	695,915
Sanitation and solid waste	-	-	-	-	-	150,962	150,962
Cemetery	8,422	-	-	-	-	9,720	18,142
Education	-	-	-	-	-	20,500	20,500
Health and welfare	-	-	-	-	-	9,425	9,425
Unclassified	22,543	-	-	-	-	-	22,543
Capital outlay	-	-	25,232	-	-	5,500	30,732
TOTAL EXPENDITURES	<u>1,802,827</u>	<u>-</u>	<u>25,232</u>	<u>162,222</u>	<u>-</u>	<u>321,391</u>	<u>2,311,672</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>729,261</u>	<u>125,539</u>	<u>59,277</u>	<u>(92,328)</u>	<u>55,866</u>	<u>(172,032)</u>	<u>705,583</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	25,600	200,899	100,000	40,000	218,362	584,861
Transfers (out)	(574,446)	(10,415)	-	-	-	-	(584,861)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(574,446)</u>	<u>15,185</u>	<u>200,899</u>	<u>100,000</u>	<u>40,000</u>	<u>218,362</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	154,815	140,724	260,176	7,672	95,866	46,330	705,583
FUND BALANCES - JULY 1, RESTATED	<u>800,402</u>	<u>1,514,726</u>	<u>1,486,576</u>	<u>299,361</u>	<u>150,356</u>	<u>1,208,404</u>	<u>5,459,825</u>
FUND BALANCES - JUNE 30	<u>\$ 955,217</u>	<u>\$ 1,655,450</u>	<u>\$ 1,746,752</u>	<u>\$ 307,033</u>	<u>\$ 246,222</u>	<u>\$ 1,254,734</u>	<u>\$ 6,165,408</u>

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, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 705,583</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset acquisitions	27,877
Depreciation expense	<u>(249,875)</u>
	<u>(221,998)</u>
<p>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:</p>	
Accrued compensated absences	<u>5,178</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 488,763</u></u>

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

TOWN OF VERNON, VERMONT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020

	Total Private- Purpose Trusts
ASSETS	
Cash and cash equivalents	\$ 25,384
Investments, at fair value	205,358
Due from other governments	47
TOTAL ASSETS	<u>\$ 230,789</u>
LIABILITIES	
Accounts payable	\$ -
TOTAL LIABILITIES	<u>-</u>
NET POSITION	
Restricted - held in trust for special purposes	<u>230,789</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 230,789</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, 2020

	Total Private- Purpose Trusts
ADDITIONS	
Net increase (decrease) in the fair value of investments	\$ 23,916
Total additions	<u>23,916</u>
DEDUCTIONS	
Withdrawals	1,081
Total deductions	<u>1,081</u>
Change in net position	22,835
NET POSITION - JULY 1	<u>207,954</u>
NET POSITION - JUNE 30	<u><u>\$ 230,789</u></u>

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

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 selectboard-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.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Vermont, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Vermont issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Vermont to those necessary to obtain or provide essential services or activities. See Executive Order 01-20 and its addendums. As of the date of this report, the state of emergency was extended to April 15, 2021 and may be further extended if circumstances warrant. While steps toward reopening the State have begun, the speed and scope of the reopening process will depend upon progress toward limiting the continued spread of the disease.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact on and Results of Operations

On March 31, 2020 Vermont Secretary of State issued a “Waiver of Mandated Upcoming Municipal Election Dates in 2020”. This allowed mandated date meetings or elections and special meeting petitions to be delayed pursuant to the order. This act was authorized by Act 92, §3 (2020). Additional guidance provided that all current incumbent officers would retain their position until the election may be held. As most Vermont municipalities hold their annual meetings during the first week of March annually, most town meeting days occurred as scheduled.

In accordance with Addendum 6 to Executive Order 01-20, issued by the Governor of Vermont on March 24, 2020 (also referred to as the “Stay Home, Stay Safe Order”) and Directive 5 to Executive Order 01-20, issued by the Governor of Vermont on March 26, 2020, Town facilities were closed to the public. Although the Town facilities were closed to the public, employees continued to work and handled any situations with the public via email or telephone. The Town installed a drop box outside the Town office for any payments or paperwork people needed to leave for the Town. Also, the Town Clerk began allowing people doing title searches to come in by appointment only and one person at a time. The Town did not experience an increase in unemployment due to the pandemic.

Impact on Finances

The Town does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security (“CARES”) Act funding and applicable State programs.

Expected Federal/State Support

The Town may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Town expects that if those actions are necessary, that the Town would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conclusion

The ongoing effects of COVID-19, including the financial impact to the Town and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

Implementation of New Accounting Standards

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. 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 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.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The primary source of revenues is from transfers from other funds.
- 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. The primary source of revenues is from transfers from other funds.
- d. The Road Upgrade Fund is used to account for financial resources to be used for improving roads. The primary source of revenues is from transfers from other funds.
- e. The Culvert Reserve Fund is used to account for financial resources to be used for improving culverts. The primary source of revenues is from transfers from other funds.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trust or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. Component units that are fiduciary in nature have been excluded from these financial statements.

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, 2020

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, 2020

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. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2020. Accounts receivable netted with allowances for uncollectible accounts were \$137,317 for the year ended June 30, 2020.

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, 2020

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 acquisition 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 capital assets are valued at their estimated acquisition 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 and improvements	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 are reported as liabilities in government-wide statements. The long-term obligations consist of accrued compensated absences.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020

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 given annually by vote of the taxpayers and is expressed by the Selectboard.

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, 2019 on the assessed value listed as of April 1, 2019, for all real and personal property located in the Town. Taxes were due on September 12, 2019, January 16, 2020 and May 7,

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2020. Payments received after the due dates were charged interest of 1% per month. Payments received after May 7, 2020 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, 2020

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, 2020, the Town's cash and cash equivalents balance of \$2,884,412 were comprised of bank deposits and cash equivalents amounting to \$2,924,540. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these bank deposits, \$422,472 were insured by federal depository insurance and consequently were not exposed to custodial credit risk and the remaining bank balances of \$2,128,539 were collateralized with securities held by the financial institution in the Town's name. Of the cash equivalents balances of \$373,529, \$280,777 was collateralized by the Securities Investor Protection Corporation (SIPC) and the remaining balance of \$92,752 was uncollateralized and uninsured.

Account Type	Bank Balance
Checking accounts	\$ 2,429,608
Money market accounts	54,026
Savings accounts	67,377
Cash equivalents	373,529
	\$ 2,924,540

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.

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.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Of the Town's investments of \$3,507,371, \$576,733 were covered by the Securities Investor Protection Corporation (SIPC) and the remaining investments of \$2,930,638 were uncollateralized and uninsured.

At June 30, 2020, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years	> 5 Years
Equity securities:					
Mutual funds:					
Fixed income	\$ 3,180,634	\$ -	\$ 506,637	\$ 937,838	\$ 1,736,159
Equities	326,737	326,737	-	-	-
	<u>\$ 3,507,371</u>	<u>\$ 326,737</u>	<u>\$ 506,637</u>	<u>\$ 937,838</u>	<u>\$ 1,736,159</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, 2020:

	June 30, 2020 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	\$ 3,507,371	\$ 3,507,371	\$ -	\$ -
Total equity securities	<u>3,507,371</u>	<u>3,507,371</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>3,507,371</u>	<u>\$ 3,507,371</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	373,529			
Total cash equivalents measured at the NAV	<u>373,529</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 3,880,900</u>			

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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 II or III 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, 2020 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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2020 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
General fund	\$ 78,024	\$ 1,681,440
Capital fund	649,578	-
Road upgrade fund	183,163	-
Culvert reserve fund	246,222	-
Nonmajor special revenue funds	397,894	11,093
Nonmajor capital projects funds	136,001	-
Nonmajor permanent funds	1,651	-
	<u>\$ 1,692,533</u>	<u>\$ 1,692,533</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2020 consisted of the following:

	Transfers From	Transfers To
General fund	\$ 574,446	\$ -
Emergency capital reserve fund	10,415	25,600
Capital fund	-	200,899
Road upgrade fund	-	100,000
Culvert reserve fund	-	40,000
Nonmajor special revenue funds	-	195,862
Nonmajor capital projects funds	-	22,500
	<u>\$ 584,861</u>	<u>\$ 584,861</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance 7/1/19	Additions	Disposals	Balance 6/30/20
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	1,742,287	-	-	1,742,287
Machinery and equipment	867,656	27,877	-	895,533
Infrastructure	2,302,469	-	-	2,302,469
	<u>6,636,752</u>	<u>27,877</u>	<u>-</u>	<u>6,664,629</u>
Less: accumulated depreciation	<u>(3,895,076)</u>	<u>(249,875)</u>	<u>-</u>	<u>(4,144,951)</u>
	<u>2,741,676</u>	<u>(221,998)</u>	<u>-</u>	<u>2,519,678</u>
Net capital assets	<u>\$ 2,994,904</u>	<u>\$ (221,998)</u>	<u>\$ -</u>	<u>\$ 2,772,906</u>

TOWN OF VERNON, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS (CONTINUED)

<u>Current year depreciation</u>	
Town clerk	\$ 2,311
Police department	510
Fire department	46,814
Highway	161,067
Recreation	18,551
Cemeteries	785
Historians	1,048
Town wide	18,789
Total depreciation	<u>\$ 249,875</u>

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in other long-term obligations for the year ended June 30, 2020:

	Balance 7/1/19	Additions	Reductions	Balance 6/30/20	Current Year Portion
Accrued compensated absences	\$ 39,230	\$ -	\$ (5,178)	\$ 34,052	\$ 1,703

Please see Note 7 for detailed information on the other long-term obligation.

NOTE 7 - 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, 2020, the Town's liability for compensated absences is \$34,052.

NOTE 8 - NONSPENDABLE FUND BALANCE

At June 30, 2020, the Town had the following nonspendable fund balance:

General Fund:	
Inventory	\$ 37,523

TOWN OF VERNON, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 9 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCES

At June 30, 2020, the Town had the following restricted net position and restricted fund balances:

Nonmajor permanent funds (Schedule I):	
A. Perry cemetery fund	\$ 4,997
North cemetery fund	65,023
P.A. Lee cemetery fund	1,407
South cemetery fund	13,382
Tyler cemetery fund	190,393
Whithed cemetery fund	244
	<u>\$ 275,446</u>

NOTE 10 - COMMITTED FUND BALANCES

At June 30, 2020, the Town had the following committed fund balances:

General fund:	
Public safety department	\$ 14,731
Library	34,023
Recreation department	28,112
Peduzzi scholarship	650
B. Current donation	165
Bus Pass	2,091
General expenses department	4,862
Nonmajor capital projects funds (Schedule G)	298,904
	<u>\$ 383,538</u>

NOTE 11 - ASSIGNED FUND BALANCES

At June 30, 2020, the Town had the following assigned fund balances:

General fund:	
Dog fund	\$ 25,275
Unemployment fund	20,820
Reserve fund	50,332
J. M. Miller Forest fund	194,852
Grant transfer fund	19
Emergency capital reserve fund	1,655,450
Capital fund	1,746,752
Road upgrade fund	307,033
Culvert reserve fund	246,222
Nonmajor special revenue funds (Schedule E)	690,234
	<u>\$ 4,936,989</u>

TOWN OF VERNON, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 12 - APPROPRIATIONS

At June 30, 2020, various departmental revenues funded the following departments for budgetary purposes:

	Excess
Town treasurer	\$ 84
Recreation department	30,383
Vernon seniors	328
Other public safety	346
Road equipment repair/maint	20,780
Miscellaneous expenses	5,475
	\$ 57,396

NOTE 13 - 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, 2020. 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

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 - RISK MANAGEMENT (CONTINUED)

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.

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 14 - 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.

TOWN OF VERNON, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 15 - 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 16 - 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, 2020, the Town received 19.54% of its total property tax revenue from the Vermont Yankee Nuclear Power Plant.

NOTE 17 - 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 18 - DEFICIT FUND BALANCES

At June 30, 2020, the Town had the following deficit fund balances:

Nonmajor special revenue funds (Schedule E):	
Pay to throw fund	\$ 7,233
Solid waste fund	2,617
	<u>\$ 9,850</u>

NOTE 19 - RESTATEMENT

The beginning net position of the governmental activities and general fund's total fund balance have been restated as of July 1, 2019 to correct the beginning accounts receivable balance. The beginning net position balance has increased by \$3,753 from \$8,445,132 to \$8,448,885. The beginning general fund's total fund balance has increased by \$3,753 from \$796,649 to \$800,402.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental 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, 2020

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance - July 1, Restated	\$ 800,402	\$ 800,402	\$ 800,402	\$ -
Resources (Inflows):				
Property taxes	2,169,293	2,169,293	2,173,095	3,802
Intergovernmental revenues	71,500	71,500	82,036	10,536
Charges for services	209,000	209,000	238,662	29,662
Current interest income	12,000	12,000	33,127	21,127
Other revenue	1,200	1,200	5,168	3,968
Amounts Available for Appropriation	<u>3,263,395</u>	<u>3,263,395</u>	<u>3,332,490</u>	<u>69,095</u>
Charges to Appropriations (Outflows):				
Town clerk's office	90,833	90,833	89,753	1,080
Town treasurer's office	91,407	91,407	91,491	(84)
Listers	54,876	54,876	42,124	12,752
Selectboard	142,624	142,624	109,436	33,188
General expenses	197,500	197,500	178,351	19,149
Planning	12,185	12,185	5,165	7,020
Recreation department	350,429	350,429	380,812	(30,383)
School rental	227,466	227,466	227,466	-
Building and grounds	52,750	52,750	45,683	7,067
Cemeteries	11,104	11,104	8,422	2,682
Vernon seniors	2,550	2,550	2,878	(328)
Town van	10,613	10,613	7,692	2,921
Historians south school	3,264	3,264	2,927	337
County sheriff's	84,552	84,552	81,300	3,252
Fire department	100,760	100,760	85,326	15,434
Rescue operating budget	51,930	51,930	51,929	1
Other public safety	2,800	2,800	3,146	(346)
Highway maintenance	92,700	92,700	76,818	15,882
Town garage operation	264,304	264,304	221,885	42,419
Road equipment repair/maint	21,900	46,900	67,680	(20,780)
Miscellaneous expenses	-	-	5,475	(5,475)
Appropriations	22,000	22,000	17,068	4,932
Transfers to other funds	574,446	574,446	574,446	-
Total Charges to Appropriations	<u>2,462,993</u>	<u>2,487,993</u>	<u>2,377,273</u>	<u>110,720</u>
Budgetary Fund Balance, June 30	<u>\$ 800,402</u>	<u>\$ 775,402</u>	<u>\$ 955,217</u>	<u>\$ 179,815</u>
Utilization of assigned fund balance	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ (25,000)</u>

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

Other Supplementary Information

Other supplementary information includes financial statements not required by the Governmental 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
- Combining Schedule of Net Position - Fiduciary Funds - Private-Purpose Trust Funds
- Combining Schedule of Changes in Net Position - Fiduciary Funds - Private-Purpose Trust 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, 2020

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Property taxes	\$ 2,169,293	\$ 2,169,293	\$ 2,173,095	\$ 3,802
Intergovernmental revenues:				
State of Vermont - current use	40,000	40,000	40,947	947
State of Vermont - natural resources	8,000	8,000	8,179	179
State of Vermont - reimb services	19,500	19,500	10,860	(8,640)
State of Vermont - railroad tax	4,000	4,000	4,797	797
Other grants	-	-	8,453	8,453
Planning grants	-	-	8,800	8,800
Charges for services:				
Dog license fees	-	-	2,225	2,225
Treasurer	1,000	1,000	899	(101)
Clerk fees	16,000	16,000	24,823	8,823
Police income	2,000	2,000	1,395	(605)
Recreation department	190,000	190,000	209,320	19,320
Interest income:				
Current tax interest	10,000	10,000	4,149	(5,851)
Interest income	2,000	2,000	28,978	26,978
Miscellaneous revenues	1,200	1,200	5,168	3,968
Amounts Available for Appropriation	<u>\$ 2,462,993</u>	<u>\$ 2,462,993</u>	<u>\$ 2,532,088</u>	<u>\$ 69,095</u>

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

SCHEDULE B

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Town Clerk's Office:					
Town clerk/treasurer's office	\$ 49,496	\$ -	\$ 49,496	\$ 49,495	\$ 1
Assistant town clerk	15,919	-	15,919	15,448	471
Town clerk's office FICA	5,005	-	5,005	4,571	434
Health insurance	15,486	-	15,486	16,195	(709)
Dental insurance	627	-	627	618	9
New/replace office equip	200	-	200	150	50
Postage for ballots	300	-	300	208	92
Vote scanner equipment	800	-	800	641	159
Travel and conferences	1,600	-	1,600	1,446	154
Miscellaneous (elections)	400	-	400	181	219
Marriage license qtr return	1,000	-	1,000	800	200
	<u>90,833</u>	<u>-</u>	<u>90,833</u>	<u>89,753</u>	<u>1,080</u>
Town Treasurer's Office:					
Treasurer/finance director	52,430	-	52,430	52,429	1
Assistant treasurer/finance director	17,420	-	17,420	17,420	-
Treasurer's office FICA	5,344	-	5,344	4,809	535
Health insurance	15,486	-	15,486	16,195	(709)
Dental insurance	627	-	627	618	9
Travel and conferences	100	-	100	20	80
	<u>91,407</u>	<u>-</u>	<u>91,407</u>	<u>91,491</u>	<u>(84)</u>
Listers:					
Listers	43,059	-	43,059	33,751	9,308
Listers' FICA	3,295	-	3,295	2,565	730
Health insurance	6,695	-	6,695	4,887	1,808
Dental insurance	627	-	627	618	9
Travel and conferences	1,200	-	1,200	303	897
	<u>54,876</u>	<u>-</u>	<u>54,876</u>	<u>42,124</u>	<u>12,752</u>

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Selectboard:					
Selectboard salaries	10,000	-	10,000	9,796	204
Town administrator	50,481	-	50,481	47,855	2,626
Secretary for selectboard	3,000	-	3,000	2,147	853
FICA	4,857	-	4,857	5,297	(440)
Health insurance	14,944	-	14,944	8,679	6,265
Dental insurance	627	-	627	361	266
457(b) contribution	11,000	-	11,000	10,281	719
New/replace office equipment	500	-	500	-	500
Printing of town report	1,200	-	1,200	830	370
EOC building expenses	3,500	-	3,500	4,426	(926)
Postage for town report	200	-	200	182	18
Legal services	15,000	-	15,000	8,179	6,821
Outside audit	13,000	-	13,000	9,890	3,110
Travel	2,500	-	2,500	1,208	1,292
Safety committee	500	-	500	-	500
Contributions and gifts	300	-	300	-	300
Green-up	300	-	300	-	300
Emergency repairs/replacements	10,000	-	10,000	-	10,000
Welcome signs	450	-	450	275	175
Flag	265	-	265	-	265
Hiring expenses	-	-	-	30	(30)
	<u>142,624</u>	<u>-</u>	<u>142,624</u>	<u>109,436</u>	<u>33,188</u>
General Expenses:					
General office supplies	5,500	-	5,500	7,261	(1,761)
Advertising	1,000	-	1,000	1,061	(61)
Telephone	14,000	-	14,000	14,663	(663)
Postage	3,000	-	3,000	794	2,206
Dues and subscriptions	500	-	500	406	94
VT League of Cities and Towns	3,700	-	3,700	3,667	33
County tax	26,500	-	26,500	27,675	(1,175)
Contracts, maintenance and repairs	15,500	-	15,500	9,781	5,719
Technology upgrades	5,000	-	5,000	3,839	1,161
Insurance and bonds	121,000	-	121,000	107,404	13,596
Communications	1,800	-	1,800	1,800	-
	<u>197,500</u>	<u>-</u>	<u>197,500</u>	<u>178,351</u>	<u>19,149</u>

SCHEDULE B (CONTINUED)

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Planning:					
Postage and miscellaneous	300	-	300	-	300
Windham Regional Planning Commission	5,200	-	5,200	5,165	35
Professional assistance	685	-	685	-	685
Matching grant	6,000	-	6,000	-	6,000
	<u>12,185</u>	<u>-</u>	<u>12,185</u>	<u>5,165</u>	<u>7,020</u>
Recreation Department					
Director	49,868	-	49,868	49,749	119
Assistant director	36,981	-	36,981	36,933	48
Maintenance	5,800	-	5,800	6,435	(635)
Water Safety instructors	29,000	-	29,000	19,494	9,506
Day camp staff	13,500	-	13,500	11,935	1,565
Customer service	5,494	-	5,494	5,750	(256)
Pre-school instructor	27,301	-	27,301	20,781	6,520
Pre-school assistant	29,390	-	29,390	23,495	5,895
Weekend supervisor	3,000	-	3,000	2,310	690
FICA	15,326	-	15,326	13,108	2,218
Health insurance	72,441	-	72,441	77,332	(4,891)
Dental insurance	2,508	-	2,508	2,473	35
Supplies	17,880	-	17,880	17,252	628
Utilities/fuel oil	8,700	-	8,700	10,055	(1,355)
Telephone	1,300	-	1,300	978	322
Contracts and rentals	1,590	-	1,590	1,299	291
New/replace equipment	-	-	-	2,365	(2,365)
Repairs and maintenance	4,050	-	4,050	8,169	(4,119)
Programs	24,300	-	24,300	4,415	19,885
After school program expenses	-	-	-	12,100	(12,100)
Partnership - preschool	-	-	-	38,994	(38,994)
Preschool fundraiser	-	-	-	12,959	(12,959)
Grants	2,000	-	2,000	1,500	500
L Peduzzi scholarship	-	-	-	300	(300)
Preschool scholarship	-	-	-	495	(495)
Donations	-	-	-	89	(89)
Travel and conferences	-	-	-	47	(47)
	<u>350,429</u>	<u>-</u>	<u>350,429</u>	<u>380,812</u>	<u>(30,383)</u>

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
School Rental	227,466	-	227,466	227,466	-
Building and Grounds:					
Groundskeeping	6,000	-	6,000	2,848	3,152
Cleaning	8,200	-	8,200	8,825	(625)
Snow removal	2,500	-	2,500	1,292	1,208
Supplies	1,500	-	1,500	729	771
Custodial equipment	100	-	100	747	(647)
Fuel oil	9,000	-	9,000	8,115	885
Electric town/library/north	15,000	-	15,000	12,481	2,519
Repairs to equipment	200	-	200	-	200
Repairs to building	10,250	-	10,250	10,646	(396)
	52,750	-	52,750	45,683	7,067
Cemeteries:					
Caretaking	7,604	-	7,604	7,593	11
Supplies	500	-	500	500	-
Repair and maintenance	3,000	-	3,000	329	2,671
	11,104	-	11,104	8,422	2,682
Vernon Seniors:					
Bus pass expense (gasoline)	-	-	-	328	(328)
Activities	2,550	-	2,550	2,550	-
	2,550	-	2,550	2,878	(328)
Town Van:					
Van driver	8,000	-	8,000	5,588	2,412
FICA	613	-	613	442	171
Gasoline	1,000	-	1,000	1,000	-
Van maintenance	1,000	-	1,000	662	338
	10,613	-	10,613	7,692	2,921
Historians South School :					
Record preservation and supplies	-	-	-	25	(25)
Electricity	450	-	450	388	62
Building repairs and maintenance	500	-	500	214	286
Grounds	1,500	-	1,500	1,500	-
Lawn care	814	-	814	800	14
	3,264	-	3,264	2,927	337

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Windham County Sheriff's Office	84,552	-	84,552	81,300	3,252
Fire Department:					
Fire chief stipend	5,000	-	5,000	5,000	-
Asst. chief stipend	1,000	-	1,000	1,000	-
Lost wages	300	-	300	-	300
FICA	460	-	460	459	1
Uniforms	1,200	-	1,200	1,136	64
Inoculations	500	-	500	237	263
Physicals	500	-	500	-	500
EAP	400	-	400	475	(75)
Supplies	1,200	-	1,200	1,249	(49)
EMS Vernon rescue supplies	3,000	-	3,000	2,968	32
New/replace equipment	13,000	-	13,000	10,638	2,362
Public education	1,000	-	1,000	1,001	(1)
Fuel oil	8,000	-	8,000	9,098	(1,098)
Electricity - fire dept	3,000	-	3,000	2,855	145
Dues and subscriptions	1,200	-	1,200	1,776	(576)
Southwest mutual aid	30,000	-	30,000	30,210	(210)
Gasoline	2,500	-	2,500	1,598	902
Equipment repair and maintenance	6,000	-	6,000	2,620	3,380
Truck repair and maintenance	8,000	-	8,000	6,425	1,575
Fire pond maintenance	4,000	-	4,000	3,500	500
Building repair and maintenance	4,000	-	4,000	2,365	1,635
Training, travel and conferences	500	-	500	135	365
Rescue training, travel, conferences	1,500	-	1,500	581	919
Matching grant	2,000	-	2,000	-	2,000
Travel reimbursements	2,500	-	2,500	-	2,500
	<u>100,760</u>	<u>-</u>	<u>100,760</u>	<u>85,326</u>	<u>15,434</u>
Rescue Operating Budget	<u>51,930</u>	<u>-</u>	<u>51,930</u>	<u>51,929</u>	<u>1</u>

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	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	100	-	100	455	(355)
Public safety FICA	200	-	200	191	9
	<u>2,800</u>	<u>-</u>	<u>2,800</u>	<u>3,146</u>	<u>(346)</u>
Highway Maintenance:					
Equipment rental	5,500	-	5,500	6,063	(563)
Guard rails	1,100	-	1,100	-	1,100
Culverts	5,500	-	5,500	4,619	881
Gravel	8,000	-	8,000	7,201	799
Chloride	7,000	-	7,000	5,091	1,909
Asphalt	1,500	-	1,500	660	840
Salt	49,000	-	49,000	40,665	8,335
Sand	8,000	-	8,000	8,794	(794)
Tree warden	2,300	-	2,300	1,650	650
Stormwater run-off permit	4,800	-	4,800	2,075	2,725
	<u>92,700</u>	<u>-</u>	<u>92,700</u>	<u>76,818</u>	<u>15,882</u>
Town Garage Operation:					
Road commissioner	60,802	-	60,802	60,983	(181)
Equipment operator	40,945	-	40,945	40,289	656
Operator/mechanic	43,270	-	43,270	42,521	749
Part-time operator	5,000	-	5,000	1,055	3,945
FICA	11,477	-	11,477	10,072	1,405
Health insurance	52,729	-	52,729	41,796	10,933
Dental insurance	1,881	-	1,881	1,855	26
Uniforms	2,600	-	2,600	2,506	94
Drug and alcohol testing	200	-	200	95	105
Supplies	4,000	-	4,000	3,277	723
Fuel oil	11,000	-	11,000	(2,860)	13,860
Electricity	3,100	-	3,100	3,577	(477)

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Town Garage Operation (Continued):					
Dumpster fee	1,100	-	1,100	960	140
Dues and subscriptions	300	-	300	377	(77)
Gas and diesel	16,000	-	16,000	7,691	8,309
Road tools and supplies	4,000	-	4,000	3,133	867
Safety equipment	2,000	-	2,000	2,010	(10)
Building repair and maintenance	3,500	-	3,500	2,548	952
Travel and conferences	400	-	400	-	400
	<u>264,304</u>	<u>-</u>	<u>264,304</u>	<u>221,885</u>	<u>42,419</u>
Road Equipment Repair/Maintenance:					
Trucks	10,000	-	10,000	9,375	625
Grader	2,500	-	2,500	2	2,498
Tractor	1,000	-	1,000	1,545	(545)
Snow plows and sander	3,000	-	3,000	986	2,014
Front end loader	2,500	-	2,500	50	2,450
Small equipment	2,400	-	2,400	2,261	139
Radios	500	-	500	119	381
Prior year carry over	-	25,000	25,000	53,342	(28,342)
	<u>21,900</u>	<u>25,000</u>	<u>46,900</u>	<u>67,680</u>	<u>(20,780)</u>
Miscellaneous Expenses	-	-	-	5,475	(5,475)
Appropriations	<u>22,000</u>	<u>-</u>	<u>22,000</u>	<u>17,068</u>	<u>4,932</u>
Transfers to other funds:					
Special revenue funds	193,162	-	193,162	193,162	-
Capital project funds	22,500	-	22,500	22,500	-
Emergency capital reserve fund	25,600	-	25,600	25,600	-
Capital fund	193,184	-	193,184	193,184	-
Culvert reserve fund	40,000	-	40,000	40,000	-
Road updgrade fund	100,000	-	100,000	100,000	-
	<u>574,446</u>	<u>-</u>	<u>574,446</u>	<u>574,446</u>	<u>-</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 2,462,993</u>	<u>\$ 25,000</u>	<u>\$ 2,487,993</u>	<u>\$ 2,377,273</u>	<u>\$ 110,720</u>

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

TOWN OF VERNON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 118,641	\$ 15,847	\$ 39,063	\$ 173,551
Investments	177,554	147,056	234,732	559,342
Due from other funds	397,894	136,001	1,651	535,546
TOTAL ASSETS	\$ 694,089	\$ 298,904	\$ 275,446	\$ 1,268,439
LIABILITIES				
Accounts payable	\$ 1,923	\$ -	\$ -	\$ 1,923
Accrued payroll and benefits payable	446	-	-	446
Due to other funds	11,093	-	-	11,093
TOTAL LIABILITIES	13,462	-	-	13,462
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	243	-	-	243
TOTAL DEFERRED INFLOWS OF RESOURCES	243	-	-	243
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	275,446	275,446
Committed	-	298,904	-	298,904
Assigned	690,234	-	-	690,234
Unassigned	(9,850)	-	-	(9,850)
TOTAL FUND BALANCES	680,384	298,904	275,446	1,254,734
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 694,089	\$ 298,904	\$ 275,446	\$ 1,268,439

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, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 8,759	\$ -	\$ -	\$ 8,759
Interest income	17,044	12,508	19,900	49,452
Charges for services	79,212	-	-	79,212
Other income	9,136	-	2,800	11,936
TOTAL REVENUES	<u>114,151</u>	<u>12,508</u>	<u>22,700</u>	<u>149,359</u>
EXPENDITURES				
Capital outlay	-	5,500	-	5,500
Other	306,171	-	9,720	315,891
TOTAL EXPENDITURES	<u>306,171</u>	<u>5,500</u>	<u>9,720</u>	<u>321,391</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(192,020)</u>	<u>7,008</u>	<u>12,980</u>	<u>(172,032)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	195,862	22,500	-	218,362
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>195,862</u>	<u>22,500</u>	<u>-</u>	<u>218,362</u>
NET CHANGE IN FUND BALANCES	3,842	29,508	12,980	46,330
FUND BALANCES - JULY 1	<u>676,542</u>	<u>269,396</u>	<u>262,466</u>	<u>1,208,404</u>
FUND BALANCES - JUNE 30	<u>\$ 680,384</u>	<u>\$ 298,904</u>	<u>\$ 275,446</u>	<u>\$ 1,254,734</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, 2020

	Emergency Services	Reappraisal	Solid Waste Fund	Scholarship Fund	Pay to Throw Fund
ASSETS					
Cash and cash equivalents	\$ 11,394	\$ 2,464	\$ 121	\$ 3,625	\$ -
Investments	100,748	22,870	1,122	15,693	-
Due from other funds	-	160,979	-	-	-
TOTAL ASSETS	<u>\$ 112,142</u>	<u>\$ 186,313</u>	<u>\$ 1,243</u>	<u>\$ 19,318</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits payable	-	-	-	-	-
Due to other funds	-	-	3,860	-	7,233
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>3,860</u>	<u>-</u>	<u>7,233</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	112,142	186,313	-	19,318	-
Unassigned	-	-	(2,617)	-	(7,233)
TOTAL FUND BALANCES (DEFICITS)	<u>112,142</u>	<u>186,313</u>	<u>(2,617)</u>	<u>19,318</u>	<u>(7,233)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 112,142</u>	<u>\$ 186,313</u>	<u>\$ 1,243</u>	<u>\$ 19,318</u>	<u>\$ -</u>

SCHEDULE E (CONTINUED)

TOWN OF VERNON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	Professional Services Fund	Elderly Assistance Fund	Restoration Fund	Library Fund	Total
ASSETS					
Cash and cash equivalents	\$ 4,000	\$ 45,923	\$ -	\$ 51,114	\$ 118,641
Investments	37,121	-	-	-	177,554
Due from other funds	217,873	-	19,042	-	397,894
TOTAL ASSETS	<u>\$ 258,994</u>	<u>\$ 45,923</u>	<u>\$ 19,042</u>	<u>\$ 51,114</u>	<u>\$ 694,089</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 1,923	\$ 1,923
Accrued payroll and benefits payable	-	-	-	446	446
Due to other funds	-	-	-	-	11,093
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,369</u>	<u>13,462</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	-	-	-	243	243
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>243</u>	<u>243</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	258,994	45,923	19,042	48,502	690,234
Unassigned	-	-	-	-	(9,850)
TOTAL FUND BALANCES (DEFICITS)	<u>258,994</u>	<u>45,923</u>	<u>19,042</u>	<u>48,502</u>	<u>680,384</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 258,994</u>	<u>\$ 45,923</u>	<u>\$ 19,042</u>	<u>\$ 51,114</u>	<u>\$ 694,089</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, 2020

	Emergency Services	Reappraisal	Solid Waste Fund	Scholarship Fund	Pay to Throw Fund
REVENUES					
Intergovernmental	\$ -	\$ 8,759	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	72,100
Interest income	8,671	2,081	107	2,762	-
Other income	-	-	-	-	-
TOTAL REVENUES	8,671	10,840	107	2,762	72,100
EXPENDITURES					
Other	2,765	1,301	79,908	20,500	71,054
TOTAL EXPENDITURES	2,765	1,301	79,908	20,500	71,054
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,906	9,539	(79,801)	(17,738)	1,046
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	80,862	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	80,862	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	5,906	9,539	1,061	(17,738)	1,046
FUND BALANCES (DEFICITS) - JULY 1	106,236	176,774	(3,678)	37,056	(8,279)
FUND BALANCES (DEFICITS) - JUNE 30	\$ 112,142	\$ 186,313	\$ (2,617)	\$ 19,318	\$ (7,233)

TOWN OF VERNON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Professional Services Fund	Elderly Assistance Fund	Restoration Fund	Library Fund	Total
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 8,759
Charges for services	-	-	6,722	390	79,212
Interest income	3,358	22	21	22	17,044
Other income	-	250	-	8,886	9,136
TOTAL REVENUES	<u>3,358</u>	<u>272</u>	<u>6,743</u>	<u>9,298</u>	<u>114,151</u>
EXPENDITURES					
Other	32,541	9,425	6,845	81,832	306,171
TOTAL EXPENDITURES	<u>32,541</u>	<u>9,425</u>	<u>6,845</u>	<u>81,832</u>	<u>306,171</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(29,183)</u>	<u>(9,153)</u>	<u>(102)</u>	<u>(72,534)</u>	<u>(192,020)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	25,000	10,000	-	80,000	195,862
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,000</u>	<u>10,000</u>	<u>-</u>	<u>80,000</u>	<u>195,862</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(4,183)	847	(102)	7,466	3,842
FUND BALANCES (DEFICITS) - JULY 1	<u>263,177</u>	<u>45,076</u>	<u>19,144</u>	<u>41,036</u>	<u>676,542</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 258,994</u>	<u>\$ 45,923</u>	<u>\$ 19,042</u>	<u>\$ 48,502</u>	<u>\$ 680,384</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, 2020

	Farmland Fund	Parking Lot Maintenance Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 15,803	\$ 44	\$ 15,847
Investments	146,643	413	147,056
Due from other funds	69,235	66,766	136,001
TOTAL ASSETS	<u>\$ 231,681</u>	<u>\$ 67,223</u>	<u>\$ 298,904</u>
LIABILITIES			
Due to others funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	231,681	67,223	298,904
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>231,681</u>	<u>67,223</u>	<u>298,904</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 231,681</u>	<u>\$ 67,223</u>	<u>\$ 298,904</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, 2020

	Farmland Fund	Parking Lot Maintenance Fund	Total
REVENUES			
Interest income	\$ 12,408	\$ 100	\$ 12,508
TOTAL REVENUES	<u>12,408</u>	<u>100</u>	<u>12,508</u>
EXPENDITURES			
Capital outlay	-	5,500	5,500
TOTAL EXPENDITURES	<u>-</u>	<u>5,500</u>	<u>5,500</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>12,408</u>	<u>(5,400)</u>	<u>7,008</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	20,000	2,500	22,500
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,000</u>	<u>2,500</u>	<u>22,500</u>
NET CHANGE IN FUND BALANCES	32,408	(2,900)	29,508
FUND BALANCES - JULY 1	<u>199,273</u>	<u>70,123</u>	<u>269,396</u>
FUND BALANCES - JUNE 30	<u>\$ 231,681</u>	<u>\$ 67,223</u>	<u>\$ 298,904</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, 2020

	A. Perry Cemetery Fund	North Cemetery Fund	P.A. Lee Cemetery Fund	South Cemetery Fund	Tyler Cemetery Fund	Whithed Cemetery Fund	Total
ASSETS							
Cash and cash equivalents	\$ 3,871	\$ 15,513	\$ -	\$ 6,738	\$ 12,941	\$ -	\$ 39,063
Investments	1,126	49,510	-	6,644	177,452	-	234,732
Due from other funds	-	-	1,407	-	-	244	1,651
TOTAL ASSETS	<u>\$ 4,997</u>	<u>\$ 65,023</u>	<u>\$ 1,407</u>	<u>\$ 13,382</u>	<u>\$ 190,393</u>	<u>\$ 244</u>	<u>\$ 275,446</u>
LIABILITIES							
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	4,997	65,023	1,407	13,382	190,393	244	275,446
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>4,997</u>	<u>65,023</u>	<u>1,407</u>	<u>13,382</u>	<u>190,393</u>	<u>244</u>	<u>275,446</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,997</u>	<u>\$ 65,023</u>	<u>\$ 1,407</u>	<u>\$ 13,382</u>	<u>\$ 190,393</u>	<u>\$ 244</u>	<u>\$ 275,446</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, 2020

	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	\$ 114	\$ 3,526	\$ 1	\$ 597	\$ 15,662	\$ -	\$ 19,900
Other income	-	2,800	-	-	-	-	2,800
TOTAL REVENUES	<u>114</u>	<u>6,326</u>	<u>1</u>	<u>597</u>	<u>15,662</u>	<u>-</u>	<u>22,700</u>
EXPENDITURES							
Other	-	1,400	-	-	8,320	-	9,720
TOTAL EXPENDITURES	<u>-</u>	<u>1,400</u>	<u>-</u>	<u>-</u>	<u>8,320</u>	<u>-</u>	<u>9,720</u>
NET CHANGE IN FUND BALANCES	114	4,926	1	597	7,342	-	12,980
FUND BALANCES - JULY 1	<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>
FUND BALANCES - JUNE 30	<u>\$ 4,997</u>	<u>\$ 65,023</u>	<u>\$ 1,407</u>	<u>\$ 13,382</u>	<u>\$ 190,393</u>	<u>\$ 244</u>	<u>\$ 275,446</u>

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

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The Town of Vernon, Vermont's fiduciary funds are presented in the fiduciary fund financial statements by type (private purpose trust). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

TOWN OF VERNON, VERMONT

COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2020

	AJ Brooks Trust	Marsh Trust	Scott and Noyes Trust	Grange Scholarship Trust	Total
ASSETS					
Cash and cash equivalents	\$ 19,954	\$ 1,217	\$ 986	\$ 3,227	\$ 25,384
Investments, at fair value	116,739	10,022	48,649	29,948	205,358
Due from other governments	-	-	-	47	47
TOTAL ASSETS	<u>\$ 136,693</u>	<u>\$ 11,239</u>	<u>\$ 49,635</u>	<u>\$ 33,222</u>	<u>\$ 230,789</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION					
Restricted - held in trust for special purposes	136,693	11,239	49,635	33,222	230,789
TOTAL LIABILITIES AND NET POSITION	<u>\$ 136,693</u>	<u>\$ 11,239</u>	<u>\$ 49,635</u>	<u>\$ 33,222</u>	<u>\$ 230,789</u>

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

TOWN OF VERNON, VERMONT

COMBINING SCHEDULE OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	AJ Brooks Trust	Marsh Trust	Scott and Noyes Trust	Grange Scholarship Trust	Total
ADDITIONS					
Net increase (decrease) in the fair value of investments	\$ 14,462	\$ 560	\$ 6,372	\$ 2,522	\$ 23,916
Total additions	<u>14,462</u>	<u>560</u>	<u>6,372</u>	<u>2,522</u>	<u>23,916</u>
DEDUCTIONS					
Withdrawals	-	196	885	-	1,081
Total deductions	<u>-</u>	<u>196</u>	<u>885</u>	<u>-</u>	<u>1,081</u>
Change in net position	14,462	364	5,487	2,522	22,835
NET POSITION - JULY 1	<u>122,231</u>	<u>10,875</u>	<u>44,148</u>	<u>30,700</u>	<u>207,954</u>
NET POSITION - JUNE 30	<u>\$ 136,693</u>	<u>\$ 11,239</u>	<u>\$ 49,635</u>	<u>\$ 33,222</u>	<u>\$ 230,789</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, 2020

	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	1,131,537	-	1,278,154
Highway	1	354,503	1,068,448	2,238,249	3,661,201
Recreation	1	513,588	183,528	57,220	754,337
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	2,637,820	2,302,469	6,917,857
Less: Accumulated Depreciation	-	(1,190,900)	(1,453,356)	(1,500,695)	(4,144,951)
Net General Capital Assets	\$ 253,228	\$ 533,440	\$ 1,184,464	\$ 801,774	\$ 2,772,906

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, 2020

	General Capital Assets 7/1/19	Additions	Deletions	General Capital Assets 6/30/20
Town clerk	\$ 83,769	\$ -	\$ -	\$ 83,769
Town treasurer	24,715	-	-	24,715
Police department	10,105	-	-	10,105
Fire department	1,260,509	17,645	-	1,278,154
Highway	3,661,201	-	-	3,661,201
Recreation	744,105	10,232	-	754,337
Cemeteries	15,700	-	-	15,700
Historians	41,328	-	-	41,328
Town wide	1,048,548	-	-	1,048,548
Total General Capital Assets	6,889,980	27,877	-	6,917,857
Less: Accumulated Depreciation	<u>(3,895,076)</u>	<u>(249,875)</u>	-	<u>(4,144,951)</u>
Net General Capital Assets	<u>\$ 2,994,904</u>	<u>\$ (221,998)</u>	<u>\$ -</u>	<u>\$ 2,772,906</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*

Selectboard
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, 2020 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 March 23, 2021.

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*. We noted certain other matters that we reported to management of the Town of Vernon, Vermont in a separate letter dated March 1, 2021.

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
March 23, 2021