

Audited Financial Statements and  
Other Financial Information

**Town of Vernon, Vermont**

June 30, 2021



*Proven Expertise & Integrity*

TOWN OF VERNON, VERMONT

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JUNE 30, 2021

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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, 2021 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.

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, 2021 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 17, 2022, 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 17, 2022

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**(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, 2021. 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 decreased by \$83,895 from \$8,937,648 to \$8,853,753.

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 \$5,916,031 at the end of this year.

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

	<b>2021</b>	<b>2020</b>
<b>Assets:</b>		
Current Assets	\$ 6,350,345	\$ 6,387,498
Noncurrent Assets - Capital Assets	2,629,558	2,772,906
Total Assets	<u>8,979,903</u>	<u>9,160,404</u>
<b>Liabilities:</b>		
Current Liabilities	89,745	69,917
Noncurrent Liabilities	31,629	32,349
Total Liabilities	<u>121,374</u>	<u>102,266</u>
<b>Deferred Inflows of Resources:</b>		
Deferred Revenues	243	13,952
Deferred Grants	-	96,612
Prepaid Property Taxes	4,533	9,926
Total Deferred Inflows of Resources	<u>4,776</u>	<u>120,490</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	2,627,893	2,771,203
Restricted: Permanent Funds	309,829	275,446
Unrestricted	5,916,031	5,890,999
Total Net Position	<u>\$ 8,853,753</u>	<u>\$ 8,937,648</u>

### **Revenues and Expenses**

Revenues for the Town's governmental activities decreased by 13.74%, while total expenses increased by 6.25% from the prior year. The largest decrease in revenues was in property taxes and miscellaneous. The biggest increases in expenses were in general government and highways and streets.

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

	<b>2021</b>	<b>2020</b>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 285,864	\$ 317,874
Operating grants and contributions	78,066	94,345
<i>General Revenues:</i>		
Property taxes	2,057,122	2,173,095
Grants and contributions not restricted to specific programs	118,552	82,036
Miscellaneous	62,982	349,905
Total revenues	<u>2,602,586</u>	<u>3,017,255</u>
<b>Expenses</b>		
General government	786,564	627,352
Public safety	257,112	271,790
Highways and streets	821,442	690,457
Culture and recreation	694,440	714,466
Sanitation and solid waste	68,000	150,962
Cemetery	21,403	18,142
Education	14,000	20,500
Health and welfare	8,414	9,425
Unclassified	15,106	22,543
Capital outlay	-	2,855
Total expenses	<u>2,686,481</u>	<u>2,528,492</u>
Change in Net Position	(83,895)	488,763
Net Position - July 1	<u>8,937,648</u>	<u>8,448,885</u>
Net Position - June 30	<u>\$ 8,853,753</u>	<u>\$ 8,937,648</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,**

	<b>2021</b>	<b>2020</b>	<b>Increase/ (Decrease)</b>
General Fund:			
Nonspendable	\$ 32,544	\$ 37,523	\$ (4,979)
Committed	83,842	84,634	(792)
Assigned	288,671	291,298	(2,627)
Unassigned	774,325	541,762	232,563
Total General Fund	<u>\$ 1,179,382</u>	<u>\$ 955,217</u>	<u>\$ 224,165</u>
Emergency Capital Reserve Fund			
Assigned	\$ 1,566,561	\$ 1,655,450	\$ (88,889)
Total Emergency Capital Reserve Fund	<u>\$ 1,566,561</u>	<u>\$ 1,655,450</u>	<u>\$ (88,889)</u>
Capital Fund			
Assigned	\$ 1,668,327	\$ 1,746,752	\$ (78,425)
Total Capital Fund	<u>\$ 1,668,327</u>	<u>\$ 1,746,752</u>	<u>\$ (78,425)</u>
Road Upgrade Fund			
Assigned	\$ 262,776	\$ 307,033	\$ (44,257)
Total Road Upgrade Fund	<u>\$ 262,776</u>	<u>\$ 307,033</u>	<u>\$ (44,257)</u>
Culvert Reserve Fund			
Assigned	\$ 286,359	\$ 246,222	\$ 40,137
Total Culvert Reserve Fund	<u>\$ 286,359</u>	<u>\$ 246,222</u>	<u>\$ 40,137</u>
Nonmajor Funds:			
Special Revenues Funds:			
Assigned	\$ 599,309	\$ 690,234	\$ (90,925)
Unassigned	16,278	(9,850)	26,128
Capital Projects Funds:			
Committed	314,825	298,904	15,921
Permanent Funds:			
Restricted	309,829	275,446	34,383
Total Nonmajor Funds	<u>\$ 1,240,241</u>	<u>\$ 1,254,734</u>	<u>\$ (14,493)</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 \$44,037. This was due to almost all revenue categories being receipted above budgeted amounts except property taxes and current interest income.

The general fund actual expenditures were under budget by \$210,543. Most expenditures were under budget with the exception of town clerk's office, town treasurer's office, recreation department, buildings and grounds, historians south school, other public safety and miscellaneous expenses.

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2021, the net book value of capital assets recorded by the Town decreased by \$143,348 from the prior year. This decrease is the result of capital additions of \$232,097 less current year depreciation of \$375,445.

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

	2021	2020
Land	\$ 253,228	\$ 253,228
Buildings and Improvements	495,913	533,440
Machinery and Equipment	1,240,774	1,184,464
Infrastructure	639,643	801,774
Total	<u>\$ 2,629,558</u>	<u>\$ 2,772,906</u>

### Debt

At June 30, 2021, 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, 2021

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,621,483
Investments	3,554,433
Taxes receivable	58,864
Other receivables	83,021
Inventory	32,544
Total current assets	<u>6,350,345</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	253,228
Buildings and equipment, net of accumulated depreciation	2,376,330
Total noncurrent assets	<u>2,629,558</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 8,979,903</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 72,682
Accrued payroll and benefits payable	15,350
Due to other governments	48
Current portion of long-term obligations	1,665
Total current liabilities	<u>89,745</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Accrued compensated absences	31,629
Total noncurrent liabilities	<u>31,629</u>
<b>TOTAL LIABILITIES</b>	<u>121,374</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Prepaid property taxes	4,533
Deferred revenue	243
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>4,776</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,627,893
Restricted: Permanent funds	309,829
Unrestricted	5,916,031
<b>TOTAL NET POSITION</b>	<u>8,853,753</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 8,979,903</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, 2021

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	\$ 786,564	\$ 40,391	\$ 923	\$ -	\$ (745,250)
Public safety	257,112	1,983	-	-	(255,129)
Highways and streets	821,442	-	77,143	-	(744,299)
Culture and recreation	694,440	177,477	-	-	(516,963)
Sanitation and solid waste	68,000	66,013	-	-	(1,987)
Cemetery	21,403	-	-	-	(21,403)
Education	14,000	-	-	-	(14,000)
Health and welfare	8,414	-	-	-	(8,414)
Unclassified	15,106	-	-	-	(15,106)
Total government	<u>\$ 2,686,481</u>	<u>\$ 285,864</u>	<u>\$ 78,066</u>	<u>\$ -</u>	<u>(2,322,551)</u>

STATEMENT B (CONTINUED)

TOWN OF VERNON, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(2,322,551)</u>
General revenues:	
Property taxes, levied for general purposes	2,057,122
Grants and contributions not restricted to specific programs	118,552
Miscellaneous	<u>62,982</u>
Total general revenues	<u>2,238,656</u>
Change in net position	(83,895)
NET POSITION - JULY 1	<u>8,937,648</u>
NET POSITION - JUNE 30	<u><u>\$ 8,853,753</u></u>

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

## STATEMENT C

## TOWN OF VERNON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021

	General Fund	Emergency Capital Reserve Fund	Capital Fund	Road Upgrade Fund	Culvert Reserve Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 2,412,168	\$ 27,720	\$ -	\$ -	\$ -	\$ 181,595	\$ 2,621,483
Investments	184,845	1,538,841	1,086,038	122,613	-	622,096	3,554,433
Taxes receivable	58,864	-	-	-	-	-	58,864
Other receivables	83,021	-	-	-	-	-	83,021
Inventory	32,544	-	-	-	-	-	32,544
Due from other funds	39,278	-	582,289	140,163	286,359	477,624	1,525,713
<b>TOTAL ASSETS</b>	<u>\$ 2,810,720</u>	<u>\$ 1,566,561</u>	<u>\$ 1,668,327</u>	<u>\$ 262,776</u>	<u>\$ 286,359</u>	<u>\$ 1,281,315</u>	<u>\$ 7,876,058</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 71,844	\$ -	\$ -	\$ -	\$ -	\$ 838	\$ 72,682
Accrued payroll and benefits payable	14,635	-	-	-	-	715	15,350
Due to other governments	48	-	-	-	-	-	48
Due to other funds	1,486,435	-	-	-	-	39,278	1,525,713
<b>TOTAL LIABILITIES</b>	<u>1,572,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,831</u>	<u>1,613,793</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred property tax and interest	53,843	-	-	-	-	-	53,843
Deferred revenue	-	-	-	-	-	243	243
Prepaid property taxes	4,533	-	-	-	-	-	4,533
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>58,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>243</u>	<u>58,619</u>
<b>FUND BALANCES</b>							
Nonspendable	32,544	-	-	-	-	-	32,544
Restricted	-	-	-	-	-	309,829	309,829
Committed	83,842	-	-	-	-	314,825	398,667
Assigned	288,671	1,566,561	1,668,327	262,776	286,359	599,309	4,672,003
Unassigned	774,325	-	-	-	-	16,278	790,603
<b>TOTAL FUND BALANCES</b>	<u>1,179,382</u>	<u>1,566,561</u>	<u>1,668,327</u>	<u>262,776</u>	<u>286,359</u>	<u>1,240,241</u>	<u>6,203,646</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 2,810,720</u>	<u>\$ 1,566,561</u>	<u>\$ 1,668,327</u>	<u>\$ 262,776</u>	<u>\$ 286,359</u>	<u>\$ 1,281,315</u>	<u>\$ 7,876,058</u>

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, 2021

	Total Governmental Funds
	<hr/>
Total Fund Balances	\$ 6,203,646
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	2,629,558
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	53,843
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	<hr/> (33,294)
Net position of governmental activities	<hr/> <u>\$ 8,853,753</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, 2021

	General Fund	Emergency Capital Reserve Fund	Capital Fund	Road Upgrade Fund	Culvert Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 2,036,665	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,036,665
Intergovernmental	115,852	2,700		77,143	-	923	196,618
Investment gains/(losses)	11,763	(16,536)	(10,842)	(1,192)	137	41,544	24,874
Charges for services	211,786	-	-	-	-	74,078	285,864
Miscellaneous	19,919	-	-	-	-	18,189	38,108
TOTAL REVENUES	<u>2,395,985</u>	<u>(13,836)</u>	<u>(10,842)</u>	<u>75,951</u>	<u>137</u>	<u>134,734</u>	<u>2,582,129</u>
EXPENDITURES							
Current:							
General government	571,893	-	-	-	-	191,959	763,852
Public safety	211,419	-	-	-	-	60	211,479
Highways and streets	339,647	-	-	191,589	-	-	531,236
Culture and recreation	587,084	-	-	-	-	91,220	678,304
Sanitation and solid waste	-	-	-	-	-	68,000	68,000
Cemetery	8,358	-	-	-	-	13,045	21,403
Education	-	-	-	-	-	14,000	14,000
Health and welfare	-	-	-	-	-	8,414	8,414
Unclassified	15,106	-	-	-	-	-	15,106
Capital outlay	-	-	203,478	28,619	-	-	232,097
TOTAL EXPENDITURES	<u>1,733,507</u>	<u>-</u>	<u>203,478</u>	<u>220,208</u>	<u>-</u>	<u>386,698</u>	<u>2,543,891</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>662,478</u>	<u>(13,836)</u>	<u>(214,320)</u>	<u>(144,257)</u>	<u>137</u>	<u>(251,964)</u>	<u>38,238</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	135,895	100,000	40,000	237,471	513,366
Transfers (out)	(438,313)	(75,053)	-	-	-	-	(513,366)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(438,313)</u>	<u>(75,053)</u>	<u>135,895</u>	<u>100,000</u>	<u>40,000</u>	<u>237,471</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	224,165	(88,889)	(78,425)	(44,257)	40,137	(14,493)	38,238
FUND BALANCES - JULY 1,	<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>
FUND BALANCES - JUNE 30	<u>\$ 1,179,382</u>	<u>\$ 1,566,561</u>	<u>\$ 1,668,327</u>	<u>\$ 262,776</u>	<u>\$ 286,359</u>	<u>\$ 1,240,241</u>	<u>\$ 6,203,646</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, 2021

Net change in fund balances - total governmental funds (Statement E) \$ 38,238

Amounts reported for governmental activities in the Statement of  
Activities (Statement B) are different because:

Governmental funds report capital outlays as expenditures while  
governmental activities report depreciation expense allocated to  
those expenditures over the life of the assets:

Capital asset acquisitions	232,097
Depreciation expense	<u>(375,445)</u>
	<u>(143,348)</u>

Revenues in the Statement of Activities that do not provide current  
financial resources are not reported as revenues in the funds:

Taxes and liens receivable	<u>20,457</u>
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Some expenses reported in the Statement of Activities do not require  
the use of current financial resources and therefore are not reported  
as expenditures in governmental funds:

Accrued compensated absences	<u>758</u>
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Change in net position of governmental activities (Statement B) \$ (83,895)

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

## TOWN OF VERNON, VERMONT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2021

	Total Private- Purpose Trusts
ASSETS	
Cash and cash equivalents	\$ 26,019
Investments, at fair value	251,810
Due from other governments	<u>48</u>
TOTAL ASSETS	<u><u>\$ 277,877</u></u>
LIABILITIES	
Accounts payable	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>
NET POSITION	
Restricted - held in trust for special purposes	<u>277,877</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 277,877</u></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, 2021

	Total Private- Purpose Trusts
	<hr/>
ADDITIONS	
Net increase (decrease) in the fair value of investments	\$ 48,036
Total additions	<hr/> 48,036 <hr/>
DEDUCTIONS	
Withdrawals	948
Total deductions	<hr/> 948 <hr/>
Change in net position	47,088
NET POSITION - JULY 1	<hr/> 230,789 <hr/>
NET POSITION - JUNE 30	<hr/> \$ 277,877 <hr/>

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



TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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. The state of emergency expired on June 15, 2021.

*Impact on and Results of Operations*

*Impact on Finances*

The Town does not currently anticipate any additional FY 2021 expenditures due to COVID-19 that would not be covered by existing resources including authorized

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Coronavirus, Aid, Relief and Economic Security ("CARES") Act, American Rescue Plan Act ("ARPA") funding and applicable Federal and/or 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.

*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, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 84 "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 90 "Majority Equity Interests". This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

Statement No 93 "Replacement of Interbank Offered Rates (paragraphs 4-11a)." The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency and comparability of reported information. 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.

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.

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 custodial 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.

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 deposit and other evidence 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, 2021. Accounts receivable netted with allowances for uncollectible accounts were \$83,021 for the year ended June 30, 2021.

**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.

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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”.

**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. 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 reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

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

Estimated useful lives are as follows:

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



TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

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

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020 on the assessed value listed as of April 1, 2020, for all real and personal property located in the Town. Taxes were due on September 10, 2020, January 14, 2021 and May 6, 2021. Payments received after the due dates were charged interest of 1% per month. Payments received after May 6, 2021, 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.

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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.

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, 2021, the Town's cash and cash equivalents balance of \$2,647,502 were comprised of bank deposits and cash equivalents amounting to \$3,018,955. 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, \$485,288 were insured by federal depository insurance and consequently were not exposed to custodial credit risk and the remaining bank balances of \$2,162,214 were collateralized with securities held by the financial institution in the Town's name. Of the cash equivalents balances of \$371,037, \$276,876 was collateralized by the Securities Investor Protection Corporation (SIPC) and the remaining balance of \$94,161 was uncollateralized and uninsured.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 2,526,496
Money market accounts	57,882
Savings accounts	63,540
Cash equivalents	371,037
	<u>\$ 3,018,955</u>

**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.

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Of the Town's investments of \$3,462,083, \$659,043 were covered by the Securities Investor Protection Corporation (SIPC) and the remaining investments of \$2,803,040 were uncollateralized and uninsured.

At June 30, 2021, 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	\$ 3,053,040	\$ -	\$ 225,837	\$ 813,157	\$ 2,014,046
Equities	409,043	409,043	-	-	-
	<u>\$ 3,462,083</u>	<u>\$ 409,043</u>	<u>\$ 225,837</u>	<u>\$ 813,157</u>	<u>\$ 2,014,046</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, 2021:

	June 30, 2021 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	\$ 3,462,083	\$ 3,462,083	\$ -	\$ -
Total equity securities	<u>3,462,083</u>	<u>3,462,083</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>3,462,083</u>	<u>\$ 3,462,083</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	371,037			
Total cash equivalents measured at the NAV	<u>371,037</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 3,833,120</u>			

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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, 2021 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, 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. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various certificates of deposit. The investments with credit ratings as a percentage of the total investments (rating %) include AAA 69.00%, A- 5.30%, BBB+ 2.6% and BBB 2.7%.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2021 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
General fund	\$ 39,278	\$ 1,486,435
Capital fund	582,289	-
Road upgrade fund	140,163	-
Culvert reserve fund	286,359	-
Nonmajor special revenue funds	321,886	39,278
Nonmajor capital projects funds	153,576	-
Nonmajor permanent funds	2,162	-
	<u>\$ 1,525,713</u>	<u>\$ 1,525,713</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, 2021

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2021 consisted of the following:

	Transfers From	Transfers To
General fund	\$ 438,313	\$ -
Emergency capital reserve fund	75,053	-
Capital fund	-	135,895
Road upgrade fund	-	100,000
Culvert reserve fund	-	40,000
Nonmajor special revenue funds	-	219,971
Nonmajor capital projects funds	-	17,500
	<u>\$ 513,366</u>	<u>\$ 513,366</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, 2021:

	Balance 7/1/20	Additions	Disposals	Balance 6/30/21
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	215,025	-	1,957,312
Machinery and equipment	895,533	7,172	-	902,705
Infrastructure	2,302,469	9,900	-	2,312,369
	<u>6,664,629</u>	<u>232,097</u>	<u>-</u>	<u>6,896,726</u>
Less: accumulated depreciation	<u>(4,144,951)</u>	<u>(375,445)</u>	<u>-</u>	<u>(4,520,396)</u>
	<u>2,519,678</u>	<u>(143,348)</u>	<u>-</u>	<u>2,376,330</u>
Net capital assets	<u>\$ 2,772,906</u>	<u>\$ (143,348)</u>	<u>\$ -</u>	<u>\$ 2,629,558</u>

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Current year depreciation

Town clerk	\$ 3,387
Police department	128
Fire department	45,505
Highway	289,421
Recreation	16,136
Cemeteries	785
Historians	1,048
Town wide	19,035
Total depreciation	<u>\$ 375,445</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, 2021:

	Balance 7/1/20	Additions	Reductions	Balance 6/30/21	Current Year Portion
Accrued compensated absences	<u>\$ 34,052</u>	<u>\$ -</u>	<u>\$ (758)</u>	<u>\$ 33,294</u>	<u>\$ 1,665</u>

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, 2021, the Town's liability for compensated absences is \$33,294.

NOTE 8 - NONSPENDABLE FUND BALANCE

At June 30, 2021, the Town had the following nonspendable fund balance:

General Fund:	
Inventory	<u>\$ 32,544</u>



TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 9 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCES

At June 30, 2021, the Town had the following restricted net position and restricted fund balances:

Nonmajor permanent funds (Schedule I):	
A. Perry cemetery fund	\$ 5,274
North cemetery fund	66,916
P.A. Lee cemetery fund	1,918
South cemetery fund	15,214
Tyler cemetery fund	220,263
Whithed cemetery fund	244
	<u>\$ 309,829</u>

NOTE 10 - COMMITTED FUND BALANCES

At June 30, 2021, the Town had the following committed fund balances:

General fund:	
Public safety department	\$ 14,731
Library	37,326
Recreation department	24,268
Peduzzi scholarship	400
B. Current donation	165
Bus Pass	2,091
General expenses department	4,862
Nonmajor capital projects funds (Schedule G)	314,825
	<u>\$ 398,668</u>

NOTE 11 - ASSIGNED FUND BALANCES

At June 30, 2021, the Town had the following assigned fund balances:

General fund:	
Dog fund	\$ 24,743
Unemployment fund	20,391
Reserve fund	50,358
J. M. Miller Forest fund	193,155
Grant transfer fund	24
Emergency capital reserve fund	1,566,561
Capital fund	1,668,327
Road upgrade fund	262,776
Culvert reserve fund	286,359
Nonmajor special revenue funds (Schedule E)	599,309
	<u>\$ 4,672,003</u>

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 12 - APPROPRIATIONS

At June 30, 2021, various departmental revenues funded the following departments for budgetary purposes:

	<u>Excess</u>
Town clerk	\$ 21,286
Town treasurer	598
Recreation department	5,546
Buildings and grounds	2,836
Historians south school	103
Other public safety	112
Road equipment repair/maint	8,706
Miscellaneous expenses	3,808
	<u>\$ 42,995</u>

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, 2021. 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

TOWN OF VERNON, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 13 - RISK MANAGEMENT (CONTINUED)

damage, auto accidents, injured employees, public official liability and employment practices liability. Members gain additional benefits from PACIF's unique public safety and risk management programs as well as dedicated in-house claims adjusters. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

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

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, 2021

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, 2021, the Town received 24.86% 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, 2021, the Town had the following deficit fund balances:

Nonmajor special revenue funds (Schedule E):

Pay to throw fund

\$	35,703
\$	<u>35,703</u>

### 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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Positive</u> <u>(Negative)</u>
Budgetary Fund Balance - July 1,	\$ 955,217	\$ 955,217	\$ 955,217	\$ -
Resources (Inflows):				
Property taxes	2,067,248	2,067,248	2,036,665	(30,583)
Intergovernmental revenues	71,000	71,000	115,852	44,852
Charges for services	198,000	198,000	211,786	13,786
Current interest income	15,000	15,000	11,763	(3,237)
Other revenue	700	700	19,919	19,219
Amounts Available for Appropriation	<u>3,307,165</u>	<u>3,307,165</u>	<u>3,351,202</u>	<u>44,037</u>
Charges to Appropriations (Outflows):				
Town clerk's office	92,508	92,508	113,794	(21,286)
Town treasurer's office	95,575	95,575	96,173	(598)
Listers	55,096	55,096	47,971	7,125
Selectboard	157,956	157,956	112,203	45,753
General expenses	216,066	216,066	143,896	72,170
Planning	12,600	12,600	7,488	5,112
Recreation department	346,988	346,988	352,534	(5,546)
School rental	231,105	231,105	231,105	-
Building and grounds	47,500	47,500	50,336	(2,836)
Cemeteries	11,904	11,904	8,358	3,546
Vernon seniors	2,550	2,550	78	2,472
Town van	10,536	10,536	32	10,504
Historians south school	3,264	3,264	3,367	(103)
County sheriff's	82,000	82,000	82,000	-
Fire department	100,760	100,760	73,648	27,112
Rescue operating budget	52,459	52,459	52,459	-
Other public safety	3,200	3,200	3,312	(112)
Highway maintenance	92,700	92,700	65,992	26,708
Town garage operation	257,618	257,618	243,049	14,569
Road equipment repair/maint	21,900	52,315	30,606	21,709
Miscellaneous expenses	-	-	3,808	(3,808)
Appropriations	19,350	19,350	11,298	8,052
Transfers to other funds	438,313	438,313	438,313	-
Total Charges to Appropriations	<u>2,351,948</u>	<u>2,382,363</u>	<u>2,171,820</u>	<u>210,543</u>
Budgetary Fund Balance, June 30	<u>\$ 955,217</u>	<u>\$ 924,802</u>	<u>\$ 1,179,382</u>	<u>\$ 254,580</u>
Utilization of assigned fund balance	<u>\$ -</u>	<u>\$ 30,415</u>	<u>\$ -</u>	<u>\$ (30,415)</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, 2021

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Property taxes	\$ 2,067,248	\$ 2,067,248	\$ 2,036,665	\$ (30,583)
Intergovernmental revenues:	-			
State of Vermont - current use	40,000	40,000	38,481	(1,519)
State of Vermont - natural resources	8,000	8,000	8,179	179
State of Vermont - reimb services	19,000	19,000	26,137	7,137
State of Vermont - railroad tax	4,000	4,000	4,797	797
Other grants	-	-	38,258	38,258
Charges for services:				
Dog license fees	-	-	2,183	2,183
Treasurer	1,000	1,000	701	(299)
Clerk fees	16,000	16,000	29,661	13,661
Police income	1,000	1,000	1,983	983
Recreation department	180,000	180,000	177,258	(2,742)
Interest income:				
Current tax interest	10,000	10,000	10,195	195
Interest income	5,000	5,000	1,568	(3,432)
Miscellaneous revenues	700	700	19,919	19,219
Amounts Available for Appropriation	<u>\$ 2,351,948</u>	<u>\$ 2,351,948</u>	<u>\$ 2,395,985</u>	<u>\$ 44,037</u>

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



## TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Town Clerk's Office:					
Town clerk/treasurer's office	\$ 49,260	\$ -	\$ 49,260	\$ 49,259	\$ 1
Assistant town clerk	15,848	-	15,848	15,842	6
Town clerk's office FICA	4,981	-	4,981	4,552	429
Health insurance	16,260	-	16,260	17,665	(1,405)
Dental insurance	659	-	659	567	92
New/replace office equip	200	-	200	-	200
Postage for ballots	300	-	300	410	(110)
Vote scanner equipment	2,400	-	2,400	1,366	1,034
Travel and conferences	800	-	800	191	609
Miscellaneous (elections)	800	-	800	1,992	(1,192)
Marriage license qtr return	1,000	-	1,000	950	50
Covid response grant expense	-	-	-	21,000	(21,000)
	<u>92,508</u>	<u>-</u>	<u>92,508</u>	<u>113,794</u>	<u>(286)</u>
Town Treasurer's Office:					
Treasurer/finance director	55,636	-	55,636	55,636	-
Assistant treasurer/finance director	17,337	-	17,337	17,337	-
Treasurer's office FICA	5,583	-	5,583	4,968	615
Health insurance	16,260	-	16,260	17,665	(1,405)
Dental insurance	659	-	659	567	92
Travel and conferences	100	-	100	-	100
	<u>95,575</u>	<u>-</u>	<u>95,575</u>	<u>96,173</u>	<u>(598)</u>
Listers:					
Listers	43,059	-	43,059	39,049	4,010
Listers' FICA	3,295	-	3,295	2,946	349
Health insurance	6,883	-	6,883	5,384	1,499
Dental insurance	659	-	659	567	92
Travel and conferences	1,200	-	1,200	25	1,175
	<u>55,096</u>	<u>-</u>	<u>55,096</u>	<u>47,971</u>	<u>7,125</u>

## TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Selectboard:					
Selectboard salaries	10,000	-	10,000	10,000	-
Town administrator	50,242	-	50,242	39,077	11,165
Secretary for selectboard	3,000	-	3,000	62	2,938
FICA	6,000	-	6,000	5,056	944
Health insurance	15,705	-	15,705	-	15,705
Dental insurance	659	-	659	-	659
457(b) contribution	11,100	-	11,100	9,814	1,286
New/replace office equipment	500	-	500	185	315
Printing of town report	1,000	-	1,000	768	232
EOC building expenses	4,500	-	4,500	5,192	(692)
Postage for town report	200	-	200	354	(154)
Legal services	15,500	-	15,500	10,520	4,980
Outside audit	13,900	-	13,900	13,900	-
Travel	2,500	-	2,500	76	2,424
Safety committee	500	-	500	-	500
Contributions and gifts	300	-	300	-	300
Green-up	300	-	300	135	165
Welcome signs	450	-	450	595	(145)
Flag	100	-	100	951	(851)
Hiring expenses	6,500	-	6,500	1,343	5,157
Capital needs assessment	15,000	-	15,000	14,175	825
	<u>157,956</u>	<u>-</u>	<u>157,956</u>	<u>112,203</u>	<u>45,753</u>
General Expenses:					
General office supplies	5,500	-	5,500	10,843	(5,343)
Advertising	1,000	-	1,000	535	465
Telephone	14,000	-	14,000	15,804	(1,804)
Postage	3,000	-	3,000	1,480	1,520
Dues and subscriptions	500	-	500	1,190	(690)
VT League of Cities and Towns	3,750	-	3,750	3,818	(68)
County tax	34,116	-	34,116	-	34,116
Contracts, maintenance and repairs	26,400	-	26,400	19,506	6,894
Technology upgrades	5,000	-	5,000	450	4,550
Insurance and bonds	121,000	-	121,000	88,020	32,980
Communications	1,800	-	1,800	2,250	(450)
	<u>216,066</u>	<u>-</u>	<u>216,066</u>	<u>143,896</u>	<u>72,170</u>

## TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Planning:					
Postage and miscellaneous	400	-	400	-	400
Windham Regional Planning Commission	5,200	-	5,200	5,238	(38)
Professional assistance	1,000	-	1,000	-	1,000
Matching grant	6,000	-	6,000	2,250	3,750
	<u>12,600</u>	<u>-</u>	<u>12,600</u>	<u>7,488</u>	<u>5,112</u>
Recreation Department					
Director	49,773	-	49,773	49,595	178
Assistant director	39,007	-	39,007	38,820	187
Maintenance	6,500	-	6,500	6,326	174
Water Safety instructors	22,000	-	22,000	10,849	11,151
Day camp staff	13,500	-	13,500	15,998	(2,498)
Customer service	5,494	-	5,494	3,954	1,540
Pre-school instructor	28,793	-	28,793	27,074	1,719
Pre-school assistant	29,390	-	29,390	27,126	2,264
Weekend supervisor	3,000	-	3,000	823	2,177
FICA	15,106	-	15,106	12,547	2,559
Health insurance	77,671	-	77,671	80,112	(2,441)
Dental insurance	2,634	-	2,634	2,267	367
Supplies	18,880	-	18,880	12,353	6,527
Utilities/fuel oil	7,200	-	7,200	8,651	(1,451)
Telephone	1,100	-	1,100	904	196
Contracts and rentals	1,590	-	1,590	1,369	221
New/replace equipment	-	-	-	848	(848)
Repairs and maintenance	1,050	-	1,050	3,453	(2,403)
Programs	22,300	-	22,300	2,945	19,355
Partnership - preschool	-	-	-	35,242	(35,242)
Preschool fundraiser	-	-	-	2,878	(2,878)
L Peduzzi scholarship	-	-	-	250	(250)
Matching Grant	2,000	-	2,000	2,031	(31)
Covid Grant	-	-	-	6,013	(6,013)
Donations	-	-	-	106	(106)
	<u>346,988</u>	<u>-</u>	<u>346,988</u>	<u>352,534</u>	<u>(5,546)</u>

## TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
School Rental	231,105	-	231,105	231,105	-
Building and Grounds:					
Groundskeeping	6,000	-	6,000	7,855	(1,855)
Cleaning	8,200	-	8,200	11,295	(3,095)
Snow removal	2,500	-	2,500	1,421	1,079
Supplies	1,500	-	1,500	1,424	76
Custodial equipment	100	-	100	-	100
Fuel oil	9,000	-	9,000	3,427	5,573
Electric town/library/north	12,000	-	12,000	9,696	2,304
Repairs to equipment	200	-	200	-	200
Repairs to building	8,000	-	8,000	15,218	(7,218)
	47,500	-	47,500	50,336	(2,836)
Cemeteries:					
Caretaking	7,604	-	7,604	7,540	64
Supplies	1,300	-	1,300	818	482
Repair and maintenance	3,000	-	3,000	-	3,000
	11,904	-	11,904	8,358	3,546
Vernon Seniors:					
Activities	2,550	-	2,550	78	2,472
	2,550	-	2,550	78	2,472
Town Van:					
Van driver	7,000	-	7,000	28	6,972
FICA	536	-	536	2	534
Gasoline	1,000	-	1,000	-	1,000
Van maintenance	2,000	-	2,000	2	1,998
	10,536	-	10,536	32	10,504
Historians South School :					
Record preservation and supplies	-	-	-	-	-
Electricity	450	-	450	417	33
Building repairs and maintenance	500	-	500	650	(150)
Grounds	1,500	-	1,500	1,500	-
Lawn care	814	-	814	800	14
	3,264	-	3,264	3,367	(103)

## TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Windham County Sheriff's Office	82,000	-	82,000	82,000	-
Fire Department:					
Fire chief stipend	5,000	-	5,000	3,750	1,250
Asst. chief stipend	1,000	-	1,000	1,000	-
Lost wages	300	-	300	-	300
FICA	460	-	460	363	97
Uniforms	1,200	-	1,200	979	221
Inoculations	500	-	500	-	500
Physicals	500	-	500	170	330
EAP	400	-	400	475	(75)
Supplies	1,200	-	1,200	1,413	(213)
EMS Vernon rescue supplies	3,000	-	3,000	1,099	1,901
New/replace equipment	13,000	-	13,000	11,932	1,068
Public education	1,000	-	1,000	-	1,000
Fuel oil	8,000	-	8,000	3,919	4,081
Electricity - fire dept	3,000	-	3,000	2,095	905
Dues and subscriptions	1,200	-	1,200	600	600
Southwest mutual aid	30,000	-	30,000	31,423	(1,423)
Gasoline	2,500	-	2,500	1,035	1,465
Equipment repair and maintenance	6,000	-	6,000	4,468	1,532
Truck repair and maintenance	8,000	-	8,000	3,784	4,216
Fire pond maintenance	4,000	-	4,000	-	4,000
Building repair and maintenance	4,000	-	4,000	2,089	1,911
Training, travel and conferences	500	-	500	328	172
Rescue training, travel, conferences	1,500	-	1,500	1,177	323
Matching grant	2,000	-	2,000	-	2,000
Travel reimbursements	2,500	-	2,500	1,549	951
	100,760	-	100,760	73,648	27,112
Rescue Operating Budget	52,459	-	52,459	52,459	-

## TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Other Public Safety:					
Health officer	2,500	-	2,500	2,500	-
Fire warden - permits	500	-	500	621	(121)
Public safety FICA	200	-	200	191	9
	<u>3,200</u>	<u>-</u>	<u>3,200</u>	<u>3,312</u>	<u>(112)</u>
Highway Maintenance:					
Equipment rental	5,500	-	5,500	3,417	2,083
Guard rails	1,100	-	1,100	-	1,100
Culverts	5,500	-	5,500	5,630	(130)
Gravel	8,000	-	8,000	7,832	168
Chloride	7,000	-	7,000	5,697	1,303
Asphalt	1,500	-	1,500	455	1,045
Salt	49,000	-	49,000	28,511	20,489
Sand	8,000	-	8,000	3,787	4,213
Tree warden	2,300	-	2,300	6,765	(4,465)
Stormwater run-off permit	4,800	-	4,800	3,898	902
	<u>92,700</u>	<u>-</u>	<u>92,700</u>	<u>65,992</u>	<u>26,708</u>
Town Garage Operation:					
Road commissioner	62,250	-	62,250	60,559	1,691
Equipment operator	43,270	-	43,270	42,171	1,099
Operator/mechanic	43,270	-	43,270	42,030	1,240
Part-time operator	5,000	-	5,000	762	4,238
FICA	11,765	-	11,765	10,009	1,756
Health insurance	42,113	-	42,113	45,383	(3,270)
Dental insurance	2,000	-	2,000	1,700	300
Uniforms	2,600	-	2,600	2,533	67
Drug and alcohol testing	200	-	200	293	(93)
Supplies	4,000	-	4,000	3,458	542
Fuel oil	11,000	-	11,000	4,657	6,343
Electricity	3,100	-	3,100	3,219	(119)

## TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Town Garage Operation (Continued):					
Dumpster fee	1,100	-	1,100	1,065	35
Dues and subscriptions	200	-	200	-	200
Gas and diesel	16,000	-	16,000	17,108	(1,108)
Road tools and supplies	4,000	-	4,000	3,460	540
Safety equipment	2,000	-	2,000	1,500	500
Building repair and maintenance	3,500	-	3,500	3,142	358
Travel and conferences	250	-	250	-	250
	<u>257,618</u>	<u>-</u>	<u>257,618</u>	<u>243,049</u>	<u>14,569</u>
Road Equipment Repair/Maintenance:					
Trucks	10,000	-	10,000	7,571	2,429
Grader	2,500	-	2,500	2	2,498
Tractor	1,000	-	1,000	749	251
Snow plows and sander	3,000	-	3,000	1,876	1,124
Front end loader	2,500	-	2,500	30	2,470
Small equipment	2,400	-	2,400	1,211	1,189
Radios	500	-	500	243	257
Prior year carry over	-	30,415	30,415	18,924	11,491
	<u>21,900</u>	<u>30,415</u>	<u>52,315</u>	<u>30,606</u>	<u>21,709</u>
Miscellaneous Expenses	-	-	-	3,808	(3,808)
Appropriations	<u>19,350</u>	<u>-</u>	<u>19,350</u>	<u>11,298</u>	<u>8,052</u>
Transfers to other funds:					
Special revenue funds	209,971	-	209,971	209,971	-
Capital project funds	17,500	-	17,500	17,500	-
Emergency capital reserve fund	10,000	-	10,000	10,000	-
Capital fund	60,842	-	60,842	60,842	-
Culvert reserve fund	40,000	-	40,000	40,000	-
Road updgrade fund	100,000	-	100,000	100,000	-
	<u>438,313</u>	<u>-</u>	<u>438,313</u>	<u>438,313</u>	<u>-</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 2,351,948</u>	<u>\$ 30,415</u>	<u>\$ 2,382,363</u>	<u>\$ 2,171,820</u>	<u>\$ 231,543</u>

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

## TOWN OF VERNON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 155,459	\$ -	\$ 26,136	\$ 181,595
Investments	179,316	161,249	281,531	622,096
Due from other funds	321,886	153,576	2,162	477,624
<b>TOTAL ASSETS</b>	<b>\$ 656,661</b>	<b>\$ 314,825</b>	<b>\$ 309,829</b>	<b>\$ 1,281,315</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 838	\$ -	\$ -	\$ 838
Accrued payroll and benefits payable	715	-	-	715
Due to other funds	39,278	-	-	39,278
<b>TOTAL LIABILITIES</b>	<b>40,831</b>	<b>-</b>	<b>-</b>	<b>40,831</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	243	-	-	243
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>243</b>	<b>-</b>	<b>-</b>	<b>243</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	-	-	309,829	309,829
Committed	-	314,825	-	314,825
Assigned	599,309	-	-	599,309
Unassigned	16,278	-	-	16,278
<b>TOTAL FUND BALANCES</b>	<b>615,587</b>	<b>314,825</b>	<b>309,829</b>	<b>1,240,241</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 656,661</b>	<b>\$ 314,825</b>	<b>\$ 309,829</b>	<b>\$ 1,281,315</b>

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



## TOWN OF VERNON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 923	\$ -	\$ -	\$ 923
Interest income	(2,146)	(1,579)	45,269	41,544
Charges for services	74,078	-	-	74,078
Other income	16,030	-	2,159	18,189
TOTAL REVENUES	<u>88,885</u>	<u>(1,579)</u>	<u>47,428</u>	<u>134,734</u>
EXPENDITURES				
Other	<u>373,653</u>	<u>-</u>	<u>13,045</u>	<u>386,698</u>
TOTAL EXPENDITURES	<u>373,653</u>	<u>-</u>	<u>13,045</u>	<u>386,698</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(284,768)</u>	<u>(1,579)</u>	<u>34,383</u>	<u>(251,964)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	219,971	17,500	-	237,471
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>219,971</u>	<u>17,500</u>	<u>-</u>	<u>237,471</u>
NET CHANGE IN FUND BALANCES	<u>(64,797)</u>	<u>15,921</u>	<u>34,383</u>	<u>(14,493)</u>
FUND BALANCES - JULY 1	<u>680,384</u>	<u>298,904</u>	<u>275,446</u>	<u>1,254,734</u>
FUND BALANCES - JUNE 30	<u>\$ 615,587</u>	<u>\$ 314,825</u>	<u>\$ 309,829</u>	<u>\$ 1,240,241</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.

## SCHEDULE E

## TOWN OF VERNON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2021

	Emergency Services	Reappraisal	Solid Waste Fund	Scholarship Fund	Pay to Throw Fund
ASSETS					
Cash and cash equivalents	\$ 1,477	\$ -	\$ 54,326	\$ 2,134	\$ -
Investments	109,491	25,077	1,230	2,815	-
Due from other funds	-	169,829	-	-	-
TOTAL ASSETS	<u>\$ 110,968</u>	<u>\$ 194,906</u>	<u>\$ 55,556</u>	<u>\$ 4,949</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits payable	-	-	-	-	-
Due to other funds	-	-	3,575	-	35,703
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>3,575</u>	<u>-</u>	<u>35,703</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	110,968	194,906	-	4,949	-
Unassigned	-	-	51,981	-	(35,703)
TOTAL FUND BALANCES (DEFICITS)	<u>110,968</u>	<u>194,906</u>	<u>51,981</u>	<u>4,949</u>	<u>(35,703)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 110,968</u>	<u>\$ 194,906</u>	<u>\$ 55,556</u>	<u>\$ 4,949</u>	<u>\$ -</u>

## SCHEDULE E (CONTINUED)

## TOWN OF VERNON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2021

	Professional Services Fund	Elderly Assistance Fund	Restoration Fund	Pool Fund	Library Fund	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ 37,521	\$ -	\$ -	\$ 60,001	\$ 155,459
Investments	40,703	-	-	-	-	179,316
Due from other funds	122,198	-	25,353	4,506	-	321,886
TOTAL ASSETS	<u>\$ 162,901</u>	<u>\$ 37,521</u>	<u>\$ 25,353</u>	<u>\$ 4,506</u>	<u>\$ 60,001</u>	<u>\$ 656,661</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 838	\$ 838
Accrued payroll and benefits payable	-	-	-	-	715	715
Due to other funds	-	-	-	-	-	39,278
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,553</u>	<u>40,831</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	-	-	-	243	243
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>243</u>	<u>243</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	162,901	37,521	25,353	4,506	58,205	599,309
Unassigned	-	-	-	-	-	16,278
TOTAL FUND BALANCES (DEFICITS)	<u>162,901</u>	<u>37,521</u>	<u>25,353</u>	<u>4,506</u>	<u>58,205</u>	<u>615,587</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 162,901</u>	<u>\$ 37,521</u>	<u>\$ 25,353</u>	<u>\$ 4,506</u>	<u>\$ 60,001</u>	<u>\$ 656,661</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, 2021

	Emergency Services	Reappraisal	Solid Waste Fund	Scholarship Fund	Pay to Throw Fund
REVENUES					
Intergovernmental	\$ -	\$ 923	\$ -	\$ -	\$ -
Charges for services	-	7,846	-	-	66,013
Investment gain/(losses)	(1,114)	(176)	(4)	(569)	-
Other income	-	-	84	200	-
TOTAL REVENUES	<u>(1,114)</u>	<u>8,593</u>	<u>80</u>	<u>(369)</u>	<u>66,013</u>
EXPENDITURES					
Other	<u>60</u>	<u>-</u>	<u>68,000</u>	<u>14,000</u>	<u>94,483</u>
TOTAL EXPENDITURES	<u>60</u>	<u>-</u>	<u>68,000</u>	<u>14,000</u>	<u>94,483</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,174)</u>	<u>8,593</u>	<u>(67,920)</u>	<u>(14,369)</u>	<u>(28,470)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>-</u>	<u>-</u>	<u>122,518</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>122,518</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>(1,174)</u>	<u>8,593</u>	<u>54,598</u>	<u>(14,369)</u>	<u>(28,470)</u>
FUND BALANCES (DEFICITS) - JULY 1	<u>112,142</u>	<u>186,313</u>	<u>(2,617)</u>	<u>19,318</u>	<u>(7,233)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 110,968</u>	<u>\$ 194,906</u>	<u>\$ 51,981</u>	<u>\$ 4,949</u>	<u>\$ (35,703)</u>

## SCHEDULE F (CONTINUED)

## TOWN OF VERNON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Professional Services Fund	Elderly Assistance Fund	Restoration Fund	Pool Fund	Library Fund	Total
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 923
Charges for services	-	-	-	-	219	74,078
Investment gain/(losses)	(325)	12	12	5	13	(2,146)
Other income	-	-	8,007	-	7,739	16,030
TOTAL REVENUES	<u>(325)</u>	<u>12</u>	<u>8,019</u>	<u>5</u>	<u>7,971</u>	<u>88,885</u>
EXPENDITURES						
Other	<u>95,768</u>	<u>8,414</u>	<u>1,708</u>	<u>5,499</u>	<u>85,721</u>	<u>373,653</u>
TOTAL EXPENDITURES	<u>95,768</u>	<u>8,414</u>	<u>1,708</u>	<u>5,499</u>	<u>85,721</u>	<u>373,653</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(96,093)</u>	<u>(8,402)</u>	<u>6,311</u>	<u>(5,494)</u>	<u>(77,750)</u>	<u>(284,768)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>87,453</u>	<u>219,971</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>87,453</u>	<u>219,971</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(96,093)	(8,402)	6,311	4,506	9,703	(64,797)
FUND BALANCES (DEFICITS) - JULY 1	<u>258,994</u>	<u>45,923</u>	<u>19,042</u>	<u>-</u>	<u>48,502</u>	<u>680,384</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 162,901</u>	<u>\$ 37,521</u>	<u>\$ 25,353</u>	<u>\$ 4,506</u>	<u>\$ 58,205</u>	<u>\$ 615,587</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, 2021

	Farmland Fund	Parking Lot Maintenance Fund	Total
ASSETS			
Investments	\$ 160,797	\$ 452	\$ 161,249
Due from other funds	84,275	69,301	153,576
TOTAL ASSETS	<u>\$ 245,072</u>	<u>\$ 69,753</u>	<u>\$ 314,825</u>
LIABILITIES			
Due to others funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	245,072	69,753	314,825
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>245,072</u>	<u>69,753</u>	<u>314,825</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 245,072</u>	<u>\$ 69,753</u>	<u>\$ 314,825</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, 2021

	Farmland Fund	Parking Lot Maintenance Fund	Total
REVENUES			
Investment gain/(losses)	\$ (1,609)	\$ 30	\$ (1,579)
TOTAL REVENUES	<u>(1,609)</u>	<u>30</u>	<u>(1,579)</u>
EXPENDITURES			
Other	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,609)</u>	<u>30</u>	<u>(1,579)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	15,000	2,500	17,500
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>15,000</u>	<u>2,500</u>	<u>17,500</u>
NET CHANGE IN FUND BALANCES	13,391	2,530	15,921
FUND BALANCES - JULY 1	<u>231,681</u>	<u>67,223</u>	<u>298,904</u>
FUND BALANCES - JUNE 30	<u><u>\$ 245,072</u></u>	<u><u>\$ 69,753</u></u>	<u><u>\$ 314,825</u></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, 2021

	A. Perry Cemetery Fund	North Cemetery Fund	P.A. Lee Cemetery Fund	South Cemetery Fund	Tyler Cemetery Fund	Whithed Cemetery Fund	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 3,948	\$ 8,493	\$ -	\$ 6,543	\$ 7,152	\$ -	\$ 26,136
Investments	1,326	58,423	-	8,671	213,111	-	281,531
Due from other funds	-	-	1,918	-	-	244	2,162
<b>TOTAL ASSETS</b>	<u>\$ 5,274</u>	<u>\$ 66,916</u>	<u>\$ 1,918</u>	<u>\$ 15,214</u>	<u>\$ 220,263</u>	<u>\$ 244</u>	<u>\$ 309,829</u>
<b>LIABILITIES</b>							
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	5,274	66,916	1,918	15,214	220,263	244	309,829
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>5,274</u>	<u>66,916</u>	<u>1,918</u>	<u>15,214</u>	<u>220,263</u>	<u>244</u>	<u>309,829</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 5,274</u>	<u>\$ 66,916</u>	<u>\$ 1,918</u>	<u>\$ 15,214</u>	<u>\$ 220,263</u>	<u>\$ 244</u>	<u>\$ 309,829</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, 2021

	A. Perry Cemetery Fund	North Cemetery Fund	P.A. Lee Cemetery Fund	South Cemetery Fund	Tyler Cemetery Fund	Whithed Cemetery Fund	Total
REVENUES							
Investment gain/(losses)	\$ 77	\$ 5,969	\$ 1	\$ 1,832	\$ 37,390	\$ -	\$ 45,269
Other income	200	649	510	-	800	-	2,159
TOTAL REVENUES	<u>277</u>	<u>6,618</u>	<u>511</u>	<u>1,832</u>	<u>38,190</u>	<u>-</u>	<u>47,428</u>
EXPENDITURES							
Other	-	4,725	-	-	8,320	-	13,045
TOTAL EXPENDITURES	<u>-</u>	<u>4,725</u>	<u>-</u>	<u>-</u>	<u>8,320</u>	<u>-</u>	<u>13,045</u>
NET CHANGE IN FUND BALANCES	277	1,893	511	1,832	29,870	-	34,383
FUND BALANCES - JULY 1	<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>
FUND BALANCES - JUNE 30	<u>\$ 5,274</u>	<u>\$ 66,916</u>	<u>\$ 1,918</u>	<u>\$ 15,214</u>	<u>\$ 220,263</u>	<u>\$ 244</u>	<u>\$ 309,829</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 custodial 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.

## SCHEDULE K

## TOWN OF VERNON, VERMONT

COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS  
PRIVATE-PURPOSE TRUST FUNDS  
JUNE 30, 2021

	AJ Brooks Trust	Marsh Trust	Scott and Noyes Trust	Grange Scholarship Trust	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 22,987	\$ 1,241	\$ 1,791	\$ -	\$ 26,019
Investments, at fair value	144,767	12,530	61,674	32,839	251,810
Due from other governments				48	48
<b>TOTAL ASSETS</b>	<u>\$ 167,754</u>	<u>\$ 13,771</u>	<u>\$ 63,465</u>	<u>\$ 32,887</u>	<u>\$ 277,877</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>					
Restricted - held in trust for special purposes	<u>167,754</u>	<u>13,771</u>	<u>63,465</u>	<u>32,887</u>	<u>277,877</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 167,754</u>	<u>\$ 13,771</u>	<u>\$ 63,465</u>	<u>\$ 32,887</u>	<u>\$ 277,877</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, 2021

	AJ Brooks Trust	Marsh Trust	Scott and Noyes Trust	Grange Scholarship Trust	Total
ADDITIONS					
Net increase (decrease) in the fair value of investments	\$ 31,061	\$ 2,700	\$ 14,610	\$ (335)	\$ 48,036
Total additions	<u>31,061</u>	<u>2,700</u>	<u>14,610</u>	<u>(335)</u>	<u>48,036</u>
DEDUCTIONS					
Withdrawals	-	168	780	-	948
Total deductions	<u>-</u>	<u>168</u>	<u>780</u>	<u>-</u>	<u>948</u>
Change in net position	31,061	2,532	13,830	(335)	47,088
NET POSITION - JULY 1	<u>136,693</u>	<u>11,239</u>	<u>49,635</u>	<u>33,222</u>	<u>230,789</u>
NET POSITION - JUNE 30	<u>\$ 167,754</u>	<u>\$ 13,771</u>	<u>\$ 63,465</u>	<u>\$ 32,887</u>	<u>\$ 277,877</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.



## SCHEDULE M

## TOWN OF VERNON, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION  
JUNE 30, 2021

	Land and Non-depreciable Assets	Buildings and Improvements	Furniture, Equipment and Vehicles	Infrastructure	Total
Town clerk	\$ -	\$ 72,454	\$ 18,487	\$ -	\$ 90,941
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	1,283,473	2,238,249	3,876,226
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	16,900	1,058,448
Total General Capital Assets	253,228	1,724,340	2,860,017	2,312,369	7,149,954
Less: Accumulated Depreciation	-	(1,228,427)	(1,619,243)	(1,672,726)	(4,520,396)
Net General Capital Assets	<u>\$ 253,228</u>	<u>\$ 495,913</u>	<u>\$ 1,240,774</u>	<u>\$ 639,643</u>	<u>\$ 2,629,558</u>

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, 2021

	General Capital Assets 7/1/20	Additions	Deletions	General Capital Assets 6/30/21
Town clerk	\$ 83,769	\$ 7,172	\$ -	\$ 90,941
Town treasurer	24,715	-	-	24,715
Police department	10,105	-	-	10,105
Fire department	1,278,154	-	-	1,278,154
Highway	3,661,201	215,025	-	3,876,226
Recreation	754,337	-	-	754,337
Cemeteries	15,700	-	-	15,700
Historians	41,328	-	-	41,328
Town wide	1,048,548	9,900	-	1,058,448
Total General Capital Assets	6,917,857	232,097	-	7,149,954
Less: Accumulated Depreciation	(4,144,951)	(375,445)	-	(4,520,396)
Net General Capital Assets	<u>\$ 2,772,906</u>	<u>\$ (143,348)</u>	<u>\$ -</u>	<u>\$ 2,629,558</u>

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



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, 2021 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 17, 2022.

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 December 8, 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 17, 2022