

Audited Financial Statements and
Other Financial Information

Town of Vernon, Vermont

June 30, 2023



Proven Expertise & Integrity

TOWN OF VERNON, VERMONT

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JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Vernon
Vernon, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2023 and the related notes to the financial statements, which collectively comprise the Town of Vernon, Vermont's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Town of Vernon, Vermont as of June 30, 2023 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Vernon, Vermont and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Vernon, Vermont's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit 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 Town of Vernon, Vermont's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Vernon, Vermont's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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 5 through 12 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.

Supplementary 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 June 12, 2024, on our consideration of the Town of Vernon, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Town of Vernon, Vermont's 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
June 12, 2024

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(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, 2023. 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, 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 four 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 and capital fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities increased by \$828,840 from \$8,855,535 to \$9,684,375.

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 \$6,676,771 at the end of this year.

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

	<u>2023</u>	<u>2022</u> <u>(Restated)</u>
Assets:		
Current Assets	\$ 7,078,815	\$ 6,488,973
Noncurrent Assets - Capital Assets	2,735,103	2,599,042
Total Assets	<u>9,813,918</u>	<u>9,088,015</u>
Liabilities:		
Current Liabilities	85,964	193,783
Noncurrent Liabilities	27,885	23,292
Total Liabilities	<u>113,849</u>	<u>217,075</u>
Deferred Inflows of Resources:		
Deferred Revenues	13,952	13,952
Prepaid Property Taxes	1,742	1,453
Total Deferred Inflows of Resources	<u>15,694</u>	<u>15,405</u>
Net Position:		
Net Investment in Capital Assets	2,735,103	2,599,042
Restricted: Permanent Funds	272,501	267,045
Unrestricted	6,676,771	5,989,448
Total Net Position	<u>\$ 9,684,375</u>	<u>\$ 8,855,535</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 26.87%, while total expenses decreased by 9.57% from the prior year. All revenue categories saw increases except for operating grants and contributions and grants and contributions not restricted to specific programs. The biggest decreases in expenses were in general government and highway and streets, which were partially offset by an increase in culture and recreation and sanitation and solid waste.

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

	<u>2023</u>	<u>2022</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 373,498	\$ 370,244
Operating grants and contributions	68,399	74,361
<i>General Revenues:</i>		
Property taxes	2,425,131	2,117,891
Grants and contributions not restricted to specific programs	414,761	416,686
Miscellaneous	55,078	(349,049)
Total revenues	<u>3,336,867</u>	<u>2,630,133</u>
Expenses		
General government	790,507	914,849
Public safety	294,973	293,249
Highways and streets	414,871	669,632
Culture and recreation	817,451	767,261
Sanitation and solid waste	123,971	60,055
Cemetery	19,911	17,230
Education	6,000	-
Health and welfare	11,648	8,443
Unclassified	28,695	42,605
Total expenses	<u>2,508,027</u>	<u>2,773,324</u>
Change in Net Position	828,840	(143,191)
Net Position - July 1, Restated	<u>8,855,535</u>	<u>8,998,726</u>
Net Position - June 30	<u>\$ 9,684,375</u>	<u>\$ 8,855,535</u>

Financial Analysis of the Town's Fund Statements

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

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

	<u>2023</u>	<u>2022</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 74,429	\$ 39,795	\$ 34,634
Committed	102,155	95,289	6,866
Assigned	253,079	295,144	(42,065)
Unassigned	1,506,117	1,204,873	301,244
Total General Fund	<u>\$ 1,935,780</u>	<u>\$ 1,635,101</u>	<u>\$ 300,679</u>
Emergency Capital Reserve Fund			
Assigned	<u>\$ 1,234,704</u>	<u>\$ 1,253,952</u>	<u>\$ (19,248)</u>
Total Emergency Capital Reserve Fund	<u>\$ 1,234,704</u>	<u>\$ 1,253,952</u>	<u>\$ (19,248)</u>
Capital Fund			
Assigned	<u>\$ 1,806,852</u>	<u>\$ 1,724,860</u>	<u>\$ 81,992</u>
Total Capital Fund	<u>\$ 1,806,852</u>	<u>\$ 1,724,860</u>	<u>\$ 81,992</u>
Nonmajor Funds:			
Special Revenues Funds:			
Assigned	\$ 630,492	\$ 530,615	\$ 99,877
Unassigned	(20,130)	(69,792)	49,662
Capital Projects Funds:			
Committed	257,963	279,890	(21,927)
Assigned	815,304	603,268	212,036
Permanent Funds:			
Restricted	<u>272,501</u>	<u>267,045</u>	<u>5,456</u>
Total Nonmajor Funds	<u>\$ 1,956,130</u>	<u>\$ 1,611,026</u>	<u>\$ 345,104</u>

The changes in total fund balances for the general fund, emergency capital reserve fund, capital 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 approved carry overs.

The general fund actual revenues were over budget by \$476,698. This was due to most revenue categories being receipted above budgeted amounts except for property taxes.

The general fund actual expenditures were over budget by \$130,280. Most expenditures were either at or under budget with the exception of the Selectboard, general expenses, the recreation department, other public safety and miscellaneous expenses.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the Town increased by \$136,061 from the prior year. This decrease is the result of capital additions of \$345,980 less current year depreciation of \$209,919.

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

	2023	2022 (Restated)
Land	\$ 253,228	\$ 253,228
Buildings and Improvements	431,308	468,203
Machinery and Equipment	1,239,163	1,163,151
Infrastructure	811,404	714,460
Total	\$ 2,735,103	\$ 2,599,042

Debt

At June 30, 2023, the Town does not have any long-term debt.

Currently Known Facts, Decisions or Conditions

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 six 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 05354.

TOWN OF VERNON, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,556,585
Investments	2,338,256
Taxes receivable	78,768
Other receivables	30,777
Inventory	74,429
Total current assets	<u>7,078,815</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	253,228
Buildings and equipment, net of accumulated depreciation	<u>2,481,875</u>
Total noncurrent assets	<u>2,735,103</u>
TOTAL ASSETS	<u><u>\$ 9,813,918</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 66,884
Accrued payroll and benefits payable	17,564
Due to other governments	48
Current portion of long-term obligations	<u>1,468</u>
Total current liabilities	<u>85,964</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Accrued compensated absences	<u>27,885</u>
Total noncurrent liabilities	<u>27,885</u>
TOTAL LIABILITIES	<u>113,849</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid property taxes	1,742
Deferred revenue	<u>13,952</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>15,694</u>
NET POSITION	
Net investment in capital assets	2,735,103
Restricted: Permanent funds	272,501
Unrestricted	<u>6,676,771</u>
TOTAL NET POSITION	<u>9,684,375</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 9,813,918</u></u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF VERNON, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental activities:					
General government	\$ 790,507	\$ 30,039	\$ 929	\$ -	\$ (759,539)
Public safety	294,973	2,791	-	-	(292,182)
Highways and streets	414,871	-	67,470	-	(347,401)
Culture and recreation	817,451	277,644	-	-	(539,807)
Sanitation and solid waste	123,971	63,024	-	-	(60,947)
Cemetery	19,911	-	-	-	(19,911)
Health and welfare	11,648	-	-	-	(11,648)
Unclassified	28,695	-	-	-	(28,695)
Total government	<u>\$ 2,508,027</u>	<u>\$ 373,498</u>	<u>\$ 68,399</u>	<u>\$ -</u>	<u>(2,066,130)</u>

STATEMENT B (CONTINUED)
TOWN OF VERNON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(2,066,130)</u>
General revenues:	
Property taxes, levied for general purposes	2,425,131
Grants and contributions not restricted to specific programs	414,761
Miscellaneous	<u>55,078</u>
Total general revenues	<u>2,894,970</u>
Change in net position	828,840
NET POSITION - JULY 1, RESTATED	<u>8,855,535</u>
NET POSITION - JUNE 30	<u>\$ 9,684,375</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF VERNON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Emergency Capital Reserve Fund	Capital Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,642,428	\$ 289,525	\$ 202,478	\$ 422,154	\$ 4,556,585
Investments	124,433	945,179	731,087	537,557	2,338,256
Taxes receivable	78,768	-	-	-	78,768
Other receivables	30,777	-	-	-	30,777
Inventory	74,429	-	-	-	74,429
Due from other funds	36,227	-	873,287	1,033,815	1,943,329
TOTAL ASSETS	\$ 3,987,062	\$ 1,234,704	\$ 1,806,852	\$ 1,993,526	\$ 9,022,144
LIABILITIES					
Accounts payable	66,884	\$ -	\$ -	\$ -	\$ 66,884
Accrued payroll and benefits payable	16,638	-	-	926	17,564
Due to other governments	48	-	-	-	48
Due to other funds	1,907,102	-	-	36,227	1,943,329
TOTAL LIABILITIES	1,990,672	-	-	37,153	2,027,825
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax and interest	45,159	-	-	-	45,159
Deferred revenue	13,709	-	-	243	13,952
Prepaid property taxes	1,742	-	-	-	1,742
TOTAL DEFERRED INFLOWS OF RESOURCES	60,610	-	-	243	60,853
FUND BALANCES (DEFICITS)					
Nonspendable	74,429	-	-	-	74,429
Restricted	-	-	-	272,501	272,501
Committed	102,155	-	-	257,963	360,118
Assigned	253,079	1,234,704	1,806,852	1,445,796	4,740,431
Unassigned	1,506,117	-	-	(20,130)	1,485,987
TOTAL FUND BALANCES (DEFICITS)	1,935,780	1,234,704	1,806,852	1,956,130	6,933,466
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 3,987,062	\$ 1,234,704	\$ 1,806,852	\$ 1,993,526	\$ 9,022,144

See accompanying independent auditor's 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, 2023

	Total Governmental Funds
Total Fund Balances	\$ 6,933,466
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	2,735,103
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	45,159
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(29,353)
	\$ 9,684,375
Net position of governmental activities	

See accompanying independent auditor's report and notes to financial statements.

TOWN OF VERNON, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Emergency Capital Reserve Fund	Capital Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 2,436,044	\$ -	\$ -	\$ -	\$ 2,436,044
Intergovernmental	406,942	-	-	76,218	483,160
Investment gains/(losses)	45,624	(19,248)	(3,823)	22,059	44,612
Charges for services	302,272	-	-	71,226	373,498
Miscellaneous	4,487	-	-	5,979	10,466
TOTAL REVENUES	3,195,369	(19,248)	(3,823)	175,482	3,347,780
EXPENDITURES					
Current:					
General government	816,919	-	-	56,212	873,131
Public safety	247,012	-	-	60	247,072
Highways and streets	379,567	-	-	1,600	381,167
Culture and recreation	704,757	-	-	96,558	801,315
Sanitation and solid waste	-	-	-	123,971	123,971
Cemetery	7,380	-	-	12,531	19,911
Health and welfare	-	-	-	11,648	11,648
Unclassified	36,155	-	-	-	36,155
Capital outlay	-	-	109,570	29,313	138,883
TOTAL EXPENDITURES	2,191,790	-	109,570	337,893	2,639,253
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,003,579	(19,248)	(113,393)	(162,411)	708,527
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	195,385	507,515	702,900
Transfers (out)	(702,900)	-	-	-	(702,900)
TOTAL OTHER FINANCING SOURCES (USES)	(702,900)	-	195,385	507,515	-
NET CHANGE IN FUND BALANCES (DEFICITS)	300,679	(19,248)	81,992	345,104	708,527
FUND BALANCES (DEFICITS) - JULY 1	1,635,101	1,253,952	1,724,860	1,611,026	6,224,939
FUND BALANCES (DEFICITS) - JUNE 30	\$ 1,935,780	\$ 1,234,704	\$ 1,806,852	\$ 1,956,130	\$ 6,933,466

See accompanying independent auditor's 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, 2023

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 708,527</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	345,980
Depreciation expense	<u>(209,919)</u>
	<u>136,061</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>(10,913)</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	<u>(4,835)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 828,840</u></u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF VERNON, VERMONT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2023

	<u>Total Private- Purpose Trusts</u>
ASSETS	
Cash and cash equivalents	\$ 44,208
Investments, at fair value	203,515
Due from other governments	<u>48</u>
TOTAL ASSETS	<u><u>\$ 247,771</u></u>
LIABILITIES	
Accounts payable	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>
NET POSITION	
Restricted - held in trust for special purposes	<u>247,771</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 247,771</u></u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF VERNON, VERMONT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR YEAR ENDED JUNE 30, 2023

	<u>Total Private- Purpose Trusts</u>
ADDITIONS	
Net increase (decrease) in the fair value of investments	\$ 19,135
Total additions	<u>19,135</u>
DEDUCTIONS	
Withdrawals	<u>7,501</u>
Total deductions	<u>7,501</u>
Change in net position	11,634
NET POSITION - JULY 1	<u>236,137</u>
NET POSITION - JUNE 30	<u>\$ 247,771</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, health and welfare and unclassified.

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

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

Implementation of New Accounting Standards

During the year ended June 30, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services and the prices or rates that can be charged for the services and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. 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, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 96 "Subscription-Based Information Technology Arrangements". This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 99 "Omnibus 2022". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and terminology used in Statement 53 to refer to resource flows statements. 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, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental. The Town categorizes all activities of the entity as governmental.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

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

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

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

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

statements. Both fiduciary funds and component units that are fiduciary in nature have been excluded from these financial statements. The following fund types are used by the Town:

1. Governmental Funds:

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

Major Funds:

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

Nonmajor Funds:

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- e. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- f. 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.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

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

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

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

Deposits and Investments

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

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.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023. Accounts receivable netted with allowances for uncollectible accounts were \$30,777 for the year ended June 30, 2023.

Inventories

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

Interfund Receivables and Payables

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

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

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The war memorial monument has been capitalized under works of art. This item is categorized as a non-depreciable asset as it is considered inexhaustible.

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

Estimated useful lives are as follows:

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

Long-term Obligations

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

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

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

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

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

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

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

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

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.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of financial position and/or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred property tax and interest, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes and deferred revenue 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 3, 2022 on the assessed value listed as of April 1, 2022, for all real and personal property located in the Town. Taxes were due on September 15, 2022, January 12, 2023 and May 4, 2023. Payments received after the due dates were charged interest of 1% per month. Payments received after May 4, 2023, 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.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Revenues

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

Encumbrance Accounting

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

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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, 2023, the Town's cash and cash equivalents balance of \$4,600,793 were comprised of bank deposits and cash equivalents amounting to \$4,623,246. 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, \$547,240 were insured by federal depository insurance and

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

consequently, were not exposed to custodial credit risk and the remaining bank balances of \$3,438,189 were collateralized with securities held by the financial institution in the Town’s name. Of the cash equivalents balances of \$637,817, \$279,579 was collateralized by the Securities Investor Protection Corporation (SIPC) and the remaining balance of \$358,238 was uncollateralized and uninsured.

Account Type	Bank Balance
Checking accounts	\$ 3,688,189
Money market accounts	222,709
Savings accounts	74,531
Cash equivalents	637,817
	\$ 4,623,246

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 the 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 brokers/dealers.

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

Of the Town’s investments of \$2,541,769, \$595,600 were covered by the Securities Investor Protection Corporation (SIPC) and the remaining investments of \$1,946,169 were uncollateralized and uninsured.

At June 30, 2023, 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	\$ 2,196,169	\$ -	\$ 611,518	\$ 714,382	\$ 870,269
Equities	345,600	345,600	-	-	-
	\$ 2,541,769	\$ 345,600	\$ 611,518	\$ 714,382	\$ 870,269

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2023:

	June 30, 2023 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	\$ 2,541,769	\$ 2,541,769	\$ -	\$ -
Total equity securities	<u>2,541,769</u>	<u>2,541,769</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>2,541,769</u>	<u>\$ 2,541,769</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	637,817			
Total cash equivalents measured at the NAV	<u>637,817</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 3,179,586</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. The Town has no Level 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, 2023 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. As of June 30, 2023, the Town's investments in corporate bonds were rated Aaa (\$2,196,169) by Moody's Investors Services.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
General fund	\$ 36,227	\$ 1,907,102
Capital fund	873,287	-
Nonmajor special revenue funds	202,364	35,477
Nonmajor capital projects funds	829,258	-
Nonmajor permanent funds	2,193	750
	\$ 1,943,329	\$ 1,943,329

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.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2023 consisted of the following:

	Transfers From	Transfers To
General fund	\$ 702,900	\$ -
Capital fund	-	195,385
Nonmajor special revenue funds	-	365,015
Nonmajor capital projects funds	-	142,500
	\$ 702,900	\$ 702,900

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

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance 7/1/22 (Restated)	Additions	Disposals	Balance 6/30/23
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	1,734,308	-	-	1,734,308
Vehicles	1,839,146	122,069	-	1,961,215
Machinery and equipment	849,363	66,469	-	915,832
Infrastructure	2,312,369	157,442	-	2,469,811
	6,735,186	345,980	-	7,081,166
Less: accumulated depreciation	<u>(4,389,372)</u>	<u>(209,919)</u>	<u>-</u>	<u>(4,599,291)</u>
	2,345,814	136,061	-	2,481,875
Net capital assets	<u>\$ 2,599,042</u>	<u>\$ 136,061</u>	<u>\$ -</u>	<u>\$ 2,735,103</u>
<u>Current year depreciation</u>				
Town clerk				\$ 3,746
Fire department				47,901
Highway				121,811
Recreation				16,136
Cemeteries				785
Historians				682
Town wide				18,858
Total depreciation				<u>\$ 209,919</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, 2023:

	Balance 7/1/22	Additions	Reductions	Balance 6/30/23	Current Year Portion
Accrued compensated absences	\$ 24,518	\$ 4,835	\$ -	\$ 29,353	\$ 1,468

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

TOWN OF VERNON, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023

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, 2023, the Town's liability for compensated absences is \$29,353.

NOTE 8 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2023:

Invested in capital assets	\$ 7,334,394
Accumulated depreciation	<u>(4,599,291)</u>
	<u>\$ 2,735,103</u>

NOTE 9 - NONSPENDABLE FUND BALANCE

At June 30, 2023, the Town had the following nonspendable fund balance:

General Fund:	
Inventory	<u>\$ 74,429</u>

NOTE 10 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCES

At June 30, 2023, the Town had the following restricted net position and restricted fund balances:

Nonmajor permanent funds (Schedule I):	
A. Perry cemetery fund	\$ 5,385
North cemetery fund	58,800
P.A. Lee cemetery fund	1,945
South cemetery fund	14,973
Tyler cemetery fund	191,150
Whithed cemetery fund	<u>248</u>
	<u>\$ 272,501</u>

TOWN OF VERNON, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023

NOTE 11 - COMMITTED FUND BALANCES

At June 30, 2023, the Town had the following committed fund balances:

General fund:	
Public safety department	\$ 14,731
Library	48,923
Recreation department	29,754
Peduzzi scholarship	500
B. Current donation	164
Bus Pass	3,221
General expenses department	4,862
Nonmajor capital projects funds (Schedule G)	257,963
	<u>\$ 360,118</u>

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2023, the Town had the following assigned fund balances:

General fund:	
Dog fund	\$ 23,174
Unemployment fund	17,865
Reserve fund	43,214
J. M. Miller Forest fund	168,802
Grant transfer fund	24
Emergency capital reserve fund	1,234,704
Capital fund	1,806,852
Nonmajor capital projects funds (Schedule F)	815,304
Nonmajor special revenue funds (Schedule E)	630,492
	<u>\$ 4,740,431</u>

NOTE 13 - DEFICIT FUND BALANCES

At June 30, 2023, the Town had the following deficit fund balances:

Nonmajor special revenue funds (Schedule E):	
Pay to throw fund	<u>\$ 20,130</u>

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14 - OVERSPENT APPROPRIATIONS

At June 30, 2023, various departmental revenues funded the following departments for budgetary purposes:

Selectboard	\$ 9,331
General expenses	179,118
Recreation department	90,499
Other public safety	1,162
Miscellaneous expenses	<u>21,496</u>
	<u>\$ 301,606</u>

NOTE 15 - 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, 2023. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

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

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

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - RISK MANAGEMENT (CONTINUED)

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 16 - CONTINGENCIES

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

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

NOTE 17 - 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.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 18 - 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, 2023, the Town received 20.649% of its total property tax revenue from the Vermont Yankee Nuclear Power Plant.

NOTE 19 - 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 20 - RESTATEMENTS

Management has determined that a restatement to the governmental activities beginning net position was required to correct the accumulated depreciation amount reported in the prior fiscal year.

The resulting restatement decreased the governmental activities net position by \$154,106 from \$9,009,641 to \$8,855,535.

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, 2023

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance - July 1	\$ 1,635,101	\$ 1,635,101	\$ 1,635,101	\$ -
Resources (Inflows):				
Property taxes	2,445,721	2,445,721	2,436,044	(9,677)
Intergovernmental revenues	52,000	52,000	406,942	354,942
Charges for services	207,250	207,250	302,272	95,022
Current interest income	13,000	13,000	45,624	32,624
Other revenue	700	700	4,487	3,787
Amounts Available for Appropriation	4,353,772	4,353,772	4,830,470	476,698
Charges to Appropriations (Outflows):				
Town clerk's office	101,163	101,163	89,350	11,813
Town treasurer's office	100,967	100,967	100,385	582
Listers	57,203	57,203	43,784	13,419
Selectboard	146,192	146,192	155,523	(9,331)
General expenses	188,848	188,848	367,966	(179,118)
Planning	9,400	9,400	5,402	3,998
Recreation department	373,220	373,220	463,719	(90,499)
School rental	231,105	231,105	231,105	-
Building and grounds	60,511	60,511	47,705	12,806
Cemeteries	13,904	13,904	7,380	6,524
Vernon seniors	2,550	2,550	2,550	-
Town van	11,322	11,322	6,804	4,518
Historians south school	8,350	12,850	7,383	5,467
County sheriff's	97,000	97,000	97,000	-
Fire department	119,763	119,763	87,998	31,765
Rescue operating budget	52,989	52,989	52,652	337
Other public safety	8,200	8,200	9,362	(1,162)
Highway maintenance	94,900	94,900	80,723	14,177
Town garage operation	292,084	292,084	250,180	41,904
Road equipment repair/maint	22,900	64,139	48,664	15,475
Miscellaneous expenses	-	-	21,496	(21,496)
Appropriations	23,200	23,200	14,659	8,541
Transfers to other funds	702,900	702,900	702,900	-
Total Charges to Appropriations	2,718,671	2,764,410	2,894,690	(130,280)
Budgetary Fund Balance, June 30	\$ 1,635,101	\$ 1,589,362	\$ 1,935,780	\$ 346,418

See accompanying independent auditor's 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, 2023

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Property taxes	\$ 2,445,721	\$ 2,445,721	\$ 2,436,044	\$ (9,677)
Intergovernmental revenues:				
State of Vermont - current use	40,000	40,000	35,642	(4,358)
State of Vermont - natural resources	8,000	8,000	10,633	2,633
State of Vermont - reimb services	-	-	11,021	11,021
State of Vermont - railroad tax	4,000	4,000	4,797	797
Other grants	-	-	344,849	344,849
Charges for services:				
Dog license fees	-	-	1,977	1,977
Treasurer	750	750	866	116
Clerk fees	25,000	25,000	19,299	(5,701)
Police income	1,500	1,500	2,791	1,291
Recreation department	180,000	180,000	277,339	97,339
Interest income:				
Current tax interest	8,000	8,000	11,517	3,517
Interest income	5,000	5,000	34,107	29,107
Miscellaneous revenues	700	700	4,487	3,787
Amounts Available for Appropriation	<u>\$ 2,718,671</u>	<u>\$ 2,718,671</u>	<u>\$ 3,195,369</u>	<u>\$ 476,698</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Town Clerk's Office:					
Town clerk/treasurer's office	\$ 54,214	\$ -	\$ 54,214	\$ 56,090	\$ (1,876)
Assistant town clerk	16,776	-	16,776	5,721	11,055
Town clerk's office FICA	5,431	-	5,431	4,335	1,096
Health insurance	17,783	-	17,783	18,015	(232)
Dental insurance	659	-	659	598	61
New/replace office equip	200	-	200	95	105
Postage for ballots	300	-	300	277	23
Vote scanner equipment	2,400	-	2,400	890	1,510
Travel and conferences	1,600	-	1,600	1,165	435
Miscellaneous (elections)	800	-	800	1,164	(364)
Marriage license qtr return	1,000	-	1,000	1,000	-
	<u>101,163</u>	<u>-</u>	<u>101,163</u>	<u>89,350</u>	<u>11,813</u>
Town Treasurer's Office:					
Treasurer/finance director	57,464	-	57,464	57,464	-
Assistant treasurer/finance director	19,105	-	19,105	19,105	-
Treasurer's office FICA	5,856	-	5,856	5,175	681
Health insurance	17,783	-	17,783	18,015	(232)
Dental insurance	659	-	659	598	61
Travel and conferences	100	-	100	28	72
	<u>100,967</u>	<u>-</u>	<u>100,967</u>	<u>100,385</u>	<u>582</u>
Listers:					
Listers	44,696	-	44,696	34,245	10,451
Listers' FICA	3,420	-	3,420	2,580	840
Health insurance	7,228	-	7,228	6,351	877
Dental insurance	659	-	659	598	61
Travel and conferences	1,200	-	1,200	10	1,190
	<u>57,203</u>	<u>-</u>	<u>57,203</u>	<u>43,784</u>	<u>13,419</u>

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Selectboard:					
Selectboard salaries	10,000	-	10,000	10,000	-
Town administrator	55,000	-	55,000	56,650	(1,650)
FICA	4,973	-	4,973	7,207	(2,234)
Health insurance	17,160	-	17,160	9,008	8,152
Dental insurance	659	-	659	598	61
457(b) contribution	10,500	-	10,500	27,152	(16,652)
New/replace office equipment	500	-	500	-	500
Printing of town report	5,000	-	5,000	1,442	3,558
Postage for town report	400	-	400	188	212
Legal services	15,500	-	15,500	7,440	8,060
Outside audit	13,900	-	13,900	13,900	-
Travel	1,000	-	1,000	2,218	(1,218)
Contributions and gifts	300	-	300	332	(32)
Green-up	300	-	300	164	136
Appreciation activities	500	-	500	552	(52)
Welcome signs	550	-	550	500	50
Flag	450	-	450	270	180
Hiring expenses	-	-	-	17,902	(17,902)
Miscellaneous	9,500	-	9,500	-	9,500
	<u>146,192</u>	<u>-</u>	<u>146,192</u>	<u>155,523</u>	<u>(9,331)</u>
General Expenses:					
Webmaster	1,014	-	1,014	1,014	-
General office supplies	7,500	-	7,500	4,173	3,327
Advertising	1,000	-	1,000	2,113	(1,113)
Telephone	11,000	-	11,000	16,449	(5,449)
Postage	2,500	-	2,500	2,136	364
Dues and subscriptions	1,500	-	1,500	357	1,143
VT League of Cities and Towns	3,818	-	3,818	3,854	(36)
County tax	34,116	-	34,116	30,830	3,286
Contracts, maintenance and repairs	26,400	-	26,400	22,657	3,743
Technology upgrades	3,000	-	3,000	3,099	(99)
Insurance and bonds	95,000	-	95,000	61,791	33,209
Communications	2,000	-	2,000	2,000	-
ARPA grant expenses	-	-	-	217,493	(217,493)
	<u>188,848</u>	<u>-</u>	<u>188,848</u>	<u>367,966</u>	<u>(179,118)</u>

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Planning:					
Postage and miscellaneous	800	-	800	-	800
Windham Regional Planning Commission	5,400	-	5,400	5,402	(2)
Professional assistance	1,000	-	1,000	-	1,000
Matching grant	2,200	-	2,200	-	2,200
	<u>9,400</u>	<u>-</u>	<u>9,400</u>	<u>5,402</u>	<u>3,998</u>
Recreation Department					
Director	54,214	-	54,214	54,351	(137)
Assistant director	40,186	-	40,186	40,186	-
Maintenance	7,830	-	7,830	6,873	957
Water Safety instructors	27,100	-	27,100	20,379	6,721
Day camp staff	15,660	-	15,660	19,259	(3,599)
Customer service	6,740	-	6,740	8,493	(1,753)
Pre-school instructor	30,280	-	30,280	30,549	(269)
Pre-school assistant	33,502	-	33,502	31,726	1,776
Weekend supervisor	3,445	-	3,445	2,061	1,384
FICA	18,500	-	18,500	15,138	3,362
Health insurance	77,709	-	77,709	78,727	(1,018)
Dental insurance	2,634	-	2,634	2,393	241
Supplies	18,880	-	18,880	27,853	(8,973)
Utilities/fuel oil	8,500	-	8,500	9,974	(1,474)
Telephone	1,100	-	1,100	1,560	(460)
Contracts and rentals	1,590	-	1,590	1,923	(333)
New/replace equipment	-	-	-	6,206	(6,206)
Repairs and maintenance	1,050	-	1,050	1,747	(697)
Programs	22,300	-	22,300	21,298	1,002
Partnership - preschool	-	-	-	52,756	(52,756)
Preschool fundraiser	-	-	-	5,049	(5,049)
Recreation fundraiser	-	-	-	577	(577)
Grants	-	-	-	16,808	(16,808)
L Peduzzi scholarship	-	-	-	200	(200)
Preschool scholarship	-	-	-	997	(997)
Matching Grant	2,000	-	2,000	2,129	(129)
Covid Grant	-	-	-	3,000	(3,000)
Donations	-	-	-	1,507	(1,507)
	<u>373,220</u>	<u>48</u>	<u>373,220</u>	<u>463,719</u>	<u>(90,499)</u>

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
School Rental	231,105	-	231,105	231,105	-
Building and Grounds:					
Maintenance	21,840	-	21,840	12,006	9,834
FICA	1,671	-	1,671	947	724
Groundskeeping	1,500	-	1,500	3,618	(2,118)
Cleaning	1,000	-	1,000	-	1,000
Snow removal	1,000	-	1,000	-	1,000
Supplies	1,500	-	1,500	690	810
Grounds	-	-	-	164	(164)
Custodial equipment	1,000	-	1,000	1,898	(898)
Fuel oil	11,000	-	11,000	13,069	(2,069)
Electric town/library/north	11,500	-	11,500	10,843	657
Repairs to equipment	500	-	500	-	500
Repairs to building	8,000	-	8,000	4,470	3,530
	60,511	-	60,511	47,705	12,806
Cemeteries:					
Caretaking	9,104	-	9,104	4,520	4,584
Supplies	500	-	500	-	500
Repair and maintenance	3,500	-	3,500	2,860	640
Memorial Day supplies	800	-	800	-	800
	13,904	-	13,904	7,380	6,524
Vernon Seniors:					
Activities	2,550	-	2,550	2,550	-
	2,550	-	2,550	2,550	-
Town Van:					
Van driver	7,266	-	7,266	3,391	3,875
FICA	556	-	556	259	297
Gasoline	1,500	-	1,500	1,384	116
Van maintenance	2,000	-	2,000	1,770	230
	11,322	-	11,322	6,804	4,518
Historians South School :					
Electricity	450	-	450	413	37
Building repairs and maintenance	3,500	-	3,500	2,170	1,330
Grounds	1,500	-	1,500	1,500	-
Lawn care	900	-	900	800	100
Matching Grant	2,000	-	2,000	-	2,000
Approved carryover	-	4,500	4,500	2,500	2,000
	8,350	4,500	12,850	7,383	5,467

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Windham County Sheriff's Office	97,000	-	97,000	97,000	-
Fire Department:					
Fire chief stipend	7,250	-	7,250	7,250	-
Asst. chief stipend	3,500	-	3,500	3,500	-
Line officer stipend	3,500	-	3,500	3,250	250
Lost wages	300	-	300	-	300
FICA	1,113	-	1,113	1,071	42
Uniforms	800	-	800	1,885	(1,085)
Inoculations	500	-	500	-	500
Physicals	5,000	-	5,000	-	5,000
EAP	500	-	500	475	25
Supplies	1,200	-	1,200	397	803
EMS Vernon rescue supplies	3,000	-	3,000	1,957	1,043
New/replace equipment	15,000	-	15,000	14,664	336
Public education	1,000	-	1,000	1,273	(273)
Fuel oil	8,000	-	8,000	6,636	1,364
Electricity - fire dept	3,000	-	3,000	2,016	984
Dues and subscriptions	800	-	800	1,651	(851)
Southwest mutual aid	32,500	-	32,500	16,497	16,003
Gasoline	1,800	-	1,800	2,359	(559)
Equipment repair and maintenance	6,000	-	6,000	5,735	265
Truck repair and maintenance	8,000	-	8,000	8,578	(578)
Fire pond maintenance	3,500	-	3,500	-	3,500
Building repair and maintenance	4,000	-	4,000	3,018	982
Training, travel and conferences	1,000	-	1,000	375	625
Rescue training, travel, conferences	1,500	-	1,500	400	1,100
Matching grant	2,000	-	2,000	566	1,434
Travel reimbursements	5,000	-	5,000	4,445	555
	119,763	-	119,763	87,998	31,765
Rescue Operating Budget	52,989	-	52,989	52,652	337

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	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	500	-
Deputy health officer	500	-	500	-	500
Public safety FICA	200	-	200	191	9
EOC building expense	4,500	-	4,500	6,171	(1,671)
	8,200	-	8,200	9,362	(1,162)
Highway Maintenance:					
Equipment rental	5,500	-	5,500	3,699	1,801
Guard rails	1,100	-	1,100	1,100	-
Culverts	5,500	-	5,500	5,590	(90)
Gravel	8,000	-	8,000	5,280	2,720
Chloride	6,700	-	6,700	6,787	(87)
Asphalt	1,000	-	1,000	1,722	(722)
Salt	49,000	-	49,000	44,746	4,254
Sand	10,500	-	10,500	2,199	8,301
Tree warden	2,800	-	2,800	4,850	(2,050)
Stormwater run-off permit	4,800	-	4,800	4,750	50
	94,900	-	94,900	80,723	14,177
Town Garage Operation:					
Road commissioner	64,616	-	64,616	64,502	114
Equipment operator	44,915	-	44,915	45,841	(926)
Operator/mechanic	46,361	-	46,361	49,521	(3,160)
Part-time operator	5,000	-	5,000	1,262	3,738
FICA	12,309	-	12,309	11,213	1,096
Health insurance	67,749	-	67,749	43,327	24,422
Dental insurance	2,634	-	2,634	1,197	1,437
Uniforms	2,600	-	2,600	2,741	(141)
Drug and alcohol testing	400	-	400	-	400

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Town Garage Operation (Continued):					
Dumpster fee	1,300	-	1,300	1,020	280
Dues and subscriptions	200	-	200	329	(129)
Gas and diesel	16,000	-	16,000	3,341	12,659
Road tools and supplies	4,000	-	4,000	2,834	1,166
Safety equipment	2,000	-	2,000	2,352	(352)
Building repair and maintenance	3,500	-	3,500	3,931	(431)
Travel and conferences	250	-	250	125	125
	<u>292,084</u>	<u>-</u>	<u>292,084</u>	<u>250,180</u>	<u>41,904</u>
Road Equipment Repair/Maintenance:					
Trucks	10,000	-	10,000	9,148	852
Grader	2,500	-	2,500	865	1,635
Tractor	2,000	-	2,000	927	1,073
Snow plows and sander	3,000	-	3,000	2,087	913
Front end loader	2,500	-	2,500	1,153	1,347
Small equipment	2,400	-	2,400	3,136	(736)
Radios	500	-	500	119	381
Prior year carry over	-	41,239	41,239	31,229	10,010
	<u>22,900</u>	<u>41,239</u>	<u>64,139</u>	<u>48,664</u>	<u>15,475</u>
Miscellaneous Expenses	-	-	-	21,496	(21,496)
Appropriations	<u>23,200</u>	<u>-</u>	<u>23,200</u>	<u>14,659</u>	<u>8,541</u>
Transfers to other funds:					
Special revenue funds	295,326	-	295,326	295,326	-
Capital project funds	102,500	-	102,500	102,500	-
PAYT fund	29,689	-	29,689	29,689	-
Capital fund	195,385	-	195,385	195,385	-
Culvert reserve fund	40,000	-	40,000	40,000	-
Cusick Scholarship	40,000	-	40,000	40,000	-
	<u>702,900</u>	<u>-</u>	<u>702,900</u>	<u>702,900</u>	<u>-</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 2,718,671</u>	<u>\$ 45,739</u>	<u>\$ 2,764,410</u>	<u>\$ 2,894,690</u>	<u>\$ (130,280)</u>

See accompanying independent auditor’s report and notes to financial statements.

TOWN OF VERNON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 323,933	\$ 52,923	\$ 45,298	\$ 422,154
Investments	120,711	191,086	225,760	537,557
Due from other funds	202,364	829,258	2,193	1,033,815
TOTAL ASSETS	\$ 647,008	\$ 1,073,267	\$ 273,251	\$ 1,993,526
LIABILITIES				
Accrued payroll and benefits payable	\$ 926	\$ -	\$ -	\$ 926
Due to other funds	35,477	-	750	36,227
TOTAL LIABILITIES	36,403	-	750	37,153
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	243	-	-	243
TOTAL DEFERRED INFLOWS OF RESOURCES	243	-	-	243
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	272,501	272,501
Committed	-	257,963	-	257,963
Assigned	630,492	815,304	-	1,445,796
Unassigned	(20,130)	-	-	(20,130)
TOTAL FUND BALANCES	610,362	1,073,267	272,501	1,956,130
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 647,008	\$ 1,073,267	\$ 273,251	\$ 1,993,526

See accompanying independent auditor's 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, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 8,748	\$ 67,470	\$ -	\$ 76,218
Investment gains/(losses)	8	5,514	16,537	22,059
Charges for services	71,226	-	-	71,226
Other income	4,529	-	1,450	5,979
TOTAL REVENUES	84,511	72,984	17,987	175,482
EXPENDITURES				
Capital outlay	5,538	23,775	-	29,313
Other	294,449	1,600	12,531	308,580
TOTAL EXPENDITURES	299,987	25,375	12,531	337,893
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(215,476)	47,609	5,456	(162,411)
OTHER FINANCING SOURCES (USES)				
Transfers in	365,015	142,500	-	507,515
TOTAL OTHER FINANCING SOURCES (USES)	365,015	142,500	-	507,515
NET CHANGE IN FUND BALANCES	149,539	190,109	5,456	345,104
FUND BALANCES - JULY 1	460,823	883,158	267,045	1,611,026
FUND BALANCES - JUNE 30	\$ 610,362	\$ 1,073,267	\$ 272,501	\$ 1,956,130

See accompanying independent auditor's report and notes to financial statements.

Special Revenue Funds

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

TOWN OF VERNON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023

	Emergency Services	Reappraisal	Solid Waste Fund	Scholarship Fund	Pay to Throw Fund
ASSETS					
Cash and cash equivalents	\$ 21,832	\$ 4,675	\$ 132,026	\$ 36,674	\$ -
Investments	73,706	16,881	829	1,895	-
Due from other funds	-	113,873	-	-	-
TOTAL ASSETS	<u>\$ 95,538</u>	<u>\$ 135,429</u>	<u>\$ 132,855</u>	<u>\$ 38,569</u>	<u>\$ -</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ 12,837	\$ -	\$ 20,130
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>12,837</u>	<u>-</u>	<u>20,130</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	95,538	135,429	120,018	38,569	-
Unassigned	-	-	-	-	(20,130)
TOTAL FUND BALANCES (DEFICITS)	<u>95,538</u>	<u>135,429</u>	<u>120,018</u>	<u>38,569</u>	<u>(20,130)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)					
	<u>\$ 95,538</u>	<u>\$ 135,429</u>	<u>\$ 132,855</u>	<u>\$ 38,569</u>	<u>\$ -</u>

TOWN OF VERNON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2023

	Professional Services Fund	Elderly Assistance Fund	Restoration Fund	Pool Fund	Library Fund	Total
ASSETS						
Cash and cash equivalents	\$ 7,589	\$ 37,777	\$ -	\$ -	\$ 83,360	\$ 323,933
Investments	27,400	-	-	-	-	120,711
Due from other funds	43,475	-	35,198	9,818	-	202,364
TOTAL ASSETS	<u>\$ 78,464</u>	<u>\$ 37,777</u>	<u>\$ 35,198</u>	<u>\$ 9,818</u>	<u>\$ 83,360</u>	<u>\$ 647,008</u>
LIABILITIES						
Accrued payroll and benefits payable	\$ -	\$ -	\$ -	\$ -	\$ 926	\$ 926
Due to other funds	-	-	-	-	2,510	35,477
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,436</u>	<u>36,403</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	78,464	37,777	35,198	9,818	79,681	630,492
Unassigned	-	-	-	-	-	(20,130)
TOTAL FUND BALANCES (DEFICITS)	<u>78,464</u>	<u>37,777</u>	<u>35,198</u>	<u>9,818</u>	<u>79,681</u>	<u>610,362</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 78,464</u>	<u>\$ 37,777</u>	<u>\$ 35,198</u>	<u>\$ 9,818</u>	<u>\$ 83,360</u>	<u>\$ 647,008</u>

See accompanying independent auditor’s 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, 2023

	Emergency Services	Reappraisal	Solid Waste Fund	Scholarship Fund	Pay to Throw Fund
REVENUES					
Intergovernmental	\$ -	\$ 929	\$ -	\$ -	\$ -
Charges for services	-	7,897	-	-	63,024
Investment gain/(losses)	(1,501)	1,062	80	(24)	-
Other income	-	-	98	-	-
TOTAL REVENUES	<u>(1,501)</u>	<u>9,888</u>	<u>178</u>	<u>(24)</u>	<u>63,024</u>
EXPENDITURES					
Other	60	-	123,971	6,000	43,051
TOTAL EXPENDITURES	<u>60</u>	<u>-</u>	<u>123,971</u>	<u>6,000</u>	<u>43,051</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,561)</u>	<u>9,888</u>	<u>(123,793)</u>	<u>(6,024)</u>	<u>19,973</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	129,503	40,000	29,689
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>129,503</u>	<u>40,000</u>	<u>29,689</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(1,561)	9,888	5,710	33,976	49,662
FUND BALANCES (DEFICITS) - JULY 1	<u>97,099</u>	<u>125,541</u>	<u>114,308</u>	<u>4,593</u>	<u>(69,792)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 95,538</u>	<u>\$ 135,429</u>	<u>\$ 120,018</u>	<u>\$ 38,569</u>	<u>\$ (20,130)</u>

TOWN OF VERNON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Professional Services Fund	Elderly Assistance Fund	Restoration Fund	Pool Fund	Library Fund	Total
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 7,819	\$ 8,748
Charges for services	-	-	-	-	305	71,226
Investment gain/(losses)	(254)	8	435	114	88	8
Other income	-	-	4,431	-	-	4,529
TOTAL REVENUES	<u>(254)</u>	<u>8</u>	<u>4,866</u>	<u>114</u>	<u>8,212</u>	<u>84,511</u>
EXPENDITURES						
Capital outlay	-	-	-	5,538	-	5,538
Other	12,730	11,648	431	-	96,558	294,449
TOTAL EXPENDITURES	<u>12,730</u>	<u>11,648</u>	<u>431</u>	<u>5,538</u>	<u>96,558</u>	<u>299,987</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(12,984)</u>	<u>(11,640)</u>	<u>4,435</u>	<u>(5,424)</u>	<u>(88,346)</u>	<u>(215,476)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	50,000	10,000	-	10,000	95,823	365,015
TOTAL OTHER FINANCING SOURCES (USES)	<u>50,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>95,823</u>	<u>365,015</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	37,016	(1,640)	4,435	4,576	7,477	149,539
FUND BALANCES (DEFICITS) - JULY 1	<u>41,448</u>	<u>39,417</u>	<u>30,763</u>	<u>5,242</u>	<u>72,204</u>	<u>460,823</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 78,464</u>	<u>\$ 37,777</u>	<u>\$ 35,198</u>	<u>\$ 9,818</u>	<u>\$ 79,681</u>	<u>\$ 610,362</u>

See accompanying independent auditor’s 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, 2023

	Road Upgrade Fund	Culvert Reserve Fund	Farmland Fund	Parking Lot Maintenance Fund	Total
ASSETS					
Cash and cash equivalents	\$ 22,860	\$ -	\$ 29,979	\$ 84	\$ 52,923
Investments	82,539	-	108,243	304	191,086
Due from other funds	344,348	365,557	94,954	24,399	829,258
TOTAL ASSETS	<u>\$ 449,747</u>	<u>\$ 365,557</u>	<u>\$ 233,176</u>	<u>\$ 24,787</u>	<u>\$ 1,073,267</u>
LIABILITIES					
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	233,176	24,787	257,963
Assigned	449,747	365,557	-	-	815,304
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>449,747</u>	<u>365,557</u>	<u>233,176</u>	<u>24,787</u>	<u>1,073,267</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 449,747</u>	<u>\$ 365,557</u>	<u>\$ 233,176</u>	<u>\$ 24,787</u>	<u>\$ 1,073,267</u>

See accompanying independent auditor's 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, 2023

	Road Upgrade Fund	Culvert Reserve Fund	Farmland Fund	Parking Lot Maintenance Fund	Total
REVENUES					
Intergovernmental	\$ 62,970	\$ 4,500	\$ -	\$ -	\$ 67,470
Investment gain/(losses)	1,737	4,429	(970)	318	5,514
TOTAL REVENUES	<u>64,707</u>	<u>8,929</u>	<u>(970)</u>	<u>318</u>	<u>72,984</u>
EXPENDITURES					
Capital outlay	-	-	-	23,775	23,775
Other	1,600	-	-	-	1,600
TOTAL EXPENDITURES	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>23,775</u>	<u>25,375</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>63,107</u>	<u>8,929</u>	<u>(970)</u>	<u>(23,457)</u>	<u>47,609</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	100,000	40,000	-	2,500	142,500
TOTAL OTHER FINANCING SOURCES (USES)	<u>100,000</u>	<u>40,000</u>	<u>-</u>	<u>2,500</u>	<u>142,500</u>
NET CHANGE IN FUND BALANCES	163,107	48,929	(970)	(20,957)	190,109
FUND BALANCES - JULY 1	<u>286,640</u>	<u>316,628</u>	<u>234,146</u>	<u>45,744</u>	<u>883,158</u>
FUND BALANCES - JUNE 30	<u>\$ 449,747</u>	<u>\$ 365,557</u>	<u>\$ 233,176</u>	<u>\$ 24,787</u>	<u>\$ 1,073,267</u>

See accompanying independent auditor's 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, 2023

	A. Perry Cemetery Fund	North Cemetery Fund	P.A. Lee Cemetery Fund	South Cemetery Fund	Tyler Cemetery Fund	Whithed Cemetery Fund	Total
ASSETS							
Cash and cash equivalents	\$ 4,069	\$ 15,277	\$ -	\$ 7,912	\$ 18,040	\$ -	\$ 45,298
Investments	1,316	43,898	-	7,061	173,485	-	225,760
Due from other funds	-	-	1,945	-	-	248	2,193
TOTAL ASSETS	<u>\$ 5,385</u>	<u>\$ 59,175</u>	<u>\$ 1,945</u>	<u>\$ 14,973</u>	<u>\$ 191,525</u>	<u>\$ 248</u>	<u>\$ 273,251</u>
LIABILITIES							
Due to others funds	\$ -	\$ 375	\$ -	\$ -	\$ 375	\$ -	\$ 750
TOTAL LIABILITIES	<u>-</u>	<u>375</u>	<u>-</u>	<u>-</u>	<u>375</u>	<u>-</u>	<u>750</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	5,385	58,800	1,945	14,973	191,150	248	272,501
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>5,385</u>	<u>58,800</u>	<u>1,945</u>	<u>14,973</u>	<u>191,150</u>	<u>248</u>	<u>272,501</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,385</u>	<u>\$ 59,175</u>	<u>\$ 1,945</u>	<u>\$ 14,973</u>	<u>\$ 191,525</u>	<u>\$ 248</u>	<u>\$ 273,251</u>

See accompanying independent auditor's 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, 2023

	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)	\$ 245	\$ 2,185	\$ 25	\$ 989	\$ 13,089	\$ 4	\$ 16,537
Other income	-	1,100	-	-	350	-	1,450
TOTAL REVENUES	<u>245</u>	<u>3,285</u>	<u>25</u>	<u>989</u>	<u>13,439</u>	<u>4</u>	<u>17,987</u>
EXPENDITURES							
Other	-	3,743	-	-	8,788	-	12,531
TOTAL EXPENDITURES	<u>-</u>	<u>3,743</u>	<u>-</u>	<u>-</u>	<u>8,788</u>	<u>-</u>	<u>12,531</u>
NET CHANGE IN FUND BALANCES	245	(458)	25	989	4,651	4	5,456
FUND BALANCES - JULY 1	<u>5,140</u>	<u>59,258</u>	<u>1,920</u>	<u>13,984</u>	<u>186,499</u>	<u>244</u>	<u>267,045</u>
FUND BALANCES - JUNE 30	<u>\$ 5,385</u>	<u>\$ 58,800</u>	<u>\$ 1,945</u>	<u>\$ 14,973</u>	<u>\$ 191,150</u>	<u>\$ 248</u>	<u>\$ 272,501</u>

See accompanying independent auditor's 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.

TOWN OF VERNON, VERMONT

COMBINING SCHEDULE OF NET POSITION - FIDUCIARY FUNDS
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2023

	AJ Brooks Trust	Marsh Trust	Scott and Noyes Trust	Grange Scholarship Trust	Total
ASSETS					
Cash and cash equivalents	\$ 33,981	\$ 2,008	\$ 2,097	\$ 6,122	\$ 44,208
Investments, at fair value	120,338	10,659	50,412	22,106	203,515
Due from other governments	-	-	-	48	48
TOTAL ASSETS	<u>\$ 154,319</u>	<u>\$ 12,667</u>	<u>\$ 52,509</u>	<u>\$ 28,276</u>	<u>\$ 247,771</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION					
Restricted - held in trust for special purposes	<u>154,319</u>	<u>12,667</u>	<u>52,509</u>	<u>28,276</u>	<u>247,771</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 154,319</u>	<u>\$ 12,667</u>	<u>\$ 52,509</u>	<u>\$ 28,276</u>	<u>\$ 247,771</u>

See accompanying independent auditor's 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, 2023

	AJ Brooks Trust	Marsh Trust	Scott and Noyes Trust	Grange Scholarship Trust	Total
ADDITIONS					
Net increase (decrease) in the fair value of investments	\$ 12,813	\$ 891	\$ 5,882	\$ (451)	\$ 19,135
Total additions	<u>12,813</u>	<u>891</u>	<u>5,882</u>	<u>(451)</u>	<u>19,135</u>
DEDUCTIONS					
Withdrawals	2,669	-	4,832	-	7,501
Total deductions	<u>2,669</u>	<u>-</u>	<u>4,832</u>	<u>-</u>	<u>7,501</u>
Change in net position	10,144	891	1,050	(451)	11,634
NET POSITION - JULY 1	<u>144,175</u>	<u>11,776</u>	<u>51,459</u>	<u>28,727</u>	<u>236,137</u>
NET POSITION - JUNE 30	<u>\$ 154,319</u>	<u>\$ 12,667</u>	<u>\$ 52,509</u>	<u>\$ 28,276</u>	<u>\$ 247,771</u>

See accompanying independent auditor's report and notes to financial statements.

General Capital Assets

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

TOWN OF VERNON, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2023

	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	1,243,070	-	1,389,687
Highway	1	354,503	1,189,280	2,395,691	3,939,475
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	<u>252,974</u>	<u>621,947</u>	<u>176,285</u>	<u>16,900</u>	<u>1,068,106</u>
 Total General Capital Assets	 253,228	 1,734,308	 2,877,047	 2,469,811	 7,334,394
Less: Accumulated Depreciation	<u>-</u>	<u>(1,303,000)</u>	<u>(1,637,884)</u>	<u>(1,658,407)</u>	<u>(4,599,291)</u>
 Net General Capital Assets	 <u>\$ 253,228</u>	 <u>\$ 431,308</u>	 <u>\$ 1,239,163</u>	 <u>\$ 811,404</u>	 <u>\$ 2,735,103</u>

See accompanying independent auditor's 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, 2023

	General Capital Assets 7/1/22 (Restated)	Additions	Deletions	General Capital Assets 6/30/23
Town clerk	\$ 90,941	\$ -	\$ -	\$ 90,941
Town treasurer	24,715	-	-	24,715
Police department	10,105	-	-	10,105
Fire department	1,278,157	111,530	-	1,389,687
Highway	3,712,484	226,991	-	3,939,475
Recreation	754,337	-	-	754,337
Cemeteries	15,700	-	-	15,700
Historians	41,328	-	-	41,328
Town wide	1,060,647	7,459	-	1,068,106
Total General Capital Assets	6,988,414	345,980	-	7,334,394
Less: Accumulated Depreciation	(4,389,372)	(209,919)	-	(4,599,291)
Net General Capital Assets	<u>\$ 2,599,042</u>	<u>\$ 136,061</u>	<u>\$ -</u>	<u>\$ 2,735,103</u>

See accompanying independent auditor's report and notes to financial statements.



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S 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, 2023 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 June 12, 2024.

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 February 1, 2024.

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
June 12, 2024