

Audited Financial Statements and
Other Financial Information

Town of Vernon, Vermont

June 30, 2022



Proven Expertise & Integrity

TOWN OF VERNON, VERMONT

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JUNE 30, 2022

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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, 2022 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, 2022 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 January 30, 2023, 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
January 30, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

(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, 2022. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Vernon, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Vernon, Vermont can be divided into two categories: governmental funds and fiduciary funds.

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

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

The Town of Vernon, Vermont presents five 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, pay to throw 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 decreased by \$143,191 from \$9,152,832 to \$9,009,641.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling

legislation or other legal requirements - increased for governmental activities to a balance of \$5,989,448 at the end of this year.

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

	2022	2021 (Restated)
Assets:		
Current Assets	\$ 6,488,973	\$ 6,336,442
Noncurrent Assets - Capital Assets	2,753,148	2,942,540
Total Assets	<u>9,242,121</u>	<u>9,278,982</u>
Liabilities:		
Current Liabilities	193,783	89,745
Noncurrent Liabilities	23,292	31,629
Total Liabilities	<u>217,075</u>	<u>121,374</u>
Deferred Inflows of Resources:		
Deferred Revenues	13,952	243
Prepaid Property Taxes	1,453	4,533
Total Deferred Inflows of Resources	<u>15,405</u>	<u>4,776</u>
Net Position:		
Net Investment in Capital Assets	2,753,148	2,940,875
Restricted: Permanent Funds	267,045	309,829
Unrestricted	5,989,448	5,902,128
Total Net Position	<u>\$ 9,009,641</u>	<u>\$ 9,152,832</u>

Revenues and Expenses

Revenues for the Town's governmental activities increased by 1.06%, while total expenses increased by 3.23% from the prior year. All revenue categories saw increases except for operating grants and contributions and miscellaneous. The biggest increases in expenses were in general government, public safety and culture and recreation, which were partially offset by a reduction in highways and streets.

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

	<u>2022</u>	<u>2021</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 370,244	\$ 285,864
Operating grants and contributions	74,361	78,066
<i>General Revenues:</i>		
Property taxes	2,117,891	2,057,122
Grants and contributions not restricted to specific programs	416,686	118,552
Miscellaneous	(349,049)	62,982
Total revenues	<u>2,630,133</u>	<u>2,602,586</u>
Expenses		
General government	914,849	786,564
Public safety	293,249	257,112
Highways and streets	669,632	821,442
Culture and recreation	767,261	694,440
Sanitation and solid waste	60,055	68,000
Cemetery	17,230	21,403
Education	-	14,000
Health and welfare	8,443	8,414
Unclassified	42,605	15,106
Total expenses	<u>2,773,324</u>	<u>2,686,481</u>
Change in Net Position	(143,191)	(83,895)
Net Position - July 1, Restated	<u>9,152,832</u>	<u>9,236,727</u>
Net Position - June 30	<u><u>\$ 9,009,641</u></u>	<u><u>\$ 9,152,832</u></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>2022</u>	<u>2021 (Restated)</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 39,795	\$ 32,544	\$ 7,251
Committed	95,289	83,842	11,447
Assigned	295,144	288,671	6,473
Unassigned	1,204,873	760,422	444,451
Total General Fund	<u>\$ 1,635,101</u>	<u>\$ 1,165,479</u>	<u>\$ 469,622</u>
Pay to Throw Fund			
Unassigned	\$ (69,792)	\$ (35,703)	\$ (34,089)
Total Pay to Throw Fund	<u>\$ (69,792)</u>	<u>\$ (35,703)</u>	<u>\$ (34,089)</u>
Emergency Capital Reserve Fund			
Assigned	\$ 1,253,952	\$ 1,566,561	\$ (312,609)
Total Emergency Capital Reserve Fund	<u>\$ 1,253,952</u>	<u>\$ 1,566,561</u>	<u>\$ (312,609)</u>
Capital Fund			
Assigned	\$ 1,724,860	\$ 1,668,327	\$ 56,533
Total Capital Fund	<u>\$ 1,724,860</u>	<u>\$ 1,668,327</u>	<u>\$ 56,533</u>
Nonmajor Funds:			
Special Revenues Funds:			
Assigned	\$ 530,615	\$ 651,290	\$ (120,675)
Capital Projects Funds:			
Committed	279,890	314,825	(34,935)
Assigned	603,268	549,135	54,133
Permanent Funds:			
Restricted	267,045	309,829	(42,784)
Total Nonmajor Funds	<u>\$ 1,680,818</u>	<u>\$ 1,825,079</u>	<u>\$ (144,261)</u>

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

Budgetary Highlights

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

The general fund actual revenues were over budget by \$413,177. This was due to almost all revenue categories being receipted above budgeted amounts except for property taxes and current interest income.

The general fund actual expenditures were under budget by \$56,445. Most expenditures were either at or under budget with the exception of the recreation department, town van, rescue operating budget, other public safety, road equipment repair/maintenance, miscellaneous expenses and appropriations.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2022, the net book value of capital assets recorded by the Town decreased by \$189,392 from the prior year. This decrease is the result of capital additions of \$9,968 less net disposals of \$19,000 and current year depreciation of \$180,360.

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

	2022	2021 (Restated)
Land	\$ 253,228	\$ 253,228
Buildings and Improvements	468,043	495,913
Machinery and Equipment	1,319,302	1,440,243
Infrastructure	712,575	753,156
Total	<u>\$ 2,753,148</u>	<u>\$ 2,942,540</u>

Debt

At June 30, 2022, 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 05456.

TOWN OF VERNON, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,780,588
Investments	2,574,578
Taxes receivable	56,256
Other receivables	37,756
Inventory	39,795
Total current assets	<u>6,488,973</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	253,228
Buildings and equipment, net of accumulated depreciation	2,499,920
Total noncurrent assets	<u>2,753,148</u>
TOTAL ASSETS	<u><u>\$ 9,242,121</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 173,507
Accrued payroll and benefits payable	19,002
Due to other governments	48
Current portion of long-term obligations	1,226
Total current liabilities	<u>193,783</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Accrued compensated absences	23,292
Total noncurrent liabilities	<u>23,292</u>
TOTAL LIABILITIES	<u>217,075</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid property taxes	1,453
Deferred revenue	13,952
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>15,405</u>
NET POSITION	
Net investment in capital assets	2,753,148
Restricted: Permanent funds	267,045
Unrestricted	5,989,448
TOTAL NET POSITION	<u>9,009,641</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 9,242,121</u></u>

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

STATEMENT B

TOWN OF VERNON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 914,849	\$ 39,978	\$ 926	\$ -	\$ (873,945)
Public safety	293,249	2,076	-	-	(291,173)
Highways and streets	669,632	-	73,435	-	(596,197)
Culture and recreation	767,261	264,687	-	-	(502,574)
Sanitation and solid waste	60,055	63,503	-	-	3,448
Cemetery	17,230	-	-	-	(17,230)
Health and welfare	8,443	-	-	-	(8,443)
Unclassified	42,605	-	-	-	(42,605)
Total government	<u>\$ 2,773,324</u>	<u>\$ 370,244</u>	<u>\$ 74,361</u>	<u>\$ -</u>	<u>(2,328,719)</u>

STATEMENT B (CONTINUED)

TOWN OF VERNON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(2,328,719)</u>
General revenues:	
Property taxes, levied for general purposes	2,117,891
Grants and contributions not restricted to specific programs	416,686
Miscellaneous	<u>(349,049)</u>
Total general revenues	<u>2,185,528</u>
Change in net position	(143,191)
NET POSITION - JULY 1, RESTATED	<u>9,152,832</u>
NET POSITION - JUNE 30	<u><u>\$ 9,009,641</u></u>

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

STATEMENT C

TOWN OF VERNON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Pay to Throw Fund	Emergency Capital Reserve Fund	Capital Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 3,103,903	\$ -	\$ 202,016	\$ 134,810	\$ 339,859	\$ 3,780,588
Investments	138,487	-	1,051,936	813,663	570,492	2,574,578
Taxes receivable	56,256	-	-	-	-	56,256
Other receivables	37,756	-	-	-	-	37,756
Inventory	39,795	-	-	-	-	39,795
Due from other funds	81,023	-	-	776,387	782,961	1,640,371
TOTAL ASSETS	\$ 3,457,220	\$ -	\$ 1,253,952	\$ 1,724,860	\$ 1,693,312	\$ 8,129,344
LIABILITIES						
Accounts payable	173,507	\$ -	\$ -	\$ -	\$ -	\$ 173,507
Accrued payroll and benefits payable	17,982	-	-	-	1,020	19,002
Due to other governments	48	-	-	-	-	48
Due to other funds	1,559,348	69,792	-	-	11,231	1,640,371
TOTAL LIABILITIES	1,750,885	69,792	-	-	12,251	1,832,928
DEFERRED INFLOWS OF RESOURCES						
Deferred property tax and interest	56,072	-	-	-	-	56,072
Deferred revenue	13,709	-	-	-	243	13,952
Prepaid property taxes	1,453	-	-	-	-	1,453
TOTAL DEFERRED INFLOWS OF RESOURCES	71,234	-	-	-	243	71,477
FUND BALANCES (DEFICITS)						
Nonspendable	39,795	-	-	-	-	39,795
Restricted	-	-	-	-	267,045	267,045
Committed	95,289	-	-	-	279,890	375,179
Assigned	295,144	-	1,253,952	1,724,860	1,133,883	4,407,839
Unassigned	1,204,873	(69,792)	-	-	-	1,135,081
TOTAL FUND BALANCES (DEFICITS)	1,635,101	(69,792)	1,253,952	1,724,860	1,680,818	6,224,939
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 3,457,220	\$ -	\$ 1,253,952	\$ 1,724,860	\$ 1,693,312	\$ 8,129,344

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, 2022

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 6,224,939
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	2,753,148
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	56,072
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	<u>(24,518)</u>
Net position of governmental activities	<u><u>\$ 9,009,641</u></u>

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

STATEMENT E

TOWN OF VERNON, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Pay to Throw Fund	Emergency Capital Reserve Fund	Capital Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 2,115,662	\$ -	\$ -	\$ -	\$ -	\$ 2,115,662
Intergovernmental	411,545	-	-	-	79,502	491,047
Investment gains/(losses)	12,201	-	(188,640)	(104,441)	(92,212)	(373,092)
Charges for services	298,560	63,503	-	-	8,181	370,244
Miscellaneous	7,442	-	-	-	16,601	24,043
TOTAL REVENUES	<u>2,845,410</u>	<u>63,503</u>	<u>(188,640)</u>	<u>(104,441)</u>	<u>12,072</u>	<u>2,627,904</u>
EXPENDITURES						
Current:						
General government	584,359	97,592	-	-	218,461	900,412
Public safety	247,744	-	-	-	-	247,744
Highways and streets	385,049	-	-	-	170,777	555,826
Culture and recreation	660,139	-	-	-	90,986	751,125
Sanitation and solid waste	-	-	-	-	60,055	60,055
Cemetery	8,410	-	-	-	8,820	17,230
Health and welfare	-	-	-	-	8,443	8,443
Unclassified	42,605	-	-	-	-	42,605
Capital outlay	-	-	-	-	9,268	9,268
TOTAL EXPENDITURES	<u>1,928,306</u>	<u>97,592</u>	<u>-</u>	<u>-</u>	<u>566,810</u>	<u>2,592,708</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>917,104</u>	<u>(34,089)</u>	<u>(188,640)</u>	<u>(104,441)</u>	<u>(554,738)</u>	<u>35,196</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	160,974	410,477	571,451
Transfers (out)	(447,482)	-	(123,969)	-	-	(571,451)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(447,482)</u>	<u>-</u>	<u>(123,969)</u>	<u>160,974</u>	<u>410,477</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	469,622	(34,089)	(312,609)	56,533	(144,261)	35,196
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>1,165,479</u>	<u>(35,703)</u>	<u>1,566,561</u>	<u>1,668,327</u>	<u>1,825,079</u>	<u>6,189,743</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,635,101</u>	<u>\$ (69,792)</u>	<u>\$ 1,253,952</u>	<u>\$ 1,724,860</u>	<u>\$ 1,680,818</u>	<u>\$ 6,224,939</u>

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, 2022

Net change in fund balances - total governmental funds (Statement E) \$ 35,196

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	9,968
Capital asset disposals	(19,000)
Depreciation expense	<u>(180,360)</u>
	<u>(189,392)</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>2,229</u>
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued compensated absences	<u>8,776</u>
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Change in net position of governmental activities (Statement B) \$ (143,191)

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

TOWN OF VERNON, VERMONT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2022

	Total Private- Purpose Trusts
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 43,601
Investments, at fair value	192,488
Due from other governments	<u>48</u>
TOTAL ASSETS	<u><u>\$ 236,137</u></u>
LIABILITIES	
Accounts payable	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>
NET POSITION	
Restricted - held in trust for special purposes	<u>236,137</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 236,137</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, 2022

	Total Private- Purpose Trusts
	<u> </u>
ADDITIONS	
Net increase (decrease) in the fair value of investments	\$ (39,964)
Total additions	<u>(39,964)</u>
DEDUCTIONS	
Withdrawals	<u>1,776</u>
Total deductions	<u>1,776</u>
Change in net position	(41,740)
NET POSITION - JULY 1	<u>277,877</u>
NET POSITION - JUNE 30	<u>\$ 236,137</u>

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

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Implementation of New Accounting Standards

During the year ended June 30, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 87 "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial*

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 "Conduit Debt Obligations". The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 92 "Omnibus 2020". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 "Replacement of Interbank Offered Rates (paragraphs 13-14)". The primary objectives of paragraphs 13-14 concern provisions of lease contracts that are amended while the contract is in effect. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 97 "Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

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

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

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

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

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

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.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Pay to Throw Fund is used to account for financial resources to be used to operate the residential trash collection operations. The primary source of revenues are pay to throw fees.
- c. 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.
- d. 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:

- e. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Fiduciary Funds:

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

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.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

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

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

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

Deposits and Investments

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

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

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectible. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$37,756 for the year ended June 30, 2022.

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 government-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, 2022

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, 2022

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, 2022

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 6, 2021 on the assessed value listed as of April 1, 2021, for all real and personal property located in the Town. Taxes were due on September 16, 2021, January 13, 2022 and May 5, 2022. Payments received after the due dates were charged interest of 1% per month. Payments received after May 5, 2022, 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, 2022

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, 2022, the Town's cash and cash equivalents balance of \$3,824,189 were comprised of bank deposits and cash equivalents amounting to \$3,865,344. 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, \$507,732 were insured by federal depository insurance and

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

consequently, were not exposed to custodial credit risk and the remaining bank balances of \$2,920,970 were collateralized with securities held by the financial institution in the Town's name. Of the cash equivalents balances of \$436,642, \$281,675 was collateralized by the Securities Investor Protection Corporation (SIPC) and the remaining balance of \$154,967 was uncollateralized and uninsured.

Account Type	Bank Balance
Checking accounts	\$ 3,170,970
Money market accounts	179,674
Savings accounts	78,058
Cash equivalents	436,642
	<u>\$ 3,865,344</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in 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 \$2,767,066, \$572,842 were covered by the Securities Investor Protection Corporation (SIPC) and the remaining investments of \$2,194,224 were uncollateralized and uninsured.

At June 30, 2022, 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	\$ 2,444,224	\$ -	\$ 99,826	\$ 465,508	\$ 1,878,890
Equities	322,842	322,842	-	-	-
	<u>\$ 2,767,066</u>	<u>\$ 322,842</u>	<u>\$ 99,826</u>	<u>\$ 465,508</u>	<u>\$ 1,878,890</u>

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022:

		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)
	June 30, 2022 Total			
<u>Investments by fair value level</u>				
Equity securities:				
Mutual funds and exchange traded funds	\$ 2,767,066	\$ 2,767,066	\$ -	\$ -
Total equity securities	<u>2,767,066</u>	<u>2,767,066</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>2,767,066</u>	<u>\$ 2,767,066</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	<u>436,642</u>			
Total cash equivalents measured at the NAV	<u>436,642</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 3,203,708</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, 2022 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

Credit risk - Statutes for the State of Vermont authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other States and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in savings accounts and various certificates of deposit. The investments with credit ratings as a percentage of the total investments (rating %) include AAA 73.20% and A- 3.10%.

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
General fund	\$ 81,023	\$ 1,559,348
Pay to throw fund	-	69,792
Capital fund	776,387	-
Nonmajor special revenue funds	145,546	11,231
Nonmajor capital projects funds	635,251	-
Nonmajor permanent funds	2,164	-
	<u>\$ 1,640,371</u>	<u>\$ 1,640,371</u>

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

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2022 consisted of the following:

	Transfers From	Transfers To
General fund	\$ 447,482	\$ -
Emergency capital reserve fund	123,969	-
Capital fund	-	160,974
Nonmajor special revenue funds	-	258,623
Nonmajor capital projects funds	-	151,854
	<u>\$ 571,451</u>	<u>\$ 571,451</u>

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, 2022

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	Balance 7/1/21 (Restated)	Additions	Disposals	Balance 6/30/22
Non-depreciated assets:				
Land	\$ 221,800	\$ -	\$ -	\$ 221,800
Works of Art	31,428	-	-	31,428
	<u>253,228</u>	<u>-</u>	<u>-</u>	<u>253,228</u>
Depreciated assets:				
Buildings and improvements	1,724,340	9,968	-	1,734,308
Vehicles	1,957,312	-	(118,166)	1,839,146
Machinery and equipment	902,705	-	(53,342)	849,363
Infrastructure	2,312,369	-	-	2,312,369
	<u>6,896,726</u>	<u>9,968</u>	<u>(171,508)</u>	<u>6,735,186</u>
Less: accumulated depreciation	<u>(4,207,414)</u>	<u>(180,360)</u>	<u>152,508</u>	<u>(4,235,266)</u>
	<u>2,689,312</u>	<u>(170,392)</u>	<u>(19,000)</u>	<u>2,499,920</u>
Net capital assets	<u>\$ 2,942,540</u>	<u>\$ (170,392)</u>	<u>\$ (19,000)</u>	<u>\$ 2,753,148</u>
Current year depreciation				
Town clerk				\$ 3,387
Fire department				45,505
Highway				94,721
Recreation				16,136
Cemeteries				785
Historians				763
Town wide				19,063
Total depreciation				<u>\$ 180,360</u>

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in other long-term obligations for the year ended June 30, 2022:

	Balance 7/1/21	Additions	Reductions	Balance 6/30/22	Current Year Portion
Accrued compensated absences	<u>\$ 33,294</u>	<u>\$ -</u>	<u>\$ (8,776)</u>	<u>\$ 24,518</u>	<u>\$ 1,226</u>

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

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, 2022, the Town's liability for compensated absences is \$24,518.

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, 2022:

Invested in capital assets	\$ 6,988,414
Accumulated depreciation	<u>(4,235,266)</u>
	<u>\$ 2,753,148</u>

NOTE 9 - NONSPENDABLE FUND BALANCE

At June 30, 2022, the Town had the following nonspendable fund balance:

General Fund:	
Inventory	<u>\$ 39,795</u>

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 - RESTRICTED NET POSITION AND RESTRICTED FUND BALANCES

At June 30, 2022, the Town had the following restricted net position and restricted fund balances:

Nonmajor permanent funds (Schedule I):	
A. Perry cemetery fund	\$ 5,140
North cemetery fund	59,258
P.A. Lee cemetery fund	1,920
South cemetery fund	13,984
Tyler cemetery fund	186,499
Whithed cemetery fund	244
	<u>\$ 267,045</u>

NOTE 11 - COMMITTED FUND BALANCES

At June 30, 2022, the Town had the following committed fund balances:

General fund:	
Public safety department	\$ 14,731
Library	44,647
Recreation department	28,194
Peduzzi scholarship	400
B. Current donation	164
Bus Pass	2,291
General expenses department	4,862
Nonmajor capital projects funds (Schedule G)	279,890
	<u>\$ 375,179</u>

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2022, the Town had the following assigned fund balances:

General fund:	
Dog fund	\$ 24,827
Unemployment fund	48,053
Reserve fund	50,408
J. M. Miller Forest fund	171,832
Grant transfer fund	24
Emergency capital reserve fund	1,253,952
Capital fund	1,724,860
Nonmajor special revenue funds (Schedule E)	530,615
	<u>\$4,407,839</u>

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - APPROPRIATIONS

At June 30, 2022, various departmental revenues funded the following departments for budgetary purposes:

	<u>Excess</u>
Recreation department	\$ 50,145
Town van	269
Rescue operating budget	529
Other public safety	78
Road equipment repair/maint	24,354
Miscellaneous expenses	12,060
Appropriations	<u>7,827</u>
	<u><u>\$ 95,262</u></u>

NOTE 14 - 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, 2022. 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

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - RISK MANAGEMENT (CONTINUED)

and risk management programs as well as dedicated in-house claims adjusters. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

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

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

NOTE 15 - 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 16 - 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

TOWN OF VERNON, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - BENEFIT PLAN (CONTINUED)

emergency. The Town has no liability for losses under this plan but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self-directed by each employee.

NOTE 17 - 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, 2022, the Town received 18.93% of its total property tax revenue from the Vermont Yankee Nuclear Power Plant.

NOTE 18 - 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 19 - DEFICIT FUND BALANCES

At June 30, 2022, the Town had the following deficit fund balances:

Pay to throw fund	<u>\$ 69,792</u>
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NOTE 20 - RESTATEMENTS

Management has determined that a restatement to the governmental activities beginning net position and the general fund's beginning fund balance was required to correct the accumulated depreciation amount and the deferred tax revenue amount in the prior fiscal year.

The general fund's beginning fund balance was reduced by \$13,903, while the accumulated depreciation amount was decreased by \$312,982.

The resulting restatements increased the governmental activities net position by \$299,079 from \$8,853,753 to \$9,152,832 and the general fund's beginning fund balance decreased from \$1,179,382 to \$1,165,479.

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, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance - July 1, Restated	\$ 1,165,479	\$ 1,165,479	\$ 1,165,479	\$ -
Resources (Inflows):				
Property taxes	2,149,733	2,149,733	2,115,662	(34,071)
Intergovernmental revenues	65,500	65,500	411,545	346,045
Charges for services	202,200	202,200	298,560	96,360
Current interest income	14,000	14,000	12,201	(1,799)
Other revenue	800	800	7,442	6,642
Amounts Available for Appropriation	<u>3,597,712</u>	<u>3,597,712</u>	<u>4,010,889</u>	<u>413,177</u>
Charges to Appropriations (Outflows):				
Town clerk's office	100,050	100,050	96,709	3,341
Town treasurer's office	100,669	100,669	98,869	1,800
Listers	57,203	57,203	46,685	10,518
Selectboard	141,182	141,182	121,386	19,796
General expenses	217,348	217,348	160,972	56,376
Planning	12,750	12,750	5,322	7,428
Recreation department	373,297	373,297	423,442	(50,145)
School rental	231,105	231,105	231,105	-
Building and grounds	50,800	50,800	46,325	4,475
Cemeteries	11,904	11,904	8,410	3,494
Vernon seniors	2,550	2,550	2,550	-
Town van	7,822	7,822	8,091	(269)
Historians south school	8,264	8,264	3,042	5,222
County sheriff's	82,000	82,000	82,000	-
Fire department	121,731	121,731	109,478	12,253
Rescue operating budget	52,459	52,459	52,988	(529)
Other public safety	3,200	3,200	3,278	(78)
Highway maintenance	92,400	92,400	85,427	6,973
Town garage operation	272,399	272,399	252,368	20,031
Road equipment repair/maint	22,900	22,900	47,254	(24,354)
Miscellaneous expenses	15,000	15,000	27,060	(12,060)
Appropriations	7,718	7,718	15,545	(7,827)
Transfers to other funds	447,482	447,482	447,482	-
Total Charges to Appropriations	<u>2,432,233</u>	<u>2,432,233</u>	<u>2,375,788</u>	<u>56,445</u>
Budgetary Fund Balance, June 30	<u>\$ 1,165,479</u>	<u>\$ 1,165,479</u>	<u>\$ 1,635,101</u>	<u>\$ 469,622</u>

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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Property taxes	\$ 2,149,733	\$ 2,149,733	\$ 2,115,662	\$ (34,071)
Intergovernmental revenues:				
State of Vermont - current use	40,000	40,000	38,148	(1,852)
State of Vermont - natural resources	8,000	8,000	10,498	2,498
State of Vermont - reimb services	13,500	13,500	11,898	(1,602)
State of Vermont - railroad tax	4,000	4,000	4,797	797
Other grants	-	-	346,204	346,204
Charges for services:				
Dog license fees	-	-	2,236	2,236
Treasurer	1,000	1,000	771	(229)
Clerk fees	20,000	20,000	29,100	9,100
Police income	1,200	1,200	2,076	876
Recreation department	180,000	180,000	264,377	84,377
Interest income:				
Current tax interest	6,000	6,000	9,486	3,486
Interest income	8,000	8,000	2,715	(5,285)
Miscellaneous revenues	800	800	7,442	6,642
Amounts Available for Appropriation	<u>\$ 2,432,233</u>	<u>\$ 2,432,233</u>	<u>\$ 2,845,410</u>	<u>\$ 413,177</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, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Town Clerk's Office:					
Town clerk/treasurer's office	\$ 54,214	\$ -	\$ 54,214	\$ 54,474	\$ (260)
Assistant town clerk	16,776	-	16,776	14,253	2,523
Town clerk's office FICA	5,431	-	5,431	4,871	560
Health insurance	18,770	-	18,770	17,491	1,279
Dental insurance	659	-	659	598	61
New/replace office equip	200	-	200	15	185
Postage for ballots	200	-	200	105	95
Vote scanner equipment	800	-	800	973	(173)
Travel and conferences	1,600	-	1,600	1,429	171
Miscellaneous (elections)	400	-	400	1,050	(650)
Marriage license qtr return	1,000	-	1,000	1,450	(450)
	<u>100,050</u>	<u>-</u>	<u>100,050</u>	<u>96,709</u>	<u>3,341</u>
Town Treasurer's Office:					
Treasurer/finance director	57,464	-	57,464	57,630	(166)
Assistant treasurer/finance director	17,909	-	17,909	17,995	(86)
Treasurer's office FICA	5,767	-	5,767	5,155	612
Health insurance	18,770	-	18,770	17,491	1,279
Dental insurance	659	-	659	598	61
Travel and conferences	100	-	100	-	100
	<u>100,669</u>	<u>-</u>	<u>100,669</u>	<u>98,869</u>	<u>1,800</u>
Listers:					
Listers	44,696	-	44,696	37,209	7,487
Listers' FICA	3,420	-	3,420	2,807	613
Health insurance	7,228	-	7,228	5,787	1,441
Dental insurance	659	-	659	598	61
Travel and conferences	1,200	-	1,200	284	916
	<u>57,203</u>	<u>-</u>	<u>57,203</u>	<u>46,685</u>	<u>10,518</u>

SCHEDULE B (CONTINUED)

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	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	51,231	3,769
FICA	6,383	-	6,383	6,192	191
Health insurance	17,940	-	17,940	4,986	12,954
Dental insurance	659	-	659	349	310
457(b) contribution	11,100	-	11,100	15,964	(4,864)
New/replace office equipment	500	-	500	-	500
Printing of town report	1,000	-	1,000	1,276	(276)
EOC building expenses	4,500	-	4,500	4,428	72
Postage for town report	200	-	200	195	5
Legal services	15,500	-	15,500	11,235	4,265
Outside audit	13,900	-	13,900	13,900	-
Travel	2,500	-	2,500	692	1,808
Safety committee	250	-	250	-	250
Contributions and gifts	300	-	300	-	300
Green-up	300	-	300	-	300
Appreciation activities	500	-	500	-	500
Welcome signs	450	-	450	275	175
Flag	200	-	200	-	200
Hiring expenses	-	-	-	663	(663)
	<u>141,182</u>	<u>-</u>	<u>141,182</u>	<u>121,386</u>	<u>19,796</u>
General Expenses:					
Webmaster	1,014	-	1,014	1,014	-
General office supplies	5,500	-	5,500	9,320	(3,820)
Advertising	1,000	-	1,000	2,305	(1,305)
Telephone	14,000	-	14,000	17,112	(3,112)
Postage	3,000	-	3,000	649	2,351
Dues and subscriptions	500	-	500	457	43
VT League of Cities and Towns	3,818	-	3,818	3,818	-
County tax	34,116	-	34,116	33,654	462
Contracts, maintenance and repairs	26,400	-	26,400	24,909	1,491
Technology upgrades	5,000	-	5,000	2,706	2,294
Insurance and bonds	121,000	-	121,000	61,607	59,393
Communications	2,000	-	2,000	2,150	(150)
ARPA grant expenses	-	-	-	1,271	(1,271)
	<u>217,348</u>	<u>-</u>	<u>217,348</u>	<u>160,972</u>	<u>56,376</u>

SCHEDULE B (CONTINUED)

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Planning:					
Postage and miscellaneous	400	-	400	-	400
Windham Regional Planning Commission	5,350	-	5,350	5,322	28
Professional assistance	1,000	-	1,000	-	1,000
Matching grant	6,000	-	6,000	-	6,000
	<u>12,750</u>	<u>-</u>	<u>12,750</u>	<u>5,322</u>	<u>7,428</u>
Recreation Department					
Director	54,214	-	54,214	54,481	(267)
Assistant director	40,186	-	40,186	40,509	(323)
Maintenance	7,350	-	7,350	6,440	910
Water Safety instructors	24,500	-	24,500	19,887	4,613
Day camp staff	14,700	-	14,700	15,824	(1,124)
Customer service	6,100	-	6,100	7,060	(960)
Pre-school instructor	31,809	-	31,809	29,484	2,325
Pre-school assistant	33,502	-	33,502	32,624	878
Weekend supervisor	3,400	-	3,400	2,742	658
FICA	19,260	-	19,260	14,587	4,673
Health insurance	82,022	-	82,022	76,437	5,585
Dental insurance	2,634	-	2,634	2,393	241
Supplies	18,880	-	18,880	24,861	(5,981)
Utilities/fuel oil	7,200	-	7,200	9,180	(1,980)
Telephone	1,100	-	1,100	1,251	(151)
Contracts and rentals	1,590	-	1,590	1,972	(382)
New/replace equipment	2,000	-	2,000	2,443	(443)
Repairs and maintenance	1,050	-	1,050	2,745	(1,695)
Programs	19,800	-	19,800	19,285	515
Partnership - preschool	-	-	-	54,964	(54,964)
Matching Grant	2,000	-	2,000	-	2,000
Covid Grant	-	-	-	4,273	(4,273)
	<u>373,297</u>	<u>-</u>	<u>373,297</u>	<u>423,442</u>	<u>(50,145)</u>

SCHEDULE B (CONTINUED)

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
School Rental	231,105	-	231,105	231,105	-
Building and Grounds:					
Groundskeeping	8,000	-	8,000	4,039	3,961
Cleaning	10,000	-	10,000	9,120	880
Snow removal	2,000	-	2,000	2,100	(100)
Supplies	1,500	-	1,500	438	1,062
Custodial equipment	100	-	100	179	(79)
Fuel oil	9,000	-	9,000	7,986	1,014
Electric town/library/north	12,000	-	12,000	10,758	1,242
Repairs to equipment	200	-	200	-	200
Repairs to building	8,000	-	8,000	11,705	(3,705)
	50,800	-	50,800	46,325	4,475
Cemeteries:					
Caretaking	7,604	-	7,604	5,650	1,954
Supplies	500	-	500	87	413
Repair and maintenance	3,000	-	3,000	1,730	1,270
Memorial Day supplies	800	-	800	943	(143)
	11,904	-	11,904	8,410	3,494
Vernon Seniors:					
Activities	2,550	-	2,550	2,550	-
	2,550	-	2,550	2,550	-
Town Van:					
Van driver	7,266	-	7,266	4,175	3,091
FICA	556	-	556	319	237
Gasoline	-	-	-	1,004	(1,004)
Van maintenance	-	-	-	2,593	(2,593)
	7,822	-	7,822	8,091	(269)
Historians South School :					
Record preservation and supplies	-	-	-	30	(30)
Electricity	450	-	450	432	18
Building repairs and maintenance	3,500	-	3,500	-	3,500
Grounds	1,500	-	1,500	1,780	(280)
Lawn care	814	-	814	800	14
Matching Grant	2,000	-	2,000	-	2,000
	8,264	-	8,264	3,042	5,222

SCHEDULE B (CONTINUED)

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Windham County Sheriff's Office	82,000	-	82,000	82,000	-
Fire Department:					
Fire chief stipend	7,250	-	7,250	7,250	-
Asst. chief stipend	6,650	-	6,650	3,500	3,150
Line officer stipend	4,500	-	4,500	1,250	3,250
Lost wages	300	-	300	-	300
FICA	1,431	-	1,431	918	513
Uniforms	1,000	-	1,000	1,000	-
Inoculations	1,000	-	1,000	291	709
Physicals	5,000	-	5,000	95	4,905
EAP	500	-	500	475	25
Supplies	1,500	-	1,500	1,322	178
EMS Vernon rescue supplies	3,000	-	3,000	1,699	1,301
New/replace equipment	15,000	-	15,000	11,661	3,339
Public education	1,000	-	1,000	1,000	-
Fuel oil	8,000	-	8,000	8,954	(954)
Electricity - fire dept	3,000	-	3,000	2,145	855
Dues and subscriptions	1,200	-	1,200	1,571	(371)
Southwest mutual aid	31,000	-	31,000	32,592	(1,592)
Gasoline	2,000	-	2,000	1,669	331
Equipment repair and maintenance	6,000	-	6,000	2,722	3,278
Truck repair and maintenance	8,000	-	8,000	3,763	4,237
Fire pond maintenance	3,500	-	3,500	3,795	(295)
Building repair and maintenance	4,000	-	4,000	5,132	(1,132)
Training, travel and conferences	1,000	-	1,000	825	175
Rescue training, travel, conferences	1,500	-	1,500	1,577	(77)
Matching grant	2,000	-	2,000	390	1,610
Travel reimbursements	2,400	-	2,400	3,910	(1,510)
Prior year carryover	-	-	-	9,972	(9,972)
	121,731	-	121,731	109,478	12,253
Rescue Operating Budget	52,459	-	52,459	52,988	(529)

SCHEDULE B (CONTINUED)

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	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	587	(87)
Public safety FICA	200	-	200	191	9
	<u>3,200</u>	<u>-</u>	<u>3,200</u>	<u>3,278</u>	<u>(78)</u>
Highway Maintenance:					
Equipment rental	5,500	-	5,500	3,354	2,146
Guard rails	1,100	-	1,100	2,887	(1,787)
Culverts	5,500	-	5,500	5,278	222
Gravel	8,000	-	8,000	6,057	1,943
Chloride	6,700	-	6,700	5,454	1,246
Asphalt	1,500	-	1,500	653	847
Salt	49,000	-	49,000	46,229	2,771
Sand	8,000	-	8,000	8,140	(140)
Tree warden	2,300	-	2,300	5,300	(3,000)
Stormwater run-off permit	4,800	-	4,800	2,075	2,725
	<u>92,400</u>	<u>-</u>	<u>92,400</u>	<u>85,427</u>	<u>6,973</u>
Town Garage Operation:					
Road commissioner	64,616	-	64,616	64,753	(137)
Equipment operator	44,915	-	44,915	49,635	(4,720)
Operator/mechanic	44,915	-	44,915	48,521	(3,606)
Part-time operator	5,000	-	5,000	190	4,810
FICA	12,198	-	12,198	11,334	864
Health insurance	50,455	-	50,455	44,241	6,214
Dental insurance	2,000	-	2,000	1,795	205
Uniforms	2,600	-	2,600	2,520	80
Drug and alcohol testing	200	-	200	210	(10)
Supplies	4,000	-	4,000	2,645	1,355
Fuel oil	11,000	-	11,000	5,116	5,884
Electricity	3,100	-	3,100	3,453	(353)

SCHEDULE B (CONTINUED)

TOWN OF VERNON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Town Garage Operation (Continued):					
Dumpster fee	1,300	-	1,300	1,965	(665)
Dues and subscriptions	200	-	200	26	174
Gas and diesel	16,000	-	16,000	8,952	7,048
Road tools and supplies	4,000	-	4,000	2,484	1,516
Safety equipment	2,000	-	2,000	1,243	757
Building repair and maintenance	3,500	-	3,500	3,240	260
Travel and conferences	400	-	400	45	355
	<u>272,399</u>	<u>-</u>	<u>272,399</u>	<u>252,368</u>	<u>20,031</u>
Road Equipment Repair/Maintenance:					
Trucks	10,000	-	10,000	7,035	2,965
Grader	2,500	-	2,500	2,891	(391)
Tractor	2,000	-	2,000	96	1,904
Snow plows and sander	3,000	-	3,000	2,739	261
Front end loader	2,500	-	2,500	1,272	1,228
Small equipment	2,400	-	2,400	1,054	1,346
Radios	500	-	500	329	171
Prior year carry over	-	-	-	31,838	(31,838)
	<u>22,900</u>	<u>-</u>	<u>22,900</u>	<u>47,254</u>	<u>(24,354)</u>
Miscellaneous Expenses	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>27,060</u>	<u>(12,060)</u>
Appropriations	<u>7,718</u>	<u>-</u>	<u>7,718</u>	<u>15,545</u>	<u>(7,827)</u>
Transfers to other funds:					
Special revenue funds	258,623	-	258,623	258,623	-
Capital project funds	151,854	-	151,854	151,854	-
Capital fund	37,005	-	37,005	37,005	-
	<u>447,482</u>	<u>-</u>	<u>447,482</u>	<u>447,482</u>	<u>-</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 2,432,233</u>	<u>\$ -</u>	<u>\$ 2,432,233</u>	<u>\$ 2,375,788</u>	<u>\$ 56,445</u>

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

TOWN OF VERNON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 263,219	\$ 35,236	\$ 41,404	\$ 339,859
Investments	134,344	212,671	223,477	570,492
Due from other funds	145,546	635,251	2,164	782,961
TOTAL ASSETS	\$ 543,109	\$ 883,158	\$ 267,045	\$ 1,693,312
LIABILITIES				
Accrued payroll and benefits payable	\$ 1,020	\$ -	\$ -	\$ 1,020
Due to other funds	11,231	-	-	11,231
TOTAL LIABILITIES	12,251	-	-	12,251
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	243	-	-	243
TOTAL DEFERRED INFLOWS OF RESOURCES	243	-	-	243
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	267,045	267,045
Committed	-	279,890	-	279,890
Assigned	530,615	603,268	-	1,133,883
Unassigned	-	-	-	-
TOTAL FUND BALANCES	530,615	883,158	267,045	1,680,818
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 543,109	\$ 883,158	\$ 267,045	\$ 1,693,312

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, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 6,067	\$ 73,435	\$ -	\$ 79,502
Investment gains/(losses)	(22,434)	(35,314)	(34,464)	(92,212)
Charges for services	8,181	-	-	8,181
Other income	16,101	-	500	16,601
TOTAL REVENUES	<u>7,915</u>	<u>38,121</u>	<u>(33,964)</u>	<u>12,072</u>
EXPENDITURES				
Capital outlay	9,268	-	-	9,268
Other	377,945	170,777	8,820	557,542
TOTAL EXPENDITURES	<u>387,213</u>	<u>170,777</u>	<u>8,820</u>	<u>566,810</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(379,298)</u>	<u>(132,656)</u>	<u>(42,784)</u>	<u>(554,738)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	258,623	151,854	-	410,477
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>258,623</u>	<u>151,854</u>	<u>-</u>	<u>410,477</u>
NET CHANGE IN FUND BALANCES	(120,675)	19,198	(42,784)	(144,261)
FUND BALANCES - JULY 1	<u>651,290</u>	<u>863,960</u>	<u>309,829</u>	<u>1,825,079</u>
FUND BALANCES - JUNE 30	<u>\$ 530,615</u>	<u>\$ 883,158</u>	<u>\$ 267,045</u>	<u>\$ 1,680,818</u>

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.

SCHEDULE E

TOWN OF VERNON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Emergency Services	Reappraisal	Solid Waste Fund	Scholarship Fund
ASSETS				
Cash and cash equivalents	\$ 15,068	\$ 3,113	\$ 122,151	\$ 2,484
Investments	82,031	18,787	922	2,109
Due from other funds	-	103,641	-	-
TOTAL ASSETS	<u>\$ 97,099</u>	<u>\$ 125,541</u>	<u>\$ 123,073</u>	<u>\$ 4,593</u>
LIABILITIES				
Accrued payroll and benefits payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	8,765	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>8,765</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	97,099	125,541	114,308	4,593
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>97,099</u>	<u>125,541</u>	<u>114,308</u>	<u>4,593</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 97,099</u>	<u>\$ 125,541</u>	<u>\$ 123,073</u>	<u>\$ 4,593</u>

SCHEDULE E (CONTINUED)

TOWN OF VERNON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Professional Services Fund	Elderly Assistance Fund	Restoration Fund	Pool Fund	Library Fund	Total
ASSETS						
Cash and cash equivalents	\$ 5,053	\$ 39,417	\$ -	\$ -	\$ 75,933	\$ 263,219
Investments	30,495	-	-	-	-	134,344
Due from other funds	5,900	-	30,763	5,242	-	145,546
TOTAL ASSETS	<u>\$ 41,448</u>	<u>\$ 39,417</u>	<u>\$ 30,763</u>	<u>\$ 5,242</u>	<u>\$ 75,933</u>	<u>\$ 543,109</u>
LIABILITIES						
Accrued payroll and benefits payable	\$ -	\$ -	\$ -	\$ -	\$ 1,020	\$ 1,020
Due to other funds	-	-	-	-	2,466	11,231
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,486</u>	<u>12,251</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						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	41,448	39,417	30,763	5,242	72,204	530,615
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>41,448</u>	<u>39,417</u>	<u>30,763</u>	<u>5,242</u>	<u>72,204</u>	<u>530,615</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 41,448</u>	<u>\$ 39,417</u>	<u>\$ 30,763</u>	<u>\$ 5,242</u>	<u>\$ 75,933</u>	<u>\$ 543,109</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, 2022

	Emergency Services	Reappraisal	Solid Waste Fund	Scholarship Fund
REVENUES				
Intergovernmental	\$ -	\$ 926	\$ -	\$ -
Charges for services	-	7,871	-	-
Investment gain/(losses)	(13,869)	(3,022)	(136)	(356)
Other income	-	-	-	-
TOTAL REVENUES	<u>(13,869)</u>	<u>5,775</u>	<u>(136)</u>	<u>(356)</u>
EXPENDITURES				
Capital outlay	-	-	-	-
Other	-	75,140	60,055	-
TOTAL EXPENDITURES	<u>-</u>	<u>75,140</u>	<u>60,055</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13,869)</u>	<u>(69,365)</u>	<u>(60,191)</u>	<u>(356)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	122,518	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>122,518</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(13,869)	(69,365)	62,327	(356)
FUND BALANCES - JULY 1	<u>110,968</u>	<u>194,906</u>	<u>51,981</u>	<u>4,949</u>
FUND BALANCES - JUNE 30	<u>\$ 97,099</u>	<u>\$ 125,541</u>	<u>\$ 114,308</u>	<u>\$ 4,593</u>

SCHEDULE F (CONTINUED)

TOWN OF VERNON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Professional Services Fund	Elderly Assistance Fund	Restoration Fund	Pool Fund	Library Fund	Total
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 5,141	\$ 6,067
Charges for services	-	-	-	-	310	8,181
Investment gain/(losses)	(5,095)	4	29	4	7	(22,434)
Other income	-	335	7,344	-	8,422	16,101
TOTAL REVENUES	<u>(5,095)</u>	<u>339</u>	<u>7,373</u>	<u>4</u>	<u>13,880</u>	<u>7,915</u>
EXPENDITURES						
Capital outlay	-	-	-	9,268	-	9,268
Other	141,358	8,443	1,963	-	90,986	377,945
TOTAL EXPENDITURES	<u>141,358</u>	<u>8,443</u>	<u>1,963</u>	<u>9,268</u>	<u>90,986</u>	<u>387,213</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(146,453)</u>	<u>(8,104)</u>	<u>5,410</u>	<u>(9,264)</u>	<u>(77,106)</u>	<u>(379,298)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	25,000	10,000	-	10,000	91,105	258,623
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>91,105</u>	<u>258,623</u>
NET CHANGE IN FUND BALANCES	<u>(121,453)</u>	<u>1,896</u>	<u>5,410</u>	<u>736</u>	<u>13,999</u>	<u>(120,675)</u>
FUND BALANCES - JULY 1	<u>162,901</u>	<u>37,521</u>	<u>25,353</u>	<u>4,506</u>	<u>58,205</u>	<u>651,290</u>
FUND BALANCES - JUNE 30	<u>\$ 41,448</u>	<u>\$ 39,417</u>	<u>\$ 30,763</u>	<u>\$ 5,242</u>	<u>\$ 72,204</u>	<u>\$ 530,615</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, 2022

	Road Upgrade Fund	Culvert Reserve Fund	Farmland Fund	Parking Lot Maintenance Fund	Total
ASSETS					
Cash and cash equivalents	\$ 15,220	\$ -	\$ 19,960	\$ 56	\$ 35,236
Investments	91,862	-	120,470	339	212,671
Due from other funds	179,558	316,628	93,716	45,349	635,251
TOTAL ASSETS	<u>\$ 286,640</u>	<u>\$ 316,628</u>	<u>\$ 234,146</u>	<u>\$ 45,744</u>	<u>\$ 883,158</u>
LIABILITIES					
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	234,146	45,744	279,890
Assigned	286,640	316,628	-	-	603,268
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>286,640</u>	<u>316,628</u>	<u>234,146</u>	<u>45,744</u>	<u>883,158</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 286,640</u>	<u>\$ 316,628</u>	<u>\$ 234,146</u>	<u>\$ 45,744</u>	<u>\$ 883,158</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, 2022

	Road Upgrade Fund	Culvert Reserve Fund	Farmland Fund	Parking Lot Maintenance Fund	Total
REVENUES					
Intergovernmental	\$ 68,095	\$ 5,340	\$ -	\$ -	\$ 73,435
Investment gain/(losses)	(15,314)	289	(20,280)	(9)	(35,314)
TOTAL REVENUES	<u>52,781</u>	<u>5,629</u>	<u>(20,280)</u>	<u>(9)</u>	<u>38,121</u>
EXPENDITURES					
Other	<u>128,917</u>	<u>15,360</u>	<u>-</u>	<u>26,500</u>	<u>170,777</u>
TOTAL EXPENDITURES	<u>128,917</u>	<u>15,360</u>	<u>-</u>	<u>26,500</u>	<u>170,777</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(76,136)</u>	<u>(9,731)</u>	<u>(20,280)</u>	<u>(26,509)</u>	<u>(132,656)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	100,000	40,000	9,354	2,500	151,854
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>100,000</u>	<u>40,000</u>	<u>9,354</u>	<u>2,500</u>	<u>151,854</u>
NET CHANGE IN FUND BALANCES	23,864	30,269	(10,926)	(24,009)	19,198
FUND BALANCES - JULY 1	<u>262,776</u>	<u>286,359</u>	<u>245,072</u>	<u>69,753</u>	<u>863,960</u>
FUND BALANCES - JUNE 30	<u>\$ 286,640</u>	<u>\$ 316,628</u>	<u>\$ 234,146</u>	<u>\$ 45,744</u>	<u>\$ 883,158</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, 2022

	A. Perry Cemetery Fund	North Cemetery Fund	P.A. Lee Cemetery Fund	South Cemetery Fund	Tyler Cemetery Fund	Whithed Cemetery Fund	Total
ASSETS							
Cash and cash equivalents	\$ 3,951	\$ 14,332	\$ -	\$ 7,343	\$ 15,778	\$ -	\$ 41,404
Investments	1,189	44,926	-	6,641	170,721	-	223,477
Due from other funds	-	-	1,920	-	-	244	2,164
TOTAL ASSETS	<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>
LIABILITIES							
Due to others funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	5,140	59,258	1,920	13,984	186,499	244	267,045
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<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>
TOTAL LIABILITIES AND FUND BALANCES	<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>

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, 2022

	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)	\$ (134)	\$ (7,658)	\$ 2	\$ (1,230)	\$ (25,444)	\$ -	\$ (34,464)
Other income	-	500	-	-	-	-	500
TOTAL REVENUES	<u>(134)</u>	<u>(7,158)</u>	<u>2</u>	<u>(1,230)</u>	<u>(25,444)</u>	<u>-</u>	<u>(33,964)</u>
EXPENDITURES							
Other	-	500	-	-	8,320	-	8,820
TOTAL EXPENDITURES	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>8,320</u>	<u>-</u>	<u>8,820</u>
NET CHANGE IN FUND BALANCES	(134)	(7,658)	2	(1,230)	(33,764)	-	(42,784)
FUND BALANCES - JULY 1	<u>5,274</u>	<u>66,916</u>	<u>1,918</u>	<u>15,214</u>	<u>220,263</u>	<u>244</u>	<u>309,829</u>
FUND BALANCES - JUNE 30	<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>

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, 2022

	AJ Brooks Trust	Marsh Trust	Scott and Noyes Trust	Grange Scholarship Trust	Total
ASSETS					
Cash and cash equivalents	\$ 32,770	\$ 1,715	\$ 5,040	\$ 4,076	\$ 43,601
Investments, at fair value	111,405	10,061	46,419	24,603	192,488
Due from other governments	-	-	-	48	48
TOTAL ASSETS	<u>\$ 144,175</u>	<u>\$ 11,776</u>	<u>\$ 51,459</u>	<u>\$ 28,727</u>	<u>\$ 236,137</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>144,175</u>	<u>11,776</u>	<u>51,459</u>	<u>28,727</u>	<u>236,137</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 144,175</u>	<u>\$ 11,776</u>	<u>\$ 51,459</u>	<u>\$ 28,727</u>	<u>\$ 236,137</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, 2022

	AJ Brooks Trust	Marsh Trust	Scott and Noyes Trust	Grange Scholarship Trust	Total
ADDITIONS					
Net increase (decrease) in the fair value of investments	\$ (23,579)	\$ (1,803)	\$ (10,422)	\$ (4,160)	\$ (39,964)
Total additions	<u>(23,579)</u>	<u>(1,803)</u>	<u>(10,422)</u>	<u>(4,160)</u>	<u>(39,964)</u>
DEDUCTIONS					
Withdrawals	-	192	1,584	-	1,776
Total deductions	<u>-</u>	<u>192</u>	<u>1,584</u>	<u>-</u>	<u>1,776</u>
Change in net position	(23,579)	(1,995)	(12,006)	(4,160)	(41,740)
NET POSITION - JULY 1	<u>167,754</u>	<u>13,771</u>	<u>63,465</u>	<u>32,887</u>	<u>277,877</u>
NET POSITION - JUNE 30	<u>\$ 144,175</u>	<u>\$ 11,776</u>	<u>\$ 51,459</u>	<u>\$ 28,727</u>	<u>\$ 236,137</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, 2022

	Land and Non-depreciable Assets	Buildings and Improvements	Furniture, Equipment and Vehicles	Infrastructure	Total
Town clerk	\$ -	\$ 72,454	\$ 18,487	\$ -	\$ 90,941
Town treasurer	-	-	24,715	-	24,715
Police department	-	-	10,105	-	10,105
Fire department	251	146,366	1,131,537	-	1,278,154
Highway	1	354,503	1,111,965	2,238,249	3,704,718
Recreation	1	513,588	183,528	57,220	754,337
Cemeteries	-	-	15,700	-	15,700
Historians	1	25,450	15,877	-	41,328
Town wide	252,974	621,947	176,595	16,900	1,068,416
Total General Capital Assets	253,228	1,734,308	2,688,509	2,312,369	6,988,414
Less: Accumulated Depreciation	-	(1,266,265)	(1,369,207)	(1,599,794)	(4,235,266)
Net General Capital Assets	<u>\$ 253,228</u>	<u>\$ 468,043</u>	<u>\$ 1,319,302</u>	<u>\$ 712,575</u>	<u>\$ 2,753,148</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, 2022

	General Capital Assets 7/1/21 (Restated)	Additions	Deletions	General Capital Assets 6/30/22
Town clerk	\$ 90,941	\$ -	\$ -	\$ 90,941
Town treasurer	24,715	-	-	24,715
Police department	10,105	-	-	10,105
Fire department	1,278,154	-	-	1,278,154
Highway	3,876,226	-	(171,508)	3,704,718
Recreation	754,337	-	-	754,337
Cemeteries	15,700	-	-	15,700
Historians	41,328	-	-	41,328
Town wide	<u>1,058,448</u>	<u>9,968</u>	<u>-</u>	<u>1,068,416</u>
Total General Capital Assets	7,149,954	9,968	(171,508)	6,988,414
Less: Accumulated Depreciation	<u>(4,207,414)</u>	<u>(180,360)</u>	<u>152,508</u>	<u>(4,235,266)</u>
Net General Capital Assets	<u>\$ 2,942,540</u>	<u>\$ (170,392)</u>	<u>\$ (19,000)</u>	<u>\$ 2,753,148</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, 2022 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 January 30, 2023.

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 October 14, 2022.

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
January 30, 2023