




*The economic engine of Vermont.*

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## **MEMORANDUM**

TO: Village Trustees  
FROM : David A. Crawford, Village Manager   
DATE: May 3, 2012  
SUBJECT: FY 11 Audit Supplemental Information

The attached pages contain additional information to the FY 11 Audit that the Trustees approved on 2/28/12. They are from a single audit of compliance and internal controls.

**Suggested Motion:** The Board of Trustees hereby accepts the supplemental information to the FY 11 audit as presented.

**VILLAGE OF ESSEX JUNCTION, VERMONT**

**AUDIT REPORT AND REPORTS ON  
COMPLIANCE AND INTERNAL CONTROL**

**JUNE 30, 2011**

VILLAGE OF ESSEX JUNCTION, VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011

Grant Title Pass-Through Grantor/ Federal Grant/Program Title	CFDA Number	Grant Number	Grant Amount	Expenditures
<u>U.S. Department of Transportation</u>				
Passed through State of Vermont Agency of Transportation				
Highway Planning and Construction Grants	20.205	08126-CA0247	2,250,000	\$ 1,636,284
Highway Planning and Construction Grants	20.205	08120-SW0034	159,600	<u>113,302</u>
Total Passed through State of VT AOT				<u>1,749,586</u>
Total U.S. Department of Transportation				<u>1,749,586</u>
<u>U.S. Office of Library Services</u>				
Passed through the Vermont Agency of Administration Department of Libraries				
State Library Program	45.310	130_PL_FF 01130-PL-FFY10-037	1,048	<u>1,048</u>
Total U.S. Office of Library Services				<u>1,048</u>
<u>U.S. Environmental Protection Agency</u>				
Passed the Vermont Department of Environmental Conservation				
Clean Water State Revolving Fund - Loan	66.458	06140-RF1-148	52,831	52,831
State Tribal Assistance Grant	66.606	XP97101101-0	200,000	<u>12,967</u>
Total U.S. Environmental Protection Agency				<u>65,798</u>
<u>U.S. Federal Emergency Management Assistance</u>				
Passed through the State of Vermont Operations Division				
FEMA 1951-DR-VT, Storm Events from December 1 to December 5, 2010	97.036	08131-FE0318	1,329	<u>1,329</u>
Total U.S. Federal Emergency Management Assistance				<u>1,329</u>
Total Federal Awards				<u>\$ 1,817,761</u>

The Schedule of Expenditures of Federal Awards includes the Federal grant activity of the Village of Essex Junction, Vermont and was prepared using the significant accounting policies outlined in Note 1 to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

# Sullivan, Powers & Co.

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## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards"

Board of Trustees  
Village of Essex Junction  
Essex Junction, VT 05452-3685

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Essex Junction, Vermont as of and for the year ended June 30, 2011, which collectively comprise the Village of Essex Junction, Vermont's basic financial statements and have issued our report thereon dated February 23, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing the audit, we considered the Village of Essex Junction, Vermont's internal control over financial reporting as a basis for designing our audit procedures 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 Village of Essex Junction, Vermont's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Essex Junction, Vermont's internal control over financial reporting.

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 Village of Essex Junction, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

**Sullivan, Powers & Co.**  
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**Report on Compliance That Could Have a Direct and  
Material Effect on Each Major Program and on Internal Control  
Over Compliance in Accordance with OMB Circular A-133**

Board of Trustees  
Village of Essex Junction  
Essex Junction, VT 05452-3685

**Compliance**

We have audited the compliance of the Village of Essex Junction, Vermont with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2011. The Village of Essex Junction, Vermont's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Deficiencies in Internal Control. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Village of Essex Junction, Vermont's management. Our responsibility is to express an opinion on the Village of Essex Junction, Vermont's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Essex Junction, Vermont's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village of Essex Junction, Vermont's compliance with those requirements.

In our opinion, the Village of Essex Junction, Vermont complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the Village of Essex Junction, Vermont is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village of Essex Junction, Vermont's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village of Essex Junction, Vermont's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined previously.

This report is intended solely for the information and use of management, Board of Trustees, others within the Village, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

March 20, 2012  
Montpelier, Vermont  
Vt Lic. #92-000180

*Sullivan, Powers & Company*

VILLAGE OF ESSEX JUNCTION, VERMONT  
SUMMARY SCHEDULE OF PRIOR FINDINGS  
AND DEFICIENCIES IN INTERNAL CONTROL  
JUNE 30, 2011

There were no prior audit findings.

VILLAGE OF ESSEX JUNCTION, VERMONT  
SCHEDULE OF FINDINGS AND DEFICIENCIES  
IN INTERNAL CONTROL  
JUNE 30, 2011

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:  
Unqualified.

Internal Control Over Financial Reporting:  
Material Weaknesses identified:  
No.  
Significant Deficiencies identified not considered to be material weaknesses:  
No.

Noncompliance material to financial statements:  
No.

Federal Awards

Internal Control Over Major Programs:  
Material Weaknesses identified:  
No.  
Significant Deficiencies identified not considered to be material weaknesses:  
No.

Type of auditor's report issued on compliance for major programs:  
Unqualified.

There are no audit findings that are required to be reported in accordance with OMB Circular A-133, Section 510(a).

Major Program:

<u>CFDA #</u>	<u>Program</u>	<u>Agency</u>
20.205	Highway Planning & Construction Grants	U.S. Department of Transportation

The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.

The auditee did qualify as a low risk auditee.