

**VILLAGE OF ESSEX JUNCTION, VERMONT**

**AUDIT REPORT**

**JUNE 30, 2005**

VILLAGE OF ESSEX JUNCTION, VERMONT  
AUDIT REPORT  
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**Sullivan,Powers&Co.**  
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Independent Auditor's Report

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

We have audited the accompanying 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, 2005, which collectively comprise the Village of Essex Junction, Vermont's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Essex Junction, Vermont's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Information included under Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the Village of Essex Junction, Vermont's basic financial statements. The combining fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Sullivan, Powers & Company*

September 29, 2005  
Montpelier, Vermont  
Vt Lic. #92-000180

## MANAGEMENT'S DISCUSSION & ANALYSIS

The Village of Essex Junction (the "Village") herein sets forth an overview and analysis of its financial operations for the fiscal year ended June 30, 2005.

### ***Financial Highlights***

- Assets exceeded liabilities on June 30, 2005 by \$17,015,432 (*net assets*). Of this amount, \$1,808,952 (*unrestricted net assets*) may be used by the various funds of the Village to meet the Village's ongoing obligations.
- The Village's total net assets increased by \$604,069. Of this amount, net assets attributable to governmental activities increased by \$517,405. Net assets attributable to business-type activities increased by \$86,664.
- Fund balances of governmental funds increased by \$179,658 in fiscal FY05. The General Fund had \$124,517 of unreserved, undesignated fund balance at 6/30/05. This is equal to 5% of the approved FY06 General Fund Budget. As of 6/30/04 the Village had \$198,519 of unreserved, undesignated fund balance. The reduction is the result of transfers of fund balance from the General Fund to the General Fund Capital Reserve Fund.

### ***Overview of the Village's Financial Statements:***

The annual financial report consists of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Village of Essex Junction's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Village of Essex Junction's assets and liabilities with the difference between the two reported as net assets.

The *statement of activities* presents information showing how the Village's net assets changed during the past fiscal year. The *statement of activities* is on a full accrual basis (i.e. all changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows) whereas the *statement of revenues, expenditures and changes in fund balance governmental funds* is on a modified accrual basis (i.e. revenue is recognized when it becomes measurable and available as net current assets, expenditures are recognized when the related liability is incurred). Thus in the *statement of activities* revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements combine information from governmental funds (which are supported primarily by tax dollars) with information from enterprise funds which are supported by user fees and charges (*business-type activities*). The governmental activities of the Village of Essex Junction include general government, public works, community development and culture and recreation. The business-type activities of the Village include water operations, wastewater treatment, and sanitation lines maintenance. The government-wide financial statements can be found in Exhibits A and B of this report.

**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 Village has three types of funds: governmental funds, proprietary funds, and fiduciary funds. The proprietary funds of the Village are all Enterprise Funds. Fund financial statements can be found in Exhibits C through J of this report.

**Notes to the financial statements.** The notes provide additional information that is necessary for an understanding of the information in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements in this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. This supplementary information includes combining statements for various funds and budgetary comparison statements for funds other than the Village's general fund. The supplementary information can be found immediately following the notes to the financial statements.

## ***Government-wide Financial Analysis***

### **Village of Essex Junction, Vermont's Statement of Net Assets**

	Governmental Activities		Business-type Activities		Total	
	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004
Current and Other Assets	\$1,452,038	\$1,175,273	\$932,110	\$1,079,307	\$2,384,148	\$2,254,580
Capital Assets	<u>\$5,369,996</u>	<u>\$5,096,521</u>	<u>\$9,745,079</u>	<u>\$9,723,734</u>	<u>\$15,115,075</u>	<u>\$14,820,255</u>
Total Assets	\$6,822,034	\$6,271,794	\$10,677,189	\$10,803,041	\$17,499,223	\$17,074,835
Current Liabilities	\$107,685	\$79,781	\$298,130	\$392,956	\$405,815	\$472,737
Long-term Liabilities	<u>\$55,035</u>	<u>\$50,104</u>	<u>\$22,941</u>	<u>\$140,631</u>	<u>\$77,976</u>	<u>\$190,735</u>
Total Liabilities	\$162,720	\$129,885	\$321,071	\$533,587	\$483,791	\$663,472
Net Assets						
Invested in capital assets, net of						
Related Debt	\$5,369,997	\$5,096,521	\$9,745,079	\$9,600,886	\$15,115,076	\$14,697,407
Restricted	\$91,404	\$11,734	\$0	\$0	\$91,404	\$11,734
Unrestricted	<u>\$1,197,913</u>	<u>\$1,033,654</u>	<u>\$611,039</u>	<u>\$668,568</u>	<u>\$1,808,952</u>	<u>\$1,702,222</u>
Total Net Assets	<u>\$6,659,314</u>	<u>\$6,141,909</u>	<u>\$10,356,118</u>	<u>\$10,269,454</u>	<u>\$17,015,432</u>	<u>\$16,411,363</u>

As stated above, net assets exceeded liabilities by \$17,015,432 at the end of fiscal year 2005. Net assets at the end of fiscal year 2004 exceeded liabilities by \$16,411,363. Please note that fiscal year end 2004 net assets have been adjusted (increased) by \$63,680 from the FY04 audit due to an overstatement of accumulated depreciation in the FY04 financial statements.

The largest portion of the Village's net assets are in its investment in capital assets (89%). These assets are used to provide services to its citizens (e.g. land, buildings, equipment, infrastructure). Therefore these assets are not available for future spending.

A very small portion (.5%) of the Village's assets are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets (\$1,808,952) may be used to meet the government's ongoing obligations to citizens and creditors. Some of the amounts included in unrestricted net assets have been designated by management for particular purposes (e.g. capital projects).

**Village of Essex Junction, Vermont's Statement of Activities (Change in Net Assets)**

	Governmental Activities		Business-type Activities		Total	
	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004
Revenues						
Program Revenues						
Charges for services	\$108,135	\$83,728	\$3,345,872	\$3,324,138	\$3,454,007	\$3,407,866
Operating grants and contributions	\$419,913	\$158,743	\$0	\$0	\$419,913	\$158,743
Capital grants and contributions	\$153,199	\$190,474	\$359,275	\$569,633	\$512,474	\$760,107
General Revenues						
Property taxes	\$2,159,042	\$2,098,843	\$0	\$0	\$2,159,042	\$2,098,843
Unrestricted investment earnings	\$21,180	\$14,165	\$4,750	\$3,594	\$25,930	\$17,759
Gain on sale of capital	\$500	\$8,500	\$0	\$0	\$500	\$8,500
Other revenues	\$12,022	\$18,210	\$0	\$0	\$12,022	\$18,210
Total Revenues	\$2,873,991	\$2,572,663	\$3,709,897	\$3,897,365	\$6,583,888	\$6,470,028
Expenses						
Governmental activities						
General Government	\$571,729	\$595,865	\$0	\$0	\$571,729	\$595,865
Public Safety	\$252,227	\$248,682	\$0	\$0	\$252,227	\$248,682
Public Works	\$755,366	\$687,684	\$0	\$0	\$755,366	\$687,684
Community Development	\$193,947	\$20,836	\$0	\$0	\$193,947	\$20,836
Culture and Recreation	\$583,317	\$623,217	\$0	\$0	\$583,317	\$623,217
Capital Outlay		\$26,359	\$0	\$0	\$0	\$26,359
Business-type activities						
Water	\$0	\$0	\$2,252,009	\$2,123,596	\$2,252,009	\$2,123,596
Sanitation	\$0	\$0	\$279,340	\$262,842	\$279,340	\$262,842
Wastewater	\$0	\$0	\$1,091,884	\$1,004,274	\$1,091,884	\$1,004,274
Total Expenses	\$2,356,586	\$2,202,643	\$3,623,233	\$3,390,712	\$5,979,819	\$5,593,355
Change in net assets before transfers	\$517,405	\$370,020	\$86,664	\$506,653	\$604,069	\$876,673
Transfers	\$0	\$56,500	\$0	(\$56,500)	\$0	\$0
Change in net assets	\$517,405	\$426,520	\$86,664	\$450,153	\$604,069	\$876,673
Net assets – Beginning of Year *	\$6,141,909	\$5,715,389	\$10,269,454	\$9,819,301	\$16,411,363	\$15,534,690
Net assets – End of Year	\$6,659,314	\$6,141,909	\$10,356,118	\$10,269,454	\$17,015,432	\$16,411,363

\*July 1, 2004 Governmental Net Assets adjusted for accumulated depreciation overstatement error of \$63,680 in Library Books

At the end of FY05, the Village of Essex Junction has positive balances in all three categories of net assets for the entire government and all individual funds.



**Governmental activities.** Governmental activities increased the Village's net assets by \$517,405 in FY05. The Village added \$295,513 of new assets to its inventory of capital assets net of current year's depreciation. Major capital assets added in FY05 included Main Street lighting, Mansfield Ave. culvert replacement, speed tables on Pleasant St., replacement of a sidewalk plow and a new pavement grinder.

**Business-type activities.** Business-type activities increased the Village's net assets by \$86,664.

The Water Fund had a budgetary loss of \$23,568 and a GAAP basis net loss of \$72,295. Budgetary information does not include capital projects costs or depreciation expense. The budgetary loss was caused primarily by the planned reduction of fund balance of \$20,000 which had been budgeted. In addition, revenues were under budget because of a wet summer in which Village residents used less water than anticipated. Also, new hookup fees were lower than budgeted. Unrestricted net assets (resources available to meet future obligations) decreased by \$19,508. Capital projects undertaken in FY05 included a new Leak Detecting Correllator and work on the River Street Water Line replacement.

The Sanitation Fund had a budgetary loss of \$36,844 and a GAAP basis net income of \$51,830. The budgetary loss resulted from lower than anticipated revenues from Village residents and fewer sewer connections coming on line than were budgeted. The main reason the budgetary loss resulted in GAAP basis net income is that the Bond Payment is not counted as an expense in GAAP basis accounting. The final payment of the bond for the separation of the sanitary sewer from the storm sewer system was made in FY05. The Village has no more debt. The unrestricted net assets increased by \$9,252. There were no capital projects undertaken in the Sanitation Fund in FY05.

The Wastewater Treatment Fund had a budgetary net loss of \$42,116 and a GAAP basis loss of \$252,146 before capital grants and contributions (the capital grants and contributions consist of the Town of Williston's funding of an upgrade to the treatment process (\$359,275). The budgetary loss was due to lower than anticipated revenues from leachate haulers combined with higher than budgeted expenses from unanticipated necessary repairs as well as higher than anticipated processing costs (i.e. electricity and chemicals). The unrestricted net assets decreased by \$47,273 due to this loss. Capital projects completed are the Sludge Thickening Upgrade funded entirely by the Town of Williston and the resurfacing of the Waste Water Treatment Facility road.

## ***Financial Analysis of Major Governmental Funds***

### **The General Fund**

The General Fund fund balance decreased from \$296,201 at the end of fiscal year 2004 to \$240,185 at the end of fiscal year 2005. This decrease resulted from a transfer of \$169,334 to the Capital Reserve Fund (\$74,800 of this transfer was voted at Village meeting and \$94,534 was authorized by vote of the Village Trustees) combined with a net increase in the General Fund fund balance of \$113,318 excluding this transfer. This can be attributed to the following:

- Excluding grants and donations received and expended in FY05, revenues were higher than budgeted by \$56,892. This revenue surplus consists of higher than anticipated license and zoning fees, additional school tax collection payments, higher than anticipated investment interest, a Homeland Security grant that was expended in FY04 and not received until FY05, and other miscellaneous revenues.

- Expenditures excluding those for grants and donations received in FY 05 and transfers to the Capital Reserve Fund were \$56,426 less than budgeted. Major contributions to this amount were:
  - A) Under-spending in the Administration Department by about \$8,000 due a number of line items being under-spent by a small amount. Line items with notable under-expenditures included Bank Collateral Charge, which has been discontinued by the bank, and Trustees Expenditures.
  - B) Under-spending by the Fire Department of about \$6,000, The training budget was under-spent due to decreased attendance to outside schools in FY05 by Fire Department personnel.
  - C) Street Department was over budget by about \$6,000 primarily due to overspending for Traffic Calming, Storm Sewer Maintenance and Vehicle Maintenance. Significantly under-spent items were Storm Sewer Permit Fees and Street Marking.
  - D) Under-spending in the Planning Department by about \$32,000 primarily due to not hiring an additional person in the department as planned.
  - E) The Library budget was under-spent by about \$5,000 which is about 1% of the budget. The majority of this surplus was from the Health Insurance and other Benefits line item. An employee dropped the Village's coverage during the year contributing to this under-expenditure.
  - F) Economic Development was under-spent by about \$9,500 due to the discontinuance of the Downtown Committee and less than budgeted general Economic Development activity.
  - G) Grants and donations received and expended were: Transportation for Livable Community Grant \$20,000, Town Highways Structures Program \$46,620, Homeland Security Grant \$12,000, Vt ANR Local Community Implementation Fund Grant \$4,770, Library Grants \$970 and Essex Junction Fire Fighters Association donation \$4,800.

### **Capital Reserve Fund**

The Capital Reserve Fund had Unrestricted designated fund balance of \$302,361 as of June 30, 2004. The fund balance was \$461,578 as of June 30, 2005. Projects completed include: Fire Department Pager Transmitter/Receiver and Main St. Lighting. Projects continued or initiated but not completed include: Veterans Memorial Park, Stormwater Compliance, Salt Shed and Marvin Heights Sidewalk/Curb Reconstruction. Total expenditures in the Capital Reserve Fund were \$297,376. Transfers into the Capital Reserve Fund from the General Fund were \$395,034. \$55,000 was received from the Essex Junction Lions Club for the Memorial Park project.

### **Whitcomb Terrace Loan Fund**

In April of 2004 the Village received a grant of up to \$275,000 from the Vermont Agency of Commerce and Community Development. This grant was used in FY05 to construct Whitcomb Terrace, 19 new barrier-free units of affordable housing at 128 West Street in Essex Junction. The grant money was used to provide a deferred loan to Whitcomb Terrace Housing Limited Partnership for the purpose of constructing Whitcomb Terrace. The interest free loan is due to be paid back to the Village on December 17, 2034.

### ***Long Term Debt***

The Village as of June 30, 2005 was debt free. In November 2004 the Village made the final payment for the combined sewer overflow bond. The bond was issued in 1986. The final payment was for \$122,847 principal and \$3,037 interest. This payment was made out of the Sanitation Enterprise Fund.

### ***Economic Factors and Next Year's Budgets and Rates***

- The taxable grand list for the Village of Essex Junction, Vermont increased by \$83,853 or 1.3% from FY05 to FY06. The FY06 grand list is \$6,098,654.
- The IBM M&E Subsidy decreased by \$67,531 from FY05 to FY06, from \$558,906 to \$491,375. This decrease resulted in an additional \$.011 on the FY06 tax rate. This subsidy will decrease each year by approximately this same amount until it is \$0 in FY14.
- The rate of inflation from September 2004 to September 2005 for Northeast urban communities was 4.4%. Costs for Health Care premiums, other insurances and gas heat are well above the inflation rate.
- The Town of Essex held a vote on April 12, 2005 asking: "Shall the Town of Essex Selectboard and the Village of Essex Junction Board of Trustees be advised to prepare and approve a plan of merger between the Town of Essex and the Village of Essex Junction?" The vote passed with 80% of the voters in the Town outside the Village and 65% of voters in the Village voting in favor of the proposal. An ad hoc task force is currently preparing a plan of merger for the consideration of the Town of Essex Selectboard and the Village of Essex Junction Trustees.

These factors were all taken into consideration when preparing the FY06 budgets.

- The FY06 General Fund budget increased by 4.3% from the FY05 budget. \$15,000 was added to the budget at annual meeting to be used for Library expenses. The tax rate increased by 6.3% from \$0.2666 to \$0.2836 due to the decline in the IBM Subsidy and other budget pressures.
- In FY05 the Village Trustees voted to transfer \$82,000 of the FY05 budget surplus to the Capital Reserve Fund.
- Capital Projects being undertaken or continued in FY05 include: Marvin Heights Sidewalk/Curb Reconstruction (\$317,141) and Essex Junction Redevelopment (\$500,000 in FY06, \$1,250,000 in FY07). The Village of Essex Junction has been appropriated \$1,500,000 from the Federal Government in support of its redevelopment efforts. The Village match is predicted to be \$200,000 (20%). Projects include installing on-street parking on Park St., replacement of Five Corners traffic lights and installation of gas lamps around the Five Corners where the power lines are buried.
- The utility rates increased by 3% from FY05 to FY06. They increased from \$0.03278 per c.f. of metered water to \$0.03360 per c.f. of metered water.
- On September 13, 2005, the Village Trustees voted to approve the transfer of most of the Brownell Library special revenue funds to the Brownell Library Foundation, Inc. Those funds included the Samuel Brownell Juvenile and Adult Program Fund, the Library Trustees Expenditure Fund, the Francis Hayes Frost Children's Book Fund, the Library Gift fund. The amounts in these various funds at June 30, 2005 were:

Samuel Brownell Juvenile and Adult Program Fund	\$8,331.94
Library Trustees Expenditure Fund	\$2,721.10
Francis Hayes Frost Children's Book Fund	\$1,227.45
Library Gift Fund.	\$1,968.33

The only fund that will remain with the Village is the Lost Materials Replacement Fund which had a balance of \$1,974.97 at June 30, 2005.

This financial report is designed to provide a general overview of the Village of Essex Junction, Vermont's financial condition. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Village Accountant, Village of Essex Junction, 2 Lincoln Street, Essex, Junction, Vermont 05452.

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF NET ASSETS  
JUNE 30, 2005

	Governmental Activities	Business-type Activites	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,271,764	\$ 360,960	\$ 1,632,724
Investments	10,029	0	10,029
Receivables (Net of Allowance for Uncollectibles):	41,819	552,413	594,232
Note Receivable	81,845	0	81,845
Interfund Balances	12,712	(12,712)	0
Inventories	13,953	21,912	35,865
Prepaid Expenses	19,915	9,537	29,452
Capital Assets			
Land	55,742	118,077	173,819
Construction in Progress	137,833	7,075	144,908
Antiques and Works of Art	12,000	0	12,000
Other Capital Assets, (Net of Accumulated Depreciation)	5,164,422	9,619,927	14,784,349
Total Assets	<u>6,822,034</u>	<u>10,677,189</u>	<u>17,499,223</u>
<u>LIABILITIES</u>			
Accounts Payable	71,784	291,287	363,071
Accrued Payroll and Benefits Payable	15,483	6,843	22,326
Due to Others	1,500	0	1,500
Deferred Revenue	18,918	0	18,918
Noncurrent Liabilities:			
Due in More than One Year	55,035	22,941	77,976
Total Liabilities	<u>162,720</u>	<u>321,071</u>	<u>483,791</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	5,369,997	9,745,079	15,115,076
Restricted for:			
Library	9,559	0	9,559
Whitcomb Terrace Loan	81,845	0	81,845
Unrestricted	1,197,913	611,039	1,808,952
Total Net Assets	<u>\$ 6,659,314</u>	<u>\$ 10,356,118</u>	<u>\$ 17,015,432</u>

The accompanying notes are an integral part of this financial statemnt.

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2005

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Primary Government:							
Governmental Activities:							
General Government	\$ 571,729	\$ 93,287	\$ 0	\$ 0	\$ (478,442)	\$ 0	\$ (478,442)
Public Safety	252,227	20	0	0	(252,207)	0	(252,207)
Public Works	755,366	7,590	99,445	0	(648,331)	0	(648,331)
Community Development	193,947	0	268,000	0	74,053	0	74,053
Culture and Recreation	583,317	7,238	52,468	0	(523,611)	0	(523,611)
Capital Outlay	0	0	0	153,199	153,199	0	153,199
Total Governmental Activities	2,356,586	108,135	419,913	153,199	(1,675,339)	0	(1,675,339)
Business-Type Activities:							
Water	2,252,009	2,175,493	0	0	0	(76,516)	(76,516)
Sanitation	279,340	342,310	0	0	0	62,970	62,970
Wastewater	1,091,884	828,069	0	359,275	0	95,460	95,460
Total Business-Type Activities	3,623,233	3,345,872	0	359,275	0	81,914	81,914
Total Primary Government	5,979,819	3,454,007	419,913	512,474	(1,675,339)	81,914	(1,593,425)
General Revenues:							
Property Taxes					2,159,042	0	2,159,042
Payment in Lieu of Taxes					1,594	0	1,594
Interest and Penalties on Delinquent Taxes					4,899	0	4,899
Unrestricted Investment Earnings					21,180	4,750	25,930
Other Revenues					5,529	0	5,529
Sale of Equipment					500	0	500
Total General Revenues					2,192,744	4,750	2,197,494
Change in Net Assets					517,405	86,664	604,069
Net Assets - July 1, 2004 - As Restated					6,141,909	10,269,454	16,411,363
Net Assets, June 30, 2005					<u>\$ 6,659,314</u>	<u>\$ 10,356,118</u>	<u>\$ 17,015,432</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF ESSEX JUNCTION, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005

	General Fund	Whitcomb Terrace Loan Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 254,581	\$ 0	\$ 465,154	\$ 552,029	\$ 1,271,764
Investments	0	0	0	10,029	10,029
Receivables (Net of Allowance for Uncollectibles)	41,819	0	0	0	41,819
Note Receivable	0	81,845	0	0	81,845
Due from Other Funds	14,420	0	0	0	14,420
Inventories	13,953	0	0	0	13,953
Prepaid Expenses	19,715	0	0	200	19,915
Total Assets	<u>\$ 344,488</u>	<u>\$ 81,845</u>	<u>\$ 465,154</u>	<u>\$ 562,258</u>	<u>\$ 1,453,745</u>
<u>LIABILITIES</u>					
Liabilities:					
Accounts Payable	\$ 66,880	\$ 0	\$ 3,576	\$ 1,328	\$ 71,784
Accrued Payroll and Benefits Payable	15,184	0	0	299	15,483
Due to Other Funds	0	0	0	1,708	1,708
Due to Others	1,500	0	0	0	1,500
Deferred Revenue	20,739	81,845	0	16,178	118,762
Total Liabilities	<u>104,303</u>	<u>81,845</u>	<u>3,576</u>	<u>19,513</u>	<u>209,237</u>
Fund Balances:					
Reserved for					
Prepaid Expenses and Inventory	33,668	0	0	200	33,868
Other Purposes	0	0	0	9,572	9,572
Unreserved, Reported In					
General Fund	206,517	0	0	0	206,517
Special Revenue Funds	0	0	0	24,235	24,235
Permanent Funds	0	0	0	2,376	2,376
Capital Projects Funds	0	0	461,578	506,362	967,940
Total Fund Balances	<u>240,185</u>	<u>0</u>	<u>461,578</u>	<u>542,745</u>	<u>1,244,508</u>
Total Liabilities and Fund Balances	<u>\$ 344,488</u>	<u>\$ 81,845</u>	<u>\$ 465,154</u>	<u>\$ 562,258</u>	
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:					
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.					5,369,997
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.					99,844
Long-Term and Accrued Liabilities are not Due or Payable in the Current Period and, Therefore, are Not Reported in the Funds.					(55,035)
Net Assets of Governmental Activities					<u>\$ 6,659,314</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

	General Fund	Whitcomb Terrace Loan Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 2,162,636	\$ 0	\$ 0	\$ 0	\$ 2,162,636
Penalties and Interest	4,899	0	0	0	4,899
Intergovernmental Revenues	207,803	268,000	0	46,322	522,125
Charges for Services	91,137	0	0	32,005	123,142
Investment Income	7,235	0	5,358	8,587	21,180
Fines and Forfeits	2,931	0	0	0	2,931
Licenses and Permits	32,946	0	0	0	32,946
Other Revenue	15,945	0	55,000	1,829	72,774
Total Revenues	<u>2,525,532</u>	<u>268,000</u>	<u>60,358</u>	<u>88,743</u>	<u>2,942,633</u>
Expenditures:					
Current:					
General Government	592,588	0	0	22,918	615,506
Public Safety	182,429	0	0	0	182,429
Public Works	613,522	0	706	333	614,561
Community Development	7,792	268,000	0	0	275,792
Culture & Recreation	429,114	0	0	36,651	465,765
Capital Outlay:					
General Government	5,711	0	0	0	5,711
Public Safety	22,070	0	5,786	0	27,856
Public Works	84,167	0	229,423	77,404	390,994
Community Development	32,139	0	0	0	32,139
Culture & Recreation	67,482	0	61,461	23,779	152,722
Total Expenditures	<u>2,037,014</u>	<u>268,000</u>	<u>297,376</u>	<u>161,085</u>	<u>2,763,475</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>488,518</u>	<u>0</u>	<u>(237,018)</u>	<u>(72,342)</u>	<u>179,158</u>
Other Financing Sources/(Uses):					
Sale of Equipment	0	0	0	500	500
Transfers In	0	0	395,034	149,650	544,684
Transfers Out	<u>(544,534)</u>	<u>0</u>	<u>0</u>	<u>(150)</u>	<u>(544,684)</u>
Total Other Financing Sources/(Uses)	<u>(544,534)</u>	<u>0</u>	<u>395,034</u>	<u>150,000</u>	<u>500</u>
Net Change in Fund Balances	(56,016)	0	158,016	77,658	179,658
Fund Balances, July 1, 2004	<u>296,201</u>	<u>0</u>	<u>303,562</u>	<u>465,087</u>	<u>1,064,850</u>
Fund Balances, June 30, 2005	<u>\$ 240,185</u>	<u>\$ 0</u>	<u>\$ 461,578</u>	<u>\$ 542,745</u>	<u>\$ 1,244,508</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF ESSEX JUNCTION, 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, 2005

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total government funds (Exhibit D)	\$ 179,658
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	273,475
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(12,642)
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.	<u>76,914</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ 517,405</u></u>

The accompanying notes are an integral part of this financial statement.



VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUE AND EXPENDITURES  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Current Property Taxes	\$ 1,603,299	\$ 1,602,136	\$ (1,163)
State of VT PILOT & Current Use	0	1,594	1,594
Penalties and Interest On Delinquent Taxes	5,000	4,899	(101)
IBM Subsidy	558,906	558,906	0
Licenses & Zoning Fees	23,000	32,926	9,926
Water Department Service Fees	32,000	32,000	0
Wastewater Service Fees	19,500	19,500	0
Sanitation Service Fees	5,000	5,000	0
State District Court Fines	0	2,931	2,931
State Highway Aid	90,000	97,801	7,801
Essex Junction School District			
Tax Collection Fees	17,175	32,963	15,788
Lincoln Hall Rentals	1,800	1,674	(126)
Miscellaneous Fire Receipts	200	20	(180)
Fire Fighters Association Donation	0	4,800	4,800
Miscellaneous Street Receipts	3,000	7,590	4,590
Miscellaneous Library Receipts	600	958	358
Essex Town Library Contribution	15,000	15,000	0
Investment Interest	3,000	7,235	4,235
Miscellaneous Unclassified Receipts	2,000	2,597	597
TLC Grant	0	20,000	20,000
Town Highways Structures Program Grant	0	46,620	46,620
Homeland Security Grant	0	22,642	22,642
Miscellaneous State Grants	0	4,770	4,770
Miscellaneous Library Grant	0	970	970
Total Revenue	<u>2,379,480</u>	<u>2,525,532</u>	<u>146,052</u>
Expenditures:			
Administration:			
Salaries - Regular	209,000	209,502	(502)
Salaries - Overtime	135	12	123
Salaries - Part-Time	13,000	11,498	1,502
Social Security	17,523	17,034	489
Unemployment Insurance	370	230	140
Workers Compensation Insurance	890	773	117
Health Insurance and Other Benefits	46,834	44,866	1,968
Retirement	20,900	20,950	(50)
Liability and Property Insurance	4,020	4,849	(829)
Public Officials Liability Insurance	1,680	1,655	25
Board Member Fees	2,500	2,500	0
Supplies	5,900	5,199	701
Postage	4,426	4,127	299
Computer Expenses	8,233	6,526	1,707
Training & Conferences	9,472	10,300	(828)
Telephone Services	1,701	1,409	292

The accompanying notes are an integral part of this financial statement.

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUE AND EXPENDITURES  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:			
Administration/(Cont'd):			
Communications	\$ 10,190	\$ 7,821	\$ 2,369
Vehicle Maintenance - Travel	1,800	1,800	0
Leased Services	3,700	3,521	179
Legal Fees	12,800	17,476	(4,676)
Other Professional Services	6,000	6,305	(305)
Audit Service	4,802	4,572	230
Printing and Advertising	7,200	6,934	266
Palmer & Associates Study	1,500	1,080	420
Elections	620	589	31
Bank Collateral Charge	2,000	0	2,000
Holiday Expense	1,000	1,554	(554)
Trustees Expenditures	6,000	3,915	2,085
Tax Rebates	500	129	371
Capital Outlay	4,000	3,111	889
Total Administration	408,696	400,237	8,459
Lincoln Hall:			
Liability and Property Insurance	1,510	1,393	117
Supplies	2,550	1,796	754
Water and Sewer Charges	300	328	(28)
Telephone Services	1,249	1,217	32
Electrical Service	5,700	5,553	147
Heating	7,100	7,608	(508)
Maintenance - Buildings/Grounds	6,000	5,068	932
Rubbish Removal	1,450	1,247	203
Contractual Services	6,932	6,400	532
Capital Outlay	0	2,081	(2,081)
Total Lincoln Hall	32,791	32,691	100
Fire Department:			
Salaries - Part-time Firefighters	69,500	70,006	(506)
Social Security	5,320	5,355	(35)
Worker's Compensation Insurance	7,862	7,670	192
Accident & Disability Insurance	3,800	3,618	182
Liability and Property Insurance	4,385	4,256	129

The accompanying notes are an integral part of this financial statement.

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUE AND EXPENDITURES  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
Fire Department/(Cont'd):			
Supplies	\$ 2,200	\$ 2,334	\$ (134)
Gas,Oil and Grease	850	1,169	(319)
Water and Sewer Charges	275	295	(20)
Training and Conferences	8,500	4,082	4,418
Telephone Services	2,900	2,526	374
Electrical Service	5,768	5,507	261
Heating	5,335	5,062	273
Maintenance - Buildings/Grounds	1,200	2,742	(1,542)
Radio Maintenance	2,000	1,951	49
Maintenance - Other	4,000	3,857	143
Vehicle Maintenance - Travel	8,800	8,416	384
Emergency Generator Maintenance	1,100	1,824	(724)
Uniforms and Boots	16,500	16,513	(13)
Fire Prevention	2,300	1,922	378
Physical Exams	6,300	5,377	923
Employee Assistance Program	925	648	277
Hydrant Rental	5,000	5,000	0
New Equipment - Radios	4,000	4,002	(2)
Capital Outlay	7,500	5,772	1,728
Routine Equipment Purchases	17,500	17,797	(297)
Total Fire Department	193,820	187,701	6,119
Street Department:			
Salaries - Regular	147,812	148,438	(626)
Salaries - Overtime	20,696	17,255	3,441
Salaries - Part-time	9,944	5,701	4,243
Social Security	13,711	13,163	548
Unemployment Insurance	350	227	123
Worker's Compensation Insurance	9,412	10,793	(1,381)
Health Insurance and Other Benefits	51,147	51,479	(332)
Employee Retirement	14,781	15,003	(222)
Liability and Property Insurance	8,505	8,387	118
Supplies	13,000	14,178	(1,178)
Winter Maintenance	58,000	60,182	(2,182)
Pavement Maintenance	53,000	48,235	4,765
Gravel and Topsoil	3,500	3,228	272
Signs and Posts	5,500	5,950	(450)
Gas, Grease and Oil	11,000	11,189	(189)
Water and Sewer Charge	700	570	130
Training and Conferences	1,000	1,414	(414)
Telephone Services	1,540	2,127	(587)
Electrical Service	4,000	3,342	658
Street Lights	90,000	101,826	(11,826)

The accompanying notes are an integral part of this financial statement.

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUE AND EXPENDITURES  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Street Department/Cont'd:			
Traffic Lights	\$ 3,600	\$ 3,177	\$ 423
Heating	4,444	4,188	256
Maintenance - Buildings/Grounds	3,000	4,399	(1,399)
Radio Maintenance	200	0	200
Maintenance - Other	900	437	463
Vehicle Maintenance - Travel	13,000	19,452	(6,452)
Streetscape Maintenance/ Improvements	6,000	4,019	1,981
Traffic Light Maintenance	4,500	2,678	1,822
Street Markings	8,500	4,280	4,220
Uniforms, Boots, Etc.	2,500	3,967	(1,467)
Interview Costs	0	25	(25)
Rubbish Removal	3,700	3,561	139
Contract Services	5,000	6,100	(1,100)
Accident Claims	0	500	(500)
Equipment Rentals	2,300	2,258	42
Traffic Light System Improvements	2,000	0	2,000
Engineering Services	4,000	5,635	(1,635)
Traffic Calming	10,000	27,167	(17,167)
Capital Outlay	11,300	9,181	2,119
Sidewalk and Curb Maintenance	8,000	2,158	5,842
Storm Sewer Maintenance	7,000	13,796	(6,796)
Storm Sewer Permit Fees	17,500	1,634	15,866
Storm Sewer Public Education	5,000	5,000	0
Total Street Department	<u>640,042</u>	<u>646,299</u>	<u>(6,257)</u>
Library:			
Salaries - Regular	202,000	199,653	2,347
Salaries - Part-Time	62,829	66,245	(3,416)
Social Security	21,459	21,425	34
Unemployment Insurance	731	520	211
Workers Compensation Insurance	1,057	1,002	55
Health Insurance and Other Benefits	38,874	33,860	5,014
Retirement	20,200	19,869	331
Liability and Property Insurance	6,469	6,769	(300)
Supplies	9,500	11,828	(2,328)
Postage	4,000	4,013	(13)
Computer Expenses	3,700	3,962	(262)
Water and Sewer Charge	500	243	257
Training and Conferences	11,400	9,639	1,761
Telephone Services	2,640	1,616	1,024
Technology Access	4,100	2,444	1,656
Electrical Services	12,000	12,168	(168)
Heating	7,510	6,606	904
Maintenance - Building/Grounds	4,500	5,450	(950)
Alarm System Maintenance	550	388	162
Interview Costs	300	0	300

The accompanying notes are an integral part of this financial statement.

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUE AND EXPENDITURES  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Library/(Cont'd):			
Contract Services	\$ 19,815	\$ 19,740	\$ 75
Childrens Programs	0	24	(24)
Audit Service	713	679	34
Adult Collection - Print & Electronic	44,000	45,473	(1,473)
Juvenile Collection - Print & Electronic	<u>22,000</u>	<u>22,009</u>	<u>(9)</u>
Total Library	<u>500,847</u>	<u>495,625</u>	<u>5,222</u>
Planning and Zoning:			
Salaries -Regular	106,500	75,169	31,331
Salaries - Overtime	0	11	(11)
Salaries - Part Time	0	6,604	(6,604)
Social Security	8,600	6,615	1,985
Unemployment Insurance	289	121	168
Workers Compensation Insurance	938	1,171	(233)
Health Insurance and Other Benefits	35,299	19,546	15,753
Retirement	10,650	7,517	3,133
Liability Insurance and Property Insurance	1,155	1,388	(233)
Public Officials Liability Insurance	1,680	1,655	25
Boardmember Fee	3,000	2,975	25
Supplies	2,500	2,934	(434)
Postage	1,150	1,174	(24)
Compuer Expenses	800	1,515	(715)
Training and Conferences	1,950	3,012	(1,062)
Telephone Services	250	292	(42)
Communications	2,300	2,537	(237)
Vehicle Maintenance - Travel	2,400	2,300	100
Legal Services	12,500	8,415	4,085
Other Professional Services	7,000	19,935	(12,935)
Printing and Advertising	4,000	2,835	1,165
Recording Fees	2,000	2,093	(93)
Capital Outlay	<u>0</u>	<u>2,660</u>	<u>(2,660)</u>
Total Planning and Zoning	<u>204,961</u>	<u>172,474</u>	<u>32,487</u>
Economic Development:			
Block Party Expense	5,000	5,000	0
Downtown Committee	5,000	1,435	3,565
Economic Development General	10,000	5,203	4,797
Tax Stabilization Expense	<u>2,300</u>	<u>1,154</u>	<u>1,146</u>
Total Economic Development	<u>22,300</u>	<u>12,792</u>	<u>9,508</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUE AND EXPENDITURES  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Miscellaneous Transfers and Expenditures:			
Fund Balance Transfer to Capital Reserve	\$ 74,800	\$ 169,334	\$ (94,534)
Rolling Stock Fund	119,500	119,500	0
Capital Reserve Fund	225,700	225,700	0
Land Acquisition Fund	25,000	25,000	0
Planning Department Grant Expenditures	0	20,000	(20,000)
Library Grant Expenditures	0	970	(970)
Fire Department Grant Expenditures	0	16,800	(16,800)
Street Department Grant Expenditures	0	51,390	(51,390)
Metropolitan Planning Organization	<u>5,823</u>	<u>5,035</u>	<u>788</u>
Total Miscellaneous Transfers and Expenditures	<u>450,823</u>	<u>633,729</u>	<u>(182,906)</u>
Total Expenditures	<u>2,454,280</u>	<u>2,581,548</u>	<u>(127,268)</u>
Excess/(Deficiency) of Revenue Over Expenditures	\$ <u>(74,800)</u>	(56,016)	\$ <u>18,784</u>
Fund Balance - July 1, 2004		<u>296,201</u>	
Fund Balance - June 30, 2005		\$ <u>240,185</u>	

The accompanying notes are an integral part of this financial statement.

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2005

	Water Fund	Sanitation Fund	Wastewater Fund	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 308,637	\$ 113,490	\$ (61,167)	\$ 360,960
Receivables (Net of Allowance for Uncollectible Accounts)	140,971	5,415	6,854	153,240
Estimated Unbilled Revenues	201,743	78,164	119,266	399,173
Inventories	0	0	21,912	21,912
Other Current Assets	2,336	2,445	4,756	9,537
Total Current Assets	653,687	199,514	91,621	944,822
Noncurrent Assets:				
Capital Assets				
Land	0	0	118,077	118,077
Construction in Progress	7,075	0	0	7,075
Infrastructure	0	0	45,539	45,539
Buildings and Building Improvements	40,000	0	8,237,121	8,277,121
Vehicles, Machinery and Equipment	159,538	89,505	2,009,604	2,258,647
Transmission and Distribution Plant	7,118,215	6,121,179	0	13,239,394
Less Accumulated Depreciation	(6,141,279)	(4,478,317)	(3,581,178)	(14,200,774)
Total Noncurrent Assets	1,183,549	1,732,367	6,829,163	9,745,079
Total Assets	\$ 1,837,236	\$ 1,931,881	\$ 6,920,784	\$ 10,689,901
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 247,875	\$ 2,364	\$ 41,048	\$ 291,287
Accrued Payroll and Benefits Payable	1,577	1,527	3,739	6,843
Due to Other Funds	2,570	3,268	6,874	12,712
Total Current Liabilities	252,022	7,159	51,661	310,842
Noncurrent Liabilities				
Accrued Compensated Absences Payable	2,799	4,715	15,427	22,941
Total Noncurrent Liabilities	2,799	4,715	15,427	22,941
Total Liabilities	254,821	11,874	67,088	333,783
<u>NET ASSETS</u>				
Investment in Capital Assets, Net of Related Debt	1,183,549	1,732,367	6,829,163	9,745,079
Unrestricted	398,866	187,640	24,533	611,039
Total Net Assets	1,582,415	1,920,007	6,853,696	10,356,118
Total Liabilities and Net Assets	\$ 1,837,236	\$ 1,931,881	\$ 6,920,784	\$ 10,689,901

The accompanying notes are an integral part of this financial statement.

VILLAGE ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

	Water Fund	Sanitation Fund	Wastewater Fund	Total
Operating Revenues:				
Charges for Services	\$ 2,156,461	\$ 326,550	\$ 839,669	\$ 3,322,680
Miscellaneous	<u>19,032</u>	<u>15,760</u>	<u>101</u>	<u>34,893</u>
Total Operating Revenues	<u>2,175,493</u>	<u>342,310</u>	<u>839,770</u>	<u>3,357,573</u>
Operating Expenses:				
Operating, Maintenance, and General and Administrative Expenses	2,175,224	208,238	839,802	3,223,264
Depreciation	<u>76,785</u>	<u>80,005</u>	<u>252,082</u>	<u>408,872</u>
Total Operating Expenses	<u>2,252,009</u>	<u>288,243</u>	<u>1,091,884</u>	<u>3,632,136</u>
Operating Income/(Loss)	<u>(76,516)</u>	<u>54,067</u>	<u>(252,114)</u>	<u>(274,563)</u>
Nonoperating Revenues (Expenses):				
Investment Income	4,221	559	0	4,780
Interest Expense	0	(2,531)	(32)	(2,563)
Loss on Disposal of Equipment	<u>0</u>	<u>(265)</u>	<u>0</u>	<u>(265)</u>
Total Nonoperating Revenues (Expenses)	<u>4,221</u>	<u>(2,237)</u>	<u>(32)</u>	<u>1,952</u>
Income (Loss) Before Capital Contributions	<u>(72,295)</u>	<u>51,830</u>	<u>(252,146)</u>	<u>(272,611)</u>
Capital Contributions:	<u>0</u>	<u>0</u>	<u>359,275</u>	<u>359,275</u>
Total Capital Contributions	<u>0</u>	<u>0</u>	<u>359,275</u>	<u>359,275</u>
Change in Net Assets	(72,295)	51,830	107,129	86,664
Net Assets - July 1, 2004	<u>1,654,710</u>	<u>1,868,177</u>	<u>6,746,567</u>	<u>10,269,454</u>
Net Assets - June 30, 2005	\$ <u><u>1,582,415</u></u>	\$ <u><u>1,920,007</u></u>	\$ <u><u>6,853,696</u></u>	\$ <u><u>10,356,118</u></u>

The accompanying notes are an integral part of this financial statement.



VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2005

	Water Fund	Sanitation Fund	Wastewater Fund	Total
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 2,114,689	\$ 361,563	\$ 980,780	\$ 3,457,032
Receipts for Interfund Services	5,000	0	11,700	16,700
Other Receipts	0	0	101	101
Payments to Suppliers	(1,947,693)	(74,128)	(646,497)	(2,668,318)
Payments for Interfund Services	(32,000)	(16,700)	(19,500)	(68,200)
Payments for Wages and Benefits	(129,445)	(135,337)	(301,536)	(566,318)
Net Cash Provided by Operating Activities	<u>10,551</u>	<u>135,398</u>	<u>25,048</u>	<u>170,997</u>
Cash Flows From Noncapital Financing Activities:				
Other Interest Paid	<u>0</u>	<u>0</u>	<u>(32)</u>	<u>(32)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>(32)</u>	<u>(32)</u>
Cash Flows From Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(23,998)	0	(406,484)	(430,482)
Capital Contributions	0	0	359,275	359,275
Principal Paid on:				
General Obligation Bonds	0	(122,848)	0	(122,848)
Interest Paid on:				
General Obligation Bonds	<u>0</u>	<u>(3,037)</u>	<u>0</u>	<u>(3,037)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(23,998)</u>	<u>(125,885)</u>	<u>(47,209)</u>	<u>(197,092)</u>
Cash Flows From Investing Activities:				
Receipt of Interest & Dividends	<u>4,327</u>	<u>560</u>	<u>0</u>	<u>4,887</u>
Net Cash Provided by Investing Activities	<u>4,327</u>	<u>560</u>	<u>0</u>	<u>4,887</u>
Net Increase/(Decrease) in Cash	(9,120)	10,073	(22,193)	(21,240)
Cash - July 1, 2004	<u>317,757</u>	<u>103,417</u>	<u>(38,974)</u>	<u>382,200</u>
Cash - June 30, 2005	<u>\$ 308,637</u>	<u>\$ 113,490</u>	<u>\$ (61,167)</u>	<u>\$ 360,960</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Operating Income/(Loss)	(76,516)	54,067	(252,114)	(274,563)
Depreciation	76,785	80,005	252,082	408,872
(Increase)/Decrease in Other Receivables	(130,132)	3,542	75,846	(50,744)
(Increase)/Decrease in Unbilled Revenues	74,327	15,711	76,966	167,004
(Increase)/Decrease in Inventory	0	0	(2,379)	(2,379)
Increase/(Decrease) in Accounts Payable	62,596	(21,890)	(130,138)	(89,432)
Increase/(Decrease) in Other Operating Assets/Liabilities	<u>3,491</u>	<u>3,963</u>	<u>4,785</u>	<u>12,239</u>
Net Cash Provided by Operating Activities	<u>\$ 10,551</u>	<u>\$ 135,398</u>	<u>\$ 25,048</u>	<u>\$ 170,997</u>

## Supplemental Information:

Equipment with a cost of \$9,016 and Accumulated Depreciation of \$8,751 in the Sanitation Fund was Disposed of During the Year.

The accompanying notes are an integral part of this financial statement.

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2005

	Agency Funds
<u>ASSETS</u>	
Cash	\$ <u>2,025</u>
Total Assets	<u>2,025</u>
<u>LIABILITIES</u>	
Due to Other Organizations	<u>2,025</u>
Total Liabilities	<u>2,025</u>
<u>NET ASSETS</u>	
Held in Trust For:	
Individuals and Organizations	<u>0</u>
Total Net Assets	\$ <u><u>0</u></u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

The Village of Essex Junction, Vermont, (herein the "Village") operates under a Board of Trustees-Manager form of government and provides the following services as authorized by its charter: public safety, library, highways and streets, sanitation, health and social services, culture and recreation, community/economic development, public improvements, planning and zoning, water, sanitation, wastewater treatment and general administrative services.

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the Village of Essex Junction (the "Village") conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

### **A. The Financial Reporting Entity**

This report includes all of the funds of the Village of Essex Junction, Vermont. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Based on these criteria, there are no other entities that should be combined with the financial statements of the Village.

### **B. Basis of Presentation**

The accounts of the Village are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Village include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Village as a whole and present a longer-term view of the Village's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Village and present a shorter-term view of how operations were financed and what remains available for future spending.

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government, the Village. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. These statements distinguish between the governmental and business-type activities of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities and for each segment of the Village's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Village's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The Village reports on the following major governmental funds:

General Fund – This is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Whitcomb Terrace Loan Fund – This fund accounts for the loan made by the Village to Whitcomb Terrace Housing Limited Partnership. The loan was made with funds provided by the Vermont Community Development Program (VDCP).

Capital Reserve Fund – This fund accounts for the general capital expenditures of the Village.

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

The Village reports on the following major enterprise funds:

Water Fund  
Sanitation Fund  
Wastewater Fund

Additionally, the Village reports the following fund types:

Agency Funds – These funds account for monies maintained for School Impact Fees and Exposition Escrow deposits.

### **C. Measurement Focus**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net assets). Fund equity (i.e., net total assets) is segregated into investment in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets and current liabilities are generally reported on their balance sheets. Their reported fund balances (net current assets) are considered a measure of available spendable resources, and are segregated into reserved and unreserved fund balances. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spending resources during a period.

### **D. 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.

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village considers all revenues reported in governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Village funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Village's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

The government-wide and proprietary fund financial statements follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. As permitted under Statement of Governmental Accounting Standards No. 20, the Village has elected not to apply FASB Standards issued after November 30, 1989.

Statement of Financial Accounting Standards No. 107 "Disclosure about the Fair Value of Financial Instruments," requires disclosures of the fair value of certain financial instruments. Recorded amounts for cash, accounts receivable, accounts payable, and investments approximate fair value.

#### **E. Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

**F. Assets, Liabilities and Equity**

**1. Cash**

Cash balances of most Village funds are deposited with and invested by the Village Treasurer. The Village considers all short-term investments of ninety (90) days or less to be cash equivalents.

**2. Investments**

The Village invests in investments as allowed by State Statute. Investments with readily determinable fair values are reported at their fair values on the balance sheet. Unrealized gains and losses are included in revenue.

**3. Receivables**

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

Transactions between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (for the current portion of the interfund loans) or "advances to/from other funds" (for the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

**4. Inventories and Prepaid Items**

Inventory quantities are determined by physical count and are valued at the lower of cost or market. Inventories in the Proprietary Funds consist of fuel and materials.

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid items.

Prepaid expenses of governmental funds in the fund financial statements are offset by a fund balance reserve which indicates that they do not constitute "available expendable resources" even though they are a component of net current assets.

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

## 5. Internal Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

## 6. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest incurred during the construction phase for proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. The Village has elected to not report major general infrastructure assets retroactively.

Capital assets reported in the government-wide and proprietary fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Service Life</u>
Land	\$ 1,000	Not Depreciated
Antiques and Works of Art	\$ 1,000	Not Depreciated
Buildings and Building Improvements	\$ 5,000	40 Years
Vehicles, Machinery, Equipment , Furniture and Traffic Lights	\$ 1,000	8-20 Years
Library Books	\$ 1	7 Years
Roads, Curbs, Sidewalks and Storm Sewers	\$ 5,000	30-50 Years
Water, Sanitation and Wastewater Systems	\$ 5,000	60 - 100 Years

Capital assets are not reported in the governmental fund type financial statements. Capital outlays in these funds are recorded as expenditures in the year they are paid.



VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

**7. Compensated Absences**

It is the Village's policy to permit employees to accumulate earned but unused vacation and comp time benefits. The Village also pays 50% of accumulated sick time over 800 hours at retirement if the employee has 15 years of service. The maximum payout amount is limited to 500 hours. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide and proprietary fund financial statements. The liability for unused compensated absences is not reported in the governmental fund type financial statements. Payments for unused compensated absences are recorded as expenditures in the year they are paid.

**8. Long-term Liabilities**

Long-term liabilities include bonds payable and other obligations such as compensated absences. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund type financial statements do not include any long-term liabilities as those funds use the current financial resources measurement focus and only include current assets and liabilities on their balance sheets.

**9. Fund Equity**

Fund balances and retained earnings are classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Reservations of fund balances represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Designations of fund balances and retained earnings represent tentative management plans that are subject to change. Undesignated funds are available for future appropriations.

**II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND  
AND GOVERNMENT-WIDE STATEMENTS**

Governmental Fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, while government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report operating expenses (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds for the sale of capital assets as revenue, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue.

Long-term debt transaction differences arise because governmental funds report bond proceeds and principal payments as other financing sources and uses, whereas government-wide statements report those transactions as increases and decreases in liabilities.

**A. Governmental Funds Balance Sheet and the Statement of Net Assets**

The differences between the governmental funds balance sheet and government-wide statement of net assets are as follows:

	Balance Sheet	Long-term Revenues/ Expenses	Capital Related Items	Long-term Debt Transactions	Elimination of Interfund Balances	Statement of Net Assets
<b>ASSETS</b>						
Cash and Cash						
Equivalents	\$ 1,271,764	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,271,764
Investments	10,029	0	0	0	0	10,029
Receivables	41,819	0	0	0	0	41,819
Loans Receivable	81,845	0	0	0	0	81,845
Due from Other Funds	14,420	0	0	0	(1,708)	12,712
Inventories	13,953	0	0	0	0	13,953
Other Current Assets	19,915	0	0	0	0	19,915
Capital Assets	0	0	5,369,997	0	0	5,369,997
Total Assets	1,453,745	0	5,369,997	0	(1,708)	6,822,034
<b>LIABILITIES</b>						
Accounts Payable	71,784	0	0	0	0	71,784
Accrued Payroll and					0	
Benefits Payable	15,483	0	0	0	0	15,483
Accrued Compensated					0	
Absences Payable	0	55,035	0	0	0	55,035
Due to Other Funds	1,708	0	0	0	(1,708)	0
Due to Others	1,500	0	0	0	0	1,500
Deferred Revenue	118,762	(99,844)	0	0	0	18,918
Total Liabilities	209,237	(44,809)	0	0	(1,708)	162,720
<b>NET ASSETS</b>						
Invested in Capital Assets	0	0	5,369,997	0	0	5,369,997
Other	1,244,508	44,809	0	0	0	1,289,317
Total Net Assets	\$ 1,244,508	\$ 44,809	\$ 5,369,997	\$ 0	\$ 0	\$ 6,659,314

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

**B. Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities**

The differences between the governmental funds statement of revenues, expenditures and changes in fund balances and government-wide statement of activities are as follows:

	Statement of Revenue, Expenditures and Changes in Fund Balances	Long-term Revenues/ Expenses	Capital Related Items	Long-term Debt Transactions	Reclassifications and Elimination of Interfund Activity	Statement of Activities
<b>REVENUES</b>						
Taxes	\$ 2,162,636	\$ (2,000)	\$ 0	\$ 0	\$ 0	\$ 2,160,636
Penalties and Interest	4,899	0	0	0	0	4,899
Intergovernmental Revenues	522,125	(10,642)	0	0	0	511,483
Charges for Services	123,142	0	0	0	(56,500)	66,642
Investment Income	21,180	0	0	0	0	21,180
Fines and Forfeits	2,931	0	0	0	0	2,931
Licenses and Permits	32,946	0	0	0	0	32,946
Other Revenues	72,774	0	0	0	0	72,774
Sale of Equipment	500	0	0	0	0	500
Transfers from Other Funds	544,684	0	0	0	(544,684)	0
Total Revenues	3,487,817	(12,642)	0	0	(601,184)	2,873,991
<b>EXPENDITURES</b>						
General Government	615,506	692	12,031	0	(56,500)	571,729
Public Safety	182,429	0	69,798	0	0	252,227
Public Works	614,561	2,218	138,587	0	0	755,366
Community Development	275,792	(81,845)	0	0	0	193,947
Culture and Recreation	465,765	2,021	115,531	0	0	583,317
Capital Expenditures	609,422	0	(609,422)	0	0	0
Transfers to Other Funds	544,684	0	0	0	(544,684)	0
Total Expenditures	3,308,159	(76,914)	(273,475)	0	(601,184)	2,356,586
Net Change for the Year	\$ 179,658	\$ 64,272	\$ 273,475	\$ 0	\$ 0	\$ 517,405

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

### **III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **A. Budgetary Information**

The General Fund Budget is approved at the annual Village Meeting in March. Any budget changes require voter approval. There were no budget amendments during the year.

Enterprise fund budgets are approved by the Trustees.

#### **B. Budgeted Deficit**

The Village elected to budget expenditures in excess revenues by \$74,800 in the General Fund and \$20,000 in the Water Fund in order to reduce the prior years surplus and invest in Capital improvements. The Village Trustees voted to transfer an additional \$94,534 of General Fund surplus to the Capital Reserve Fund during the year. These are reflected as a current year's budgeted deficiency of revenues over expenditures in Exhibit F and Schedule 8, respectively.

#### **C. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2005, expenditures in the General Fund exceeded appropriations by \$127,268. These overexpenditures were funded by additional unanticipated revenues and available fund balance.

#### **D. Restatement of Net Asset/Fund Balances**

The Government-Wide Financial Statement beginning net assets have been restated as follows:

	<u>Governmental Activities</u>
Net Assets – June 30, 2004 – As Previously Reported	\$6,078,229
Plus: Overstatement of Accumulated Depreciation	<u>63,680</u>
Net Assets – June 30, 2004 – As Restated	<u>\$6,141,909</u>

The effect of this restatement on the June 30, 2004 financial statements is that assets and net assets were understated by \$63,680. There was no effect on the June 30, 2004 Statement of Activities.

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

An analysis of the Village's cash deposits by category at June 30, 2005 is as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	201,271	201,271
Uninsured, Collateralized by U.S. Government Securities, Federal Agency Issued Mortgage Backed Securities and/or General Obligation Vermont Municipal Notes and Bonds Held by the Bank's Trust Department with a Security Interest Granted to the Village	1,443,282	1,480,017
Petty Cash	225	N/A
	<u>1,644,778</u>	<u>1,681,288</u>

The difference between the book and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

Deposits are comprised of the following:

Cash with Financial Institutions	\$1,634,524
Petty Cash	225
Investments – Certificates of Deposit	<u>10,029</u>
Total	<u>\$1,644,778</u>

The Village's investments as of June 30, 2005 are classified as follows:

	<u>Market Value</u>
Certificates of Deposit	<u>\$10,029</u>
Total Investments	<u>\$10,029</u>

The certificates of deposit have maturity dates exceeding three months from date of purchase and are classified as investments on Exhibit A and Exhibit C. All the certificates of deposit are unrated and have maturities within one year.

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

The Village's Trustees have established an investment policy which indicates which types of investments the Village can own. There are no outside restrictions on the types of investments the Village may invest in.

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. All of the Village's assets can be changed daily thereby creating no interest rate risk.

Credit Risk

Investments are limited to insured bank deposits, U.S. Treasury or agency securities and money market funds.

Concentration of Credit Risk

The Village has no limit on the amount that they may invest with any one issuer. Any amounts in excess of the FDIC coverage limits must be collateralized or invested in banks with which the Village has outstanding loans of equal or greater value.

**B. Receivables**

Receivables at June 30, 2005, as reported in the statement of net assets, net of applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current Taxes	6,398	0	6,398
Delinquent Taxes	1,272	0	1,272
Penalties and Interest	1,176	134	1,310
Billed Services	2,239	149,274	151,513
Unbilled Services	0	399,173	399,173
Grants	15,169	0	15,169
Other Governments	16,368	0	16,368
Miscellaneous	197	3,832	4,029
Allowance for Doubtful Accounts	(1,000)	0	(1,000)
	<u>41,819</u>	<u>552,413</u>	<u>594,232</u>

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

**C. Note Receivable**

The Note Receivable is as follows:

Note Receivable – Whitcomb Terrace Housing Limited Partnership, Principal Deferred Until December 17, 2034, at Which Time the Note is Due, Interest at 0%, Secured by a 2 <sup>nd</sup> Position on Building	\$ <u>260,000</u>
Total Note Receivable	260,000
Discount on Note Receivable	<u>(178,155)</u>
Net Note Receivable	\$ <u>81,845</u>

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2005, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 55,742	\$ 0	\$ 0	\$ 55,742
Construction in Progress	27,679	127,964	17,810	137,833
Antiques and Works of Art	12,000	0	0	12,000
Total Capital Assets, Not Being Depreciated	<u>95,421</u>	<u>127,964</u>	<u>17,810</u>	<u>205,575</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,504,939	0	0	1,504,939
Vehicles, Machinery, Equipment, Furniture, and Traffic Signals	2,932,635	138,015	62,747	3,007,903
Library Books	726,610	79,610	58,213	748,007
Roads, Curbs, Sidewalks and Storm Sewers	1,838,084	284,644	0	2,122,728
Totals	<u>7,002,268</u>	<u>502,269</u>	<u>120,960</u>	<u>7,383,577</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	271,712	36,126	0	307,838
Vehicles, Machinery, Equipment, Furniture, and Traffic Signals	1,175,652	185,824	58,519	1,302,957
Library Books*	497,795	63,592	58,213	503,174
Roads, Curbs, Sidewalks and Storm Sewers	56,008	49,178	0	105,186
Totals	<u>2,001,167</u>	<u>334,720</u>	<u>116,732</u>	<u>2,219,155</u>
Total Capital Assets, Being Depreciated	<u>5,001,101</u>	<u>167,549</u>	<u>4,228</u>	<u>5,164,422</u>
Governmental Activity Capital Assets, Net	\$ <u>5,096,522</u>	\$ <u>295,513</u>	\$ <u>22,038</u>	\$ <u>5,369,997</u>

\* The beginning balance of accumulated depreciation for Library Books has been reduced by \$63,680.

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 118,077	\$ 0	\$ 0	\$ 118,077
Construction in Progress	556,570	6,990	556,485	7,075
Total Capital Assets, Not Being Depreciated	<u>674,647</u>	<u>6,990</u>	<u>556,485</u>	<u>125,152</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	8,277,121	0	0	8,277,121
Vehicles, Machinery, Equipment and Furniture	1,333,223	934,438	9,016	2,258,645
Infrastructure	0	45,539	0	45,539
Distribution and Collection Systems	13,239,396	0	0	13,239,396
Totals	<u>22,849,740</u>	<u>979,977</u>	<u>9,016</u>	<u>23,820,701</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	2,926,341	164,743	0	3,091,084
Vehicles, Machinery, Equipment and Furniture	570,093	99,940	8,751	661,282
Infrastructure	0	1,138	0	1,138
Distribution and Collection Systems	10,304,219	143,051	0	10,447,270
Totals	<u>13,800,653</u>	<u>408,872</u>	<u>8,751</u>	<u>14,200,774</u>
Total Capital Assets, Being Depreciated	<u>9,049,087</u>	<u>571,105</u>	<u>265</u>	<u>9,619,927</u>
Business-Type Activity Capital Assets, Net	<u>\$ 9,723,734</u>	<u>\$ 578,095</u>	<u>\$ 556,750</u>	<u>\$ 9,745,079</u>

Depreciation was charged as follows:

<b>Governmental Activities:</b>		<b>Business - Type Activities:</b>	
General Government	\$ 12,032	Water	\$ 76,785
Public Safety	69,050	Sanitation	80,005
Public Works	138,290	Wastewater	<u>252,082</u>
Culture and Recreation	<u>115,348</u>		
Total Depreciation Expense - Governmental	<u>\$ 334,720</u>	Total Depreciation Expense - Business-Type Activities	<u>\$ 408,872</u>



VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

**E. Interfund Balances and Activity**

The composition of interfund balances at June 30, 2005, is as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 14,420	\$ 0
Vermont Public Library Grant Fund	0	82
Block Party Fund	0	1,626
Water Fund	0	2,570
Sanitation Fund	0	3,268
Wastewater Fund	<u>0</u>	<u>6,874</u>
Total	\$ <u>14,420</u>	\$ <u>14,420</u>

The Interfund transfers for the year ended June 30, 2005, were as follows:

<u>Transfer From</u>	<u>Amount</u>	<u>Transfer To</u>	<u>Amount</u>
1) General Fund	\$ 5,000	Block Party Fund	\$ 5,000
2) General Fund	119,500	Rolling Stock Reserve Fund	119,500
3) General Fund	225,700	Capital Reserve Fund	225,700
4) General Fund	74,800	Capital Reserve Fund	74,800
5) General Fund	94,534	Capital Reserve Fund	94,534
6) General Fund	25,000	Land Acquisition Fund	25,000
7) Brownell Library Trust Fund	<u>150</u>	Library Fund	<u>150</u>
Total	\$ <u>544,684</u>		\$ <u>544,684</u>

Purpose

- 1) Subsidize Block Party
- 2) Annual Subsidy for Future Purchases
- 3) Annual Subsidy for Future Purchases
- 4) Voter Approved Surplus Transfer for Future Capital Purchase
- 5) Trustee Approved Surplus Transfer for Future Capital Purchase
- 6) Annual Subsidy for Future Purchases
- 7) Transfer of Investment Income

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

**F. Deferred Revenue**

Deferred Revenue in the General Fund consists of \$6,000 of delinquent property taxes and penalty and interest on those taxes and \$11,999 in grant revenue not collected within sixty (60) days after year end as these would not be available to liquidate current liabilities. It also includes \$2,740 of grants and fees received in advance for fiscal year 2006. Total Deferred Revenue in the General Fund is \$20,739.

Deferred Revenue in the Whitcomb Terrace Loan Fund consists of \$81,845 of loans receivable not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred Revenue in the Other Governmental Funds consists of \$16,178 of unspent grant money received in advance. This revenue will be earned when grant expenditures are incurred. Total Deferred Revenue in the Other Governmental Funds is \$16,178.

**G. Long-term Liabilities**

General Obligation Bonds. The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds have been issued for both general governmental and proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues. The Village has no bonds payable outstanding at June 30, 2005.

General obligation bonds are direct obligations and pledge the full faith and credit of the Village. New bonds generally are issued as 10 to 20 year bonds. Refunding bond are issued for various terms based on the debt service of the debt refunded.

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

Changes in all long-term liabilities during the year were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Compensated Absences	<u>50,104</u>	<u>4,931</u>	<u>0</u>	<u>55,035</u>	<u>0</u>
Total Governmental Activities					
Long-term Liabilities	<u>50,104</u>	<u>4,931</u>	<u>0</u>	<u>55,035</u>	<u>\$ 0</u>
<b>Business-type Activities</b>					
General Obligation Bonds Payable	122,848	0	122,848	0	0
Compensated Absences	<u>17,783</u>	<u>5,158</u>	<u>0</u>	<u>22,941</u>	<u>0</u>
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 140,631</u>	<u>\$ 5,158</u>	<u>\$ 122,848</u>	<u>22,941</u>	<u>\$ 0</u>

Compensated Absences are paid by the applicable fund where the employee is charged.

Debt service requirements to maturity are as follows:

#### **H. Reserved and Designated Fund Balances/Restricted Net Assets**

The reserved and designated fund balances of the Village as of June 30, 2005 consisted of the following:

#### **Reserved:**

##### Major Funds

##### General Fund

Reserved for Prepaid Expenses and Inventory                      \$ 33,668

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

Nonmajor Funds

Special Revenue Funds

Reserved for Block Party Fund Prepaid Expenses	\$ 200
Reserved for Library Fund by Donations	1,907
Reserved for Vermont Public Library Grant Fund by Grant Agreement	<u>12</u>
Total Special Revenue Funds	<u>2,119</u>

Permanent Fund

Reserved for Brownell Library Fund by Trust Agreement	<u>7,653</u>
Total Reserved Fund Balances	<u>\$43,440</u>

**Designated:**

General Fund

Designated for Capital Reserve Fund Transfer as Approved by Trustees	<u>\$82,000</u>
Total General Fund	<u>82,000</u>

Special Revenue Funds

Designated for Library Expenses	4,287
Designated for Engineering Expenses	15,668
Designated for Block Party Expenses	<u>4,280</u>
Total Special Revenue Funds	<u>24,235</u>

Permanent Funds

Designated for Library Expenses	<u>2,376</u>
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VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

Capital Projects Funds

Designated for Future Capital Projects	\$ 260,519
Designated for Veterans Memorial Park	151,059
Designated for Stormwater Compliance	50,000
Designated for Rolling Stock	266,434
Designated for Land Acquisition	<u>239,928</u>
Total Capital Projects Funds	<u>967,940</u>
Total Designated Fund Balances	<u>\$ 1,076,551</u>

Enterprise Funds

Water Fund

Designated for Water Fund Expenditures	\$ 214,105
Designated for Water Fund Capital Expenditures	<u>184,761</u>
Total Water Fund	<u>398,866</u>

Sanitation Fund

Designated for Sanitation Fund Expenditures	114,908
Designated for Sanitation Fund Capital Expenditures	<u>72,732</u>
Total Sanitation Fund	<u>187,640</u>

Wastewater Fund

Designated for Wastewater Fund Expenditures	18,955
Designated for Wastewater Fund Capital Expenditures	<u>5,578</u>
Total Wastewater Fund	<u>24,533</u>

Total Designated Net Assets – Enterprise Funds	<u>\$ 611,039</u>
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VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

**I. RECONCILIATION OF BUDGETARY STATEMENTS**

The "budget versus actual" statements of the following funds have been prepared to conform with their budgets. Therefore, to conform with Generally Accepted Accounting Principles (GAAP), certain adjustments are necessary. The following are the adjustments which reconcile the budgetary statements with the GAAP basis statements.

Water Fund

Net Income/(Loss) - Schedule 8 - Budgetary Basis                      \$ (23,568)

Adjustments:

Purchase of Equipment	1,994
Capital Reserve Fund Transfer	23,150
Interest Earned on Capital Reserve Fund	2,914
Depreciation	<u>(76,785)</u>

Change in Net Assets – Exhibit H    \$ (72,295)

Sanitation Fund

Net Income/(Loss) - Schedule 9 - Budgetary Basis                      \$ (36,844)

Adjustments

Interest Earned on Capital Reserve Fund	591
Capital Reserve Fund Transfer	45,000
Debt Reduction	122,847
Decrease in Accrued Interest	506
Loss on Disposal of Equipment	(265)
Depreciation	<u>(80,005)</u>

Change in Net Assets – Exhibit H    \$ 51,830

Wastewater Fund

Net Income/(Loss) - Schedule 10 - Budgetary Basis                      \$ (42,116)

Adjustments:

Purchases of Equipment	2,084
Capital Reserve Fund Transfer	40,000
Interest Expense on Capital Reserve Fund	(32)
Capital Grants and Contributions	359,275
Depreciation	<u>(252,082)</u>

Change in Net Assets – Exhibit H    \$ 107,129

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

**V. OTHER INFORMATION**

**A. BENEFIT PLANS**

The Village offers a 401(a) pension plan to all full time employees with ninety (90) days of service with 100% vesting after three (3) years of service. This plan qualifies, according to the Internal Revenue Service, as a defined contribution pension plan for governmental organizations exempt from income taxes. The plan requires a 5% contribution from the employee with a 10% match by the Village. International City Manager's Association "ICMA" Retirement Corporation administers the Plan. All of the investments are self-directed by each employee. The total payroll for the year was \$1,212,504 while the covered payroll was \$954,720. Pension expenses for the years ended June 30, 2005, 2004 and 2003 were \$95,472, \$93,183, and \$87,693 respectively.

The Village also offers its employees a deferred compensation plan through the International City Manager's Association "ICMA" Retirement Corporation in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Village has no liability for losses under the 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. The balance of the assets in the plan, at fair market value, as of June 30, 2005 was \$270,304.

The Village also offers its employees a Cafeteria Plan in accordance with Internal Revenue Code Section 125. This allows employees to pay for health benefits and dependent care pre-tax and pre-social security.

**B. CONCENTRATION OF REVENUE/EXPENSES**

The Village receives a major portion of its revenue from International Business Machines "IBM". For the year ended June 30, 2005, the Village received 43.9% of total property taxes from IBM and received 77.6% of total water sales from IBM.

The Village purchased a major portion of their water from Champlain Water District "CWD" for the year ended June 30, 2005. The Village incurred \$1,945,433 in expenses to CWD.

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

**C. PROPERTY TAXES**

The Village is responsible for assessing and collecting its own property taxes, as well as state and local property taxes and recreation taxes for the School. Property taxes are assessed based on property valuations as of April 1 and the approved budgets. Taxes are collected two (2) times per year. During the tax year ended June 30, 2005, taxes became due and payable on September 15, 2004 and March 15, 2005. The Village assesses an 8% penalty on delinquent taxes and interest is assessed at 1% per month. Unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale. The tax rates for 2005 are as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Village	.2666	.2666
Education - Local Share	2.0725	1.9915
Recreation Tax	<u>.1005</u>	<u>.1005</u>
Total	<u>\$2.4396</u>	<u>\$2.3586</u>

**D. CONTINGENT LIABILITIES**

The Village is a participating member in the Chittenden Solid Waste District (CSWD) and Champlain Water District (CWD). The Village could be subject to a portion of the two district's debt if the districts experience financial problems.

**E. RISK MANAGEMENT**

The Village of Essex Junction is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village of Essex Junction maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village of Essex Junction. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Village must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and ratesetting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

In addition, the Village of Essex Junction is a member of the Vermont League of Cities and Towns Health Trust. The Health Trust is a nonprofit corporation formed to provide health insurance and wellness programs for Vermont municipalities and is owned by the participating members. The agreement does not permit the Health Trust to make additional assessments to its members.

The Village of Essex Junction is also a member of the Vermont League of Cities and Towns Unemployment Insurance Trust. The Unemployment Trust is a nonprofit corporation formed to provide unemployment coverage for Vermont municipalities and is owned by the participating members. The agreement does not permit the Unemployment Trust to make additional assessments to its members.



VILLAGE OF ESSEX JUNCTION, VERMONT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2005

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Brownell Library Trust Fund	Total
<u>ASSETS</u>				
Cash	\$ 45,667	\$ 506,362	\$ 0	\$ 552,029
Investments	0	0	10,029	10,029
Prepaid Expenses	200	0	0	200
Total Assets	<u>\$ 45,867</u>	<u>\$ 506,362</u>	<u>\$ 10,029</u>	<u>\$ 562,258</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts and Contracts Payable	\$ 1,328	\$ 0	\$ 0	\$ 1,328
Accrued Payroll and Benefits Payable	299	0	0	299
Due to Other Funds	1,708	0	0	1,708
Deferred Revenue	16,178	0	0	16,178
Total Liabilities	<u>19,513</u>	<u>0</u>	<u>0</u>	<u>19,513</u>
Fund Balances:				
Reserved for:				
Restricted Purposes	1,919	0	7,653	9,572
Prepaid Expenses	200	0	0	200
Unreserved:				
Designated	24,235	506,362	2,376	532,973
Total Fund Balances	<u>26,354</u>	<u>506,362</u>	<u>10,029</u>	<u>542,745</u>
Total Liabilities and Fund Balances	<u>\$ 45,867</u>	<u>\$ 506,362</u>	<u>\$ 10,029</u>	<u>\$ 562,258</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF ESSEX JUNCTION, VERMONT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Brownell Library Trust Fund	Total
Revenues:				
Intergovernmental Revenues	\$ 46,322	\$ 0	\$ 0	\$ 46,322
Charges for Services	32,005	0	0	32,005
Interest	237	8,184	166	8,587
Other Revenues	<u>1,829</u>	<u>0</u>	<u>0</u>	<u>1,829</u>
Total Revenues	<u>80,393</u>	<u>8,184</u>	<u>166</u>	<u>88,743</u>
Expenditures:				
Current Expenditures				
General Government	22,918	0	0	22,918
Public Works	0	333	0	333
Culture & Recreation	36,651	0	0	36,651
Capital expenditures				
Public Works	0	77,404	0	77,404
Culture & Recreation	<u>23,779</u>	<u>0</u>	<u>0</u>	<u>23,779</u>
Total Expenditures	<u>83,348</u>	<u>77,737</u>	<u>0</u>	<u>161,085</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,955)</u>	<u>(69,553)</u>	<u>166</u>	<u>(72,342)</u>
Other Financing Sources/(Uses):				
Sale of Equipment	0	500	0	500
Transfers in	5,150	144,500	0	149,650
Transfers out	<u>0</u>	<u>0</u>	<u>(150)</u>	<u>(150)</u>
Total Other Financing Sources/(Uses)	<u>5,150</u>	<u>145,000</u>	<u>(150)</u>	<u>150,000</u>
Net Change in Fund Balances	2,195	75,447	16	77,658
Fund Balances - July 1, 2004	<u>24,159</u>	<u>430,915</u>	<u>10,013</u>	<u>465,087</u>
Fund Balances - June 30, 2005	<u>\$ 26,354</u>	<u>\$ 506,362</u>	<u>\$ 10,029</u>	<u>\$ 542,745</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF ESSEX JUNCTION, VERMONT  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 JUNE 30, 2005

	Library Fund	Engineering Fees Fund	Vermont Public Library Grant Fund	Block Party Fund	Total
<u>ASSETS</u>					
Cash	\$ 6,194	\$ 16,858	\$ 16,709	\$ 5,906	\$ 45,667
Prepaid Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>200</u>	<u>200</u>
TOTAL ASSETS	<u>\$ 6,194</u>	<u>\$ 16,858</u>	<u>\$ 16,709</u>	<u>\$ 6,106</u>	<u>\$ 45,867</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ 0	\$ 1,190	\$ 138	\$ 0	\$ 1,328
Accrued Payroll and Benefits Payable	0	0	299	0	299
Due to Other Funds	0	0	82	1,626	1,708
Deferred Revenue	<u>0</u>	<u>0</u>	<u>16,178</u>	<u>0</u>	<u>16,178</u>
Total Liabilities	<u>0</u>	<u>1,190</u>	<u>16,697</u>	<u>1,626</u>	<u>19,513</u>
Fund Balances:					
Reserved For:					
Restricted Purposes	1,907	0	12	0	1,919
Prepaid Expenses	0	0	0	200	200
Unreserved:					
Designated	<u>4,287</u>	<u>15,668</u>	<u>0</u>	<u>4,280</u>	<u>24,235</u>
Total Fund Balances	<u>6,194</u>	<u>15,668</u>	<u>12</u>	<u>4,480</u>	<u>26,354</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,194</u>	<u>\$ 16,858</u>	<u>\$ 16,709</u>	<u>\$ 6,106</u>	<u>\$ 45,867</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF ESSEX JUNCTION, VERMONT  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

	Library Fund	Engineering Fees Fund	Vermont Public Library Grant Fund	Block Party Fund	Total
Revenue:					
Book Income	\$ 6,280	\$ 0	\$ 0	\$ 0	\$ 6,280
Grant Revenue	0	0	46,322	0	46,322
Contributions	0	0	0	1,829	1,829
Engineering Fees	0	25,725	0	0	25,725
Investment Income	4	192	0	41	237
Total Revenue	<u>6,284</u>	<u>25,917</u>	<u>46,322</u>	<u>1,870</u>	<u>80,393</u>
Expenditures:					
Library Expenses	5,263	0	46,322	0	51,585
Block Party Expenses	0	0	0	8,845	8,845
Engineering Expenses	0	22,918	0	0	22,918
Total Expenditures	<u>5,263</u>	<u>22,918</u>	<u>46,322</u>	<u>8,845</u>	<u>83,348</u>
Excess/(Deficiency) of Revenue Over Expenditures	<u>1,021</u>	<u>2,999</u>	<u>0</u>	<u>(6,975)</u>	<u>(2,955)</u>
Other Financing Sources:					
Transfers In	<u>150</u>	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>5,150</u>
Total Other Financing Sources	<u>150</u>	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>5,150</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	<u>1,171</u>	<u>2,999</u>	<u>0</u>	<u>(1,975)</u>	<u>2,195</u>
Fund Balance - July 1, 2004	<u>5,023</u>	<u>12,669</u>	<u>12</u>	<u>6,455</u>	<u>24,159</u>
Fund Balance - June 30, 2005	<u>\$ 6,194</u>	<u>\$ 15,668</u>	<u>\$ 12</u>	<u>\$ 4,480</u>	<u>\$ 26,354</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF ESSEX JUNCTION, VERMONT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUNDS  
 JUNE 30, 2005

	Rolling Stock Reserve Fund	Land Acquisition Fund	Total
<u>ASSETS</u>			
Cash	\$ 266,434	\$ 239,928	\$ 506,362
TOTAL ASSETS	\$ 266,434	\$ 239,928	\$ 506,362
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	\$ 0	\$ 0	\$ 0
Total Liabilities	0	0	0
Fund Balances:			
Unreserved - Designated	266,434	239,928	506,362
Total Fund Balances	266,434	239,928	506,362
TOTAL LIABILITIES AND FUND BALANCES	\$ 266,434	\$ 239,928	\$ 506,362

The accompanying notes are an integral part of this financial statement.

VILLAGE OF ESSEX JUNCTION, VERMONT  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

	Rolling Stock Reserve Fund	Land Acquisition Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Revenue:			
Interest Earnings	\$ 3,932	\$ 4,252	\$ 8,184
	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenue	3,932	4,252	8,184
	<u>          </u>	<u>          </u>	<u>          </u>
Expenditures:			
Equipment Purchases	77,737	0	77,737
	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	77,737	0	77,737
	<u>          </u>	<u>          </u>	<u>          </u>
Excess/(Deficiency) of Revenue Over Expenditures	(73,805)	4,252	(69,553)
	<u>          </u>	<u>          </u>	<u>          </u>
Other Financing Sources:			
Sale of Equipment	500	0	500
Transfers In	119,500	25,000	144,500
	<u>          </u>	<u>          </u>	<u>          </u>
Total Other Financing Sources	120,000	25,000	145,000
	<u>          </u>	<u>          </u>	<u>          </u>
Excess of Revenue and Other Financing Sources Over Expenditures	46,195	29,252	75,447
	<u>          </u>	<u>          </u>	<u>          </u>
Fund Balance - July 1, 2004	220,239	210,676	430,915
	<u>          </u>	<u>          </u>	<u>          </u>
Fund Balance - June 30, 2005	\$ 266,434	\$ 239,928	\$ 506,362
	<u>          </u>	<u>          </u>	<u>          </u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF ESSEX JUNCTION, VERMONT  
 COMBINING STATEMENT OF NET ASSETS  
 AGENCY FUNDS  
 JUNE 30, 2005

	Exposition Noise Escrow Account Fund	School Impact Fees Fund	Total
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 2,008	\$ 17	\$ 2,025
TOTAL ASSETS	<u>\$ 2,008</u>	<u>\$ 17</u>	<u>\$ 2,025</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to Others	\$ 2,008	\$ 17	\$ 2,025
Total Liabilities	<u>2,008</u>	<u>17</u>	<u>2,025</u>
Fund Balances:	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,008</u>	<u>\$ 17</u>	<u>\$ 2,025</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUE AND EXPENSES  
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL  
WATER FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Water Sales - Village	\$ 473,736	\$ 461,975	\$ (11,761)
Water Sales - IBM	1,470,950	1,617,781	146,831
Water Sales - IBM Fixed Charge	30,000	30,000	0
Water Sales - IBM Vermont Tax	34,994	38,996	4,002
IBM Share - Unaccounted Water	10,629	2,710	(7,919)
Hydrant Rentals	5,000	5,000	0
Penalties	2,500	2,549	49
Miscellaneous	20,000	16,483	(3,517)
Interest Income	1,200	1,307	107
Total Revenue	<u>2,049,009</u>	<u>2,176,801</u>	<u>127,792</u>
Expenses:			
Salaries - Regular	70,341	72,071	(1,730)
Salaries - Overtime	13,738	13,249	489
Salaries - Part-time	2,194	2,516	(322)
Social Security	6,634	6,620	14
Unemployment Insurance	217	112	105
Workers Compensation Insurance	3,367	2,458	909
Health Insurance and Other Benefits	31,116	28,785	2,331
Retirement	7,034	7,162	(128)
Liability and Property Insurance	1,702	1,831	(129)
Supplies	5,000	7,293	(2,293)
Postage	500	564	(64)
Gas, Oil and Grease	1,000	1,061	(61)
Meters and Parts	7,000	14,148	(7,148)
Distribution Materials	4,500	9,333	(4,833)
Computer Expenses	784	618	166
Water & Sewer Charges	150	131	19
Training and Conferences	750	1,209	(459)
Electrical Service	600	473	127
Heat	900	2,326	(1,426)
Maintenance - Other	800	3,614	(2,814)
Water Line Maintenance - Breaks	15,000	16,258	(1,258)
Uniforms and Boots	1,000	1,171	(171)
Contract Services	32,000	32,000	0
Other Professional Services	2,000	547	1,453
Audit Services	2,879	2,741	138
Water Purchases - Village	317,954	281,824	36,130
Water Purchases - IBM	1,470,950	1,617,781	(146,831)
Printing and Advertising	1,200	1,412	(212)
Transfer to Capital Reserve	23,150	23,150	0
Capital Outlay	2,000	2,083	(83)
State Water Tax - Village	7,555	6,832	723
State Water Tax - IBM	34,994	38,996	(4,002)
Total Expenses	<u>2,069,009</u>	<u>2,200,369</u>	<u>(131,360)</u>
Net Income/(Loss)	\$ <u>(20,000)</u>	\$ <u>(23,568)</u>	\$ <u>(3,568)</u>

The accompanying notes are an integral part of this financial statement.



VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUE AND EXPENSES  
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL  
SANITATION FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Sanitation Billing	\$ 341,305	\$ 311,772	\$ (29,533)
Sanitation Penalty	2,000	1,759	(241)
Essex Pump Station Fees	16,643	14,779	(1,864)
Miscellaneous	20,800	14,000	(6,800)
Total Revenue	380,748	342,310	(38,438)
Expenses:			
Storm Sewer Bond - Principal	122,848	122,848	0
Storm Sewer Bond - Interest	3,037	3,037	0
Salaries - Regular	74,457	75,766	(1,309)
Salaries - Overtime	14,332	13,152	1,180
Salaries - Part Time	2,194	2,898	(704)
Social Security	7,011	6,878	133
Unemployment Insurance	217	113	104
Workers Compensation Insurance	4,243	3,154	1,089
Health Insurance and Other Benefits	31,204	26,608	4,596
Retirement	7,446	7,448	(2)
Liability and Property Insurance	2,916	2,965	(49)
Interest Expense	200	0	200
Supplies	2,500	2,597	(97)
Postage	1,000	1,100	(100)
Gas, Grease and Oil	550	477	73
Computer Expenses	1,554	1,237	317
Training and Conferences	500	76	424
Shared Pump Station Alarm	800	252	548
Electrical Service	6,000	4,548	1,452
Shared Pump Station Utilities	8,500	9,846	(1,346)
Maintenance - Other	1,500	1,068	432
Pump Station Maintenance	1,500	8,891	(7,391)
Sanitation Lines Maintenance	10,000	13,431	(3,431)
Shared Pump Station Maintenance Supplies	4,000	1,338	2,662
Uniforms, Boots, Etc.	800	705	95
Interview Costs	0	13	(13)
Contractual Services	16,700	16,700	0
Right-Of-Way Agreements	4,800	4,590	210
Sanitation Line Backup Cleaning	1,500	900	600
Other Professional Services	2,000	116	1,884
Audit Services	1,439	1,370	69
Interest Expense	0	32	(32)
Capital Reserve Fund Contributions	45,000	45,000	0
Total Expenses	380,748	379,154	1,594
Net Income /(Loss)	\$ 0	\$ (36,844)	\$ (36,844)

The accompanying notes are an integral part of this financial statement.

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUE AND EXPENSES  
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL  
WASTEWATER FUND  
FOR THE YEAR ENDED JUNE 30, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Village User Charges	\$ 202,583	\$ 209,125	\$ 6,542
Village User Penalties	1,000	1,256	256
Wastewater Charge - Essex	250,798	261,751	10,953
Wastewater Charge - Williston	291,250	293,634	2,384
Pump Station Maintenance Fee	11,700	11,700	0
Sewer Capacity Lease	16,396	16,669	273
Village Septage Discharge Income	12,000	21,714	9,714
Shared Septage Revenue	5,400	9,755	4,355
Village Leachate Revenues	35,000	8,445	(26,555)
Shared Leachate Revenues	23,000	5,619	(17,381)
Miscellaneous	0	101	101
Total Revenue	849,127	839,769	(9,358)
Expenses:			
Salaries - Regular	176,000	175,114	886
Salaries - Overtime	27,094	23,278	3,816
Salaries - Part-Time	4,388	5,460	(1,072)
Social Security	15,925	15,521	404
Unemployment Insurance	360	225	135
Workers Compensation Insurance	6,203	6,649	(446)
Health Insurance and Other Benefits	60,579	56,033	4,546
Retirement	17,600	17,523	77
Liability and Property Insurance	11,511	11,248	263
Interest Expense	1,500	1,140	360
Supplies	12,000	13,884	(1,884)
Chemicals	93,000	110,999	(17,999)
Gas, Grease and Oil	3,000	2,756	244
Water and Sewer Charge	600	623	(23)
Training and Conferences	3,500	3,133	367
Telephone Services	2,000	1,759	241
Electrical Service	71,000	83,753	(12,753)
Heating	4,500	7,339	(2,839)
Maintenance - Other	25,000	49,537	(24,537)
Vehicles Maintenance - Travel	4,000	4,532	(532)
Uniforms, Boots, Etc.	3,000	2,033	967
Interview Costs	0	12	(12)
Contract Laboratory Service	5,500	4,544	956
Contract Services	19,500	19,500	0
Legal Services	15,000	0	15,000
Grit Disposal	4,500	5,302	(802)
Sludge Dewatering	85,000	100,377	(15,377)
Sludge Management	115,000	98,917	16,083
Other Professional Services	6,000	5,362	638
Audit Services	3,367	3,206	161
Capital Reserve Fund Contributions	40,000	40,000	0
Capital Outlay	12,500	12,126	374
Total Expenses	849,127	881,885	(32,758)
Net Income /(Loss)	\$ 0	\$ (42,116)	\$ (42,116)

The accompanying notes are an integral part of this financial statement.