

VILLAGE OF ESSEX JUNCTION, VERMONT

AUDIT REPORT

JUNE 30, 2006

VILLAGE OF ESSEX JUNCTION, VERMONT
AUDIT REPORT
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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, 2006, 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, 2006, 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, Posers & Company

September 27, 2006
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, 2006.

Financial Highlights

- Assets exceeded liabilities on June 30, 2006 by \$17,149,003 (*net assets*). Of this amount, \$2,063,663 (*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 \$133,571. Of this amount, net assets attributable to governmental activities increased by \$395,808. Net assets attributable to business-type activities decreased by \$262,237.
- Fund balances of governmental funds increased by \$223,527 in fiscal FY06. The General Fund had \$200,951 of unreserved, undesignated fund balance at 6/30/06. This is equal to 7.7% of the approved FY07 General Fund Budget. As of 6/30/05, the Village had \$124,517 of unreserved, undesignated fund balance. The increase is the result of budgeted revenues exceeding budgeted expenses.

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 of 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, public safety, 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	
	FY2006	FY2005	FY2006	FY2005	FY2006	FY2005
Current and Other Assets	\$1,744,253	\$1,452,038	\$988,979	\$932,110	\$2,733,232	\$2,384,148
Capital Assets	<u>\$5,553,930</u>	<u>\$5,369,996</u>	<u>\$9,444,694</u>	<u>\$9,745,079</u>	<u>\$14,998,624</u>	<u>\$15,115,075</u>
Total Assets	<u>\$7,298,183</u>	<u>\$6,822,034</u>	<u>\$10,433,673</u>	<u>\$10,677,189</u>	<u>\$17,731,856</u>	<u>\$17,499,223</u>
Current Liabilities	\$180,514	\$107,685	\$305,356	\$298,130	\$485,870	\$405,815
Long-term Liabilities	<u>\$62,547</u>	<u>\$55,035</u>	<u>\$34,436</u>	<u>\$22,941</u>	<u>\$96,983</u>	<u>\$77,976</u>
Total Liabilities	<u>\$243,061</u>	<u>\$162,720</u>	<u>\$339,792</u>	<u>\$321,071</u>	<u>\$582,853</u>	<u>\$483,791</u>
Net Assets						
Invested in capital assets, net of						
Related Debt	\$5,553,930	\$5,369,997	\$9,444,694	\$9,745,079	\$14,998,624	\$15,115,076
Restricted	\$86,716	\$91,404	\$0	\$0	\$86,716	\$91,404
Unrestricted	<u>\$1,414,476</u>	<u>\$1,197,913</u>	<u>\$649,187</u>	<u>\$611,039</u>	<u>\$2,063,663</u>	<u>\$1,808,952</u>
Total Net Assets	<u>\$7,055,122</u>	<u>\$6,659,314</u>	<u>\$10,093,881</u>	<u>\$10,356,118</u>	<u>\$17,149,003</u>	<u>\$17,015,432</u>

As stated above, net assets exceeded liabilities by \$17,149,003 at the end of fiscal year 2006. Net assets at the end of fiscal year 2005 exceeded liabilities by \$17,015,432.

The largest portion of the Village's net assets is in its investment in capital assets (87%). 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 is subject to restrictions on how they may be used. The remaining balance of unrestricted net assets (\$2,063,663) 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	
	FY2006	FY2005	FY2006	FY2005	FY2006	FY2005
Revenues						
Program Revenues						
Charges for services	\$79,399	\$108,135	\$3,624,828	\$3,345,872	\$3,704,227	\$3,454,007
Operating grants and contributions	\$162,200	\$419,913	\$0	\$0	\$162,200	\$419,913
Capital grants and contributions	\$138,921	\$153,199	\$0	\$359,275	\$138,921	\$512,474
General Revenues						
Property taxes	\$2,221,376	\$2,159,042	\$0	\$0	\$2,221,376	\$2,159,042
Unrestricted investment earnings	\$52,677	\$21,180	\$9,595	\$4,750	\$62,272	\$25,930
Gain on sale of capital	\$500	\$500	\$0	\$0	\$500	\$500
Other revenues	\$11,332	\$12,022	\$0	\$0	\$11,332	\$12,022
Total Revenues	\$2,666,405	\$2,873,991	\$3,634,423	\$3,709,897	\$6,300,828	\$6,583,888
Expenses						
Governmental activities						
General Government	\$576,585	\$571,729	\$0	\$0	\$576,585	\$571,729
Public Safety	\$266,977	\$252,227	\$0	\$0	\$266,977	\$252,227
Public Works	\$763,588	\$755,366	\$0	\$0	\$763,588	\$755,366
Community Development	\$34,182	\$193,947	\$0	\$0	\$34,182	\$193,947
Culture and Recreation	\$629,265	\$583,317	\$0	\$0	\$629,265	\$583,317
Capital Outlay	\$0	\$0	\$0	\$0	\$0	\$0
Business-type activities						
Water	\$0	\$0	\$2,280,151	\$2,252,009	\$2,280,151	\$2,252,009
Sanitation	\$0	\$0	\$384,773	\$279,340	\$384,773	\$279,340
Wastewater	\$0	\$0	\$1,231,736	\$1,091,884	\$1,231,736	\$1,091,884
Total Expenses	\$2,270,597	\$2,356,586	\$3,896,660	\$3,623,233	\$6,167,257	\$5,979,819
Change in net assets	\$395,808	\$517,405	(\$262,237)	\$86,664	\$133,571	\$604,069
Net assets - July 1, 2005	\$6,659,314	\$6,141,909	\$10,356,118	\$10,269,454	\$17,015,432	\$16,411,363
Net assets - June 30, 2006	\$7,055,122	\$6,659,314	\$10,093,881	\$10,356,118	\$17,149,003	\$17,015,432

At the end of FY06 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 \$395,808 in FY06. Revenues exceeded expenditures by \$223,527 and the Village added \$255,683 of new assets to its inventory of capital assets net of current year's depreciation. Major capital assets added in FY06 included Veterans Memorial Park, Cascade St. Reclamation and the Brookside stormwater swirl concentrator. After taking into consideration the adjustments from Governmental fund reporting to Government-wide reporting, this resulted in the increase of \$395,808 in net assets.

Business-type activities. Business-type activities decreased the Village's net assets by \$262,237.

The Water Fund had a budgetary income of \$28,349 and a GAAP basis net loss of \$27,003. Budgetary information does not include capital projects costs or depreciation expense. The budgetary income came from lower than budgeted water purchases and also from a change in the way we account for meters in stock as inventory. Unrestricted net assets (resources available to meet future obligations) decreased by \$54,719 in FY06. The capital project completed in FY06 was the River Street water line replacement. Engineering was also started on the Pearl Street water line replacement.

The Sanitation Fund had a budgetary gain of \$6,819 and a GAAP basis net loss of \$59,874. The budgetary gain was due to under-spending small amounts in many line items and a large amount in Sanitation Lines Maintenance line item. The budget was under-spent by \$35,629. However, revenues, due to lower than anticipated new hook up fees, were \$28,810 less than budgeted. The GAAP basis loss is due primarily to depreciation expense. The Sanitation Fund undertook a substantial evaluation of the sewer lines in the Village in FY06. This evaluation will enable staff to prioritize infrastructure repairs and improvements. Unrestricted net assets increased by \$17,777 in FY06.

The Wastewater Treatment Fund had a budgetary gain of \$56,789 and a GAAP basis loss of \$175,360. The budgetary gain was due to higher than anticipated revenues from member towns because of a wet summer and from higher than anticipated revenue from septage haulers. Expenses were over budget by \$81,483. The main areas of over spending were chemicals, electricity and plant maintenance. Some of the over-spending is directly related to the increased septage revenue. Capital projects completed were the replacement and upgrade of the waste primary sludge pump and the maintenance of the aeration membranes. The unrestricted net assets increased in FY06 by \$75,090.

Financial Analysis of Major Governmental Funds

The General Fund

The General Fund unrestricted fund balance decreased from \$240,185 at the end of fiscal year 2005 to \$238,952 at the end of fiscal year 2006. This decrease resulted from a transfer of \$82,000 to the Capital Reserve Fund that was authorized by vote of the Village Trustees combined with an excess of revenues over expenditures in the General Fund of \$80,767. This can be attributed to the following:

- Excluding grants and donations received and expended in FY06, revenues were higher than budgeted by \$17,832. This revenue surplus consists of higher than anticipated state highway aid, school tax collection payments, and investment interest, in addition to a Homeland Security grant that was partially expended in FY05 and not received until FY06, a contribution from Hannaford to help maintain a stormwater offset project, and other miscellaneous revenues.
- Expenditures excluding those for grants and donations received in FY 06 and transfers to the Capital Reserve Fund were \$40,992 less than budgeted. Major contributions to this amount were:
 - A) Under-spending in the Administration Department by about \$20,000 due a number of line items being under-spent. Line items with notable under-expenditures included Bank Collateral Charge, which has been discontinued by the bank, Training & Conferences, and Other Professional Services. Spending in some of these areas was reduces in order to absorb expenditures generated by the merger initiative.

- B) Under-spending in the Lincoln Hall Budget by about \$3,000. Heating expense was under-budget due to a warm winter and supplies were also under-spent..
- C) Street Department was under-spent by about \$8,000. This was a combination of under-spending in personnel accounts due to 2 employees leaving and over spending especially in vehicle maintenance and storm sewer maintenance.
- D) The Planning Department budget was under-spent by about \$6,000. This surplus was from small amounts in various line items being under-spent. A significant over-expenditure occurred in the legal budget in order to deal with enforcement issues and appeals of development permits.
- E) Economic Development was under-spent by about \$3,000 due to less than budgeted general Economic Development activity.
- F) Grants and donations received and expended were: State of Vermont Planning Grant for Marketing Plan of \$9,400, USDA Enterprise grant of \$7,326 for Grocery Store Study, State of Vermont Local Implementation Fund grant of \$3,838, Homeland Security Grants of \$33,000, and Library grants of \$607. A donation of \$2,600 was received from the Essex Junction Fire Fighters Association for a portion of a new air booster, and a donation of \$5,885 was received from the Town of Essex for part of the cost of a Bike Path Fence.

Capital Reserve Fund

The Capital Reserve Fund had Unrestricted designated fund balance of \$461,578 as of June 30, 2005. The fund balance was \$531,534 as of June 30, 2006. Projects completed include: Veterans Memorial Park . Projects continued or initiated but not completed include: Stormwater Compliance, Marvin Heights Sidewalk/Curb Reconstruction, Essex Junction Redevelopment, Taft Street reconstruction engineering, Brookside Stormwater Swirl Concentrator, and Cascade Street turning lane. Total expenditures in the Capital Reserve Fund were \$385,103. Transfers into the Capital Reserve Fund from the General Fund were \$341,600. \$11,899 was received from the Federal Government for the Essex Junction Redevelopment Project and the Brookside Stormwater Swirl Concentrator was donated by Hannaford Co. as an offset 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 has been free of long term debt since November, 2004.

Economic Factors and Next Year's Budgets and Rates

- The taxable grand list for the Village of Essex Junction, Vermont increased by \$71,315 or 1.2% from FY06 to FY07. The FY07 grand list is \$6,169,969.
- The IBM M&E Subsidy decreased by \$67,531 from FY06 to FY07, from \$491,375 to \$423,844. This decrease resulted in an additional \$.011 on the FY07 tax rate. This subsidy will decrease each year by approximately this same amount until it is \$0 in FY14.
- The rate of inflation from July 2005 to July 2006 for Northeast urban communities was 4.2%. Costs for Health Care premiums, other insurances and gas heat are well above the inflation rate. These escalating costs plus the loss of revenue from IBM are exerting pressure on the Village of Essex Junction budgets.
- The municipal corporations of the Village of Essex Junction and the Town of Essex held separate votes on November 7, 2006 asking "Shall the Village of Essex Junction (Town of Essex) adopt the "Plan of Merger of the Town of Essex , Vermont and the Village of Essex Junction, Vermont" dated September 28, 2006, and the proposed Charter for the merged communities?". This vote passed in the Village by a vote of 2,922 to 1,085 and in the Town by 4,376 to 4,167. The results of these votes have been forwarded to the Vermont Legislature for approval. Within 30 days of the vote, a petition was presented in the Town asking for a revote. The Town will hold a re-vote of the question on January 23, 2007.

These factors were all taken into consideration when preparing the FY07 budgets.

- The FY07 General Fund budget increased by 4.6% from the FY06 budget. The tax rate increased by 10.2% from \$0.2836 to \$0.3126 due to the decline in the IBM Subsidy and other budget pressures.
- Capital Projects being undertaken or continued in FY07 include:
 - Marvin Heights Sidewalk/Curb Reconstruction (\$309,800 balance left to finish in FY07)
 - Essex Junction Redevelopment (total project cost is \$1,647,958 of which \$1,315,000 will come from the Federal Government). 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.
 - 5 Corners North Stormwater Improvement Project. This project will improve stormwater flowing to Indian Brook. Total project cost is estimated at \$343,622. The project will be paid for partially by a STAG or State Tribal Assistance Grant (55% up to \$200,000), partially by the State of Vermont (45% of project up to \$125,000) and partially by the Village (estimated amount of \$29,630).
 - Library Server and System Upgrade (\$24,305).
 - Taft Street Reconstruction Engineering (\$15,046). The actual reconstruction is planned for FY09.
 - Cascade Street Turning Lane (\$10,000). This project was started in FY06.
 - Central Street Curbing (\$40,000).
- The utility rates increased by 12% from FY06 to FY07. They increased from \$0.03660 per c.f. of metered water to \$0.03767 per c.f. of metered water.

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 Finance Director, Village of Essex Junction, 2 Lincoln Street, Essex Junction, Vermont 05452.

VILLAGE OF ESSEX JUNCTION, VERMONT
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,586,020	\$ 306,201	\$ 1,892,221
Receivables (Net of Allowance for Uncollectibles)	24,445	648,677	673,122
Note Receivable	86,704	0	86,704
Interfund Balances	8,883	(8,883)	0
Inventories	18,821	30,574	49,395
Prepaid Expenses	19,380	12,410	31,790
Capital Assets			
Land	55,742	118,077	173,819
Construction in Progress	227,146	4,689	231,835
Antiques and Works of Art	12,000	0	12,000
Other Capital Assets, (Net of Accumulated Depreciation)	5,259,042	9,321,928	14,580,970
Total Assets	7,298,183	10,433,673	17,731,856
<u>LIABILITIES</u>			
Accounts Payable	144,846	296,838	441,684
Accrued Payroll and Benefits Payable	21,381	8,518	29,899
Due to Others	5,288	0	5,288
Deferred Revenue	8,999	0	8,999
Noncurrent Liabilities:			
Due in More than One Year	62,547	34,436	96,983
Total Liabilities	243,061	339,792	582,853
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	5,553,930	9,444,694	14,998,624
Restricted for:			
Library	12	0	12
Whitcomb Terrace Loan	86,704	0	86,704
Unrestricted	1,414,476	649,187	2,063,663
Total Net Assets	\$ 7,055,122	\$ 10,093,881	\$ 17,149,003

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

VILLAGE OF ESSEX JUNCTION, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

	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							
Governmental Activities:							
General Government	\$ 576,585	\$ 70,996	\$ 0	\$ 0	\$ (505,589)	\$ 0	\$ (505,589)
Public Safety	266,977	505	0	0	(266,472)	0	(266,472)
Public Works	763,588	3,959	98,062	96,199	(565,368)	0	(565,368)
Community Development	34,182	0	19,185	0	(14,997)	0	(14,997)
Culture and Recreation	629,265	3,939	44,953	0	(580,373)	0	(580,373)
Capital Outlay	0	0	0	42,722	42,722	0	42,722
Total Governmental Activities	2,270,597	79,399	162,200	138,921	(1,890,077)	0	(1,890,077)
Business-Type Activities:							
Water	2,280,151	2,247,381	0	0	0	(32,770)	(32,770)
Sanitation	384,773	321,554	0	0	0	(63,219)	(63,219)
Wastewater	1,231,736	1,055,893	0	0	0	(175,843)	(175,843)
Total Business-Type Activities	3,896,660	3,624,828	0	0	0	(271,832)	(271,832)
Total	\$ 6,167,257	\$ 3,704,227	\$ 162,200	\$ 138,921	(1,890,077)	(271,832)	(2,161,909)
General Revenues:							
Property Taxes					2,221,376	0	2,221,376
Payment in Lieu of Taxes					1,881	0	1,881
Interest and Penalties on Delinquent Taxes					4,411	0	4,411
Unrestricted Investment Earnings					52,677	9,595	62,272
Other Revenues					5,040	0	5,040
Gain on Sale of Equipment					500	0	500
Total General Revenues					2,285,885	9,595	2,295,480
Change in Net Assets					395,808	(262,237)	133,571
Net Assets - July 1, 2005					6,659,314	10,356,118	17,015,432
Net Assets - June 30, 2006					\$ 7,055,122	\$ 10,093,881	\$ 17,149,003

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

VILLAGE OF ESSEX JUNCTION, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	General Fund	Whitcomb Terrace Loan Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 259,114	\$ 0	\$ 624,556	\$ 702,350	\$ 1,586,020
Receivables (Net of Allowance for Uncollectibles)	22,368	0	0	2,077	24,445
Note Receivable	0	86,704	0	0	86,704
Due from Other Funds	9,419	0	0	0	9,419
Inventories	18,821	0	0	0	18,821
Prepaid Expenses	19,180	0	0	200	19,380
Total Assets	<u>\$ 328,902</u>	<u>\$ 86,704</u>	<u>\$ 624,556</u>	<u>\$ 704,627</u>	<u>\$ 1,744,789</u>
<u>LIABILITIES</u>					
Liabilities:					
Accounts Payable	\$ 48,767	\$ 0	\$ 93,022	\$ 3,057	\$ 144,846
Accrued Payroll and Benefits Payable	21,264	0	0	117	21,381
Due to Other Funds	406	0	0	130	536
Due to Others	5,288	0	0	0	5,288
Deferred Revenue	14,225	86,704	0	3,774	104,703
Total Liabilities	<u>89,950</u>	<u>86,704</u>	<u>93,022</u>	<u>7,078</u>	<u>276,754</u>
Fund Balances:					
Reserved for					
Prepaid Expenses and Inventory	38,001	0	0	200	38,201
Other Purposes	0	0	0	12	12
Unreserved, Reported In					
General Fund	200,951	0	0	0	200,951
Special Revenue Funds	0	0	0	15,394	15,394
Capital Projects Funds	0	0	531,534	681,943	1,213,477
Total Fund Balances	<u>238,952</u>	<u>0</u>	<u>531,534</u>	<u>697,549</u>	<u>1,468,035</u>
Total Liabilities and Fund Balances	<u>\$ 328,902</u>	<u>\$ 86,704</u>	<u>\$ 624,556</u>	<u>\$ 704,627</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.					5,553,930
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.					95,704
Long-Term and Accrued Liabilities are not Due or Payable in the Current Period and, Therefore, are Not Reported in the Funds.					(62,547)
Net Assets of Governmental Activities					<u>\$ 7,055,122</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, 2006

	General Fund	Whitcomb Terrace Loan Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 2,220,257	\$ 0	\$ 0	\$ 0	\$ 2,220,257
Penalties and Interest	4,411	0	0	0	4,411
Contributions	12,600	0	84,300	2,000	98,900
Intergovernmental Revenues	178,061	7,000	11,899	12,403	209,363
Charges for Services	92,081	0	0	7,267	99,348
Investment Income	13,442	0	17,260	21,975	52,677
Fines and Forfeits	2,931	0	0	0	2,931
Licenses and Permits	31,751	0	0	0	31,751
Other Revenue	6,907	0	0	0	6,907
Total Revenues	<u>2,562,441</u>	<u>7,000</u>	<u>113,459</u>	<u>43,645</u>	<u>2,726,545</u>
Expenditures:					
Current:					
General Government	608,509	0	0	10,637	619,146
Public Safety	198,187	0	0	0	198,187
Public Works	611,946	0	0	0	611,946
Community Development	27,128	7,000	0	0	34,128
Culture & Recreation	461,894	0	12,095	32,809	506,798
Capital Outlay:					
General Government	7,708	0	0	0	7,708
Public Safety	17,006	0	0	0	17,006
Public Works	40,406	0	244,424	0	284,830
Community Development	2,158	0	0	0	2,158
Culture & Recreation	88,532	0	128,584	4,495	221,611
Total Expenditures	<u>2,063,474</u>	<u>7,000</u>	<u>385,103</u>	<u>47,941</u>	<u>2,503,518</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>498,967</u>	<u>0</u>	<u>(271,644)</u>	<u>(4,296)</u>	<u>223,027</u>
Other Financing Sources/(Uses):					
Proceeds from Sale of Equipment	500	0	0	0	500
Transfers In	0	0	341,600	159,119	500,719
Transfers Out	(500,700)	0	0	(19)	(500,719)
Total Other Financing Sources/(Uses)	<u>(500,200)</u>	<u>0</u>	<u>341,600</u>	<u>159,100</u>	<u>500</u>
Net Change in Fund Balances	(1,233)	0	69,956	154,804	223,527
Fund Balances - July 1, 2005	<u>240,185</u>	<u>0</u>	<u>461,578</u>	<u>542,745</u>	<u>1,244,508</u>
Fund Balances - June 30, 2006	<u>\$ 238,952</u>	<u>\$ 0</u>	<u>\$ 531,534</u>	<u>\$ 697,549</u>	<u>\$ 1,468,035</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, 2006

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)	\$ 223,527
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.	183,933
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(4,140)
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>(7,512)</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ 395,808</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, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Current Property Taxes	\$ 1,729,420	\$ 1,727,001	\$ (2,419)
State of VT PILOT & Current Use	1,000	1,881	881
Penalties and Interest On Delinquent Taxes	3,500	4,411	911
IBM Subsidy	491,375	491,375	0
Licenses & Zoning Fees	35,000	31,746	(3,254)
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	2,931	2,931	0
State Highway Aid	90,000	98,062	8,062
Essex Junction School District			0
Tax Collection Fees	32,984	35,050	2,066
Lincoln Hall Rentals	1,200	531	(669)
Miscellaneous Fire Receipts	0	5	5
Donations to Fire Dept.	0	2,600	2,600
Miscellaneous Street Receipts	3,000	3,959	959
Miscellaneous Library Receipts	600	840	240
Essex Town Library Contribution	30,000	30,000	0
Investment Interest	3,000	13,442	10,442
Miscellaneous Unclassified Receipts	2,000	2,608	608
Essex Donation for Bike Path Fence	0	5,885	5,885
Stormwater Offset Project	0	10,000	10,000
Homeland Security Grant SG 02140-11825-094	0	23,000	23,000
USDA Enterprise Grant	0	7,326	7,326
Miscellaneous State Grants	0	13,238	13,238
Miscellaneous Library Grant	0	550	550
Total Revenue	<u>2,482,510</u>	<u>2,562,941</u>	<u>80,431</u>
Expenditures:			
Administration:			
Salaries - Regular	223,000	222,499	501
Salaries - Overtime	135	0	135
Salaries - Part-Time	13,842	12,163	1,679
Social Security	18,549	18,161	388
Unemployment Insurance	370	184	186
Workers Compensation Insurance	896	846	50
Health Insurance and Other Benefits	51,129	49,203	1,926
Retirement	22,300	22,302	(2)
Liability and Property Insurance	4,949	5,514	(565)
Public Officials Liability Insurance	1,722	1,865	(143)
Board Member Fees	2,500	2,500	0
Supplies	5,900	5,016	884
Postage	4,426	3,300	1,126
Computer Expenses	8,720	8,276	444
Training & Conferences	8,500	3,516	4,984
Telephone Services	1,577	1,282	295

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, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:			
Administration/(Cont'd):			
Communications	\$ 9,304	\$ 5,367	\$ 3,937
Vehicle Maintenance - Travel	1,800	1,800	0
Leased Services	4,146	4,118	28
Legal Fees	12,800	12,647	153
Other Professional Services	5,200	181	5,019
Audit Service	3,420	3,425	(5)
Printing and Advertising	7,200	6,027	1,173
Pay & Classification Study	250	0	250
Elections	620	609	11
Bank Collateral Charge	2,000	0	2,000
Holiday Expense	1,100	675	425
Trustees Expenditures	2,500	7,298	(4,798)
Capital Outlay	5,176	4,994	182
Total Administration	424,031	403,768	20,263
Lincoln Hall:			
Liability and Property Insurance	2,557	2,430	127
Supplies	3,250	1,516	1,734
Water and Sewer Charges	300	403	(103)
Telephone Services	1,249	1,220	29
Electrical Service	6,202	6,388	(186)
Heating	8,284	7,145	1,139
Maintenance - Buildings/Grounds	6,000	5,199	801
Rubbish Removal	1,450	1,503	(53)
Contractual Services	7,075	7,305	(230)
Total Lincoln Hall	36,367	33,109	3,258
Fire Department:			
Salaries - Part-time Firefighters	73,030	78,907	(5,877)
Social Security	5,590	6,036	(446)
Worker's Compensation Insurance	9,224	8,069	1,155
Accident & Disability Insurance	3,800	3,632	168
Liability and Property Insurance	4,947	4,951	(4)

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, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
Fire Department/(Cont'd):			
Supplies	\$ 2,200	\$ 2,383	\$ (183)
EMS Supplies	1,654	1,184	470
Gas, Oil and Grease	850	3,322	(2,472)
Water and Sewer Charges	275	336	(61)
Training and Conferences	7,500	5,886	1,614
Telephone Services	2,900	2,872	28
Electrical Service	6,169	6,573	(404)
Heating	5,900	4,875	1,025
Maintenance - Buildings/Grounds	1,340	2,334	(994)
Radio Maintenance	2,000	1,891	109
Maintenance - Other	4,000	4,222	(222)
Vehicle Maintenance - Travel	11,000	16,119	(5,119)
Emergency Generator Maintenance	1,100	881	219
Uniforms and Boots	16,500	13,767	2,733
Fire Prevention	2,000	2,153	(153)
Physical Exams	6,000	6,237	(237)
Employee Assistance Program	900	864	36
Hydrant Rental	5,000	5,000	0
New Equipment - Radios	4,000	4,116	(116)
Capital Outlay	7,000	4,531	2,469
Routine Equipment Purchases	16,500	10,452	6,048
Total Fire Department	201,379	201,593	(214)
Street Department:			
Salaries - Regular	159,518	148,019	11,499
Salaries - Overtime	19,688	16,767	2,921
Salaries - Part-time	8,235	6,039	2,196
Social Security	14,362	13,068	1,294
Unemployment Insurance	350	198	152
Worker's Compensation Insurance	12,921	13,265	(344)
Health Insurance and Other Benefits	55,330	50,539	4,791
Employee Retirement	15,952	14,721	1,231
Liability and Property Insurance	9,320	9,498	(178)
Supplies	13,000	17,902	(4,902)
Winter Maintenance	58,000	62,308	(4,308)
Pavement Maintenance	53,000	52,561	439
Gravel and Topsoil	4,000	3,243	757
Signs and Posts	7,000	5,622	1,378
Gas, Grease and Oil	13,500	16,205	(2,705)
Water and Sewer Charge	1,700	741	959
Training and Conferences	1,000	1,218	(218)
Telephone Services	1,994	1,614	380
Electrical Service	4,100	3,671	429
Street Lights	96,000	90,452	5,548

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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Street Department/Cont'd:			
Traffic Lights	\$ 3,700	\$ 3,074	\$ 626
Heating	5,300	4,303	997
Maintenance - Buildings/Grounds	3,140	2,572	568
Radio Maintenance	200	13	187
Maintenance - Other	1,000	1,161	(161)
Vehicle Maintenance - Travel	13,000	29,707	(16,707)
Streetscape Maintenance/ Improvements	7,500	9,851	(2,351)
Traffic Light Maintenance	4,000	2,463	1,537
Memorial Park	0	2,462	(2,462)
Street Markings	8,500	4,268	4,232
Uniforms, Boots, Etc.	3,000	4,357	(1,357)
Interview Costs	0	1,235	(1,235)
Rubbish Removal	4,000	3,762	238
Contract Services	5,000	3,515	1,485
Accident Claims	0	500	(500)
Equipment Rentals	2,000	1,777	223
Engineering Services	8,000	7,633	367
Traffic Calming	7,500	6,931	569
Capital Outlay	14,556	14,876	(320)
Sidewalk and Curb Maintenance	7,500	5,647	1,853
Storm Sewer Maintenance	5,500	11,361	(5,861)
Storm Sewer Permit Fees	7,800	2,683	5,117
Storm Sewer Public Education	5,000	5,000	0
Total Street Department	<u>665,166</u>	<u>656,802</u>	<u>8,364</u>
Library:			
Salaries - Regular	210,720	211,510	(790)
Salaries - Part-Time	75,157	76,015	(858)
Social Security	23,181	23,239	(58)
Unemployment Insurance	731	506	225
Workers Compensation Insurance	998	1,108	(110)
Health Insurance and Other Benefits	39,849	35,666	4,183
Retirement	21,072	20,974	98
Liability and Property Insurance	7,236	7,855	(619)
Supplies	9,600	10,213	(613)
Postage	4,500	4,722	(222)
Computer Expenses	5,540	6,496	(956)
Water and Sewer Charge	350	302	48
Training and Conferences	4,000	3,494	506
Telephone Services	2,000	1,423	577
Technology Access	2,600	2,453	147
Electrical Services	13,000	12,768	232
Heating	7,000	6,464	536
Maintenance - Building/Grounds	5,400	8,553	(3,153)
Alarm System Maintenance	440	452	(12)
Interview Costs	0	130	(130)

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, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
Library/(Cont'd):			
Contract Services	\$ 20,499	\$ 19,952	\$ 547
Adult Programs	2,000	1,592	408
Childrens Programs	3,000	3,038	(38)
Audit Service	508	507	1
Adult Collection - Print & Electronic	50,666	50,915	(249)
Juvenile Collection - Print & Electronic	25,334	25,299	35
Total Library	535,381	535,646	(265)
Planning and Zoning:			
Salaries -Regular	80,500	81,012	(512)
Salaries - Overtime	0	119	(119)
Salaries - Part Time	8,000	6,207	1,793
Social Security	7,229	7,052	177
Unemployment Insurance	267	91	176
Workers Compensation Insurance	1,052	1,065	(13)
Health Insurance and Other Benefits	22,523	21,907	616
Retirement	8,050	8,101	(51)
Liability Insurance and Property Insurance	1,242	1,456	(214)
Public Officials Liability Insurance	1,722	1,866	(144)
Boardmember Fee	3,000	2,975	25
Supplies	3,050	2,696	354
Postage	1,150	970	180
Computer Expenses	1,500	1,221	279
Training and Conferences	2,500	1,542	958
Telephone Services	250	257	(7)
Communications	2,000	2,057	(57)
Vehicle Maintenance - Travel	2,400	2,400	0
Legal Services	12,500	13,919	(1,419)
Other Professional Services	13,000	10,061	2,939
Printing and Advertising	4,000	3,101	899
Recording Fees	2,000	1,589	411
Capital Outlay	2,549	2,459	90
Total Planning and Zoning	180,484	174,123	6,361
Economic Development:			
Block Party Expense	5,000	5,000	0
Downtown Committee	5,000	2,849	2,151
Economic Development General	10,000	8,974	1,026
Tax Stabilization Expense	715	737	(22)
Total Economic Development	20,715	17,560	3,155

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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Miscellaneous Transfers and Expenditures:			
Fund Balance Transfer to Capital Reserve	\$ 0	\$ 82,000	\$ (82,000)
Rolling Stock Fund	129,100	129,100	0
Capital Reserve Fund	259,600	259,600	0
Land Acquisition Fund	25,000	25,000	0
Planning Department Grant Expenditures	0	16,726	(16,726)
Library Grant Expenditures	0	607	(607)
Fire Department Grant Expenditures	0	11,000	(11,000)
Fire Department Donation Expenditures	0	2,600	(2,600)
Street Department Grant Expenditures	0	3,838	(3,838)
Street Department Donation Expenditures	0	5,885	(5,885)
Metropolitan Planning Organization	<u>5,287</u>	<u>5,217</u>	<u>70</u>
Total Miscellaneous Transfers and Expenditures	<u>418,987</u>	<u>541,573</u>	<u>(122,586)</u>
Total Expenditures	<u>2,482,510</u>	<u>2,564,174</u>	<u>(81,664)</u>
Excess/(Deficiency) of Revenue Over Expenditures	\$ <u>0</u>	(1,233)	\$ <u>(1,233)</u>
Fund Balance - July 1, 2005		<u>240,185</u>	
Fund Balance - June 30, 2006		<u>\$ 238,952</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, 2006

	Water Fund	Sanitation Fund	Wastewater Fund	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 224,101	\$ 138,862	\$ (56,762)	\$ 306,201
Receivables (Net of Allowance for Uncollectible Accounts)	58,131	5,376	33,097	96,604
Estimated Unbilled Revenues	312,680	85,125	154,268	552,073
Due from Other Funds	0	406	0	406
Inventories	11,306	0	19,268	30,574
Other Current Assets	2,494	4,927	4,989	12,410
Total Current Assets	608,712	234,696	154,860	998,268
Noncurrent Assets:				
Capital Assets				
Land	0	0	118,077	118,077
Construction in Progress	4,689	0	0	4,689
Infrastructure	0	0	45,539	45,539
Buildings and Building Improvements	40,000	0	8,237,121	8,277,121
Vehicles, Machinery and Equipment	151,429	89,505	2,030,761	2,271,695
Transmission and Distribution Plant	7,230,995	6,121,179	0	13,352,174
Less Accumulated Depreciation	(6,215,848)	(4,555,968)	(3,852,785)	(14,624,601)
Total Noncurrent Assets	1,211,265	1,654,716	6,578,713	9,444,694
Total Assets	\$ 1,819,977	\$ 1,889,412	\$ 6,733,573	\$ 10,442,962
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 254,787	\$ 19,236	\$ 22,815	\$ 296,838
Accrued Payroll and Benefits Payable	1,815	1,962	4,741	8,518
Due to Other Funds	2,325	2,325	4,639	9,289
Total Current Liabilities	258,927	23,523	32,195	314,645
Noncurrent Liabilities				
Accrued Compensated Absences Payable	5,638	5,756	23,042	34,436
Total Noncurrent Liabilities	5,638	5,756	23,042	34,436
Total Liabilities	264,565	29,279	55,237	349,081
<u>NET ASSETS</u>				
Investment in Capital Assets, Net of Related Debt	1,211,265	1,654,716	6,578,713	9,444,694
Unrestricted	344,147	205,417	99,623	649,187
Total Net Assets	1,555,412	1,860,133	6,678,336	10,093,881
Total Liabilities and Net Assets	\$ 1,819,977	\$ 1,889,412	\$ 6,733,573	\$ 10,442,962

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, 2006

	Water Fund	Sanitation Fund	Wastewater Fund	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating Revenues:				
Charges for Services	\$ 2,223,985	\$ 302,489	\$ 1,055,291	\$ 3,581,765
Miscellaneous	<u>23,396</u>	<u>19,065</u>	<u>602</u>	<u>43,063</u>
Total Operating Revenues	<u>2,247,381</u>	<u>321,554</u>	<u>1,055,893</u>	<u>3,624,828</u>
Operating Expenses:				
Operating, Maintenance, and General and Administrative Expenses	2,194,022	307,122	958,392	3,459,536
Depreciation	<u>78,031</u>	<u>77,651</u>	<u>273,344</u>	<u>429,026</u>
Total Operating Expenses	<u>2,272,053</u>	<u>384,773</u>	<u>1,231,736</u>	<u>3,888,562</u>
Operating Income/(Loss)	<u>(24,672)</u>	<u>(63,219)</u>	<u>(175,843)</u>	<u>(263,734)</u>
Nonoperating Revenues (Expenses):				
Investment Income	5,767	3,345	483	9,595
Loss on Disposal of Equipment and Distribution Systems	<u>(8,098)</u>	<u>0</u>	<u>0</u>	<u>(8,098)</u>
Total Nonoperating Revenues (Expenses)	<u>(2,331)</u>	<u>3,345</u>	<u>483</u>	<u>1,497</u>
Change in Net Assets	(27,003)	(59,874)	(175,360)	(262,237)
Net Assets - July 1, 2005	<u>1,582,415</u>	<u>1,920,007</u>	<u>6,853,696</u>	<u>10,356,118</u>
Net Assets - June 30, 2006	\$ <u><u>1,555,412</u></u>	\$ <u><u>1,860,133</u></u>	\$ <u><u>6,678,336</u></u>	\$ <u><u>10,093,881</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, 2006

	Water Fund	Sanitation Fund	Wastewater Fund	Total
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 2,214,283	\$ 314,236	\$ 982,346	\$ 3,510,865
Receipts for Interfund Services	5,000	0	11,700	16,700
Other Receipts	0	0	602	602
Payments to Suppliers	(2,029,094)	(132,723)	(641,365)	(2,803,182)
Payments for Interfund Services	(32,000)	(16,700)	(19,500)	(68,200)
Payments for Wages and Benefits	(134,647)	(142,786)	(306,967)	(584,400)
Net Cash Provided by Operating Activities	<u>23,542</u>	<u>22,027</u>	<u>26,816</u>	<u>72,385</u>
Cash Flows From Noncapital Financing Activities:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Flows From Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(113,845)	0	(22,894)	(136,739)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(113,845)</u>	<u>0</u>	<u>(22,894)</u>	<u>(136,739)</u>
Cash Flows From Investing Activities:				
Receipt of Interest & Dividends	5,767	3,345	483	9,595
Net Cash Provided by Investing Activities	<u>5,767</u>	<u>3,345</u>	<u>483</u>	<u>9,595</u>
Net Increase/(Decrease) in Cash	(84,536)	25,372	4,405	(54,759)
Cash - July 1, 2005	<u>308,637</u>	<u>113,490</u>	<u>(61,167)</u>	<u>360,960</u>
Cash - June 30, 2006	<u>\$ 224,101</u>	<u>\$ 138,862</u>	<u>\$ (56,762)</u>	<u>\$ 306,201</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:				
Operating Income/(Loss)	(24,672)	(63,219)	(175,843)	(263,734)
Depreciation	78,031	77,651	273,344	429,026
(Increase)/Decrease in Other Receivables	82,840	39	(26,243)	56,636
(Increase)/Decrease in Unbilled Revenues	(110,937)	(6,961)	(35,002)	(152,900)
(Increase)/Decrease in Inventory	(11,306)	0	2,644	(8,662)
Increase/(Decrease) in Accounts Payable	6,912	16,872	(18,233)	5,551
Increase/(Decrease) in Other Operating Assets/Liabilities	2,674	(2,355)	6,149	6,468
Net Cash Provided by Operating Activities	<u>\$ 23,542</u>	<u>\$ 22,027</u>	<u>\$ 26,816</u>	<u>\$ 72,385</u>

Supplemental Information:

Equipment and Distribution Systems with a Cost of \$13,297 and Accumulated Depreciation of \$5,199 in the Water 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, 2006

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ <u>6,136</u>
Total Assets	<u>6,136</u>
<u>LIABILITIES</u>	
Due to Other Organizations	<u>6,136</u>
Total Liabilities	<u>6,136</u>
<u>NET ASSETS</u>	\$ <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, 2006

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, 2006

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, 2006

The Village reports on the following major proprietary funds:

Water Fund – This fund accounts for the operations of the Water Department.

Sanitation Fund – This fund accounts for the operations of the Sanitation Department.

Wastewater Fund – This fund accounts for the operations of the Wastewater Department.

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 spendable 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, 2006

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, 2006

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.

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".

4. Inventories and Prepaid Expenses

Inventory quantities are determined by physical count and are valued at the lower of cost or market. Inventories in the Proprietary Funds consist of chemicals and materials. Inventory in the General Fund consists of salt, calcium chloride and fuel.

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

Inventories and 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, 2006

5. 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
Land Improvements	\$ 5,000	10-40 Years
Buildings and Building Improvements	\$ 5,000	40 Years
Vehicles, Machinery, Equipment , Furniture and Traffic Signals	\$ 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.

6. 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.

VILLAGE OF ESSEX JUNCTION, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

7. 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.

8. 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.

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.

VILLAGE OF ESSEX JUNCTION, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

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	Elimination of Interfund Balances	Statement of Net Assets
ASSETS					
Cash	\$ 1,586,020	\$ 0	\$ 0	\$ 0	\$ 1,586,020
Receivables	24,445	0	0	0	24,445
Loans Receivable	86,704	0	0	0	86,704
Due from Other Funds	9,419	0	0	(536)	8,883
Inventories	18,821	0	0	0	18,821
Other Current Assets	19,380	0	0	0	19,380
Capital Assets	0	0	5,553,930	0	5,553,930
Total Assets	1,744,789	0	5,553,930	(536)	7,298,183
LIABILITIES					
Accounts Payable	144,846	0	0	0	144,846
Accrued Payroll and Benefits Payable	21,381	0	0	0	21,381
Accrued Compensated Absences Payable	0	62,547	0	0	62,547
Due to Other Funds	536	0	0	(536)	0
Due to Others	5,288	0	0	0	5,288
Deferred Revenue	104,703	(95,704)	0	0	8,999
Total Liabilities	276,754	(33,157)	0	(536)	243,061
NET ASSETS					
Invested in Capital Assets	0	0	5,553,930	0	5,553,930
Other	1,468,035	33,157	0	0	1,501,192
Total Net Assets	\$ 1,468,035	\$ 33,157	\$ 5,553,930	\$ 0	\$ 7,055,122

VILLAGE OF ESSEX JUNCTION, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

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	Reclassifications and Elimination of Interfund Activity	Statement of Activities
REVENUES					
Taxes	\$ 2,220,257	\$ 3,000	\$ 0	\$ 0	\$ 2,223,257
Penalties and Interest	4,411	0	0	0	4,411
Intergovernmental Revenues	209,363	(7,140)	0	(202,223)	0
Contributions	98,900	0	0	(98,900)	0
Charges for Services	99,348	0	0	(19,949)	79,399
Investment Income	52,677	0	0	0	52,677
Fines and Forfeits	2,931	0	0	(2,931)	0
Licenses and Permits	31,751	0	0	(31,751)	0
Other Revenues	6,907	0	0	(6,907)	0
Sale of Equipment	500	0	0	0	500
Operating Grants and Contributions	0	0	0	162,200	162,200
Capital Grants and Contributions	0	0	0	138,921	138,921
Other Revenues	0	0	0	5,040	5,040
Transfers from Other Funds	500,719	0	0	(500,719)	0
Total Revenues	3,227,764	(4,140)	0	(557,219)	2,666,405
EXPENDITURES					
General Government	619,146	1,177	12,762	(56,500)	576,585
Public Safety	198,187	0	68,790	0	266,977
Public Works	611,946	3,917	147,725	0	763,588
Community Development	34,128	0	54	0	34,182
Culture and Recreation	506,798	2,418	120,049	0	629,265
Capital Expenditures	533,313	0	(533,313)	0	0
Transfers to Other Funds	500,719	0	0	(500,719)	0
Total Expenditures	3,004,237	7,512	(183,933)	(557,219)	2,270,597
Net Change for the Year	\$ 223,527	\$ (11,652)	\$ 183,933	\$ 0	\$ 395,808

VILLAGE OF ESSEX JUNCTION, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

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. This year the budget was amended by the passing of a motion to add \$15,000 to the budget and direct this money to the library budget.

Enterprise fund budgets are approved by the Trustees.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2006, expenditures in the General Fund exceeded appropriations by \$81,664. These overexpenditures were funded by additional unanticipated revenues and available fund balance.

C. 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 - Schedule 8 - Budgetary Basis	\$ 28,349
Adjustments:	
Purchase of Equipment	1,851
Capital Reserve Fund Transfer	23,150
Interest Earned on Capital Reserve Fund	5,776
Loss on Disposal of Equipment	(8,098)
Depreciation	<u>(78,031)</u>
Change in Net Assets – Exhibit H	\$ <u>(27,003)</u>

VILLAGE OF ESSEX JUNCTION, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

Sanitation Fund

Net Income - Schedule 9 - Budgetary Basis	\$ 6,819
Adjustments	
Interest Earned on Capital Reserve Fund	3,744
Capital Reserve Fund Transfer	110,000
Capital Project – TV Lines Evaluation	(102,786)
Depreciation	<u>(77,651)</u>
Change in Net Assets – Exhibit H	\$ <u>(59,874)</u>

Wastewater Fund

Net Income - Schedule 10 - Budgetary Basis	\$ 56,789
Adjustments:	
Purchases of Equipment	1,016
Capital Reserve Fund Transfer	50,000
Interest Earned on Capital Reserve Fund	483
Capital Project – Aeration System Membrane Maint.	(10,304)
Depreciation	<u>(273,344)</u>
Change in Net Assets – Exhibit H	\$ <u>(175,360)</u>

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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.

VILLAGE OF ESSEX JUNCTION, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Village's policy only allows deposits in bank's that are FDIC insured and agree to collateralize amounts in excess of FDIC limits.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$ 189,416	\$ 189,416
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	1,708,716	1,777,791
Petty Cash	225	0
	<u>\$ 1,898,357</u>	<u>\$ 1,967,207</u>

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

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. As of June 30, 2006, the Village is not exposed to interest rate risk.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Village's policy does not allow investment in securities that are subject to credit risk unless issued by the Federal Government. As of June 30, 2006, the Village is not exposed to credit risk.

Concentration of Credit Risk

The Village has no limit on the amount that they may invest with any one issuer.

VILLAGE OF ESSEX JUNCTION, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

B. Receivables

Receivables at June 30, 2006, as reported in the statement of net assets, net of applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities	Total
Current Taxes	\$ 6,662	\$ 0	\$ 6,662
Delinquent Taxes	2,259	0	2,259
Penalties and Interest	1,496	817	2,313
Billed Services	7,412	68,754	76,166
Unbilled Services	0	552,073	552,073
Grants	7,326	0	7,326
Other Governments	0	26,993	26,993
Miscellaneous	290	40	330
Allowance for Doubtful Accounts	(1,000)	0	(1,000)
	<u>\$ 24,445</u>	<u>\$ 648,677</u>	<u>\$ 673,122</u>

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 nd Position on Building	\$ <u>260,000</u>
Total Note Receivable	260,000
Discount on Note Receivable	<u>(173,296)</u>
Net Note Receivable	\$ <u>86,704</u>

VILLAGE OF ESSEX JUNCTION, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

D. Capital Assets

Capital asset activity for the year ended June 30, 2006, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 55,742	\$ 0	\$ 0	\$ 55,742
Construction in Progress	137,833	160,124	70,811	227,146
Antiques and Works of Art	12,000	0	0	12,000
Total Capital Assets, Not Being Depreciated	<u>205,575</u>	<u>160,124</u>	<u>70,811</u>	<u>294,888</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,504,939	0	0	1,504,939
Vehicles, Machinery, Equipment, Furniture, and Traffic Signals	3,007,903	42,016	20,457	3,029,462
Library Books	748,007	78,238	55,629	770,616
Land Improvements	0	208,090	0	208,090
Roads, Curbs, Sidewalks and Storm Sewers	2,122,728	115,656	0	2,238,384
Totals	<u>7,383,577</u>	<u>444,000</u>	<u>76,086</u>	<u>7,751,491</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	307,838	36,126	0	343,964
Vehicles, Machinery, Equipment, Furniture, and Traffic Signals	1,302,957	188,499	19,518	1,471,938
Library Books	503,174	66,541	0	569,715
Land Improvements	0	1,275	0	1,275
Roads, Curbs, Sidewalks and Storm Sewers	105,186	56,000	55,629	105,557
Totals	<u>2,219,155</u>	<u>348,441</u>	<u>75,147</u>	<u>2,492,449</u>
Total Capital Assets, Being Depreciated	<u>5,164,422</u>	<u>95,559</u>	<u>939</u>	<u>5,259,042</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,369,997</u>	<u>\$ 255,683</u>	<u>\$ 71,750</u>	<u>\$ 5,553,930</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 118,077	\$ 0	\$ 0	\$ 118,077
Construction in Progress	7,075	4,689	7,075	4,689
Total Capital Assets, Not Being Depreciated	<u>125,152</u>	<u>4,689</u>	<u>7,075</u>	<u>122,766</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	8,277,121	0	0	8,277,121
Vehicles, Machinery, Equipment and Furniture	2,258,645	24,745	11,697	2,271,693
Infrastructure	45,539	0	0	45,539
Distribution and Collection Systems	13,239,396	114,380	1,600	13,352,176
Totals	<u>23,820,701</u>	<u>139,125</u>	<u>13,297</u>	<u>23,946,529</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	3,091,084	164,742	0	3,255,826
Vehicles, Machinery, Equipment and Furniture	661,282	117,835	4,753	774,364
Infrastructure	1,138	2,277	0	3,415
Distribution and Collection Systems	10,447,270	144,172	446	10,590,996
Totals	<u>14,200,774</u>	<u>429,026</u>	<u>5,199</u>	<u>14,624,601</u>
Total Capital Assets, Being Depreciated	<u>9,619,927</u>	<u>(289,901)</u>	<u>8,098</u>	<u>9,321,928</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,745,079</u>	<u>\$ (285,212)</u>	<u>\$ 15,173</u>	<u>\$ 9,444,694</u>

VILLAGE OF ESSEX JUNCTION, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

Depreciation was charged as follows:

Governmental Activities:		Business - Type Activities:	
General Government	\$ 12,660	Water	\$ 78,031
Public Safety	68,790	Sanitation	77,651
Community Development	54	Wastewater	<u>273,344</u>
Public Works	147,180		
Culture and Recreation	<u>119,757</u>		
Total Depreciation Expense - Governmental	\$ <u>348,441</u>	Total Depreciation Expense - Business-Type Activities	\$ <u>429,026</u>

E. Interfund Balances and Activity

The composition of interfund balances at June 30, 2006, is as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 9,419	\$ 406
Block Party Fund	0	130
Water Fund	0	2,325
Sanitation Fund	406	2,325
Wastewater Fund	<u>0</u>	<u>4,639</u>
Total	\$ <u>9,825</u>	\$ <u>9,825</u>

The Interfund transfers for the year ended June 30, 2006, 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	129,100	Rolling Stock Reserve Fund	129,100
3) General Fund	259,600	Capital Reserve Fund	259,600
4) General Fund	82,000	Capital Reserve Fund	82,000
5) General Fund	25,000	Land Acquisition Fund	25,000
6) Brownell Library Trust Fund	<u>19</u>	Library Fund	<u>19</u>
Total	\$ <u>500,719</u>		\$ <u>500,719</u>

VILLAGE OF ESSEX JUNCTION, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

Purpose

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

F. Deferred Revenue

Deferred Revenue in the General Fund consists of \$9,000 of delinquent property taxes and penalty and interest on those taxes and \$5,225 of grants and fees received in advance for fiscal year 2007. Total Deferred Revenue in the General Fund is \$14,225.

Deferred Revenue in the Whitcomb Terrace Loan Fund consists of \$86,704 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 \$3,774 of unspent grant money received in advance. This revenue will be earned when grant expenditures are incurred.

G. Reserved and Designated Governmental Fund Balances

The Reserved and Designated Governmental Fund Balances of the Village as of June 30, 2006 consisted of the following:

Reserved:

General Fund

Reserved for Prepaid Expenses and Inventory	\$ 38,001
---	-----------

Special Revenue Funds

Reserved for Block Party Fund Prepaid Expenses	200
Reserved for Vermont Public Library Grant	
Fund by Grant Agreement	<u>12</u>
Total Reserved Fund Balances	<u>\$ 38,213</u>

VILLAGE OF ESSEX JUNCTION, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

Designated Governmental Fund Balances:

Special Revenue Funds

Designated for Library Expenses	\$ 568
Designated for Engineering Expenses	9,478
Designated for Block Party Expenses	5,316
Designated for Veterans Memorial Park Expenses	<u>32</u>
Total Special Revenue Funds	<u>15,394</u>

Capital Projects Funds

Designated for Future Capital Projects	154,162
Designated for Marvin Heights Sidewalks & Curb	309,800
Designated for Taft Street Engineering	17,594
Designated for Stormwater Compliance	49,978
Designated for Rolling Stock	407,269
Designated for Land Acquisition	<u>274,674</u>
Total Capital Projects Funds	<u>1,213,477</u>
Total Designated Governmental Fund Balances	<u>\$ 1,228,871</u>

H. Restricted and Designated Proprietary Net Assets

The Village does not have any restricted proprietary net assets as of June 30, 2006.

The designated proprietary net assets of the Village as of June 30, 2006 consisted of the following:

Water Fund

Designated for Water Fund Expenditures	\$ 59,537
Designated for Water Fund Capital Expenditures	<u>284,610</u>
Total Water Fund	<u>344,147</u>

Sanitation Fund

Designated for Sanitation Fund Expenditures	46,727
Designated for Sanitation Fund Capital Expenditures	<u>158,690</u>
Total Sanitation Fund	<u>205,417</u>

VILLAGE OF ESSEX JUNCTION, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

Wastewater Fund

Designated for Wastewater Fund Expenditures	\$ 75,744
Designated for Wastewater Fund Capital Expenditures	<u>23,879</u>
Total Wastewater Fund	<u>99,623</u>
Total Designated Proprietary Net Assets	\$ <u>649,187</u>

V. OTHER INFORMATION

A. BENEFIT PLANS

The Village offers a 401(a) pension plan to all full time employees 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 \$1,273,654 while the covered payroll was \$1,008,110. Pension expenses for the years ended June 30, 2006, 2005 and 2004 were \$100,811, \$95,472, and \$93,183 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, 2006 was \$286,284.

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, 2006, the Village received 40.9% 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, 2006. The Village incurred \$1,983,109 in expenses to CWD.

VILLAGE OF ESSEX JUNCTION, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

C. PROPERTY TAXES

The Village is responsible for assessing and collecting its own property taxes, as well as education taxes for the State 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, 2006, taxes became due and payable on September 15, 2005 and March 15, 2006. 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 fiscal year 2006 are as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Village	.2836	.2836
Education	2.2875	2.1148
Recreation Tax	<u>.1021</u>	<u>.1021</u>
Total	<u>\$2.6732</u>	<u>\$2.5005</u>

D. 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
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

E. 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.

VILLAGE OF ESSEX JUNCTION, VERMONT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2006

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Brownell Library Trust Fund	Total
<u>ASSETS</u>				
Cash	\$ 20,407	\$ 681,943	\$ 0	\$ 702,350
Accounts Receivable	2,077	0	0	2,077
Prepaid Expenses	200	0	0	200
	<u>22,684</u>	<u>681,943</u>	<u>0</u>	<u>704,627</u>
Total Assets	\$ 22,684	\$ 681,943	\$ 0	\$ 704,627
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts and Contracts Payable	\$ 3,057	\$ 0	\$ 0	\$ 3,057
Accrued Payroll and Benefits Payable	117	0	0	117
Due to Other Funds	130	0	0	130
Deferred Revenue	3,774	0	0	3,774
	<u>7,078</u>	<u>0</u>	<u>0</u>	<u>7,078</u>
Total Liabilities	7,078	0	0	7,078
Fund Balances:				
Reserved for:				
Restricted Purposes	12	0	0	12
Prepaid Expenses	200	0	0	200
Unreserved:				
Designated	15,394	681,943	0	697,337
	<u>15,606</u>	<u>681,943</u>	<u>0</u>	<u>697,549</u>
Total Fund Balances	15,606	681,943	0	697,549
Total Liabilities and Fund Balances	\$ 22,684	\$ 681,943	\$ 0	\$ 704,627

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, 2006

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Brownell Library Trust Fund	Total
Revenues:				
Intergovernmental Revenues	\$ 12,403	\$ 0	\$ 0	\$ 12,403
Charges for Services	7,267	0	0	7,267
Interest	423	21,481	71	21,975
Contributions	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>2,000</u>
Total Revenues	<u>22,093</u>	<u>21,481</u>	<u>71</u>	<u>43,645</u>
Expenditures:				
Current Expenditures				
General Government	10,637	0	0	10,637
Culture & Recreation	22,728	0	10,081	32,809
Capital Expenditures				
Culture & Recreation	<u>4,495</u>	<u>0</u>	<u>0</u>	<u>4,495</u>
Total Expenditures	<u>37,860</u>	<u>0</u>	<u>10,081</u>	<u>47,941</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(15,767)</u>	<u>21,481</u>	<u>(10,010)</u>	<u>(4,296)</u>
Other Financing Sources/(Uses):				
Transfers in	5,019	154,100	0	159,119
Transfers out	<u>0</u>	<u>0</u>	<u>(19)</u>	<u>(19)</u>
Total Other Financing Sources/(Uses)	<u>5,019</u>	<u>154,100</u>	<u>(19)</u>	<u>159,100</u>
Net Change in Fund Balances	(10,748)	175,581	(10,029)	154,804
Fund Balances - July 1, 2005	<u>26,354</u>	<u>506,362</u>	<u>10,029</u>	<u>542,745</u>
Fund Balances - June 30, 2006	<u>\$ 15,606</u>	<u>\$ 681,943</u>	<u>\$ 0</u>	<u>\$ 697,549</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, 2006

	Library Fund	Engineering Fees Fund	Vermont Public Library Grant Fund	Block Party Fund	Veterans Memorial Park Fund	Total
<u>ASSETS</u>						
Cash	\$ 1,029	\$ 9,846	\$ 3,903	\$ 5,597	\$ 32	\$ 20,407
Accounts Receivable	0	2,077	0	0	0	2,077
Prepaid Expenses	0	0	0	200	0	200
TOTAL ASSETS	<u>\$ 1,029</u>	<u>\$ 11,923</u>	<u>\$ 3,903</u>	<u>\$ 5,797</u>	<u>\$ 32</u>	<u>\$ 22,684</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts Payable	\$ 461	\$ 2,445	\$ 0	\$ 151	\$ 0	\$ 3,057
Accrued Payroll and Benefits Payable	0	0	117	0	0	117
Due to Other Funds	0	0	0	130	0	130
Deferred Revenue	0	0	3,774	0	0	3,774
Total Liabilities	<u>461</u>	<u>2,445</u>	<u>3,891</u>	<u>281</u>	<u>0</u>	<u>7,078</u>
Fund Balances:						
Reserved For:						
Restricted Purposes	0	0	12	0	0	12
Prepaid Expenses	0	0	0	200	0	200
Unreserved:						
Designated	<u>568</u>	<u>9,478</u>	<u>0</u>	<u>5,316</u>	<u>32</u>	<u>15,394</u>
Total Fund Balances	<u>568</u>	<u>9,478</u>	<u>12</u>	<u>5,516</u>	<u>32</u>	<u>15,606</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,029</u>	<u>\$ 11,923</u>	<u>\$ 3,903</u>	<u>\$ 5,797</u>	<u>\$ 32</u>	<u>\$ 22,684</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, 2006

	Library Fund	Engineering Fees Fund	Vermont Public Library Grant Fund	Block Party Fund	Veterans Memorial Park Fund	Total
Revenue:						
Book Income	\$ 3,048	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,048
Grant Revenue	0	0	12,403	0	0	12,403
Contributions	0	0	0	2,000	0	2,000
Memorial Park Revenue	0	0	0	0	50	50
Engineering Fees	0	4,169	0	0	0	4,169
Investment Income	42	278	0	102	1	423
Total Revenue	3,090	4,447	12,403	2,102	51	22,093
Expenditures:						
Library Expenses	8,735	0	12,403	0	0	21,138
Memorial Park Expenses	0	0	0	0	19	19
Block Party Expenses	0	0	0	6,066	0	6,066
Engineering Expenses	0	10,637	0	0	0	10,637
Total Expenditures	8,735	10,637	12,403	6,066	19	37,860
Excess/(Deficiency) of Revenue Over Expenditures	(5,645)	(6,190)	0	(3,964)	32	(15,767)
Other Financing Sources:						
Transfers In	19	0	0	5,000	0	5,019
Total Other Financing Sources	19	0	0	5,000	0	5,019
Net Change in Fund Balances	(5,626)	(6,190)	0	1,036	32	(10,748)
Fund Balance - July 1, 2005	6,194	15,668	12	4,480	0	26,354
Fund Balance - June 30, 2006	\$ 568	\$ 9,478	\$ 12	\$ 5,516	\$ 32	\$ 15,606

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

VILLAGE OF ESSEX JUNCTION, VERMONT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2006

	Rolling Stock Reserve Fund	Land Acquisition Fund	Total
<u>ASSETS</u>			
Cash	\$ <u>407,269</u>	\$ <u>274,674</u>	\$ <u>681,943</u>
TOTAL ASSETS	\$ <u><u>407,269</u></u>	\$ <u><u>274,674</u></u>	\$ <u><u>681,943</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances:			
Unreserved - Designated	<u>407,269</u>	<u>274,674</u>	<u>681,943</u>
Total Fund Balances	<u>407,269</u>	<u>274,674</u>	<u>681,943</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u><u>407,269</u></u>	\$ <u><u>274,674</u></u>	\$ <u><u>681,943</u></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
 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

	Rolling Stock Reserve Fund	Land Acquisition Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Revenue:			
Interest Earnings	\$ 11,735	\$ 9,746	\$ 21,481
	<u>11,735</u>	<u>9,746</u>	<u>21,481</u>
Total Revenue			
	<u>11,735</u>	<u>9,746</u>	<u>21,481</u>
Expenditures:	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenue Over Expenditures	<u>11,735</u>	<u>9,746</u>	<u>21,481</u>
Other Financing Sources:			
Transfers In	<u>129,100</u>	<u>25,000</u>	<u>154,100</u>
Total Other Financing Sources	<u>129,100</u>	<u>25,000</u>	<u>154,100</u>
Net Change in Fund Balances	140,835	34,746	175,581
Fund Balance - July 1, 2005	<u>266,434</u>	<u>239,928</u>	<u>506,362</u>
Fund Balance - June 30, 2006	<u>\$ 407,269</u>	<u>\$ 274,674</u>	<u>\$ 681,943</u>

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

VILLAGE OF ESSEX JUNCTION, VERMONT
 COMBINING STATEMENT OF NET ASSETS
 FIDUCIARY FUNDS - AGENCY FUNDS
 JUNE 30, 2006

	Exposition Noise Escrow Account Fund	School Impact Fees Fund	Total
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash	\$ <u>2,051</u>	\$ <u>4,085</u>	\$ <u>6,136</u>
Total Assets	\$ <u><u>2,051</u></u>	\$ <u><u>4,085</u></u>	\$ <u><u>6,136</u></u>
<u>LIABILITIES</u>			
Due to Other Organizations	\$ <u>2,051</u>	\$ <u>4,085</u>	\$ <u>6,136</u>
Total Liabilities	<u>2,051</u>	<u>4,085</u>	<u>6,136</u>
<u>NET ASSETS</u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></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, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Water Sales - Village	\$ 501,772	\$ 508,723	\$ 6,951
Water Sales - IBM	1,647,464	1,629,710	(17,754)
Water Sales - IBM Fixed Charge	30,000	30,000	0
Water Sales - IBM Vermont Tax	43,180	42,789	(391)
IBM Share - Unaccounted Water	8,629	7,763	(866)
Hydrant Rentals	5,000	5,000	0
Penalties	2,500	2,751	251
Miscellaneous	26,300	20,645	(5,655)
Interest Income	1,200	(9)	(1,209)
Total Revenue	<u>2,266,045</u>	<u>2,247,372</u>	<u>(18,673)</u>
Expenses:			
Salaries - Regular	74,905	77,514	(2,609)
Salaries - Overtime	12,703	10,924	1,779
Salaries - Part-time	3,018	2,118	900
Social Security	6,933	6,710	223
Unemployment Insurance	217	87	130
Workers Compensation Insurance	3,088	3,218	(130)
Health Insurance and Other Benefits	33,833	29,416	4,417
Retirement	7,490	7,492	(2)
Liability and Property Insurance	2,082	2,289	(207)
Supplies	5,000	5,034	(34)
Postage	600	570	30
Gas, Oil and Grease	1,100	2,196	(1,096)
Meters and Parts	11,000	540	10,460
Distribution Materials	6,000	4,587	1,413
Computer Expenses	1,500	337	1,163
Water & Sewer Charges	200	134	66
Training and Conferences	1,000	1,487	(487)
Electrical Service	700	450	250
Heat	2,500	2,553	(53)
Maintenance - Other	800	1,232	(432)
Water Line Maintenance - Breaks	15,000	11,434	3,566
Uniforms and Boots	1,000	1,081	(81)
Contract Services	32,000	32,000	0
Other Professional Services	3,000	1,304	1,696
Audit Services	2,398	2,048	350
Water Purchases - Village	310,545	302,663	7,882
Water Purchases - IBM	1,647,464	1,629,710	17,754
Printing and Advertising	1,500	1,546	(46)
Transfer to Capital Reserve	23,150	23,150	0
Capital Outlay	4,000	4,463	(463)
State Water Tax - Village	8,139	7,947	192
State Water Tax - IBM	43,180	42,789	391
Total Expenses	<u>2,266,045</u>	<u>2,219,023</u>	<u>47,022</u>
Net Income	\$ <u>0</u>	\$ <u>28,349</u>	\$ <u>28,349</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, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Sanitation Billing	\$ 281,257	\$ 288,034	\$ 6,777
Sanitation Penalty	2,000	1,465	(535)
Essex Pump Station Fees	16,507	14,455	(2,052)
Interest Earnings	200	0	(200)
Miscellaneous	50,400	17,600	(32,800)
Total Revenue	350,364	321,554	(28,810)
Expenses:			
Salaries - Regular	78,513	79,107	(594)
Salaries - Overtime	13,243	11,683	1,560
Salaries - Part Time	4,485	2,978	1,507
Social Security	7,380	7,140	240
Unemployment Insurance	217	96	121
Workers Compensation Insurance	3,766	3,884	(118)
Health Insurance and Other Benefits	34,433	30,456	3,977
Retirement	7,851	7,839	12
Liability and Property Insurance	3,418	4,205	(787)
Interest Expense	0	400	(400)
Supplies	4,000	709	3,291
Postage	1,200	1,140	60
Gas, Grease and Oil	550	1,211	(661)
Computer Expenses	1,684	673	1,011
Training and Conferences	500	1,470	(970)
Shared Pump Station Alarm	264	251	13
Electrical Service	6,000	4,939	1,061
Shared Pump Station Utilities	9,100	9,793	(693)
Maintenance - Other	2,500	153	2,347
Pump Station Maintenance	2,000	1,597	403
Sanitation Lines Maintenance	18,500	10,298	8,202
Shared Pump Station Maintenance Supplies	4,000	1,068	2,932
Uniforms, Boots, Etc.	1,000	1,186	(186)
Interview Costs	0	137	(137)
Contractual Services	16,700	16,700	0
Right-Of-Way Agreements	5,036	2,157	2,879
Sanitation Line Backup Cleaning	0	1,169	(1,169)
Other Professional Services	3,000	1,272	1,728
Audit Services	1,025	1,024	1
Capital Reserve Fund Contributions	110,000	110,000	0
Capital Outlay	9,999	0	9,999
Total Expenses	350,364	314,735	35,629
Net Income	\$ 0	\$ 6,819	\$ 6,819

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, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Village User Charges	\$ 257,406	\$ 269,025	\$ 11,619
Village User Penalties	1,200	1,341	141
Wastewater Charge - Essex	276,186	305,892	29,706
Wastewater Charge - Williston	311,822	329,008	17,186
Pump Station Maintenance Fee	11,700	11,700	0
Sewer Capacity Lease	14,307	14,502	195
Village Septage Discharge Income	18,000	71,209	53,209
Shared Septage Revenue	9,000	35,073	26,073
Village Leachate Revenues	12,000	11,750	(250)
Shared Leachate Revenues	6,000	5,791	(209)
Miscellaneous	0	602	602
Total Revenue	917,621	1,055,893	138,272
Expenses:			
Salaries - Regular	183,500	188,450	(4,950)
Salaries - Overtime	24,384	21,216	3,168
Salaries - Part-Time	7,135	5,096	2,039
Social Security	16,495	16,028	467
Unemployment Insurance	360	181	179
Workers Compensation Insurance	7,525	7,246	279
Health Insurance and Other Benefits	64,334	59,081	5,253
Retirement	18,350	18,286	64
Liability and Property Insurance	12,700	12,804	(104)
Interest Expense	2,000	3,420	(1,420)
Supplies	14,000	12,850	1,150
Chemicals	99,000	122,967	(23,967)
Gas, Grease and Oil	2,800	3,764	(964)
Water and Sewer Charge	1,000	571	429
Training and Conferences	3,500	2,237	1,263
Telephone Services	2,000	1,525	475
Electrical Service	82,000	92,838	(10,838)
Heating	7,000	2,833	4,167
Maintenance - Other	40,140	80,637	(40,497)
Vehicles Maintenance - Travel	5,500	3,882	1,618
Uniforms, Boots, Etc.	3,000	3,250	(250)
Interview Costs	0	137	(137)
Contract Laboratory Service	6,500	7,767	(1,267)
Contract Services	19,500	19,500	0
Grit Disposal	5,500	9,468	(3,968)
Sludge Dewatering	100,000	117,425	(17,425)
Sludge Management	130,000	126,718	3,282
Other Professional Services	5,000	5,521	(521)
Audit Services	2,398	2,396	2
Capital Reserve Fund Contributions	50,000	50,000	0
Capital Outlay	2,000	1,010	990
Total Expenses	917,621	999,104	(81,483)
Net Income	\$ 0	\$ 56,789	\$ 56,789

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