

**VILLAGE OF ESSEX JUNCTION, VERMONT**

**AUDIT REPORT**

**JUNE 30, 2007**

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, 2007, 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.

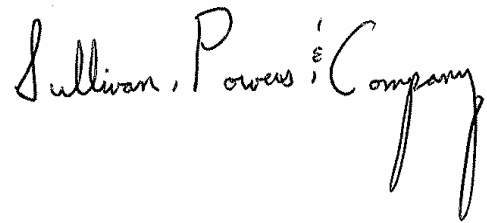
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, 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, 2007 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 budgetary 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.

February 13, 2008  
Montpelier, Vermont  
Vt Lic. #92-000180

A handwritten signature in cursive script that reads "Sullivan, Powers & Company". The signature is written in dark ink and is positioned to the right of the date and location information.

## 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, 2007.

### ***Financial Highlights***

- Assets exceeded liabilities on June 30, 2007 by \$19,362,076 (*net assets*). Of this amount, \$2,374,118 (*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 \$2,213,073. Of this amount, net assets attributable to governmental activities increased by \$1,772,767. Net assets attributable to business-type activities increased by \$440,306.
- Fund balances of governmental funds decreased by \$93,914 in fiscal FY07. The General Fund had \$207,567 of unreserved, undesignated fund balance at 6/30/07. This is equal to 7.6% of the approved FY08 General Fund Budget. As of 6/30/06 the General Fund had \$200,951 of unreserved, undesignated fund balance. The increase is the result of a decrease in the reserved fund balance due to inventory and prepaid 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 balances 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	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
Current and Other Assets	\$2,023,382	\$1,744,253	\$1,119,198	\$988,979	\$3,142,580	\$2,733,232
Capital Assets	<u>\$7,174,280</u>	<u>\$5,553,930</u>	<u>\$9,723,506</u>	<u>\$9,444,694</u>	<u>\$16,897,786</u>	<u>\$14,998,624</u>
Total Assets	\$9,197,662	\$7,298,183	\$10,842,704	\$10,433,673	\$20,040,366	\$17,731,856
Current Liabilities	\$317,608	\$180,514	\$269,570	\$305,356	\$587,178	\$485,870
Long-term Liabilities	<u>\$52,165</u>	<u>\$62,547</u>	<u>\$38,947</u>	<u>\$34,436</u>	<u>\$91,112</u>	<u>\$96,983</u>
Total Liabilities	\$369,773	\$243,061	\$308,517	\$339,792	\$678,290	\$582,853
Net Assets						
Invested in capital assets, net of						
Related Debt	\$7,174,280	\$5,553,930	\$9,723,506	\$9,444,694	\$16,897,786	\$14,998,624
Restricted	\$90,172	\$86,716	\$0	\$0	\$90,172	\$86,716
Unrestricted	<u>\$1,563,437</u>	<u>\$1,414,476</u>	<u>\$810,681</u>	<u>\$649,187</u>	<u>\$2,374,118</u>	<u>\$2,063,663</u>
Total Net Assets	<u>\$8,827,889</u>	<u>\$7,055,122</u>	<u>\$10,534,187</u>	<u>\$10,093,881</u>	<u>\$19,362,076</u>	<u>\$17,149,003</u>

As stated above, net assets exceeded liabilities by \$19,362,076 at the end of fiscal year 2007. Net assets at the end of fiscal year 2006 exceeded liabilities by \$17,149,003.

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 (\$2,374,119) 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	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
Revenues						
Program Revenues						
Charges for services	\$90,414	\$79,399	\$3,740,474	\$3,624,828	\$3,830,888	\$3,704,227
Operating grants and contributions	\$148,703	\$162,200	\$0	\$0	\$148,703	\$162,200
Capital grants and contributions	\$1,441,326	\$138,921	\$563,627	\$0	\$2,004,953	\$138,921
General Revenues						
Property taxes	\$2,352,660	\$2,221,376	\$0	\$0	\$2,352,660	\$2,221,376
Unrestricted investment earnings	\$75,114	\$52,677	\$16,239	\$9,595	\$91,353	\$62,272
Gain on sale of capital	\$0	\$500	\$0	\$0	\$0	\$500
Other revenues	\$15,427	\$11,332	\$0	\$0	\$15,427	\$11,332
Total Revenues	\$4,123,644	\$2,666,405	\$4,320,340	\$3,634,423	\$8,443,984	\$6,300,828
Expenses						
Governmental activities						
General Government	\$630,401	\$576,585	\$0	\$0	\$630,401	\$576,585
Public Safety	\$271,391	\$266,977	\$0	\$0	\$271,391	\$266,977
Public Works	\$799,058	\$763,588	\$0	\$0	\$799,058	\$763,588
Community Development	\$2,925	\$34,182	\$0	\$0	\$2,925	\$34,182
Culture and Recreation	\$647,102	\$629,265	\$0	\$0	\$647,102	\$629,265
Business-type activities						
Water	\$0	\$0	\$2,321,425	\$2,280,151	\$2,321,425	\$2,280,151
Sanitation	\$0	\$0	\$303,124	\$384,773	\$303,124	\$384,773
Wastewater	\$0	\$0	\$1,255,485	\$1,231,736	\$1,255,485	\$1,231,736
Total Expenses	\$2,350,877	\$2,270,597	\$3,880,034	\$3,896,660	\$6,230,911	\$6,167,257
Change in net assets	\$1,772,767	\$395,808	\$440,306	(\$262,237)	\$2,213,073	\$133,571
Net assets - Beginning of Year	\$7,055,122	\$6,659,314	\$10,093,881	\$10,356,118	\$17,149,003	\$17,015,432
Net assets - End of Year	\$8,827,889	\$7,055,122	\$10,534,187	\$10,093,881	\$19,362,076	\$17,149,003

At the end of FY07 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 \$1,772,767 in FY07. Expenditures exceeded revenues by \$93,914 while at the same time the Village added \$1,863,359 of new assets to its inventory of capital assets net of current year's depreciation. Major capital assets added in FY07 included Marvin Heights sidewalk and curb replacement and acceptance of new roads in Riversedge and Whitcomb Heights II subdivisions. After taking into consideration the adjustments from Governmental fund reporting to Government-wide reporting, this resulted in the increase of \$1,772,767 in net assets.



**Business-type activities.** Business-type activities increased the Village's net assets by \$440,306.

The Water Fund had a budgetary income of \$7,821 and a GAAP basis net loss of \$19,263. Budgetary information does not include capital projects costs or depreciation expense. The small budgetary income came from lower than anticipated water purchased from the Champlain Water District and significantly lower than anticipated water break maintenance coupled with lower than expected water sales to residents. Water sales and purchases were affected by a rainy summer in 2006. Unrestricted Net Assets (resources available to meet future obligations) increased by \$54,289 in FY07. Engineering continued on the Pearl Street water line replacement. New water lines from Riversedge and Whitcomb Heights II subdivisions were accepted by the Village and added to the Capital Asset inventory of the Water Fund.

The Sanitation Fund had a budgetary gain of \$176 and a GAAP basis net income of \$31,435. As in the Water Fund, sales to Village residents were lower than anticipated due to a wet summer in 2006. Because of the low sales, the budgeted transfer to the Sanitation Capital Reserve was reduced by \$30,000. The GAAP basis income is due primarily to the capitalization of new equipment. New sewer lines from Riversedge and Whitcomb Heights II subdivisions were accepted by the Village and added to the Capital Asset inventory of the Sanitation Fund. Unrestricted Net Assets increased by \$29,779 in FY07.

The Wastewater Treatment Fund had a budgetary gain of \$61,497 and a GAAP basis loss of \$135,493. The GAAP basis loss is due primarily to depreciation. 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 \$74,346 but revenues were higher than anticipated by \$135,843. The main areas of over spending were chemicals, salaries and plant maintenance. Some of the over-spending is directly related to the increased septage revenue. The capital project completed was the installation of Secondary Clarifier Support Bearings. The Wastewater Treatment Fund also replaced its pickup truck in FY07. Unrestricted Net Assets increased by \$77,426 in FY07.

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

#### **The General Fund**

The General Fund fund balance decreased slightly from \$238,952 at the end of fiscal year 2006 to \$238,391 at the end of fiscal year 2007. This decrease resulted from a transfer of \$66,000 to the Capital Reserve Fund that was authorized by vote of the Village Trustees combined with a net income from other items in the General Fund of \$65,439. This net income can be attributed to the following:

- Excluding grants and donations received and expended in FY07, revenues were higher than budgeted by \$34,480. This revenue surplus consists of higher than anticipated state highway aid, license and zoning fees, excavation permits, investment interest, and an unanticipated award of \$3,868 from VLCT for participation in their Leader program.
- Expenditures excluding those for grants and donations received in FY 07 and transfers to the Capital Reserve Fund were \$30,960 less than budgeted. Major contributions to this amount were:
  - A) Under-spending in the Administration Department by about \$8,000. The resignation of the Village Manager in April of 2007 resulted in surpluses in salaries and benefits and training line items.

- B) Street Department was under-spent by about \$13,000. Although the contract services line item was overspent by more than \$16,000 due to the Valentines Day blizzard, other line items such as salaries and benefits were under-spent due to a change in allocation of the Public Works Superintendent's and the Water Quality Superintendent's time in addition to the loss mid year of a full time employee who was not replaced until FY08.
- C) The Brownell Library had a surplus of about \$2,500 due to a number of different line items.
- D) The Planning Department budget was under-spent by about \$2,800. A large over-expenditure in the legal line item was balanced by an under-expenditure of Other Professional Services..
- E) Economic Development was under-spent by about \$4,000 due to less than budgeted general Economic Development activity.
- F) Grants and donations received and expended were: State of Vermont Local Implementation Fund grant of \$10,337, Homeland Security Grant of \$13,458, and Library grants of \$780.

### **Capital Reserve Fund**

The Capital Reserve Fund had fund balance of \$531,534 as of June 30, 2006. The fund balance was \$237,118 as of June 30, 2007. Projects completed include: Marvin Heights Sidewalk/Curb Reconstruction, Library Computer Server and System Upgrades, Cascade St. turning lane, and Central St. Curbing. Projects continued or initiated but not completed include: 5 Corners North Stormwater Mitigation, Essex Junction Redevelopment, Taft Street reconstruction engineering, and Salt Shed. Total expenditures in the Capital Reserve Fund were \$685,638. Transfers into the Capital Reserve Fund from the General Fund were \$338,580. \$23,799 was received from the Federal Government for the Essex Junction Redevelopment Project. \$6,580 in Federal (STAG) grant money and \$5,383 in State grant money was received for the 5 Corners North Stormwater Mitigation 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***

- There was a Town-wide reassessment in FY06/07. This resulted in an increase of \$3,834,338 to the grand list or a 64% increase. Although the grand list as a whole increased by 64%, the residential portion increased by 95%, IBM declined by 29% and other business real estate increased by 88%. This shift added to the tax burden of the average Village Resident in FY08. The FY08 Village tax rate is \$0.2115 per \$100 of assessed value as compared to \$.3126 in FY07. Because of the increases in assessed value by an average of 95%, the average Village Resident experienced a 34% increase in Village taxes in FY08.

In addition to the increase in municipal taxes (both Town & Village), the uneven distribution of the reassessment changes (i.e., IBM declining, the other Village properties increasing) caused an unexpected result in the calculation of the CLA (Common Level of Appraisal) used to determine the Education rates. In a year of reappraisal it was expected that the CLA would be at least 100%. The Village CLA was calculated to be 93%. This calculation caused the Village Education tax rates to be about 7.3% higher than if the CLA has been 100%. Legislation is being prepared that would limit the CLA to at least 100% in a year of reappraisal and would return to the Village taxpayers a credit for FY08 excess taxes due to the lower than expected CLA.

- The IBM M&E Subsidy decreased by \$60,544 from FY07 to FY08, from \$423,844 to \$363,300. This decrease resulted in an additional \$.006 on the FY08 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 2006 to July 2007 for Northeast urban communities was 2.5%. Costs for Health Care premiums, other insurances and gas heat are well above the inflation rate. These escalating costs, the loss of revenue from IBM, and the unexpected reappraisal effect 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. Within 30 days of the vote a petition was presented in the Town asking for a revote.

The Town only held a re-vote of the question on January 23, 2007. This vote failed by a vote of 2699 for and 2890 against although the voters who reside in the Village voted 2009 for and 362 against.

- In April 2007, Charles Safford, Village Manager since 1996 resigned from the position. This position has just been filled and the new Village Manager, David Crawford, will be starting on February 18, 2008.

These factors were mostly unknown and so were not taken into consideration when preparing the FY08 budgets. However, these factors are having a considerable impact on the preparation of the FY09 budgets.

- The FY08 General Fund budget increased by 5.5% from the FY07 budget. 1% of this increase resulted from a motion at Village Meeting to add \$27,000 to the budget for a "Village Advancement Committee" to "provide guidance for the Village government's planning efforts, to provide assistance with those efforts, and to improve communication among Village citizens"\* The tax rate decreased by 32% from \$0.3126 to \$0.2115 due to the reappraisal. However, the average residential taxpayer's Village taxes increased by 34%.

- Capital Projects being undertaken or continued in FY08 include:
  - Essex Junction Redevelopment (total project cost is estimated at \$1,893,640 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. We expect construction to begin in the spring of 2008.
  - 5 Corners North Stormwater Improvement Project. This project will improve stormwater flowing to Indian Brook. Total project cost is estimated at \$330,485. 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 \$23,718).
  - Taft Street Reconstruction Engineering (balance of \$15,046). The actual reconstruction is planned for FY09.
  - Salt Shed (\$245,000).
  - Lincoln Hall Improvements ( \$21,650 left of \$68,000). In FY07 two new boilers were installed, windows in the Village Office and Accounting Office were replaced and some painting was done. In FY08 it is planned that the windows in the conference room will be replaced and the carpet in the Senior Center will be replaced.
- The utility rates increased by 10.6% from FY07 to FY08. They increased from \$0.03767 per c.f. of metered water to \$0.04165 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.

\* From the Village Advancement Committee Mission Statement and Protocol.

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF NET ASSETS  
JUNE 30, 2007

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,636,982	\$ 461,773	\$ 2,098,755
Receivables (Net of Allowance for Uncollectibles)	264,704	617,325	882,029
Note Receivable	90,172	0	90,172
Inventories	9,924	26,376	36,300
Prepaid Expenses	21,600	13,724	35,324
Capital Assets			
Land	55,742	118,077	173,819
Construction in Progress	372,031	53,359	425,390
Antiques and Works of Art	12,000	0	12,000
Other Capital Assets, (Net of Accumulated Depreciation)	<u>6,734,507</u>	<u>9,552,070</u>	<u>16,286,577</u>
Total Assets	<u>9,197,662</u>	<u>10,842,704</u>	<u>20,040,366</u>
<u>LIABILITIES</u>			
Accounts Payable	272,881	259,554	532,435
Accrued Payroll and Benefits Payable	22,541	10,016	32,557
Due to Others	21,044	0	21,044
Deferred Revenue	1,142	0	1,142
Noncurrent Liabilities:			
Due in More than One Year	<u>52,165</u>	<u>38,947</u>	<u>91,112</u>
Total Liabilities	<u>369,773</u>	<u>308,517</u>	<u>678,290</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	7,174,280	9,723,506	16,897,786
Restricted for:			
Whitcomb Terrace Loan	90,172	0	90,172
Unrestricted	<u>1,563,437</u>	<u>810,681</u>	<u>2,374,118</u>
Total Net Assets	<u>\$ 8,827,889</u>	<u>\$ 10,534,187</u>	<u>\$ 19,362,076</u>

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, 2007

	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	\$ 630,401	\$ 80,339	\$ 0	\$ 0	\$ (550,062)	\$ 0	\$ (550,062)
Public Safety	271,391	20	0	0	(271,371)	0	(271,371)
Public Works	799,058	7,017	98,028	0	(694,013)	0	(694,013)
Community Development	2,925	0	3,468	0	543	0	543
Culture and Recreation	647,102	3,038	47,207	0	(596,857)	0	(596,857)
Capital Outlay	0	0	0	1,441,326	1,441,326	0	1,441,326
Total Governmental Activities	2,350,877	90,414	148,703	1,441,326	(670,434)	0	(670,434)
Business-Type Activities:							
Water	2,321,425	2,292,322	0	253,469	0	224,366	224,366
Sanitation	303,124	341,315	0	310,158	0	348,349	348,349
Wastewater	1,255,485	1,106,837	0	0	0	(148,648)	(148,648)
Total Business-Type Activities	3,880,034	3,740,474	0	563,627	0	424,067	424,067
Total	\$ 6,230,911	\$ 3,830,888	\$ 148,703	\$ 2,004,953	(670,434)	424,067	(246,367)
General Revenues:							
Property Taxes					2,352,660	0	2,352,660
Payment in Lieu of Taxes					1,863	0	1,863
Interest and Penalties on Delinquent Taxes					5,214	0	5,214
Unrestricted Investment Earnings					75,114	16,239	91,353
Other Revenues					8,350	0	8,350
Total General Revenues					2,443,201	16,239	2,459,440
Change in Net Assets					1,772,767	440,306	2,213,073
Net Assets - July 1, 2006					7,055,122	10,093,881	17,149,003
Net Assets - June 30, 2007					\$ 8,827,889	\$ 10,534,187	\$ 19,362,076

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

	General Fund	Whitcomb Terrace Loan Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 287,068	\$ 0	\$ 452,670	\$ 897,244	\$ 1,636,982
Receivables (Net of Allowance for Uncollectibles)	20,773	0	241,380	2,551	264,704
Note Receivable	0	90,172	0	0	90,172
Inventories	9,924	0	0	0	9,924
Prepaid Expenses	20,900	0	0	700	21,600
Total Assets	<u>\$ 338,665</u>	<u>\$ 90,172</u>	<u>\$ 694,050</u>	<u>\$ 900,495</u>	<u>\$ 2,023,382</u>
<u>LIABILITIES</u>					
Liabilities:					
Accounts Payable	\$ 41,547	\$ 0	\$ 229,451	\$ 1,883	\$ 272,881
Accrued Payroll and Benefits Payable	22,541	0	0	0	22,541
Due to Others	21,044	0	0	0	21,044
Deferred Revenue	15,142	90,172	227,481	0	332,795
Total Liabilities	<u>100,274</u>	<u>90,172</u>	<u>456,932</u>	<u>1,883</u>	<u>649,261</u>
Fund Balances:					
Reserved for					
Prepaid Expenses and Inventory	30,824	0	0	700	31,524
Unreserved, Reported In					
General Fund	207,567	0	0	0	207,567
Special Revenue Funds	0	0	0	14,681	14,681
Capital Projects Funds	0	0	237,118	883,231	1,120,349
Total Fund Balances	<u>238,391</u>	<u>0</u>	<u>237,118</u>	<u>898,612</u>	<u>1,374,121</u>
Total Liabilities and Fund Balances	<u>\$ 338,665</u>	<u>\$ 90,172</u>	<u>\$ 694,050</u>	<u>\$ 900,495</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.					7,174,280
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.					331,653
Long-Term and Accrued Liabilities are not Due or Payable in the Current Period and, Therefore, are Not Reported in the Funds.					<u>(52,165)</u>
Net Assets of Governmental Activities					<u>\$ 8,827,889</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, 2007

	General Fund	Whitcomb Terrace Loan Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 2,349,523	\$ 0	\$ 0	\$ 0	\$ 2,349,523
Penalties and Interest	5,214	0	0	0	5,214
Contributions	0	0	0	1,625	1,625
Intergovernmental Revenues	137,603	0	35,762	29,801	203,166
Charges for Services	93,893	0	0	12,896	106,789
Investment Income	21,628	0	16,880	36,606	75,114
Fines and Forfeits	2,931	0	0	0	2,931
Licenses and Permits	32,499	0	0	0	32,499
Other Revenue	13,048	0	0	0	13,048
Total Revenues	<u>2,656,339</u>	<u>0</u>	<u>52,642</u>	<u>80,928</u>	<u>2,789,909</u>
Expenditures:					
Current:					
General Government	664,665	0	2,473	11,996	679,134
Public Safety	204,082	0	0	0	204,082
Public Works	612,851	0	6,403	0	619,254
Community Development	2,817	0	0	0	2,817
Culture & Recreation	489,235	0	1,445	33,898	524,578
Capital Outlay:					
General Government	0	0	43,877	0	43,877
Public Safety	18,931	0	0	0	18,931
Public Works	73,898	0	609,557	0	683,455
Community Development	7,803	0	0	0	7,803
Culture & Recreation	73,838	0	21,883	4,171	99,892
Total Expenditures	<u>2,148,120</u>	<u>0</u>	<u>685,638</u>	<u>50,065</u>	<u>2,883,823</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>508,219</u>	<u>0</u>	<u>(632,996)</u>	<u>30,863</u>	<u>(93,914)</u>
Other Financing Sources/(Uses):					
Transfers In	0	0	338,580	170,200	508,780
Transfers Out	<u>(508,780)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(508,780)</u>
Total Other Financing Sources/(Uses)	<u>(508,780)</u>	<u>0</u>	<u>338,580</u>	<u>170,200</u>	<u>0</u>
Net Change in Fund Balances	(561)	0	(294,416)	201,063	(93,914)
Fund Balances - July 1, 2006	<u>238,952</u>	<u>0</u>	<u>531,534</u>	<u>697,549</u>	<u>1,468,035</u>
Fund Balances - June 30, 2007	<u>\$ 238,391</u>	<u>\$ 0</u>	<u>\$ 237,118</u>	<u>\$ 898,612</u>	<u>\$ 1,374,121</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, 2007

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)	\$ (93,914)
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.	466,064
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,390,235
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>10,382</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ 1,772,767</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, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:			
Current Property Taxes	\$ 1,928,506	\$ 1,923,816	\$ (4,690)
State of VT PILOT & Current Use	1,000	1,863	863
Penalties and Interest On Delinquent Taxes	4,500	5,214	714
IBM Subsidy	423,844	423,844	0
Licenses & Zoning Fees	26,250	32,479	6,229
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	98,028	8,028
Essex Junction School District			
Tax Collection Fees	34,104	36,940	2,836
Lincoln Hall Rentals	400	453	53
Miscellaneous Fire Receipts	0	20	20
Miscellaneous Street Receipts	4,000	7,017	3,017
Miscellaneous Library Receipts	750	611	(139)
Essex Town Library Contribution	15,000	15,000	0
Investment Interest	7,500	21,628	14,128
Other Miscellaneous	2,000	5,420	3,420
Homeland Security Grant SG 02140-11865-307	0	13,458	13,458
Miscellaneous State Grants	0	10,337	10,337
Miscellaneous Library Grant	0	780	780
	<u>2,597,285</u>	<u>2,656,339</u>	<u>59,054</u>
Total Revenue			
Expenditures:			
Administration:			
Salaries - Regular	235,500	229,343	6,157
Salaries - Overtime	135	391	(256)
Salaries - Part-Time	14,100	14,819	(719)
Social Security	19,525	18,923	602
Unemployment Insurance	130	290	(160)
Workers Compensation Insurance	1,081	981	100
Health Insurance and Other Benefits	55,616	52,199	3,417
Retirement	23,550	22,682	868
Liability and Property Insurance	5,934	6,617	(683)
Public Officials Liability Insurance	2,122	2,162	(40)
Board Member Fees	2,500	2,500	0
Supplies	5,500	4,816	684
Postage	4,350	3,767	583
Computer Expenses	7,650	7,401	249
Training & Conferences	7,855	5,651	2,204
Telephone Services	1,416	1,323	93

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, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:			
Administration/(Cont'd):			
Communications	\$ 7,126	\$ 6,661	\$ 465
Vehicle Maintenance - Travel	1,800	1,350	450
Leased Services	4,146	4,418	(272)
Legal Fees	12,800	15,721	(2,921)
Other Professional Services	6,000	7,487	(1,487)
Audit Service	3,784	3,784	0
Printing and Advertising	7,200	7,559	(359)
Pay & Classification Study	4,850	4,170	680
Elections	620	503	117
Holiday Expense	1,775	963	812
Trustees Expenditures	3,500	4,422	(922)
Capital Outlay	<u>1,000</u>	<u>2,534</u>	<u>(1,534)</u>
Total Administration	<u>441,565</u>	<u>433,437</u>	<u>8,128</u>
Lincoln Hall:			
Liability and Property Insurance	3,281	3,131	150
Supplies	2,550	1,748	802
Water and Sewer Charges	400	753	(353)
Telephone Services	1,249	1,294	(45)
Electrical Service	6,659	6,861	(202)
Heating	9,506	8,665	841
Maintenance - Buildings/Grounds	5,500	8,066	(2,566)
Rubbish Removal	1,350	1,288	62
Contractual Services	<u>7,206</u>	<u>6,412</u>	<u>794</u>
Total Lincoln Hall	<u>37,701</u>	<u>38,218</u>	<u>(517)</u>
Fire Department:			
Salaries - Part-time Firefighters	75,600	87,627	(12,027)
Social Security	5,783	6,703	(920)
Worker's Compensation Insurance	9,580	9,347	233
Accident & Disability Insurance	4,200	3,792	408
Liability and Property Insurance	6,111	6,121	(10)

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, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Fire Department/(Cont'd):			
Supplies	\$ 2,300	\$ 1,378	\$ 922
EMS Supplies	1,650	1,868	(218)
Gas, Oil and Grease	1,300	3,676	(2,376)
Water and Sewer Charges	300	460	(160)
Training and Conferences	7,000	4,117	2,883
Telephone Services	3,500	3,527	(27)
Electrical Service	6,700	6,547	153
Heating	6,670	6,303	367
Maintenance - Buildings/Grounds	1,700	3,995	(2,295)
Radio Maintenance	2,000	944	1,056
Maintenance - Other	5,000	5,802	(802)
Vehicle Maintenance - Travel	12,000	10,797	1,203
Emergency Generator Maintenance	1,100	1,705	(605)
Uniforms and Boots	17,000	13,823	3,177
Fire Prevention	1,800	1,696	104
Physical Exams	6,000	5,131	869
Employee Assistance Program	900	960	(60)
Hydrant Rental	5,000	5,000	0
New Equipment - Radios	4,300	0	4,300
Capital Outlay	5,000	5,473	(473)
Routine Equipment Purchases	18,000	12,763	5,237
Total Fire Department	210,494	209,555	939
Street Department:			
Salaries - Regular	165,865	145,343	20,522
Salaries - Overtime	20,257	14,085	6,172
Salaries - Part-time	8,857	8,787	70
Social Security	15,092	12,858	2,234
Unemployment Insurance	152	351	(199)
Worker's Compensation Insurance	15,028	13,665	1,363
Health Insurance and Other Benefits	63,891	49,286	14,605
Employee Retirement	16,587	15,422	1,165
Liability and Property Insurance	10,602	10,863	(261)
Supplies	14,000	13,007	993
Winter Maintenance	59,500	59,546	(46)
Pavement Maintenance	54,500	62,247	(7,747)
Gravel and Topsoil	3,500	3,684	(184)
Signs and Posts	7,000	6,293	707
Gas, Grease and Oil	17,000	23,569	(6,569)
Water and Sewer Charge	700	521	179
Training and Conferences	1,700	509	1,191
Telephone Services	2,000	965	1,035
Electrical Service	4,100	3,898	202
Street Lights	105,000	92,464	12,536

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, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Street Department/Cont'd:			
Traffic Lights	\$ 3,700	\$ 3,231	\$ 469
Heating	4,900	3,549	1,351
Maintenance - Buildings/Grounds	3,800	2,566	1,234
Radio Maintenance	450	452	(2)
Maintenance - Other	1,000	2,607	(1,607)
Vehicle Maintenance - Travel	15,000	20,102	(5,102)
Streetscape Maintenance/ Improvements	5,000	5,960	(960)
Traffic Light Maintenance	4,000	2,807	1,193
Memorial Park	2,500	6,814	(4,314)
Street Markings	7,500	4,964	2,536
Uniforms, Boots, Etc.	4,000	3,659	341
Interview Costs	0	659	(659)
Rubbish Removal	4,000	4,568	(568)
Contract Services	5,000	21,488	(16,488)
Accident Claims	0	500	(500)
Equipment Rentals	2,500	1,040	1,460
Engineering Services	8,000	10,177	(2,177)
Traffic Calming	8,000	4,105	3,895
Capital Outlay	9,900	20,750	(10,850)
Sidewalk and Curb Maintenance	7,500	5,067	2,433
Storm Sewer Maintenance	7,000	14,057	(7,057)
Storm Sewer Permit Fees	2,500	1,741	759
Storm Sewer Public Education	5,000	5,000	0
Total Street Department	696,581	683,226	13,355
Library:			
Salaries - Regular	220,721	221,366	(645)
Salaries - Part-Time	81,449	79,179	2,270
Social Security	24,804	24,235	569
Unemployment Insurance	348	770	(422)
Workers Compensation Insurance	1,250	1,290	(40)
Health Insurance and Other Benefits	40,260	40,030	230
Retirement	22,072	21,748	324
Liability and Property Insurance	8,477	9,245	(768)
Supplies	11,000	11,819	(819)
Postage	4,500	4,607	(107)
Computer Expenses	5,845	6,019	(174)
Water and Sewer Charge	300	331	(31)
Training and Conferences	3,250	2,069	1,181
Telephone Services	2,000	1,510	490
Technology Access	2,790	2,546	244
Electrical Services	13,250	12,735	515
Heating	8,014	7,125	889

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, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Library/(Cont'd):			
Maintenance - Building/Grounds	\$ 5,400	\$ 7,925	\$ (2,525)
Alarm System Maintenance	440	664	(224)
Interview Costs	300	1,780	(1,480)
Contract Services	21,100	20,058	1,042
Adult Programs	1,000	847	153
Childrens Programs	3,000	3,045	(45)
Audit Service	562	562	0
Adult Collection - Print & Electronic	50,600	48,618	1,982
Juvenile Collection - Print & Electronic	25,300	25,356	(56)
	<u>558,032</u>	<u>555,479</u>	<u>2,553</u>
Total Library			
Planning and Zoning:			
Salaries -Regular	86,553	86,531	22
Salaries - Overtime	0	307	(307)
Salaries - Part Time	8,591	6,813	1,778
Social Security	7,738	7,487	251
Unemployment Insurance	70	139	(69)
Workers Compensation Insurance	1,333	1,322	11
Health Insurance and Other Benefits	24,480	28,873	(4,393)
Retirement	8,655	8,653	2
Liability Insurance and Property Insurance	1,403	1,702	(299)
Public Officials Liability Insurance	2,122	2,162	(40)
Boardmember Fee	3,000	2,925	75
Supplies	3,800	2,001	1,799
Postage	1,150	1,283	(133)
Computer Expenses	1,500	1,393	107
Training and Conferences	2,440	2,719	(279)
Telephone Services	250	264	(14)
Communications	2,000	1,791	209
Vehicle Maintenance - Travel	2,400	2,400	0
Legal Services	12,000	18,998	(6,998)
Other Professional Services	13,000	2,078	10,922
Printing and Advertising	4,000	4,089	(89)
Recording Fees	2,080	1,771	309
	<u>188,565</u>	<u>185,701</u>	<u>2,864</u>
Total Planning and Zoning			
Economic Development:			
Block Party Expense	5,000	5,000	0
Economic Development General	15,000	10,620	4,380
	<u>20,000</u>	<u>15,620</u>	<u>4,380</u>
Total Economic Development			

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, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Miscellaneous Transfers and Expenditures:			
Fund Balance Transfer to Capital Reserve	\$ 0	\$ 66,000	\$ (66,000)
Rolling Stock Fund	140,200	140,200	0
Capital Reserve Fund	272,580	272,580	0
Land Acquisition Fund	25,000	25,000	0
Library Grant Expenditures	0	780	(780)
Fire Department Grant Expenditures	0	13,458	(13,458)
Street Department Grant Expenditures	0	10,337	(10,337)
Unclaimed Property Expense	0	742	(742)
Metropolitan Planning Organization	<u>6,567</u>	<u>6,567</u>	<u>0</u>
Total Miscellaneous Transfers and Expenditures	<u>444,347</u>	<u>535,664</u>	<u>(91,317)</u>
Total Expenditures	<u>2,597,285</u>	<u>2,656,900</u>	<u>(59,615)</u>
Excess/(Deficiency) of Revenue Over Expenditures	\$ <u>0</u>	(561)	\$ <u>(561)</u>
Fund Balance - July 1, 2006		<u>238,952</u>	
Fund Balance - June 30, 2007		\$ <u>238,391</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, 2007

	Water Fund	Sanitation Fund	Wastewater Fund	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 280,530	\$ 138,744	\$ 42,499	\$ 461,773
Receivables (Net of Allowance for Uncollectible Accounts)	7,160	21,893	42,437	71,490
Estimated Unbilled Revenues	318,111	84,977	142,747	545,835
Inventories	8,098	0	18,278	26,376
Other Current Assets	1,988	5,510	6,226	13,724
Total Current Assets	615,887	251,124	252,187	1,119,198
Noncurrent Assets:				
Capital Assets				
Land	0	0	118,077	118,077
Construction in Progress	11,206	0	42,153	53,359
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	93,131	2,043,263	2,287,823
Transmission and Distribution Plant	7,484,464	6,493,581	0	13,978,045
Less Accumulated Depreciation	(6,295,917)	(4,620,182)	(4,120,359)	(15,036,458)
Total Noncurrent Assets	1,391,182	1,966,530	6,365,794	9,723,506
Total Assets	\$ 2,007,069	\$ 2,217,654	\$ 6,617,981	\$ 10,842,704
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 211,808	\$ 9,241	\$ 38,505	\$ 259,554
Accrued Payroll and Benefits Payable	2,152	1,906	5,958	10,016
Total Current Liabilities	213,960	11,147	44,463	269,570
Noncurrent Liabilities				
Accrued Compensated Absences Payable	3,491	4,781	30,675	38,947
Total Noncurrent Liabilities	3,491	4,781	30,675	38,947
Total Liabilities	217,451	15,928	75,138	308,517
<u>NET ASSETS</u>				
Investment in Capital Assets, Net of Related Debt	1,391,182	1,966,530	6,365,794	9,723,506
Unrestricted	398,436	235,196	177,049	810,681
Total Net Assets	1,789,618	2,201,726	6,542,843	10,534,187
Total Liabilities and Net Assets	\$ 2,007,069	\$ 2,217,654	\$ 6,617,981	\$ 10,842,704

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, 2007

	Water Fund	Sanitation Fund	Wastewater Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Operating Revenues:				
Charges for Services	\$ 2,269,320	\$ 322,302	\$ 1,118,282	\$ 3,709,904
Miscellaneous	<u>23,001</u>	<u>19,014</u>	<u>255</u>	<u>42,270</u>
Total Operating Revenues	<u>2,292,321</u>	<u>341,316</u>	<u>1,118,537</u>	<u>3,752,174</u>
Operating Expenses:				
Operating, Maintenance, and General and Administrative Expenses	2,241,355	231,664	977,485	3,450,504
Depreciation	<u>80,069</u>	<u>80,160</u>	<u>271,869</u>	<u>432,098</u>
Total Operating Expenses	<u>2,321,424</u>	<u>311,824</u>	<u>1,249,354</u>	<u>3,882,602</u>
Operating Income/(Loss)	<u>(29,103)</u>	<u>29,492</u>	<u>(130,817)</u>	<u>(130,428)</u>
Nonoperating Revenues (Expenses):				
Investment Income	9,840	4,944	1,455	16,239
Interest Expense	0	0	(4,746)	(4,746)
Loss on Disposal of Equipment and Distribution Systems	<u>0</u>	<u>(3,001)</u>	<u>(1,385)</u>	<u>(4,386)</u>
Total Nonoperating Revenues (Expenses)	<u>9,840</u>	<u>1,943</u>	<u>(4,676)</u>	<u>7,107</u>
Income/(Loss) Before Capital Contributions	(19,263)	31,435	(135,493)	(123,321)
Capital Contributions:	<u>253,469</u>	<u>310,158</u>	<u>0</u>	<u>563,627</u>
Total Capital Contributions	<u>253,469</u>	<u>310,158</u>	<u>0</u>	<u>563,627</u>
Change in Net Assets	234,206	341,593	(135,493)	440,306
Net Assets - July 1, 2006	<u>1,555,412</u>	<u>1,860,133</u>	<u>6,678,336</u>	<u>10,093,881</u>
Net Assets - June 30, 2007	<u>\$ 1,789,618</u>	<u>\$ 2,201,726</u>	<u>\$ 6,542,843</u>	<u>\$ 10,534,187</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, 2007

	Water Fund	Sanitation Fund	Wastewater Fund	Total
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 2,332,861	\$ 324,947	\$ 1,108,763	\$ 3,766,571
Receipts for Interfund Services	5,000	0	11,700	16,700
Other Receipts	0	0	255	255
Payments to Suppliers	(2,113,920)	(80,438)	(592,850)	(2,787,208)
Payments for Interfund Services	(32,000)	(16,700)	(19,500)	(68,200)
Payments for Wages and Benefits	(138,835)	(148,054)	(345,481)	(632,370)
Net Cash Provided by Operating Activities	<u>53,106</u>	<u>79,755</u>	<u>162,887</u>	<u>295,748</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:				
Capital Contribution	253,469	310,158	0	563,627
Insurance Proceeds Received	0	0	5,776	5,776
Acquisition and Construction of Capital Assets	(259,986)	(394,975)	(66,111)	(721,072)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(6,517)</u>	<u>(84,817)</u>	<u>(60,335)</u>	<u>(151,669)</u>
Cash Flows From Investing Activities:				
Interest Paid on Pooled Cash	0	0	(4,746)	(4,746)
Receipt of Interest & Dividends	9,840	4,944	1,455	16,239
Net Cash Provided/(Used) by Investing Activities	<u>9,840</u>	<u>4,944</u>	<u>(3,291)</u>	<u>11,493</u>
Net Increase/(Decrease) in Cash	56,429	(118)	99,261	155,572
Cash - July 1, 2006	<u>224,101</u>	<u>138,862</u>	<u>(56,762)</u>	<u>306,201</u>
Cash - June 30, 2007	<u>\$ 280,530</u>	<u>\$ 138,744</u>	<u>\$ 42,499</u>	<u>\$ 461,773</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:				
Operating Income/(Loss)	\$ (29,103)	\$ 29,492	\$ (130,817)	\$ (130,428)
Depreciation	80,069	80,160	271,869	432,098
(Increase)/Decrease in Other Receivables	50,971	(16,517)	(9,340)	25,114
(Increase)/Decrease in Unbilled Revenues	(5,431)	148	11,521	6,238
(Increase)/Decrease in Inventory	3,208	0	990	4,198
Increase/(Decrease) in Accounts Payable	(42,979)	(9,995)	15,690	(37,284)
Increase/(Decrease) in Accrued Payroll and Compensated Absences	(1,810)	(1,031)	8,850	6,009
Increase/(Decrease) in Other Operating Assets/Liabilities	(1,819)	(2,502)	(5,876)	(10,197)
Net Cash Provided by Operating Activities	<u>\$ 53,106</u>	<u>\$ 79,755</u>	<u>\$ 162,887</u>	<u>\$ 295,748</u>

## Supplemental Information:

Equipment and Distribution Systems with a Cost of \$18,947 and Accumulated Depreciation of \$15,946 in the Sanitation Fund was Disposed of During the Year.

Equipment with a Cost of \$11,456 and Accumulated Depreciation of \$4,295 in the Wastewater Fund was Destroyed of During the Year and the Village Receive Insurance Proceeds in the Amount of \$5,776.

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, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ <u>2,020</u>
Total Assets	<u>2,020</u>
<u>LIABILITIES</u>	
Due to Other Organizations	<u>2,020</u>
Total Liabilities	<u>2,020</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, 2007

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, 2007

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, 2007

The Village reports on the following major enterprise 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, 2007

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, 2007

**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, 2007

## 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
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
Parks	\$ 5,000	20-100 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, 2007

## **7. Noncurrent Liabilities**

Noncurrent liabilities are comprised of compensated absences. Noncurrent liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund type financial statements do not include any noncurrent 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 from 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, 2007

**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	Statement of Net Assets
<b>ASSETS</b>				
Cash and Cash				
Equivalents	\$ 1,636,982	\$ 0	\$ 0	\$ 1,636,982
Receivables	264,704	0	0	264,704
Loans Receivable	90,172	0	0	90,172
Inventories	9,924	0	0	9,924
Prepaid Expenses	21,600	0	0	21,600
Capital Assets	<u>0</u>	<u>0</u>	<u>7,174,280</u>	<u>7,174,280</u>
 Total Assets	 <u>2,023,382</u>	 <u>0</u>	 <u>7,174,280</u>	 <u>9,197,662</u>
<b>LIABILITIES</b>				
Accounts Payable	272,881	0	0	272,881
Accrued Payroll and				
Benefits Payable	22,541	0	0	22,541
Due to Others	21,044	0	0	21,044
Deferred Revenue	332,795	(331,653)	0	1,142
Accrued Compensated				
Absences Payable	<u>0</u>	<u>52,165</u>	<u>0</u>	<u>52,165</u>
 Total Liabilities	 <u>649,261</u>	 <u>(279,488)</u>	 <u>0</u>	 <u>369,773</u>
<b>NET ASSETS</b>				
Invested in Capital Assets	0	0	7,174,280	7,174,280
Other	<u>1,374,121</u>	<u>279,488</u>	<u>0</u>	<u>1,653,609</u>
 Total Net Assets	 <u><u>\$ 1,374,121</u></u>	 <u><u>\$ 279,488</u></u>	 <u><u>\$ 7,174,280</u></u>	 <u><u>\$ 8,827,889</u></u>

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007

**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
<b>REVENUES</b>					
Taxes	\$ 2,349,523	\$ 5,000	\$ 0	\$ (1,863)	\$ 2,352,660
Payment in Lieu of Taxes	0	0	0	1,863	1,863
Penalties and Interest	5,214	0	0	0	5,214
Investment Income	75,114	0	0	0	75,114
Intergovernmental Revenues	203,166	227,481	0	(430,647)	0
Contributions	1,625	0	0	(1,625)	0
Charges for Services	106,789	0	0	(16,375)	90,414
Fines and Forfeits	2,931	0	0	(2,931)	0
Licenses and Permits	32,499	0	0	(32,499)	0
Other Revenues	13,048	0	0	(4,698)	8,350
Operating Grants and Contributions	0	3,468	0	145,235	148,703
Capital Grants and Contributions	0	0	1,154,286	287,040	1,441,326
Transfers from Other Funds	508,780	0	0	(508,780)	0
<b>Total Revenues</b>	<b>3,298,689</b>	<b>235,949</b>	<b>1,154,286</b>	<b>(565,280)</b>	<b>4,123,644</b>
<b>EXPENDITURES</b>					
General Government	679,134	(9,345)	17,112	(56,500)	630,401
Public Safety	204,082	0	67,309	0	271,391
Public Works	619,254	1,019	178,785	0	799,058
Community Development	2,817	0	108	0	2,925
Culture and Recreation	524,578	(2,056)	124,580	0	647,102
Capital Expenditures	853,958	0	(853,958)	0	0
Transfers to Other Funds	508,780	0	0	(508,780)	0
<b>Total Expenditures</b>	<b>3,392,603</b>	<b>(10,382)</b>	<b>(466,064)</b>	<b>(565,280)</b>	<b>2,350,877</b>
<b>Net Change for the Year</b>	<b>\$ (93,914)</b>	<b>\$ 246,331</b>	<b>\$ 1,620,350</b>	<b>\$ 0</b>	<b>\$ 1,772,767</b>

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007

### III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. Budgetary Information

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

Enterprise fund budgets are approved by the Trustees.

#### B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2007, expenditures in the General Fund exceeded appropriations by \$59,615. 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	\$ 7,821
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##### Adjustments:

Capital Reserve Fund Transfer	40,000
Interest Earned on Capital Reserve Fund	12,985
Capital Contributions	253,469
Depreciation	<u>(80,069)</u>

Change in Net Assets – Exhibit H	\$ <u>234,206</u>
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##### Sanitation Fund

Net Income - Schedule 9 - Budgetary Basis	\$ 176
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##### Adjustments

Purchase of Equipment	24,297
Loss on Disposal of Capital Assets	(3,001)
Interest Earned on Capital Reserve Fund	8,108
Capital Reserve Fund Transfer	90,000
Capital Project – TV Lines Evaluation	(7,985)
Capital Contributions	310,158
Depreciation	<u>(80,160)</u>

Change in Net Assets – Exhibit H	\$ <u>341,593</u>
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VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007

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, 2007, 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, 2007, 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. As of June 30, 2007, the Village is not exposed to concentration of credit risk.

**B. Receivables**

Receivables at June 30, 2007, as reported in the statement of net assets, net of applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current Taxes	11,933	0	11,933
Delinquent Taxes	3,907	0	3,907
Penalties and Interest	2,749	752	3,501
Billed Services	5,735	39,638	45,373
Unbilled Services	0	545,835	545,835
Grants	241,380	0	241,380
Other Governments	0	31,100	31,100
Allowance for Doubtful Accounts	(1,000)	0	(1,000)
	<u>264,704</u>	<u>617,325</u>	<u>882,029</u>

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007

**C. Note Receivable**

The Note Receivable is as follows:

Note Receivable – Whitcomb Terrace Housing Limited Partnership, Principal Deferred Until December 17, 2034, at Which Time the Note is Due, Interest at 0%, Secured by a 2 <sup>nd</sup> Position on Building	\$ 260,000
Discount on Note Receivable	<u>(169,828)</u>
Net Note Receivable	<u>\$ 90,172</u>

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2007, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 55,742	\$ 0	\$ 0	\$ 55,742
Construction in Progress	227,146	290,802	145,917	372,031
Antiques and Works of Art	12,000	0	0	12,000
Total Capital Assets, Not Being Depreciated	<u>294,888</u>	<u>290,802</u>	<u>145,917</u>	<u>439,773</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,504,939	17,422	0	1,522,361
Vehicles, Machinery, Equipment, Furniture, and Traffic Signals	3,029,462	102,397	21,504	3,110,355
Library Books	770,616	74,919	54,528	791,007
Parks	208,090	0	0	208,090
Roads, Curbs, Sidewalks and Storm Sewers	2,238,384	1,668,621	0	3,907,005
Totals	<u>7,751,491</u>	<u>1,863,359</u>	<u>76,032</u>	<u>9,538,818</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	343,964	36,562	0	380,526
Vehicles, Machinery, Equipment, Furniture, and Traffic Signals	1,471,938	184,738	14,659	1,642,017
Library Books	514,086 *	69,422	54,528	528,980
Parks	1,275	2,549	0	3,824
Roads, Curbs, Sidewalks and Storm Sewers	161,186 *	87,778	0	248,964
Totals	<u>2,492,449</u>	<u>381,049</u>	<u>69,187</u>	<u>2,804,311</u>
Total Capital Assets, Being Depreciated	<u>5,259,042</u>	<u>1,482,310</u>	<u>6,845</u>	<u>6,734,507</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,553,930</u>	<u>\$ 1,773,112</u>	<u>\$ 152,762</u>	<u>\$ 7,174,280</u>

\* The beginning balances of accumulated depreciation for Library Books and Roads, Curbs, Sidewalks and Storm Sewers have been adjusted for an error in recording of the book disposals in the fiscal year ended June 30, 2006. Accumulated depreciation for Library Books has been decreased by \$55,629 and accumulated depreciation for Roads, Curbs, Sidewalks and Storm Sewers has been increased by \$55,629.



VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 118,077	\$ 0	\$ 0	\$ 118,077
Construction in Progress	4,689	48,670	0	53,359
Total Capital Assets, Not Being Depreciated	<u>122,766</u>	<u>48,670</u>	<u>0</u>	<u>171,436</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	8,277,121	0	0	8,277,121
Vehicles, Machinery, Equipment and Furniture	2,271,695	46,531	30,403	2,287,823
Infrastructure	45,539	0	0	45,539
Distribution and Collection Systems	13,352,174	625,871	0	13,978,045
Totals	<u>23,946,529</u>	<u>672,402</u>	<u>30,403</u>	<u>24,588,528</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	3,255,826	164,742	0	3,420,568
Vehicles, Machinery, Equipment and Furniture	774,364	114,915	20,241	869,038
Infrastructure	3,415	2,277	0	5,692
Distribution and Collection Systems	10,590,996	150,164	0	10,741,160
Totals	<u>14,624,601</u>	<u>432,098</u>	<u>20,241</u>	<u>15,036,458</u>
Total Capital Assets, Being Depreciated	<u>9,321,928</u>	<u>240,304</u>	<u>10,162</u>	<u>9,552,070</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,444,694</u>	<u>\$ 288,974</u>	<u>\$ 10,162</u>	<u>\$ 9,723,506</u>

Depreciation was charged as follows:

Governmental Activities:		Business - Type Activities:	
General Government	\$ 12,563	Water	\$ 80,069
Public Safety	65,309	Sanitation	80,160
Community Development	108	Wastewater	<u>271,869</u>
Public Works	178,701		
Culture and Recreation	<u>124,368</u>		
Total Depreciation Expense - Governmental	<u>\$ 381,049</u>	Total Depreciation Expense - Business-Type Activities	<u>\$ 432,098</u>

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007

**E. Interfund Activity**

The Interfund transfers for the year ended June 30, 2007, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Block Party Fund	\$ 5,000	Annual Subsidy
General Fund	Rolling Stock Reserve Fund	140,200	Annual Subsidy
General Fund	Capital Reserve Fund	272,580	Annual Subsidy
General Fund	Capital Reserve Fund	66,000	Future Capital Purchases
General Fund	Land Acquisition Fund	<u>25,000</u>	Annual Subsidy
Total		<u>\$ 508,780</u>	

**F. Deferred Revenue**

Deferred Revenue in the General Fund consists of \$14,000 of delinquent property taxes and penalty and interest on those taxes that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Deferred Revenue also includes \$1,142 of property taxes received in advance for fiscal year 2008. Total Deferred Revenue in the General Fund is \$15,142.

Deferred Revenue in the Whitcomb Terrace Loan Fund consists of \$90,172 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 Capital Reserve Fund consists of \$227,481 of grant money earned but not received within 60 days after year-end as these funds are not available to liquidate current liabilities.

**G. Reserved Governmental Fund Balances**

The Reserved Governmental Fund Balances of the Village as of June 30, 2007 consisted of the following:

General Fund

Reserved for Prepaid Expenses and Inventory \$30,824

Special Revenue Funds

Reserved for Block Party Fund Prepaid Expenses 700

Total Reserved Governmental Fund Balances \$31,524

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007

**H. Designated Governmental Fund Balances**

The Designated Governmental Fund Balances of the Village as of June 30, 2007 consisted of the following:

Special Revenue Funds

Designated for Library Expenses	\$ 1,967
Designated for Engineering Expenses	8,244
Designated for Block Party Expenses	4,437
Designated for Veterans Memorial Park Expenses	<u>33</u>
Total Special Revenue Funds	<u>14,681</u>

Capital Projects Funds

Designated for Future Capital Projects	237,118
Designated for Rolling Stock	569,138
Designated for Land Acquisition	<u>314,093</u>
Total Capital Projects Funds	<u>1,120,349</u>
Total Designated Governmental Fund Balances	\$ <u>1,135,030</u>

**I. Restricted Net Assets**

The Restricted Net Assets of the Governmental Activities as of June 30, 2007 consisted of the following:

Restricted for Community Development By Loan Agreement	\$ <u>90,172</u>
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The Village does not have any restricted business-type net assets or restricted proprietary net assets as of June 30, 2007.

**J. Designated Proprietary Net Assets**

The designated proprietary net assets of the Village as of June 30, 2007 consisted of the following:

Water Fund

Designated for Water Fund Expenditures	\$ 67,359
Designated for Water Fund Capital Expenditures	<u>331,077</u>
Total Water Fund	<u>398,436</u>

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007

Sanitation Fund

Designated for Sanitation Fund Expenditures	\$ 46,904
Designated for Sanitation Fund Capital Expenditures	<u>188,292</u>
Total Sanitation Fund	<u>235,196</u>

Wastewater Fund

Designated for Wastewater Fund Expenditures	137,240
Designated for Wastewater Fund Capital Expenditures	<u>39,809</u>
Total Wastewater Fund	<u>177,049</u>

Total Designated Proprietary Net Assets	\$ <u>810,681</u>
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**V. OTHER INFORMATION**

**A. BENEFIT PLANS**

The Village offers a 401(a) pension plan to all full time employees with ninety (90) days of service with 100% vesting after three (3) years of service. This plan qualifies, according to the Internal Revenue Service, as a defined contribution pension plan for governmental organizations exempt from income taxes. The plan requires a 5% contribution of base pay from the employee with a 10% match of base pay by the Village. International City/County Management Association "ICMA" Retirement Corporation administers the Plan. All of the investments are self-directed by each employee. The total payroll for the year was \$1,329,511 while the covered payroll was \$989,625. Pension expenses for the years ended June 30, 2007, 2006 and 2005 were \$98,962, \$100,811, and \$95,472 respectively.

The Village also offers its employees a deferred compensation plan through the International City/County Management 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, 2007 was \$336,360.

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.

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007

**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, 2007, the Village received 37% of total property taxes from IBM and received 76% 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, 2007. The Village incurred \$2,029,160 in expenses to CWD.

**C. PROPERTY TAXES**

The Village is responsible for assessing and collecting its own property taxes, as well as state and local property taxes and recreation taxes for the School. Property taxes are assessed based on property valuations as of April 1 and the approved budgets. Taxes are collected two (2) times per year. During the tax year ended June 30, 2007, taxes became due and payable on September 15, 2006 and March 15, 2007. 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 2007 are as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Village	.3126	.3126
Education	2.4535	2.2850
Recreation Tax	<u>.1033</u>	<u>.1033</u>
Total	<u>\$2.8694</u>	<u>\$2.7009</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.

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2007

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.

**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, 2007

	Special Revenue Funds	Capital Projects Funds	Total
	<hr/>	<hr/>	<hr/>
<u>ASSETS</u>			
Cash	\$ 14,013	\$ 883,231	\$ 897,244
Receivables	2,551	0	2,551
Prepaid Expenses	<u>700</u>	<u>0</u>	<u>700</u>
Total Assets	\$ <u><u>17,264</u></u>	\$ <u><u>883,231</u></u>	\$ <u><u>900,495</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	\$ <u>1,883</u>	\$ <u>0</u>	\$ <u>1,883</u>
Total Liabilities	<u>1,883</u>	<u>0</u>	<u>1,883</u>
Fund Balances:			
Reserved for:			
Prepaid Expenses	700	0	700
Unreserved:			
Designated	<u>14,681</u>	<u>883,231</u>	<u>897,912</u>
Total Fund Balances	<u>15,381</u>	<u>883,231</u>	<u>898,612</u>
Total Liabilities and Fund Balances	\$ <u><u>17,264</u></u>	\$ <u><u>883,231</u></u>	\$ <u><u>900,495</u></u>

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2007

	Special Revenue Funds	Capital Projects Funds	Total
Revenues:			
Intergovernmental Revenues	\$ 29,801	\$ 0	\$ 29,801
Charges for Services	12,896	0	12,896
Interest	518	36,088	36,606
Contributions	<u>1,625</u>	<u>0</u>	<u>1,625</u>
Total Revenues	<u>44,840</u>	<u>36,088</u>	<u>80,928</u>
Expenditures:			
Current Expenditures			
General Government	11,996	0	11,996
Culture & Recreation	33,898	0	33,898
Capital expenditures			
Culture & Recreation	<u>4,171</u>	<u>0</u>	<u>4,171</u>
Total Expenditures	<u>50,065</u>	<u>0</u>	<u>50,065</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,225)</u>	<u>36,088</u>	<u>30,863</u>
Other Financing Sources/(Uses):			
Transfers in	<u>5,000</u>	<u>165,200</u>	<u>170,200</u>
Total Other Financing Sources/(Uses)	<u>5,000</u>	<u>165,200</u>	<u>170,200</u>
Net Change in Fund Balances	(225)	201,288	201,063
Fund Balances - July 1, 2006	<u>15,606</u>	<u>681,943</u>	<u>697,549</u>
Fund Balances - June 30, 2007	<u>\$ 15,381</u>	<u>\$ 883,231</u>	<u>\$ 898,612</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, 2007

	Library Fund	Engineering Fees Fund	Vermont Public Library Grant Fund	Recreation Grant Fund	Block Party Fund	Veterans Memorial Park Fund	Total
<u>ASSETS</u>							
Cash	\$ 1,967	\$ 7,061	\$ 0	\$ 0	\$ 4,952	\$ 33	\$ 14,013
Receivables	0	2,551	0	0	0	0	2,551
Prepaid Expenses	0	0	0	0	700	0	700
<b>TOTAL ASSETS</b>	<b>\$ 1,967</b>	<b>\$ 9,612</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,652</b>	<b>\$ 33</b>	<b>\$ 17,264</b>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts Payable	\$ 0	\$ 1,368	\$ 0	\$ 0	\$ 515	\$ 0	\$ 1,883
<b>Total Liabilities</b>	<b>0</b>	<b>1,368</b>	<b>0</b>	<b>0</b>	<b>515</b>	<b>0</b>	<b>1,883</b>
Fund Balances:							
Reserved For:							
Prepaid Expenses	0	0	0	0	700	0	700
Unreserved:							
Designated	1,967	8,244	0	0	4,437	33	14,681
<b>Total Fund Balances</b>	<b>1,967</b>	<b>8,244</b>	<b>0</b>	<b>0</b>	<b>5,137</b>	<b>33</b>	<b>15,381</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,967</b>	<b>\$ 9,612</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,652</b>	<b>\$ 33</b>	<b>\$ 17,264</b>

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, 2007

	Library Fund	Engineering Fees Fund	Vermont Public Library Grant Fund	Recreation Grant Fund	Block Party Fund	Veterans Memorial Park Fund	Total
Revenue:							
Book Income	\$ 2,427	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,427
Grant Revenue	0	0	3,774	26,027	0	0	29,801
Contributions	0	0	0	0	1,625	0	1,625
Engineering Fees	0	10,469	0	0	0	0	10,469
Investment Income	54	293	0	0	170	1	518
Total Revenue	<u>2,481</u>	<u>10,762</u>	<u>3,774</u>	<u>26,027</u>	<u>1,795</u>	<u>1</u>	<u>44,840</u>
Expenditures:							
Library Expenses	1,082	0	3,786	0	0	0	4,868
Recreation Expenses	0	0	0	26,027	0	0	26,027
Block Party Expenses	0	0	0	0	7,174	0	7,174
Engineering Expenses	0	11,996	0	0	0	0	11,996
Total Expenditures	<u>1,082</u>	<u>11,996</u>	<u>3,786</u>	<u>26,027</u>	<u>7,174</u>	<u>0</u>	<u>50,065</u>
Excess/(Deficiency) of Revenue Over Expenditures	<u>1,399</u>	<u>(1,234)</u>	<u>(12)</u>	<u>0</u>	<u>(5,379)</u>	<u>1</u>	<u>(5,225)</u>
Other Financing Sources:							
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Net Change in Fund Balances	1,399	(1,234)	(12)	0	(379)	1	(225)
Fund Balance - July 1, 2006	<u>568</u>	<u>9,478</u>	<u>12</u>	<u>0</u>	<u>5,516</u>	<u>32</u>	<u>15,606</u>
Fund Balance - June 30, 2007	<u>\$ 1,967</u>	<u>\$ 8,244</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,137</u>	<u>\$ 33</u>	<u>\$ 15,381</u>

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUNDS  
 JUNE 30, 2007

	Rolling Stock Reserve Fund	Land Acquisition Fund	Total
<u>ASSETS</u>			
Cash	\$ <u>569,138</u>	\$ <u>314,093</u>	\$ <u>883,231</u>
TOTAL ASSETS	\$ <u><u>569,138</u></u>	\$ <u><u>314,093</u></u>	\$ <u><u>883,231</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances:			
Unreserved - Designated	<u>569,138</u>	<u>314,093</u>	<u>883,231</u>
Total Fund Balances	<u>569,138</u>	<u>314,093</u>	<u>883,231</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u><u>569,138</u></u>	\$ <u><u>314,093</u></u>	\$ <u><u>883,231</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, 2007

	Rolling Stock Reserve Fund	Land Acquisition Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenue:			
Interest Earnings	\$ 21,669	\$ 14,419	\$ 36,088
	<u>21,669</u>	<u>14,419</u>	<u>36,088</u>
Total Revenue			
	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:			
	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenue Over Expenditures	<u>21,669</u>	<u>14,419</u>	<u>36,088</u>
Other Financing Sources:			
Transfers In	<u>140,200</u>	<u>25,000</u>	<u>165,200</u>
	<u>140,200</u>	<u>25,000</u>	<u>165,200</u>
Total Other Financing Sources			
	<u>140,200</u>	<u>25,000</u>	<u>165,200</u>
Net Change in Fund Balances	161,869	39,419	201,288
Fund Balance - July 1, 2006	<u>407,269</u>	<u>274,674</u>	<u>681,943</u>
Fund Balance - June 30, 2007	<u>\$ 569,138</u>	<u>\$ 314,093</u>	<u>\$ 883,231</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, 2007

	Exposition Noise Escrow Account Fund	School Impact Fees Fund	Total
	<hr/>	<hr/>	<hr/>
<u>ASSETS</u>			
Cash	\$ 2,011	\$ 9	\$ 2,020
Total Assets	\$ <u>2,011</u>	\$ <u>9</u>	\$ <u>2,020</u>
<u>LIABILITIES</u>			
Due to Other Organizations	\$ 2,011	\$ 9	\$ 2,020
Total Liabilities	<u>2,011</u>	<u>9</u>	<u>2,020</u>
<u>NET ASSETS</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</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, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Water Sales - Village	\$ 547,732	\$ 517,310	\$ (30,422)
Water Sales - IBM	1,746,160	1,659,994	(86,166)
Water Sales - IBM Fixed Charge	30,000	30,000	0
Water Sales - IBM Vermont Tax	48,221	45,839	(2,382)
IBM Share - Unaccounted Water	3,000	11,177	8,177
Hydrant Rentals	5,000	5,000	0
Penalties	2,500	3,170	670
Miscellaneous	16,900	19,831	2,931
Interest Income	0	6	6
Total Revenue	<u>2,399,513</u>	<u>2,292,327</u>	<u>(107,186)</u>
Expenses:			
Salaries - Regular	78,835	74,707	4,128
Salaries - Overtime	13,951	13,926	25
Salaries - Part-time	3,109	2,590	519
Social Security	7,098	7,143	(45)
Unemployment Insurance	67	143	(76)
Workers Compensation Insurance	3,592	3,488	104
Health Insurance and Other Benefits	33,255	24,894	8,361
Retirement	7,884	7,809	75
Liability and Property Insurance	2,308	2,569	(261)
Interest Expense	0	3,151	(3,151)
Supplies	5,000	7,149	(2,149)
Postage	600	610	(10)
Gas, Oil and Grease	1,100	2,077	(977)
Meters and Parts	12,000	13,502	(1,502)
Distribution Materials	6,000	1,931	4,069
Computer Expenses	800	287	513
Water & Sewer Charges	150	151	(1)
Training and Conferences	1,000	1,572	(572)
Electrical Service	700	457	243
Heat	2,750	3,275	(525)
Maintenance - Other	2,000	3,707	(1,707)
Water Line Maintenance - Breaks	16,000	3,318	12,682
Uniforms and Boots	1,000	626	374
Contract Services	32,000	32,000	0
Other Professional Services	2,000	452	1,548
Audit Services	2,500	2,268	232
Water Purchases - Village	319,023	314,625	4,398
Water Purchases - IBM	1,746,160	1,659,994	86,166
Printing and Advertising	1,600	1,544	56
Transfer to Capital Reserve	40,000	40,000	0
State Water Tax - Village	8,810	8,701	109
State Water Tax - IBM	48,221	45,840	2,381
Total Expenses	<u>2,399,513</u>	<u>2,284,506</u>	<u>115,007</u>
Net Income	\$ <u>0</u>	\$ <u>7,821</u>	\$ <u>7,821</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, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Sanitation Billing	\$ 315,284	\$ 297,661	\$ (17,623)
Sanitation Penalty	1,900	1,814	(86)
Essex Pump Station Fees	19,658	24,641	4,983
Interest Earnings	0	0	0
Miscellaneous	29,200	17,200	(12,000)
Total Revenue	366,042	341,316	(24,726)
Expenses:			
Salaries - Regular	81,970	76,974	4,996
Salaries - Overtime	13,579	12,577	1,002
Salaries - Part Time	4,429	4,274	155
Social Security	7,646	7,252	394
Unemployment Insurance	72	154	(82)
Workers Compensation Insurance	3,926	3,659	267
Health Insurance and Other Benefits	33,855	31,852	2,003
Retirement	8,197	7,956	241
Liability and Property Insurance	4,019	7,987	(3,968)
Interest Expense	0	3,164	(3,164)
Supplies	3,000	889	2,111
Postage	1,200	1,201	(1)
Gas, Grease and Oil	550	940	(390)
Computer Expenses	600	573	27
Training and Conferences	500	575	(75)
Shared Pump Station Alarm	275	261	14
Electrical Service	6,000	5,806	194
Shared Pump Station Utilities	10,540	11,191	(651)
Maintenance - Other	2,000	951	1,049
Pump Station Maintenance	2,000	5,036	(3,036)
Sanitation Lines Maintenance	18,500	15,537	2,963
Shared Pump Station Maintenance Supplies	5,500	13,241	(7,741)
Uniforms, Boots, Etc.	1,000	855	145
Contractual Services	16,700	16,700	0
Right-Of-Way Agreements	5,050	6,220	(1,170)
Sanitation Line Backup Cleaning	1,500	3,280	(1,780)
Other Professional Services	3,000	112	2,888
Audit Services	1,134	1,134	0
Capital Reserve Fund Contributions	120,000	90,000	30,000
Capital Outlay	9,300	10,789	(1,489)
Total Expenses	366,042	341,140	24,902
Net Income	\$ 0	\$ 176	\$ 176

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, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Village User Charges	\$ 309,736	\$ 297,628	\$ (12,108)
Village User Penalties	1,300	1,782	482
Wastewater Charge - Essex	289,332	330,382	41,050
Wastewater Charge - Williston	326,696	375,298	48,602
Pump Station Maintenance Fee	11,700	11,700	0
Sewer Capacity Lease	4,988	4,949	(39)
Village Septage Discharge Income	18,000	48,355	30,355
Shared Septage Revenue	9,000	24,177	15,177
Village Leachate Revenues	8,000	16,088	8,088
Shared Leachate Revenues	4,000	7,924	3,924
Interest Earnings	0	58	58
Miscellaneous	0	254	254
Total Revenue	982,752	1,118,595	135,843
Expenses:			
Salaries - Regular	190,228	209,800	(19,572)
Salaries - Overtime	24,543	24,175	368
Salaries - Part-Time	7,537	6,766	771
Social Security	16,538	17,863	(1,325)
Unemployment Insurance	148	310	(162)
Workers Compensation Insurance	7,350	7,431	(81)
Health Insurance and Other Benefits	66,510	67,809	(1,299)
Retirement	19,023	20,177	(1,154)
Liability and Property Insurance	16,322	16,427	(105)
Interest Expense	1,200	4,746	(3,546)
Supplies	14,000	12,532	1,468
Chemicals	103,000	149,579	(46,579)
Gas, Grease and Oil	3,000	2,458	542
Water and Sewer Charge	1,000	906	94
Training and Conferences	3,500	3,312	188
Telephone Services	2,000	1,587	413
Electrical Service	92,100	80,273	11,827
Heating	7,500	5,164	2,336
Maintenance - Other	50,000	58,557	(8,557)
Vehicles Maintenance - Travel	4,500	6,129	(1,629)
Uniforms, Boots, Etc.	3,000	1,903	1,097
Contract Laboratory Service	5,500	6,994	(1,494)
Contract Services	19,500	19,500	0
Grit Disposal	7,000	6,279	721
Sludge Dewatering	110,000	138,829	(28,829)
Sludge Management	135,000	108,655	26,345
Other Professional Services	5,600	5,928	(328)
Audit Services	2,653	2,653	0
Capital Reserve Fund Contributions	60,000	60,000	0
Capital Outlay	4,500	10,356	(5,856)
Total Expenses	982,752	1,057,098	(74,346)
Net Income	\$ 0	\$ 61,497	\$ 61,497

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