

**VILLAGE OF ESSEX JUNCTION, VERMONT**

**AUDIT REPORT**

**JUNE 30, 2008**

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, 2008, 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.

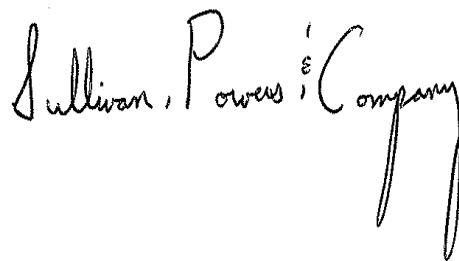
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, 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, 2008 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 18, 2009  
Montpelier, Vermont  
Vt Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive, flowing style with a large, stylized initial 'S' and a long, sweeping underline.

## MANAGEMENT'S DISCUSSION AND 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, 2008.

### ***Financial Highlights***

- Assets exceeded liabilities on June 30, 2008 by \$20,284,292 (*net assets*). Of this amount, \$2,677,299 (*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 \$922,216. Of this amount, net assets attributable to governmental activities increased by \$1,024,566. Net assets attributable to business-type activities decreased by \$102,350.
- Fund balances of governmental funds increased by \$535,443 in fiscal FY08. The General Fund had \$209,171 of unreserved, undesignated fund balance at 6/30/08. This is equal to 7.5% of the approved FY09 General Fund Budget. As of 6/30/07 the General Fund had \$207,567 of unreserved, undesignated fund balance.

### ***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	
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
Current and Other Assets	\$2,486,342	\$2,023,382	\$1,176,928	\$1,119,199	\$3,663,270	\$3,142,581
Capital Assets	<u>\$7,825,699</u>	<u>\$7,174,280</u>	<u>\$9,687,515</u>	<u>\$9,723,505</u>	<u>\$17,513,214</u>	<u>\$16,897,785</u>
Total Assets	\$10,312,041	\$9,197,662	\$10,864,443	\$10,842,704	\$21,176,484	\$20,040,366
Current Liabilities	\$388,497	\$317,608	\$389,329	\$269,570	\$777,826	\$587,178
Long-term Liabilities	<u>\$71,089</u>	<u>\$52,165</u>	<u>\$43,277</u>	<u>\$38,947</u>	<u>\$114,366</u>	<u>\$91,112</u>
Total Liabilities	\$459,586	\$369,773	\$432,606	\$308,517	\$892,192	\$678,290
Net Assets						
Invested in capital assets, net of Related Debt	\$7,825,699	\$7,174,280	\$9,687,515	\$9,723,505	\$17,513,214	\$16,897,785
Restricted	\$93,779	\$90,172	\$0	\$0	\$93,779	\$90,172
Unrestricted	<u>\$1,932,977</u>	<u>\$1,563,437</u>	<u>\$744,322</u>	<u>\$810,682</u>	<u>\$2,677,299</u>	<u>\$2,374,119</u>
Total Net Assets	<u>\$9,852,455</u>	<u>\$8,827,889</u>	<u>\$10,431,837</u>	<u>\$10,534,187</u>	<u>\$20,284,292</u>	<u>\$19,362,076</u>

As stated above, net assets exceeded liabilities by \$20,284,292 at the end of fiscal year 2008. Net assets at the end of fiscal year 2007 exceeded liabilities by \$19,362,076.

The largest portion of the Village's net assets is in its investment in capital assets (86%). 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 (.4) of the Village's assets is subject to restrictions on how they may be used. The remaining balance of unrestricted net assets (\$2,677,299) 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	
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
Revenues						
Program Revenues						
Charges for services	\$94,354	\$90,415	\$3,947,785	\$3,740,474	\$4,042,139	\$3,830,889
Operating grants and contributions	\$141,646	\$148,703	\$0	\$0	\$141,646	\$148,703
Capital grants and contributions	\$669,195	\$1,441,326	\$0	\$563,627	\$669,195	\$2,004,953
General Revenues						
Property taxes	\$2,478,738	\$2,352,660	\$0	\$0	\$2,478,738	\$2,352,660
Unrestricted investment earnings	\$61,434	\$75,113	\$14,242	\$16,239	\$75,676	\$91,352
Gain on sale of capital	\$0	\$0	\$0	\$0	\$0	\$0
Other revenues	\$18,316	\$15,427	\$0	\$0	\$18,316	\$15,427
Total Revenues	\$3,463,683	\$4,123,644	\$3,962,027	\$4,320,340	\$7,425,710	\$8,443,984
Expenses						
Governmental activities						
General Government	\$621,931	\$630,401	\$0	\$0	\$621,931	\$630,401
Public Safety	\$330,185	\$271,390	\$0	\$0	\$330,185	\$271,390
Public Works	\$862,300	\$799,058	\$0	\$0	\$862,300	\$799,058
Community Development	\$1,384	\$2,925	\$0	\$0	\$1,384	\$2,925
Culture and Recreation	\$623,317	\$647,103	\$0	\$0	\$623,317	\$647,103
Business-type activities						
Water	\$0	\$0	\$2,343,556	\$2,321,425	\$2,343,556	\$2,321,425
Sanitation	\$0	\$0	\$313,638	\$303,124	\$313,638	\$303,124
Wastewater	\$0	\$0	\$1,407,183	\$1,255,485	\$1,407,183	\$1,255,485
Total Expenses	\$2,439,117	\$2,350,877	\$4,064,377	\$3,880,034	\$6,503,494	\$6,230,911
Change in net assets	\$1,024,566	\$1,772,767	-\$102,350	\$440,306	\$922,216	\$2,213,073
Net assets - Beginning of Year	\$8,827,889	\$7,055,122	\$10,534,187	\$10,093,881	\$19,362,076	\$17,149,003
Net assets - End of Year	\$9,852,455	\$8,827,889	\$10,431,837	\$10,534,187	\$20,284,292	\$19,362,076

At the end of FY08 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 \$1,024,566 in FY08. Revenues exceeded expenditures by \$535,443. The Village added \$765,876 of new assets to its inventory of capital assets. Major capital assets added in FY08 included 5 Corners North Drainage and a new Salt Shed at the Public Works compound. After taking into consideration the adjustments from Governmental fund reporting to Government-wide reporting, this resulted in the increase of \$1,024,566 in net assets.



**Business-type activities.** Business-type activities decreased the Village's net assets by \$102,350.

The Water Fund had a budgetary net income of \$13,691 and a GAAP basis net income of \$13,737. Budgetary information does not include capital projects costs or depreciation expense. Water revenues in total were on target except for IBM "pass-through" water sales which were low. IBM "pass-through" revenues are matched exactly by IBM water purchases and so do not affect net income of the fund. Village user revenues came in slightly under budget due to another rainy summer but Large User water sales (a new revenue source) made up the difference. Water expenditures were under budget primarily due to lower than budgeted water break maintenance costs. The result was the small net income detailed above. Unrestricted Net Assets (resources available to meet future obligations) decreased by \$70,620 in FY08. Construction continued on the Pearl Street water line replacement.

The Sanitation Fund had a budgetary net income of \$6,513 and a GAAP basis net income of \$66,003. As in the Water Fund, sales to Village residents were lower than anticipated due to a wet summer in 2007. However, due to an increase in hookup fees and permits being issued for new buildings in Riverside in the Village, Sanitation Fund revenues in total came in as budgeted. Expenditures in the Sanitation Fund were about 2% lower than anticipated resulting in the budgetary gain of \$6,513. The High School pump station valuing project was started but not completed in the Sanitation Capital Reserve in FY08. Unrestricted Net Assets increased by \$140,746 in FY08.

The Wastewater Treatment Fund had a budgetary loss of \$34,866 and a GAAP basis loss of \$182,090. Revenues in the WWTF were strong (\$114,276 higher than anticipated) primarily due to extremely high revenue from septage haulers and from processing landfill leachate. Revenues from the Town of Essex were less than budgeted due to a correction in metering. Expenses were over budget by \$149,142 resulting in the loss of \$34,866. Higher than budgeted expenses for Chemicals (\$24,000 over budget), Maintenance (\$20,000 over budget) and Sludge Dewatering and Management (\$50,000 over budget) contributed to the loss. In addition, 2 projects (Digester Roof Replacement and Influent Fine Screen) in the WWTF Capital Reserve were expanded from a cost of \$118,000 to \$215,033. The expansions of these projects were necessary and prudent. More funds were transferred out of the operations budget into the Capital Reserve to cover these expanded costs (\$35,000). The GAAP basis net loss of \$182,090 takes into account depreciation. Unrestricted Net Assets decreased in FY08 by \$136,485 to \$40,564.

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

### **The General Fund**

The General Fund fund balance increased from \$238,391 at the end of fiscal year 2007 to \$378,890 at the end of fiscal year 2008. The increase is due to net income in the fund of \$140,499. This net income can be attributed to the following:

- Excluding grants and donations received and expended in FY08, revenues were higher than budgeted by \$25,314. This revenue surplus consists of higher than anticipated investment interest, planning and zoning fees, and an unanticipated award of \$4,090 from VLCT for participation in their Leader program. The Leader program encourages communities to promote healthy life styles for their employees.

- Expenditures excluding those for grants and donations received in FY 08 and a mid-year, Trustee approved transfer to the Capital Reserve Fund of \$10,000 were \$125,185 less than budgeted. Major contributions to this amount were:
  - A) Under-spending in the Administration Department by about \$67,000. The replacement of the Village Manager did not occur until February 2008. Salary and benefit line items reflect this providing about \$50,000 of the surplus. \$17,100 of this has been designated for salaries and benefits in FY09. The Village Advancement Committee received \$27,000 at Village Meeting to “provide guidance for the Village government’s planning efforts, to provide assistance with those efforts, and to improve communication among Village citizens”\*\*, The Village Advancement Committee used these funds for a survey of Village Residents and to update and improve the Village web-site. Of the \$27,000, \$7,386 was spent in FY08 and \$10,205 has been designated for expenditure in FY2009. The Communications line item was under-spent by about \$17,000.
  - B) Lincoln Hall budget had a surplus of \$3,145. \$2,500 of this has been designated for FY09 to install a sprinkler system in the lawn.
  - C) The Fire Department budget as a whole was on target. Overages occurred in several line items – salaries \$5,000 over, Building Maintenance \$8,000 over, Vehicle Maintenance \$7,000 over. These overages were made up by underspending in other line items.
  - D) Street Department had a surplus of about \$6,000. Notable over-spending occurred in several line items including Winter Maintenance (\$23,000), Pavement Maintenance (\$10,000), Gas Grease and Oil (\$5,000), Vehicle Maintenance (\$8,000). The winter of 2007/2008 was known for salt shortages. It was also known for escalating fuel costs. The overages in the Street line items were made up by under spending in other areas.
  - E) The Brownell Library had a surplus of about \$13,000 primarily due to salary and benefits line items associated with replacing a long-time employee.
  - F) The Planning Department budget was under-spent by about \$21,000. Legal fees were low in FY08 and the Other Professional Services line item was also under-spent.
  - G) Economic Development was under-spent by about \$13,000 due to less than budgeted general Economic Development activity. \$5,000 of the surplus has been designated for use in FY09.
  - H) Grants and donations received and expended were: Homeland Security Grants amounting to \$23,238, Library grants of \$1,241, Fire Department donation of \$7,863 and a donation from the Friends of Brownell Library of \$1,013.
  - I) There was an unbudgeted Trustee-approved transfer of \$10,000 from the General Fund to the General Fund Capital Reserve for improvements to the Fire Station.

## **Capital Reserve Fund**

The Capital Reserve Fund had fund balance of \$237,118 as of June 30, 2007. The fund balance was \$366,695 as of June 30, 2008. Projects completed include: 5 Corners North Stormwater Mitigation and the building of a new Salt Shed at the Public Works compound. Projects continued or initiated but not completed include: Essex Junction Redevelopment, Taft Street reconstruction engineering, and improvements to the Lincoln Hall Complex. Total expenditures in the Capital Reserve Fund were \$977,628. Transfers into the Capital Reserve Fund from the General Fund were \$296,209. \$506,579 was received from the Federal Government for the Essex Junction Redevelopment Project. \$175,114 in Federal (STAG) grant money and \$119,616 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.

## **General Fund Rolling Stock Fund**

The General Fund Rolling Stock Fund had net assets of \$569,138 at the beginning of FY08. The net assets at 6/30/08 were \$794,132. No vehicles were purchased from the fund in FY08. However, the 1994 Freightliner Rescue Truck was sold for \$52,000 in anticipation of its replacement in FY09 by a combination Rescue/Pumper. Transfers from the General Fund were \$151,300 and the Fund earned interest of \$21,694.

## ***Long Term Debt***

The Village has been free of long term debt since November 2004.

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

- 2008/2009 so far has been a year of drastic economic downturn for Vermont and the entire United States of America. At this time, February 2009, unemployment is running high in Vermont and the whole country. A Federal stimulus package created with the goal of revitalizing the economy has passed in the House of Representative and is on its way to the Senate. The Village, in anticipation of Stimulus money, has identified a number of projects that are ready to commence within 90 days or less of award of funds.
- The CPI index for Northeast urban communities size B/C was 5.8% in September of 2008. As of December it had dropped to .4%. Fuel prices hit an all time high in the summer of 2008. Health Insurance premiums increased about 22% in January 2009.
- The IBM M&E Subsidy decreased by \$60,545 from FY08 to FY09, from \$363,300 to \$302,755. This decrease resulted in an additional \$.006 on the FY09 tax rate. This subsidy will decrease each year by approximately this same amount until it is \$0 in FY14. IBM experienced a lay off of less than 500 employees in February. The exact number has not been released.
- In February of 2008 David Crawford was hired as Village Manager. The focus of the Village in this past year has been on economic development, capital planning and pursuit of new revenue sources. In March the Town will vote whether to adopt a local option tax of 1% to supplement property tax revenue. The Village and Town would evenly split 70% of the taxes collected. The State keeps 30% of the revenue. The Village has also been seeking some monetary support from the Champlain Valley Exposition.
- The FY09 General Fund budget increased by 1% from the FY08 budget. The tax rate decreased by 2% from \$0.2115 to \$0.2075. This reduction of tax rate was achieved by using \$70,000 of fund balance against the tax rate and other one-time reductions. Residents were still feeling the effects of the reappraisal in 2007, and the Village made every effort to keep the FY09 tax rate as low as possible.

- Capital Projects being undertaken or continued in FY09 include:
  - Essex Junction Redevelopment (total project cost is estimated at \$1,824,301 of which \$1,317,964 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. Construction began in the spring of 2008. We expect the project to be completed in the spring of 2009.
  - 5 Corners Overlay (\$83,093)
  - Taft Street Reconstruction (\$215,890)
  - Lincoln Hall Improvements (\$8,660 left of \$78,000). In FY08 the windows in the conference room and the carpet in the Senior Center were replaced, and renovations to the Fire Station were started. In FY09 the Fire Station renovations will be completed and improvements made to the rest rooms.
  - Highway Fuel Tank Removal (\$11,000)
  - Lincoln Hall Window Replacement in the Teen Center (\$9,000)
  - Fairview Pond Stormwater project engineering (\$19,401)
  - Pearl Street project preliminary engineering (\$15,000)
  - South Summit Street Sidewalk and Road Reconstruction engineering in conjunction with a waterline replacement (\$17,497).
- The utility rates increased by 3% from FY08 to FY09. They increased from \$0.04165 per c.f. of metered water to \$0.04303 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, 2008

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,790,477	\$ 477,225	\$ 2,267,702
Receivables (Net of Allowance for Uncollectibles)	536,772	645,156	1,181,928
Note Receivable	93,779	0	93,779
Inventories	44,318	39,436	83,754
Prepaid Expenses	20,996	15,111	36,107
Capital Assets			
Land	55,742	118,077	173,819
Construction in Progress	764,704	169,028	933,732
Antiques and Works of Art	12,000	0	12,000
Other Capital Assets, (Net of Accumulated Depreciation)	<u>6,993,253</u>	<u>9,400,410</u>	<u>16,393,663</u>
Total Assets	<u>10,312,041</u>	<u>10,864,443</u>	<u>21,176,484</u>
<u>LIABILITIES</u>			
Accounts Payable	347,130	377,976	725,106
Accrued Payroll and Benefits Payable	26,386	11,353	37,739
Due to Others	13,707	0	13,707
Deferred Revenue	1,274	0	1,274
Noncurrent Liabilities:			
Due in More than One Year	<u>71,089</u>	<u>43,277</u>	<u>114,366</u>
Total Liabilities	<u>459,586</u>	<u>432,606</u>	<u>892,192</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	7,825,699	9,687,515	17,513,214
Restricted for:			
Whitcomb Terrace Loan	93,779	0	93,779
Unrestricted	<u>1,932,977</u>	<u>744,322</u>	<u>2,677,299</u>
Total Net Assets	<u>\$ 9,852,455</u>	<u>\$ 10,431,837</u>	<u>\$ 20,284,292</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, 2008

	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	\$ 621,931	\$ 89,361	\$ 0	\$ 0	\$ (532,570)	\$ 0	\$ (532,570)
Public Safety	330,185	10	11,250	0	(318,925)	0	(318,925)
Public Works	862,300	2,164	99,764	0	(760,372)	0	(760,372)
Community Development	1,384	0	3,607	0	2,223	0	2,223
Culture and Recreation	623,317	2,819	27,025	0	(593,473)	0	(593,473)
Capital Outlay	0	0	0	669,195	669,195	0	669,195
Total Governmental Activities	2,439,117	94,354	141,646	669,195	(1,533,922)	0	(1,533,922)
Business-Type Activities:							
Water	2,343,556	2,348,605	0	0	0	5,049	5,049
Sanitation	313,638	374,087	0	0	0	60,449	60,449
Wastewater	1,407,183	1,225,093	0	0	0	(182,090)	(182,090)
Total Business-Type Activities	4,064,377	3,947,785	0	0	0	(116,592)	(116,592)
Total	\$ 6,503,494	\$ 4,042,139	\$ 141,646	\$ 669,195	(1,533,922)	(116,592)	(1,650,514)
General Revenues:							
Property Taxes					2,478,738	0	2,478,738
Payment in Lieu of Taxes					1,917	0	1,917
Interest and Penalties on Delinquent Taxes					6,501	0	6,501
Unrestricted Investment Earnings					61,434	14,242	75,676
Other Revenues					9,898	0	9,898
Total General Revenues					2,558,488	14,242	2,572,730
Change in Net Assets					1,024,566	(102,350)	922,216
Net Assets - July 1, 2007					8,827,889	10,534,187	19,362,076
Net Assets - June 30, 2008					\$ 9,852,455	\$ 10,431,837	\$ 20,284,292

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

	General Fund	Whitcomb Terrace Loan Fund	Capital Reserve Fund	Rolling Stock Reserve Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 377,186	\$ 0	\$ 250,338	\$ 794,132	\$ 368,821	\$ 1,790,477
Receivables (Net of Allowance for Uncollectibles)	33,635	0	501,499	0	1,638	536,772
Note Receivable	0	93,779	0	0	0	93,779
Inventories	44,318	0	0	0	0	44,318
Prepaid Expenses	20,796	0	0	0	200	20,996
Total Assets	<u>\$ 475,935</u>	<u>\$ 93,779</u>	<u>\$ 751,837</u>	<u>\$ 794,132</u>	<u>\$ 370,659</u>	<u>\$ 2,486,342</u>
<u>LIABILITIES</u>						
Liabilities:						
Accounts Payable	\$ 35,678	\$ 0	\$ 310,640	\$ 0	\$ 812	\$ 347,130
Accrued Payroll and Benefits Payable	26,386	0	0	0	0	26,386
Due to Others	13,707	0	0	0	0	13,707
Deferred Revenue	21,274	93,779	74,502	0	0	189,555
Total Liabilities	<u>97,045</u>	<u>93,779</u>	<u>385,142</u>	<u>0</u>	<u>812</u>	<u>576,778</u>
Fund Balances:						
Reserved for						
Prepaid Expenses and Inventory	65,114	0	0	0	200	65,314
Unreserved, Reported In						
General Fund	313,776	0	0	0	0	313,776
Special Revenue Funds	0	0	0	0	18,512	18,512
Capital Projects Funds	0	0	366,695	794,132	351,135	1,511,962
Total Fund Balances	<u>378,890</u>	<u>0</u>	<u>366,695</u>	<u>794,132</u>	<u>369,847</u>	<u>1,909,564</u>
Total Liabilities and Fund Balances	<u>\$ 475,935</u>	<u>\$ 93,779</u>	<u>\$ 751,837</u>	<u>\$ 794,132</u>	<u>\$ 370,659</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.						7,825,699
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.						188,281
Long-Term and Accrued Liabilities are not Due or Payable in the Current Period and, Therefore, are Not Reported in the Funds.						(71,089)
Net Assets of Governmental Activities						<u>\$ 9,852,455</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, 2008

	General Fund	Whitcomb Terrace Loan Fund	Capital Reserve Fund	Rolling Stock Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$ 2,474,655	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,474,655
Penalties and Interest	6,501	0	0	0	0	6,501
Intergovernmental Revenues	139,243	0	801,310	0	0	940,553
Charges for Services	91,852	0	0	0	9,115	100,967
Investment Income	17,682	0	9,686	21,694	12,372	61,434
Fines and Forfeits	4,340	0	0	0	0	4,340
Licenses and Permits	47,156	0	0	0	0	47,156
Contributions	8,876	0	0	0	10,784	19,660
Other Revenue	8,287	0	0	0	0	8,287
Total Revenues	<u>2,798,592</u>	<u>0</u>	<u>810,996</u>	<u>21,694</u>	<u>32,271</u>	<u>3,663,553</u>
Expenditures:						
Current:						
General Government	642,045	0	3,449	0	7,662	653,156
Public Safety	223,646	0	0	0	0	223,646
Public Works	640,406	0	0	0	0	640,406
Community Development	1,276	0	0	0	0	1,276
Culture & Recreation	492,525	0	0	0	10,552	503,077
Capital Outlay:						
General Government	8,641	0	12,149	0	0	20,790
Public Safety	33,184	0	6,906	0	0	40,090
Public Works	55,420	0	955,124	0	0	1,010,544
Culture & Recreation	83,441	0	0	0	3,684	87,125
Total Expenditures	<u>2,180,584</u>	<u>0</u>	<u>977,628</u>	<u>0</u>	<u>21,898</u>	<u>3,180,110</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>618,008</u>	<u>0</u>	<u>(166,632)</u>	<u>21,694</u>	<u>10,373</u>	<u>483,443</u>
Other Financing Sources/(Uses):						
Sale of Equipment	0	0	0	52,000	0	52,000
Transfers In	0	0	296,209	151,300	30,000	477,509
Transfers Out	(477,509)	0	0	0	0	(477,509)
Total Other Financing Sources/(Uses)	<u>(477,509)</u>	<u>0</u>	<u>296,209</u>	<u>203,300</u>	<u>30,000</u>	<u>52,000</u>
Net Change in Fund Balances	140,499	0	129,577	224,994	40,373	535,443
Fund Balances - July 1, 2007	<u>238,391</u>	<u>0</u>	<u>237,118</u>	<u>569,138</u>	<u>329,474</u>	<u>1,374,121</u>
Fund Balances - June 30, 2008	<u>\$ 378,890</u>	<u>\$ 0</u>	<u>\$ 366,695</u>	<u>\$ 794,132</u>	<u>\$ 369,847</u>	<u>\$ 1,909,564</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, 2008

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)	\$ 535,443
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.	651,419
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets	52,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(195,371)
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.	(18,925)
Change in net assets of governmental activities (Exhibit B)	\$ <u>1,024,566</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, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Current Property Taxes	\$ 2,115,692	\$ 2,109,438	\$ (6,254)
State of VT PILOT & Current Use	1,000	1,917	917
Penalties and Interest On Delinquent Taxes	5,000	6,501	1,501
IBM Subsidy	363,300	363,300	0
Licenses & Zoning Fees	32,500	47,156	14,656
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	4,340	1,409
State Highway Aid	95,000	99,764	4,764
Essex Junction School District			
Tax Collection Fees	35,824	34,974	(850)
Lincoln Hall Rentals	426	378	(48)
Miscellaneous Fire Receipts	0	10	10
Donation to Fire Department	0	7,863	7,863
Miscellaneous Street Receipts	4,000	2,164	(1,836)
Miscellaneous Library Receipts	750	555	(195)
Essex Town Library Contribution	15,000	15,000	0
Friends Donation to Brownell Library	0	1,013	1,013
Investment Interest	10,000	17,682	7,682
Other Miscellaneous	2,000	5,558	3,558
Homeland Security Grant SG 02140-76162-852-024	0	11,988	11,988
Homeland Security Grant SG 02140-76162-852-047	0	11,250	11,250
Miscellaneous Library Grant	0	1,241	1,241
Total Revenue	<u>2,739,923</u>	<u>2,798,592</u>	<u>58,669</u>
Expenditures:			
Administration:			
Salaries - Regular	250,829	221,450	29,379
Salaries - Overtime	135	837	(702)
Salaries - Part-Time	14,430	15,529	(1,099)
Social Security	20,723	18,360	2,363
Unemployment Insurance	461	639	(178)
Workers Compensation Insurance	1,081	1,039	42
Health Insurance and Other Benefits	61,546	45,467	16,079
Retirement	25,083	19,780	5,303
Liability and Property Insurance	7,233	7,737	(504)
Public Officials Liability Insurance	2,361	5,118	(2,757)
Board Member Fees	2,500	2,500	0
Supplies	5,200	6,445	(1,245)
Postage	4,350	3,197	1,153
Computer Expenses	8,650	9,592	(942)
Training & Conferences	6,425	1,781	4,644
Telephone Services	1,416	1,486	(70)

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, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:			
Administration/(Cont'd):			
Communications	\$ 33,587	\$ 16,092	\$ 17,495
Vehicle Maintenance - Travel	1,800	950	850
Interview Costs	0	2,304	(2,304)
Leased Services	4,488	4,253	235
Legal Fees	12,800	11,918	882
Other Professional Services	2,050	2,447	(397)
Audit Service	4,384	4,389	(5)
Printing and Advertising	7,200	6,108	1,092
Pay & Classification Study	500	210	290
Elections	620	716	(96)
Holiday Expense	1,500	1,202	298
Trustees Expenditures	2,500	2,210	290
Tax Rebates	0	608	(608)
Capital Outlay	3,860	5,785	(1,925)
Total Administration	487,712	420,149	67,563
Lincoln Hall:			
Liability and Property Insurance	4,237	4,703	(466)
Supplies	2,150	1,782	368
Water and Sewer Charges	900	706	194
Telephone Services	1,313	1,294	19
Electrical Service	7,240	6,535	705
Heating	9,853	9,064	789
Maintenance - Buildings/Grounds	6,461	4,948	1,513
Rubbish Removal	1,512	1,692	(180)
Contractual Services	7,633	7,430	203
Total Lincoln Hall	41,299	38,154	3,145
Fire Department:			
Salaries - Part-time Firefighters	90,000	84,874	5,126
Social Security	6,885	6,493	392
Worker's Compensation Insurance	9,204	9,978	(774)
Accident & Disability Insurance	4,200	3,792	408
Liability and Property Insurance	7,579	8,205	(626)

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, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Fire Department/(Cont'd):			
Supplies	\$ 2,400	\$ 1,782	\$ 618
EMS Supplies	1,800	1,522	278
Gas, Oil and Grease	2,400	4,337	(1,937)
Water and Sewer Charges	400	256	144
Training and Conferences	7,000	2,100	4,900
Telephone Services	4,000	3,426	574
Electrical Service	7,500	6,509	991
Heating	7,500	4,869	2,631
Maintenance - Buildings/Grounds	1,900	10,260	(8,360)
Radio Maintenance	2,000	2,519	(519)
Maintenance - Other	5,000	9,744	(4,744)
Vehicle Maintenance - Travel	9,000	16,289	(7,289)
Emergency Generator Maintenance	1,300	1,027	273
Uniforms and Boots	17,500	15,019	2,481
Fire Prevention	1,800	1,586	214
Physical Exams	6,500	4,868	1,632
Employee Assistance Program	900	864	36
Hydrant Rental	5,000	5,000	0
New Equipment - Radios	4,300	2,397	1,903
Capital Outlay	4,000	0	4,000
Routine Equipment Purchases	16,000	18,013	(2,013)
Total Fire Department	226,068	225,729	339
Street Department:			
Salaries - Regular	158,241	150,947	7,294
Salaries - Overtime	14,000	16,437	(2,437)
Salaries - Part-time	8,678	10,337	(1,659)
Social Security	13,268	13,379	(111)
Unemployment Insurance	512	574	(62)
Worker's Compensation Insurance	14,150	9,649	4,501
Health Insurance and Other Benefits	54,721	58,378	(3,657)
Employee Retirement	15,824	14,904	920
Liability and Property Insurance	13,128	13,339	(211)
Supplies	16,000	19,683	(3,683)
Winter Maintenance	63,000	85,936	(22,936)
Pavement Maintenance	57,000	67,073	(10,073)
Gravel and Topsoil	3,500	3,636	(136)
Signs and Posts	7,000	1,010	5,990
Gas, Grease and Oil	18,000	23,216	(5,216)
Water and Sewer Charge	1,000	593	407
Training and Conferences	1,700	481	1,219
Telephone Services	2,000	872	1,128
Electrical Service	4,160	4,366	(206)
Street Lights	105,000	99,528	5,472

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, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Street Department/Cont'd:			
Traffic Lights	\$ 3,500	\$ 3,387	\$ 113
Heating	5,933	3,936	1,997
Maintenance - Buildings/Grounds	3,500	2,160	1,340
Radio Maintenance	450	75	375
Maintenance - Other	1,000	503	497
Vehicle Maintenance - Travel	23,800	31,944	(8,144)
Streetscape Maintenance/ Improvements	9,000	4,153	4,847
Traffic Light Maintenance	4,000	6,083	(2,083)
Memorial Park	3,500	3,878	(378)
Street Markings	6,000	6,053	(53)
Uniforms, Boots, Etc.	4,000	3,710	290
Interview Costs	0	602	(602)
Rubbish Removal	4,300	4,517	(217)
Contract Services	6,500	7,960	(1,460)
Accident Claims	0	449	(449)
Equipment Rentals	2,500	112	2,388
Engineering Services	10,000	3,923	6,077
Traffic Calming	8,000	837	7,163
Capital Outlay	9,500	6,148	3,352
Sidewalk and Curb Maintenance	7,500	3,727	3,773
Storm Sewer Maintenance	14,000	3,856	10,144
Storm Sewer Permit Fees	3,500	2,354	1,146
Storm Sewer Public Education	5,000	5,000	0
Total Street Department	706,365	699,705	6,660
Library:			
Salaries - Regular	222,600	210,849	11,751
Salaries - Part-Time	84,000	82,910	1,090
Social Security	25,122	24,335	787
Unemployment Insurance	1,195	1,199	(4)
Workers Compensation Insurance	1,250	1,467	(217)
Health Insurance and Other Benefits	47,651	38,614	9,037
Retirement	22,260	20,396	1,864
Liability and Property Insurance	10,626	11,996	(1,370)
Supplies	10,400	10,771	(371)
Postage	5,000	4,884	116
Computer Expenses	7,065	5,500	1,565
Water and Sewer Charge	325	404	(79)
Training and Conferences	3,250	2,031	1,219
Telephone Services	1,500	1,480	20
Technology Access	3,700	4,307	(607)
Electrical Services	14,466	13,242	1,224
Heating	8,914	7,959	955

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, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Library/(Cont'd):			
Maintenance - Building/Grounds	\$ 6,000	\$ 13,018	\$ (7,018)
Alarm System Maintenance	440	876	(436)
Interview Costs	450	496	(46)
Contract Services	21,000	21,142	(142)
Adult Programs	1,000	1,050	(50)
Childrens Programs	3,000	2,923	77
Audit Service	5,694	5,391	303
Adult Collection - Print & Electronic	50,600	54,232	(3,632)
Juvenile Collection - Print & Electronic	25,300	25,872	(572)
Capital Outlay	0	2,490	(2,490)
Total Library	582,808	569,834	12,974
Planning and Zoning:			
Salaries -Regular	92,500	92,974	(474)
Salaries - Overtime	0	299	(299)
Salaries - Part Time	9,323	4,602	4,721
Social Security	8,203	7,815	388
Unemployment Insurance	256	207	49
Workers Compensation Insurance	1,390	1,527	(137)
Health Insurance and Other Benefits	34,380	33,051	1,329
Retirement	9,250	9,077	173
Liability Insurance and Property Insurance	1,507	1,745	(238)
Public Officials Liability Insurance	2,361	5,118	(2,757)
Boardmember Fee	3,000	3,000	0
Supplies	3,000	1,292	1,708
Postage	1,150	936	214
Computer Expenses	1,500	1,067	433
Training and Conferences	2,440	1,284	1,156
Telephone Services	250	280	(30)
Communications	2,100	1,610	490
Vehicle Maintenance - Travel	2,400	2,400	0
Interview Costs	0	1,230	(1,230)
Legal Services	15,000	3,896	11,104
Other Professional Services	9,000	1,172	7,828
Printing and Advertising	3,500	4,672	(1,172)
Recording Fees	1,900	2,040	(140)
Capital Outlay	1,740	4,076	(2,336)
Total Planning and Zoning	206,150	185,370	20,780
Economic Development:			
Block Party Expense	5,000	5,000	0
Economic Development General	15,000	1,276	13,724
Total Economic Development	20,000	6,276	13,724

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Miscellaneous Transfers and Expenditures:			
Fund Balance Transfer to Capital Reserve	\$ 0	\$ 10,000	\$ (10,000)
Rolling Stock Fund	151,300	151,300	0
Capital Reserve Fund	286,209	286,209	0
Land Acquisition Fund	25,000	25,000	0
Library Grant Expenditures	0	1,241	(1,241)
Library Donation Expenditure	0	1,013	(1,013)
Fire Department Grant Expenditures	0	23,238	(23,238)
Fire Department Donation Expense	0	7,863	(7,863)
Metropolitan Planning Organization	<u>7,012</u>	<u>7,012</u>	<u>0</u>
Total Miscellaneous Transfers and Expenditures	<u>469,521</u>	<u>512,876</u>	<u>(43,355)</u>
Total Expenditures	<u>2,739,923</u>	<u>2,658,093</u>	<u>81,830</u>
Excess of Revenue Over Expenditures	\$ <u>0</u>	140,499	\$ <u>140,499</u>
Fund Balance - July 1, 2007		<u>238,391</u>	
Fund Balance - June 30, 2008		<u>\$ 378,890</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, 2008

	Water Fund	Sanitation Fund	Wastewater Fund	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 334,526	\$ 299,048	\$ (156,349)	\$ 477,225
Receivables (Net of Allowance for Uncollectible Accounts)	146,204	6,769	68,393	221,366
Estimated Unbilled Revenues	171,031	74,916	177,843	423,790
Inventories	5,996		33,440	39,436
Other Current Assets	2,169	6,222	6,720	15,111
Total Current Assets	659,926	386,955	130,047	1,176,928
Noncurrent Assets:				
Capital Assets				
Land	0	0	118,077	118,077
Construction in Progress	166,293	2,735	0	169,028
Infrastructure	0	0	45,539	45,539
Buildings and Building Improvements	40,000	0	8,303,215	8,343,215
Vehicles, Machinery and Equipment	162,562	100,088	2,241,663	2,504,313
Transmission and Distribution Plant	7,484,464	6,493,581	0	13,978,045
Less Accumulated Depreciation	(6,377,780)	(4,704,617)	(4,388,305)	(15,470,702)
Total Noncurrent Assets	1,475,539	1,891,787	6,320,189	9,687,515
Total Assets	\$ 2,135,465	\$ 2,278,742	\$ 6,450,236	\$ 10,864,443
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 326,862	\$ 5,046	\$ 46,068	\$ 377,976
Accrued Payroll and Benefits Payable	2,302	2,390	6,661	11,353
Total Current Liabilities	329,164	7,436	52,729	389,329
Noncurrent Liabilities				
Accrued Compensated Absences Payable	2,946	3,577	36,754	43,277
Total Noncurrent Liabilities	2,946	3,577	36,754	43,277
Total Liabilities	332,110	11,013	89,483	432,606
<u>NET ASSETS</u>				
Investment in Capital Assets, Net of Related Debt	1,475,539	1,891,787	6,320,189	9,687,515
Unrestricted	327,816	375,942	40,564	744,322
Total Net Assets	1,803,355	2,267,729	6,360,753	10,431,837
Total Liabilities and Net Assets	\$ 2,135,465	\$ 2,278,742	\$ 6,450,236	\$ 10,864,443

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, 2008

	Water Fund	Sanitation Fund	Wastewater Fund	Total
Operating Revenues:				
Charges for Services	\$ 2,326,618	\$ 326,502	\$ 1,224,539	\$ 3,877,659
Miscellaneous	<u>21,987</u>	<u>47,585</u>	<u>554</u>	<u>70,126</u>
Total Operating Revenues	<u>2,348,605</u>	<u>374,087</u>	<u>1,225,093</u>	<u>3,947,785</u>
Operating Expenses:				
Operating, Maintenance, and General and Administrative Expenses	2,261,693	229,203	1,127,132	3,618,028
Depreciation	<u>81,863</u>	<u>84,435</u>	<u>276,864</u>	<u>443,162</u>
Total Operating Expenses	<u>2,343,556</u>	<u>313,638</u>	<u>1,403,996</u>	<u>4,061,190</u>
Operating Income/(Loss)	<u>5,049</u>	<u>60,449</u>	<u>(178,903)</u>	<u>(113,405)</u>
Nonoperating Revenues (Expenses):				
Investment Income	8,688	5,554	0	14,242
Interest Expense	<u>0</u>	<u>0</u>	<u>(3,187)</u>	<u>(3,187)</u>
Total Nonoperating Revenues (Expenses)	<u>8,688</u>	<u>5,554</u>	<u>(3,187)</u>	<u>11,055</u>
Change in Net Assets	13,737	66,003	(182,090)	(102,350)
Net Assets - July 1, 2007	<u>1,789,618</u>	<u>2,201,726</u>	<u>6,542,843</u>	<u>10,534,187</u>
Net Assets - June 30, 2008	<u>\$ 1,803,355</u>	<u>\$ 2,267,729</u>	<u>\$ 6,360,753</u>	<u>\$ 10,431,837</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, 2008

	Water Fund	Sanitation Fund	Wastewater Fund	Total
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 2,351,640	\$ 399,273	\$ 1,151,787	\$ 3,902,700
Receipts for Interfund Services	5,000	0	11,700	16,700
Other Receipts	0	0	554	554
Payments to Suppliers	(1,972,187)	(63,638)	(726,403)	(2,762,228)
Payments for Interfund Services	(32,000)	(16,700)	(19,500)	(68,200)
Payments for Wages and Benefits	(140,925)	(151,857)	(382,540)	(675,322)
Net Cash Provided by Operating Activities	<u>211,528</u>	<u>167,078</u>	<u>35,598</u>	<u>414,204</u>
Cash Flows From Noncapital Financing Activities:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Flows From Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(166,221)	(12,328)	(231,259)	(409,808)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(166,221)</u>	<u>(12,328)</u>	<u>(231,259)</u>	<u>(409,808)</u>
Cash Flows From Investing Activities:				
Interest Paid on Pooled Cash	0	0	(3,187)	(3,187)
Receipt of Interest & Dividends	8,689	5,554	0	14,243
Net Cash Provided/(Used) by Investing Activities	<u>8,689</u>	<u>5,554</u>	<u>(3,187)</u>	<u>11,056</u>
Net Increase/(Decrease) in Cash	53,996	160,304	(198,848)	15,452
Cash - July 1, 2007	<u>280,530</u>	<u>138,744</u>	<u>42,499</u>	<u>461,773</u>
Cash - June 30, 2008	<u>\$ 334,526</u>	<u>\$ 299,048</u>	<u>\$ (156,349)</u>	<u>\$ 477,225</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:				
Operating Income/(Loss)	\$ 5,049	\$ 60,449	\$ (178,903)	\$ (113,405)
Depreciation	81,863	84,435	276,864	443,162
(Increase)/Decrease in Other Receivables	(139,045)	15,124	(34,955)	(158,876)
(Increase)/Decrease in Unbilled Revenues	147,080	10,061	(26,096)	131,045
(Increase)/Decrease in Inventory	2,102	0	(15,163)	(13,061)
Increase/(Decrease) in Accounts Payable	115,054	(1,558)	7,563	121,059
Increase/(Decrease) in Accrued Payroll and Compensated Absences	(395)	(721)	6,782	5,666
Increase/(Decrease) in Other Operating Assets/Liabilities	(180)	(712)	(494)	(1,386)
Net Cash Provided by Operating Activities	<u>\$ 211,528</u>	<u>\$ 167,078</u>	<u>\$ 35,598</u>	<u>\$ 414,204</u>

## Supplemental Information:

Equipment with a Cost and Accumulated Depreciation of \$8,918 in the Wastewater Fund was disposed of during the year.

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2008

	Agency Funds
<u>ASSETS</u>	
Cash	\$ 2,005
Total Assets	<u>2,005</u>
<u>LIABILITIES</u>	
Due to Other Organizations	<u>2,005</u>
Total Liabilities	<u>2,005</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, 2008

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, 2008

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 proprietary funds, each displayed in a separate column. All remaining governmental and proprietary 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.

Rolling Stock Reserve Fund – This fund accounts for general rolling stock (vehicles) purchases of the Village.

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

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, 2008

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, 2008

**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, 2008

## 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 report major general infrastructure assets constructed since 1990.

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, 2008

**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, 2008

**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	\$ 1,790,477	\$ 0	\$ 0	\$ 1,790,477
Receivables	536,772	0	0	536,772
Note Receivable	93,779	0	0	93,779
Inventories	44,318	0	0	44,318
Prepaid Expenses	20,996	0	0	20,996
Capital Assets	<u>0</u>	<u>0</u>	<u>7,825,699</u>	<u>7,825,699</u>
 Total Assets	 <u>2,486,342</u>	 <u>0</u>	 <u>7,825,699</u>	 <u>10,312,041</u>
<b>LIABILITIES</b>				
Accounts Payable	347,130	0	0	347,130
Accrued Payroll and				
Benefits Payable	26,386	0	0	26,386
Due to Others	13,707	0	0	13,707
Deferred Revenue	189,555	(188,281)	0	1,274
Accrued Compensated				
Absences Payable	<u>0</u>	<u>71,089</u>	<u>0</u>	<u>71,089</u>
 Total Liabilities	 <u>576,778</u>	 <u>(117,192)</u>	 <u>0</u>	 <u>459,586</u>
<b>NET ASSETS</b>				
Invested in Capital Assets	0	0	7,825,699	7,825,699
Other	<u>1,909,564</u>	<u>117,192</u>	<u>0</u>	<u>2,026,756</u>
 Total Net Assets	 <u><u>\$ 1,909,564</u></u>	 <u><u>\$ 117,192</u></u>	 <u><u>\$ 7,825,699</u></u>	 <u><u>\$ 9,852,455</u></u>

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

**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	\$ 2,474,655	\$ 6,000	\$ 0	\$ (1,917)	\$ 2,478,738
Payment in Lieu of Taxes	0	0	0	1,917	1,917
Penalties and Interest	6,501	0	0	0	6,501
Investment Income	61,434	0	0	0	61,434
Intergovernmental Revenues	940,553	(152,977)	0	(787,576)	0
Contributions	19,660	0	0	(19,660)	0
Charges for Services	100,967	0	0	(6,613)	94,354
Fines and Forfeits	4,340	0	0	(4,340)	0
Licenses and Permits	47,156	0	0	(47,156)	0
Other Revenues	8,287	0	0	1,611	9,898
Operating Grants and Contributions	0	3,607	0	138,039	141,646
Capital Grants and Contributions	0	0	0	669,195	669,195
Sale of Equipment	52,000	0	(52,000)	0	0
Transfers from Other Funds	477,509	0	0	(477,509)	0
Total Revenues	4,193,062	(143,370)	(52,000)	(534,009)	3,463,683
<b>EXPENDITURES</b>					
General Government	653,156	10,512	14,763	(56,500)	621,931
Public Safety	223,646	0	106,539	0	330,185
Public Works	640,406	5,718	216,176	0	862,300
Community Development	1,276	0	108	0	1,384
Culture and Recreation	503,077	2,695	117,545	0	623,317
Capital Expenditures	1,158,549	0	(1,158,549)	0	0
Transfers to Other Funds	477,509	0	0	(477,509)	0
Total Expenditures	3,657,619	18,925	(703,418)	(534,009)	2,439,117
Net Change for the Year	\$ 535,443	\$ (162,295)	\$ 651,418	\$ 0	\$ 1,024,566

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

Enterprise fund budgets are approved by the Trustees.

**B. 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 6 - Budgetary Basis	\$ 13,691
Adjustments:	
Purchase of Equipment	11,135
Capital Reserve Fund Transfer	60,000
Interest Earned on Capital Reserve Fund	10,774
Depreciation	<u>(81,863)</u>
Change in Net Assets – Exhibit H	\$ <u>13,737</u>

Sanitation Fund

Net Income - Schedule 7 - Budgetary Basis	\$ 6,513
Adjustments	
Purchase of Equipment	6,957
Interest Earned on Capital Reserve Fund	6,968
Capital Reserve Fund Transfer	130,000
Depreciation	<u>(84,435)</u>
Change in Net Assets – Exhibit H	\$ <u>66,003</u>

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

Wastewater Fund

Net Income/(Loss) - Schedule 8 - Budgetary Basis      \$    (34,866)

Adjustments:

Purchases of Equipment	24,195
Capital Reserve Fund Transfer	105,000
Interest Earned on Capital Reserve Fund	445
Depreciation	<u>(276,864)</u>

Change in Net Assets – Exhibit H      \$ (182,090)

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

Custodial Credit Risk

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

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$ 202,000	\$ 202,000
Uninsured, Collateralized by U.S. Government Securities, Federal Agency Issued Mortgage Backed Securities and/or General Obligation Vermont Municipal Notes and Bonds Held by the Bank's Trust Department with a Security Interest Granted to the Village	2,067,482	2,183,502
Petty Cash	225	
	<u>\$ 2,269,707</u>	<u>\$ 2,385,502</u>

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

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, 2008, 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, 2008, 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, 2008, the Village is not exposed to concentration of credit risk.

**B. Receivables**

Receivables at June 30, 2008, 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	15,799	0	15,799
Delinquent Taxes	5,972	0	5,972
Penalties and Interest	3,824	1,358	5,182
Billed Services	10,678	164,994	175,672
Unbilled Services	0	423,790	423,790
Grants	501,499	0	501,499
Other Governments	0	55,014	55,014
Allowance for Doubtful Accounts	(1,000)	0	(1,000)
	<u>536,772</u>	<u>645,156</u>	<u>1,181,928</u>

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

**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>(166,221)</u>
Net Note Receivable	\$ <u>93,779</u>

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2008, 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	372,031	649,179	256,506	764,704
Antiques and Works of Art	12,000	0	0	12,000
Total Capital Assets, Not Being Depreciated	<u>439,773</u>	<u>649,179</u>	<u>256,506</u>	<u>832,446</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,522,361	244,086	1,800	1,764,647
Vehicles, Machinery, Equipment, Furniture, and Traffic Signals	3,110,355	106,162	213,224	3,003,293
Library Books	791,007	83,868	68,341	806,534
Parks	208,090	0	0	208,090
Roads, Curbs, Sidewalks and Storm Sewers	3,907,005	331,760	0	4,238,765
Totals	<u>9,538,818</u>	<u>765,876</u>	<u>283,365</u>	<u>10,021,329</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	380,526	39,536	1,800	418,262
Vehicles, Machinery, Equipment, Furniture, and Traffic Signals	1,642,017	176,255	112,993	1,705,279
Library Books	528,980	66,641	68,341	527,280
Parks	3,824	2,549	0	6,373
Roads, Curbs, Sidewalks and Storm Sewers	248,964	121,918	0	370,882
Totals	<u>2,804,311</u>	<u>406,899</u>	<u>183,134</u>	<u>3,028,076</u>
Total Capital Assets, Being Depreciated	<u>6,734,507</u>	<u>358,977</u>	<u>100,231</u>	<u>6,993,253</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,174,280</u>	<u>\$ 1,008,156</u>	<u>\$ 356,737</u>	<u>\$ 7,825,699</u>



VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

	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	53,359	157,821	42,152	169,028
Total Capital Assets, Not Being Depreciated	<u>171,436</u>	<u>157,821</u>	<u>42,152</u>	<u>287,105</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	8,277,121	66,094	0	8,343,215
Vehicles, Machinery, Equipment and Furniture	2,287,823	225,408	8,918	2,504,313
Infrastructure	45,539	0	0	45,539
Distribution and Collection Systems	13,978,045	0	0	13,978,045
Totals	<u>24,588,528</u>	<u>291,502</u>	<u>8,918</u>	<u>24,871,112</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	3,420,568	166,395	0	3,586,963
Vehicles, Machinery, Equipment and Furniture	869,038	119,478	8,918	979,598
Infrastructure	5,692	2,277	0	7,969
Distribution and Collection Systems	10,741,160	155,012	0	10,896,172
Totals	<u>15,036,458</u>	<u>443,162</u>	<u>8,918</u>	<u>15,470,702</u>
Total Capital Assets, Being Depreciated	<u>9,552,070</u>	<u>(151,660)</u>	<u>0</u>	<u>9,400,410</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,723,506</u>	<u>\$ 6,161</u>	<u>\$ 42,152</u>	<u>\$ 9,687,515</u>

Depreciation was charged as follows:

Governmental Activities:		Business - Type Activities:	
General Government	\$ 14,764	Water	\$ 81,863
Public Safety	58,960	Sanitation	84,435
Community Development	108	Wastewater	<u>276,864</u>
Public Works	215,524		
Culture and Recreation	<u>117,543</u>		
Total Depreciation Expense - Governmental	<u>\$ 406,899</u>	Total Depreciation Expense - Business-Type Activities	<u>\$ 443,162</u>

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

**E. Interfund Activity**

The Interfund transfers for the year ended June 30, 2008 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	151,300	Annual Subsidy
General Fund	Capital Reserve Fund	286,209	Annual Subsidy
General Fund	Capital Reserve Fund	10,000	Future Capital Purchases
General Fund	Land Acquisition		
	Capital Reserve Fund	<u>25,000</u>	Annual Subsidy
Total		<u>\$ 477,509</u>	

**F. Deferred Revenue**

Deferred Revenue in the General Fund consists of \$20,000 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 \$1,274 of property taxes received in advance for fiscal year 2009. Total Deferred Revenue in the General Fund is \$21,274.

Deferred Revenue in the Whitcomb Terrace Loan Fund consists of \$93,779 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 \$74,502 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, 2008 consisted of the following:

General Fund

Reserved for Prepaid Expenses and Inventory \$65,114

Special Revenue Funds

Reserved for Block Party Fund Prepaid Expenses 200

Total Reserved Governmental Fund Balances \$65,314

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

**H. Designated Governmental Fund Balances**

The Designated Governmental Fund Balances of the Village as of June 30, 2008 consisted of the following:

General Fund

Designated for Communications	\$ 10,205
Designated for Administrative salaries & benefits	17,100
Designated for Economic Development	5,000
Designated for Lincoln Hall Sprinkler System	2,300
Designated for Tax Reduction	<u>70,000</u>
 Total General Fund	 <u>104,605</u>

Special Revenue Funds

Designated for Library Expenses	588
Designated for Engineering Expenses	7,613
Designated for Block Party Expenses	4,898
Designated for Veterans Memorial Park	<u>5,413</u>
 Total Special Revenue Funds	 <u>18,512</u>

Capital Projects Funds

Designated for Future Capital Projects	366,695
Designated for Rolling Stock	794,132
Designated for Land Acquisition	<u>351,135</u>
 Total Capital Projects Funds	 <u>1,511,962</u>
 Total Designated Governmental Fund Balances	 <u>\$ 1,635,079</u>

**I. Restricted Net Assets**

The Restricted Net Assets of the Governmental Activities as of June 30, 2008 consisted of the following:

Restricted for Community Development By Loan Agreement	<u>\$ 93,779</u>
 Total Restricted Governmental Net Assets	 <u>\$ 93,779</u>

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

The Village does not have any restricted business-type net assets or restricted proprietary net assets as of June 30, 2008.

**J. Designated Proprietary Net Assets**

The designated proprietary net assets of the Village as of June 30, 2008 consisted of the following:

Water Fund

Designated for Water Fund Expenditures	\$ 81,050
Designated for Water Fund Capital Expenditures	<u>246,766</u>
Total Water Fund	<u>327,816</u>

Sanitation Fund

Designated for Sanitation Fund Expenditures	53,416
Designated for Sanitation Fund Capital Expenditures	<u>322,526</u>
Total Sanitation Fund	<u>375,942</u>

Wastewater Fund

Designated for Wastewater Fund Expenditures	20,679
Designated for Wastewater Fund Capital Expenditures	<u>19,885</u>
Total Wastewater Fund	<u>40,564</u>

Total Designated Proprietary Net Assets	\$ <u>744,322</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 for all employees except the village Manager who receives 15% of base pay. 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 \$1,352,641 while the covered payroll was \$1,059,529. Pension expenses for the years ended June 30, 2008, 2007 and 2006 were \$105,953, \$98,962, and \$100,811, respectively.

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

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, 2008 was \$339,840.

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.

All Village employees receive a \$50,000 group life insurance policy. In addition to this, the Village pays the premium for another life insurance policy that is owned by the Village Manager. The cost of this policy is \$1,589 per year.

#### **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, 2008, the Village received 27.5% of total property taxes from IBM and received 72.6% of total water sales from IBM.

The Village purchased a major portion of their water from Champlain Water District "CWD" for the year ended June 30, 2008. The Village incurred \$2,044,302 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, 2008, taxes became due and payable on October 31, 2007 and March 17, 2008. 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 2008 are as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Village	.2115	.2115
Education	1.5095	1.4600
Local Agreement	.0002	.0002
Recreation Tax	<u>.0681</u>	<u>.0681</u>
Total	<u>\$1.7893</u>	<u>\$1.7398</u>

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008

**D. RISK MANAGEMENT**

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

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

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

**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.

**F. SUBSEQUENT EVENT**

Subsequent to year end, the Village borrowed \$110,000 from the Vermont Municipal Equipment Loan Fund to purchase a new fire truck. Interest is at 2%. Payments of \$22,000 a year plus interest are due for five (5) years beginning June 30, 2009. The note is due June 30, 2013.

VILLAGE OF ESSEX JUNCTION, VERMONT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2008

	Special Revenue Funds	Land Acquisition Capital Reserve Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>ASSETS</u>			
Cash	\$ 17,686	\$ 351,135	\$ 368,821
Receivables	1,638	0	1,638
Prepaid Expenses	<u>200</u>	<u>0</u>	<u>200</u>
Total Assets	<u>\$ 19,524</u>	<u>\$ 351,135</u>	<u>\$ 370,659</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	\$ <u>812</u>	\$ <u>0</u>	\$ <u>812</u>
Total Liabilities	<u>812</u>	<u>0</u>	<u>812</u>
Fund Balances:			
Reserved for:			
Prepaid Expenses	200	0	200
Unreserved:			
Designated	<u>18,512</u>	<u>351,135</u>	<u>369,647</u>
Total Fund Balances	<u>18,712</u>	<u>351,135</u>	<u>369,847</u>
Total Liabilities and Fund Balances	<u>\$ 19,524</u>	<u>\$ 351,135</u>	<u>\$ 370,659</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, 2008

	Special Revenue Funds	Land Acquisition Capital Reserve Fund	Total
Revenues:			
Charges for Services	\$ 9,115	\$ 0	\$ 9,115
Interest	330	12,042	12,372
Contributions	<u>10,784</u>	<u>0</u>	<u>10,784</u>
Total Revenues	<u>20,229</u>	<u>12,042</u>	<u>32,271</u>
Expenditures:			
Current Expenditures			
General Government	7,662	0	7,662
Culture & Recreation	<u>14,236</u>	<u>0</u>	<u>14,236</u>
Total Expenditures	<u>21,898</u>	<u>0</u>	<u>21,898</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,669)</u>	<u>12,042</u>	<u>10,373</u>
Other Financing Sources:			
Transfers in	<u>5,000</u>	<u>25,000</u>	<u>30,000</u>
Total Other Financing Sources	<u>5,000</u>	<u>25,000</u>	<u>30,000</u>
Net Change in Fund Balances	3,331	37,042	40,373
Fund Balances - July 1, 2007	<u>15,381</u>	<u>314,093</u>	<u>329,474</u>
Fund Balances - June 30, 2008	<u><u>\$ 18,712</u></u>	<u><u>\$ 351,135</u></u>	<u><u>\$ 369,847</u></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, 2008

	Library Fund	Engineering Fees Fund	Block Party Fund	Veterans Memorial Park Fund	Total
<u>ASSETS</u>					
Cash	\$ 588	\$ 6,771	\$ 4,914	\$ 5,413	\$ 17,686
Receivables	0	1,638	0	0	1,638
Prepaid Expenses	<u>0</u>	<u>0</u>	<u>200</u>	<u>0</u>	<u>200</u>
TOTAL ASSETS	\$ <u>588</u>	\$ <u>8,409</u>	\$ <u>5,114</u>	\$ <u>5,413</u>	\$ <u>19,524</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ <u>0</u>	\$ <u>796</u>	\$ <u>16</u>	\$ <u>0</u>	\$ <u>812</u>
Total Liabilities	<u>0</u>	<u>796</u>	<u>16</u>	<u>0</u>	<u>812</u>
Fund Balances:					
Reserved For:					
Prepaid Expenses	0	0	200	0	200
Unreserved:					
Designated	<u>588</u>	<u>7,613</u>	<u>4,898</u>	<u>5,413</u>	<u>18,512</u>
Total Fund Balances	<u>588</u>	<u>7,613</u>	<u>5,098</u>	<u>5,413</u>	<u>18,712</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>588</u>	\$ <u>8,409</u>	\$ <u>5,114</u>	\$ <u>5,413</u>	\$ <u>19,524</u>

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2008

	Library Fund	Engineering Fees Fund	Block Party Fund	Veterans Memorial Park Fund	Total
Revenue:					
Book Income	\$ 2,258	\$ 0	\$ 0	\$ 0	\$ 2,258
Picture Revenue	0	0	0	6	6
Contributions	0	0	1,850	8,934	10,784
Engineering Fees	0	6,851	0	0	6,851
Investment Income	47	180	102	1	330
Total Revenue	<u>2,305</u>	<u>7,031</u>	<u>1,952</u>	<u>8,941</u>	<u>20,229</u>
Expenditures:					
Library Expenses	3,684	0	0	0	3,684
Corporal Digiovine Memorial Bench	0	0	0	3,561	3,561
Block Party Expenses	0	0	6,991	0	6,991
Engineering Expenses	0	7,662	0	0	7,662
Total Expenditures	<u>3,684</u>	<u>7,662</u>	<u>6,991</u>	<u>3,561</u>	<u>21,898</u>
Excess/(Deficiency) of Revenue Over Expenditures	<u>(1,379)</u>	<u>(631)</u>	<u>(5,039)</u>	<u>5,380</u>	<u>(1,669)</u>
Other Financing Sources:					
Transfers In	<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>5,000</u>	<u>0</u>	<u>5,000</u>
Net Change in Fund Balances	(1,379)	(631)	(39)	5,380	3,331
Fund Balance - July 1, 2007	<u>1,967</u>	<u>8,244</u>	<u>5,137</u>	<u>33</u>	<u>15,381</u>
Fund Balance - June 30, 2008	<u>\$ 588</u>	<u>\$ 7,613</u>	<u>\$ 5,098</u>	<u>\$ 5,413</u>	<u>\$ 18,712</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, 2008

	Exposition Noise Escrow Account Fund	School Impact Fees Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<u>ASSETS</u>			
Cash	\$ <u>2,000</u>	\$ <u>5</u>	\$ <u>2,005</u>
Total Assets	\$ <u><u>2,000</u></u>	\$ <u><u>5</u></u>	\$ <u><u>2,005</u></u>
<u>LIABILITIES</u>			
Due to Other Organizations	\$ <u>2,000</u>	\$ <u>5</u>	\$ <u>2,005</u>
Total Liabilities	<u>2,000</u>	<u>5</u>	<u>2,005</u>
<u>NET ASSETS</u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUE AND EXPENSES  
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL  
WATER FUND  
FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Water Sales - Village	\$ 577,161	\$ 568,542	\$ (8,619)
Water Sales - IBM	1,773,024	1,661,678	(111,346)
Water Sales - IBM Fixed Charge	30,000	30,000	0
Water Sales - IBM Vermont Tax	48,221	45,172	(3,049)
Water Sales - Large Users	0	16,225	16,225
IBM Share - Unaccounted Water	7,222	0	(7,222)
Hydrant Rentals	5,000	5,000	0
Penalties	2,500	3,306	806
Miscellaneous	16,900	18,681	1,781
Total Revenue	<u>2,460,028</u>	<u>2,348,604</u>	<u>(111,424)</u>
Expenses:			
Salaries - Regular	82,369	78,336	4,033
Salaries - Overtime	13,909	14,193	(284)
Salaries - Part-time	3,139	3,069	70
Social Security	7,651	7,364	287
Unemployment Insurance	239	231	8
Workers Compensation Insurance	3,592	4,501	(909)
Health Insurance and Other Benefits	26,209	24,951	1,258
Retirement	8,237	7,885	352
Liability and Property Insurance	3,148	3,382	(234)
Interest Expense	0	2,085	(2,085)
Supplies	5,000	7,130	(2,130)
Postage	600	639	(39)
Gas, Oil and Grease	2,500	2,209	291
Meters and Parts	10,000	11,043	(1,043)
Distribution Materials	7,000	3,553	3,447
Computer Expenses	800	287	513
Water & Sewer Charges	150	167	(17)
Training and Conferences	1,500	1,255	245
Electrical Service	600	498	102
Heat	3,500	3,373	127
Maintenance - Other	1,500	93	1,407
Water Line Maintenance - Breaks	16,000	5,570	10,430
Uniforms and Boots	1,100	918	182
Contract Services	32,000	32,000	0
Other Professional Services	3,000	2,580	420
Audit Services	2,628	2,622	6
Water Purchases - Village	321,952	328,509	(6,557)
Water Purchases - IBM	1,773,024	1,661,678	111,346
Printing and Advertising	1,750	1,492	258
Transfer to Capital Reserve	60,000	60,000	0
State Water Tax - Village	8,810	8,943	(133)
State Water Tax - IBM	48,221	45,172	3,049
Capital Outlay	9,900	9,185	715
Total Expenses	<u>2,460,028</u>	<u>2,334,913</u>	<u>125,115</u>
Net Income	\$ <u>0</u>	\$ <u>13,691</u>	\$ <u>13,691</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, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Sanitation Billing	\$ 334,155	\$ 307,675	\$ (26,480)
Sanitation Penalty	1,500	1,807	307
Essex Pump Station Fees	20,718	18,827	(1,891)
Miscellaneous	17,600	45,778	28,178
Total Revenue	373,973	374,087	114
Expenses:			
Salaries - Regular	79,578	75,955	3,623
Salaries - Overtime	13,173	15,908	(2,735)
Salaries - Part Time	4,339	4,531	(192)
Social Security	6,068	7,686	(1,618)
Unemployment Insurance	256	239	17
Workers Compensation Insurance	4,006	4,676	(670)
Health Insurance and Other Benefits	36,270	34,364	1,906
Retirement	7,958	7,777	181
Liability and Property Insurance	5,786	6,040	(254)
Interest Expense	0	1,414	(1,414)
Supplies	3,000	2,489	511
Postage	1,200	1,246	(46)
Gas, Grease and Oil	1,300	1,611	(311)
Computer Expenses	900	573	327
Training and Conferences	600	0	600
Shared Pump Station Alarm	275	253	22
Electrical Service	6,000	6,895	(895)
Shared Pump Station Utilities	10,600	9,749	851
Maintenance - Other	2,000	30	1,970
Pump Station Maintenance	2,000	7,230	(5,230)
Sanitation Lines Maintenance	19,000	7,592	11,408
Shared Pump Station Maintenance Supplies	6,500	8,375	(1,875)
Uniforms, Boots, Etc.	1,100	654	446
Contractual Services	16,700	16,700	0
Right-Of-Way Agreements	5,050	5,927	(877)
Sanitation Line Backup Cleaning	1,500	1,130	370
Other Professional Services	2,000	229	1,771
Audit Services	1,314	1,311	3
Capital Reserve Fund Contributions	130,000	130,000	0
Capital Outlay	5,500	6,990	(1,490)
Total Expenses	373,973	367,574	6,399
Net Income	\$ 0	\$ 6,513	\$ 6,513

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, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Village User Charges	\$ 348,533	\$ 354,732	\$ 6,199
Village User Penalties	1,200	1,885	685
Wastewater Charge - Essex	331,130	307,295	(23,835)
Wastewater Charge - Williston	372,711	382,140	9,429
Pump Station Maintenance Fee	11,700	11,700	0
Sewer Capacity Lease	5,097	5,068	(29)
Village Septage Discharge Income	19,000	55,808	36,808
Shared Septage Revenue	9,500	27,487	17,987
Village Leachate Revenues	8,000	52,541	44,541
Shared Leachate Revenues	4,000	25,882	21,882
Interest Income	0	55	55
Miscellaneous	0	554	554
Total Revenue	<u>1,110,871</u>	<u>1,225,147</u>	<u>114,276</u>
Expenses:			
Salaries - Regular	221,115	229,018	(7,903)
Salaries - Overtime	23,799	23,036	763
Salaries - Part-Time	7,478	7,700	(222)
Social Security	19,307	19,422	(115)
Unemployment Insurance	495	507	(12)
Workers Compensation Insurance	8,528	10,763	(2,235)
Health Insurance and Other Benefits	80,175	77,200	2,975
Retirement	22,112	21,678	434
Liability and Property Insurance	18,588	19,978	(1,390)
Interest Expense	3,500	3,686	(186)
Supplies	14,000	15,301	(1,301)
Chemicals	130,000	153,993	(23,993)
Gas, Grease and Oil	3,000	6,940	(3,940)
Water and Sewer Charge	1,000	750	250
Training and Conferences	3,500	2,924	576
Telephone Services	2,000	1,770	230
Electrical Service	100,000	101,065	(1,065)
Heating	6,500	5,923	577
Maintenance - Other	60,000	79,859	(19,859)
Vehicles Maintenance - Travel	4,000	3,514	486
Uniforms, Boots, Etc.	3,200	2,751	449
Contract Laboratory Service	6,000	7,199	(1,199)
Contract Services	19,500	19,658	(158)
Grit Disposal	8,500	6,464	2,036
Sludge Dewatering	115,500	181,154	(65,654)
Sludge Management	142,000	127,658	14,342
Other Professional Services	6,000	6,756	(756)
Audit Services	3,074	3,078	(4)
Capital Reserve Fund Contributions	70,000	105,000	(35,000)
Capital Outlay	8,000	15,268	(7,268)
Total Expenses	<u>1,110,871</u>	<u>1,260,013</u>	<u>(149,142)</u>
Net Income/(Loss)	<u>\$ 0</u>	<u>\$ (34,866)</u>	<u>\$ (34,866)</u>

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