

Village of Essex Junction, Vermont

**BASIC FINANCIAL STATEMENTS**

June 30, 2019

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**Kittell Branagan & Sargent**

*Certified Public Accountants*

Vermont License #167

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Village of Essex Junction, Vermont  
Essex Junction, Vermont

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 Village of Essex Junction, Vermont, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

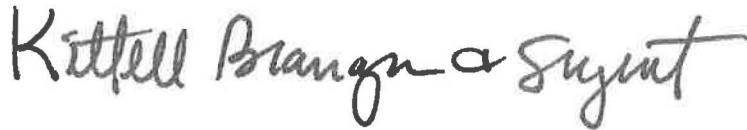
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Essex Junction, Vermont's basic financial statements. The combining nonmajor fund financial statements and budgetary comparison schedules of the enterprise funds are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The budgetary comparisons schedules for the enterprise funds have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, on our consideration of the Village of Essex Junction, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Essex Junction, Vermont's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Kittell Brangan a Supt". The signature is written in a cursive, flowing style.

St. Albans, Vermont  
December 16, 2019

Village of Essex Junction, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019

Management of 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, 2019.

## FINANCIAL HIGHLIGHTS

- Assets exceeded liabilities and deferred inflows of resources on June 30, 2019 by \$32,828,248 (*net position*). Of this amount, \$5,862,547 (*unrestricted net position*) may be used by the various funds of the Village to meet the Village's ongoing obligations. The balance of net position is made up of \$26,936,732 invested in capital assets net of related debt and \$28,969 restricted for specific purposes.
- The Village's total net position increased by \$1,098,929. Of this amount, net position attributable to governmental activities increased by \$1,113,625. Net position attributable to business-type activities decreased by \$14,696.
- Fund balances of total governmental funds increased by \$44,618 in FY19. The General Fund had \$446,256 of unassigned fund balance at June 30, 2019 which is equal to 8.64% of the approved FY20 General Fund Budget. As of June 30, 2018, the General Fund had \$495,469 of unassigned fund balance.

## OVERVIEW OF THE 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 position* presents information on all of the Village of Essex Junction's assets and liabilities with the difference between the two reported as net position.

The *statement of activities* presents information showing how the Village's net position changed during the past fiscal year. The *statement of activities* is on the full accrual basis (i.e. all changes in net position 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 the modified accrual basis (i.e. revenue is recognized when it becomes measurable and available as net current position and 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 on pages 1 & 2 of the Financial Statements.

**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 on pages 3 through 10 of the Financial Statements.

Village of Essex Junction, Vermont  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 June 30, 2019

**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**

**Summary Statement of Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Assets:</b>						
Cash	\$ 1,953	\$ 1,452	\$ 1,018,689	\$ 1,018,689	\$ 1,020,642	\$ 1,020,141
Other Assets	6,049,510	4,417,489	4,316,107	3,457,890	10,365,617	7,875,379
Capital Assets	21,922,764	21,548,633	21,451,171	22,608,717	43,373,935	44,157,350
Total Assets	<u>27,974,227</u>	<u>25,967,574</u>	<u>26,785,967</u>	<u>27,085,296</u>	<u>54,760,194</u>	<u>53,052,870</u>
<b>Liabilities:</b>						
Other Liabilities	4,247,974	3,053,808	1,310,696	1,433,632	5,558,670	4,487,440
Noncurrent Liabilities	2,333,312	2,634,450	13,468,853	14,201,661	15,802,165	16,836,111
Total Liabilities	<u>6,581,286</u>	<u>5,688,258</u>	<u>14,779,549</u>	<u>15,635,293</u>	<u>21,360,835</u>	<u>21,323,551</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	19,565,438	18,921,172	7,371,294	7,801,672	26,936,732	26,722,844
Restricted	28,969	29,115	-	-	28,969	29,115
Unrestricted	1,798,534	1,329,029	4,064,013	3,648,331	5,862,547	4,977,360
Total Net Position	<u>\$ 21,392,941</u>	<u>\$ 20,279,316</u>	<u>\$ 11,435,307</u>	<u>\$ 11,450,003</u>	<u>\$ 32,828,248</u>	<u>\$ 31,729,319</u>

As stated in the chart titled Summary Statement of Net Position, assets exceeded liabilities by \$32,828,248 at the end of fiscal year 2019. Assets at the end of fiscal year 2018 exceeded liabilities by \$31,729,319.

The largest portion of the Village's net position is in its investment in capital assets (82%). These assets are used to provide services to its citizens (e.g. land, buildings, equipment, and infrastructure). Therefore, these assets are not available for future spending.

An amount of \$28,969 of the Village's net position is subject to restrictions on how it may be used. These funds are restricted for Veterans Memorial Park and for the Senior Center. Unrestricted net assets (\$5,862,547) may be used to meet the government's ongoing obligations to citizens and creditors. Some of the amounts included in unrestricted net position are committed by the Village or assigned by the Board of Trustees for particular purposes (e.g. capital projects).



Village of Essex Junction, Vermont  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 June 30, 2019

**Summary of the Statement of Activities**

	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 305,218	\$ 305,788	\$ 8,717,596	\$ 8,136,868	\$ 9,022,814	\$ 8,442,656
Operating Grants & Revenues	1,184,722	1,212,758	-	-	1,184,722	1,212,758
Capital Grants & Revenues	1,140,653	3,166,020	685,771	1,058,799	1,826,424	4,224,819
General Revenues:						
Property Taxes	3,545,358	3,405,225	-	-	3,545,358	3,405,225
Unrestricted investment earnings	8,601	4,690	16,691	11,355	25,292	16,045
Loss on disposal of equipment	(11,409)	(555)	(67,268)	(404)	(78,677)	(959)
Other	12,159	3,996	-	-	12,159	3,996
Total Revenues	6,185,302	8,097,922	9,352,790	9,206,618	15,538,092	17,304,540
Expenses:						
General Government	909,823	882,991	-	-	909,823	882,991
Public Safety	452,993	460,856	-	-	452,993	460,856
Highways and Streets	1,411,749	1,560,605	-	-	1,411,749	1,560,605
Culture and Recreation	2,215,975	1,743,053	-	-	2,215,975	1,743,053
Interest on Long-Term Debt	81,137	77,317	-	-	81,137	77,317
Water	-	-	3,774,636	3,714,315	3,774,636	3,714,315
Sanitation	-	-	583,037	576,516	583,037	576,516
Wastewater	-	-	2,916,553	2,736,852	2,916,553	2,736,852
Recreation	-	-	2,093,260	1,829,505	2,093,260	1,829,505
Total Expenses	5,071,677	4,724,822	9,367,486	8,857,188	14,439,163	13,582,010
Increase (Decrease) in Net Position	1,113,625	3,373,100	(14,696)	349,430	1,098,929	3,722,530
Beginning Net Position, as restated	20,279,316	16,906,216	11,450,003	11,100,573	31,729,319	28,006,789
Ending Net Position	\$ 21,392,941	\$ 20,279,316	\$11,435,307	\$ 11,450,003	\$ 32,828,248	\$ 31,729,319

**Governmental activities.** Governmental activities increased the Village's net position by \$1,113,625 in FY19. The Village increased its investment in capital assets by \$644,266 and unrestricted net position increased by \$469,505. Restricted net position decreased by \$146.

**Business-type activities.** Business-type activities decreased the Village's net position by \$14,696.

### Water Fund

The Water Fund had a budgetary net surplus of \$47,494 in FY19. Disregarding GlobalFoundries pass through revenues and expenses, Water Fund revenues were \$25,302 more than budget while expenses were \$52,523 under budget. Revenue items that were over budget were Residential Water Sales, Penalties, and Miscellaneous Unclassified Revenue. The Water Fund continued work on the Water Meter Replacement Program (\$22,283) and continued preliminary work on the Railroad Ave. Waterline project.

### Sanitation Fund

The Sanitation Fund had a budgetary net income of \$179,313 against a budget of \$171,000 in net income. Sanitation revenues were \$9,717 more than budgeted while expenses were \$1,404 more than budgeted. Hook-on fees were \$23,000 less than budgeted offset by higher than anticipated miscellaneous and interest revenues. Village customer charges included \$171,000 for the WWTF Refurbishment Bond payment. The Sanitation Fund participates by paying 2/3 of the cost of the Meter Replacement Program as it funds the costs for both the Sanitation Fund (underground piping) and the Wastewater Treatment Fund (wastewater treatment). Meter replacement costs totaled \$44,565 in FY19. The Sanitation Fund also did work on the Pleasant Street pipeline for \$23,767.

Village of Essex Junction, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019

### **Wastewater Treatment Fund**

The Wastewater Treatment Fund had budgetary net income of \$6,162 in FY19. Revenues were over budget by \$43,014 while expenses were over budget by \$36,852. At yearend 2014, a reconciliation was done of revenues versus expenses and it was found that each of the Tri-Town communities was responsible for a portion of the surplus. Each community in the Tri-town was designated a portion of the surplus to be a buffer against future losses. These funds have been set aside for each community. This reconciliation has continued annually and the amounts designated to each community as of June 30, 2019 include Essex Junction \$221,569; Town of Essex \$135,677; and Town of Williston \$104,823. Each community determines how much it wants to leave in this rate stabilization fund. Work continued in FY19 on the Alkalinity Control Installation. Capital projects completed in FY19 included the Headworks Screen, Hydroflow Unit, and the purchase of a Hammer Blower.

### **Recreation Programs Fund**

On July 1, 2017 the Essex Junction Recreation and Parks (EJRP) became a department of the Village. EJRP had previously been a department of the school district. EJRP operates the Recreation Programs enterprise fund. The Recreation Programs Fund ended the year with net position of \$185,978. As an enterprise fund it is expected that program revenues generated will cover the costs of programming. Program revenues came in over budget by \$460,975 driven primarily by an unanticipated \$82,286 in Youth Programs - Recreation Programs and the \$250,881 for new aquatics programming. Program expenses were over budget by \$369,327 driven by overages in contract fees to support the same programs driving the unanticipated revenue. Increased demand for programs drove the increase in the costs to contract for instructors and the increase in the registration fee revenues.

## **FINANCIAL ANALYSIS OF MAJOR GOVERNMENTAL FUNDS**

### **The General Fund**

The General Fund is the chief operating fund of the Village. The General Fund had a net decrease in fund balance of \$104,207 for the year ended June 30, 2019. This amount was caused by a budgeted \$35,000 deficit (use of fund balance to offset property taxes), license and zoning fees revenue under budget by \$41,682, and overages for the purchase of winter salt and snow removal as a result of a challenging winter. The fund balance of the General Fund decreased from \$828,301 at the end of FY18 to \$724,094 at the end of FY19. Of the \$724,094 fund balance, \$146,695 is nonspendable (inventories and prepaid expenses), \$131,143 is assigned (see Note 13 for additional detail) and \$446,256 is unassigned. The unassigned fund balance is equal to 8.6% of the FY20 Budget. To comply with the Governmental Accounting Standards Board Statement 54, the Village has adopted a fund balance policy. Basically this fund balance policy states that the fund balances of governmental funds are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Board of Trustees intended use of the resources); and unassigned. As of June 30, 2019 the Village General Fund has no committed or restricted fund balance. In addition, the Village has a policy limiting unassigned fund balance to 10% of the current budget.

The Village budget for the year ended June 30, 2019 passed on the first vote at Village Meeting in April of 2018 unanimously and there were no amendments made to the budget during the year.

On the revenue side, the Village recorded revenues less than budget by \$15,895. This was driven by a \$41,682 shortage in license and zoning fees offset by unbudgeted revenues (grants and donations) and other income items coming in over budget.

Village of Essex Junction, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019

- General government expenditures were over budget by \$54,437. General government departments include Administration and Lincoln Hall. The overage is a result of personnel changes including retirement, moving the economic development employee to general government, and changes in benefit levels. A reduction to assigned fund balance for termination benefits was recorded to offset some of those costs.
- Public works expenditures were over budget by \$71,234 as a result of overages in the purchase of winter salt and snow removal contracting. Other line items were underspent to help offset these costs but it was a challenging winter.
- Community and economic development expenditures were under budget by \$74,136. This was driven by legal services being underspent by \$11,260, employee benefit costs under budget by \$12,275, and economic development being underspent by \$48,428. The Village's economic development employee was reclassified to general government during FY19 driving these results.

### **Capital Reserve Fund**

The Capital Reserve Fund had a fund balance of \$394,157 as of June 30, 2019 and a fund balance of \$439,623 as of June 30, 2018. The Crescent Connector Project progressed for a cost of \$834,370 with federal grant reimbursement in the year of \$611,056, the difference is a result of timing between expenditure recognition and when the Village receives grant revenues. This project is funded by a grant from the US Department of Transportation through the State of Vermont Agency of Transportation and does not require matching funds. The Pearl St. Linking Sidewalk project was continued at a cost of \$155,180. The Pearl St. Linking Sidewalk is a "Circ-Alternative" project and will be fully funded by Federal grant funds and is substantially complete. Additional projects during the year included: the Main Street Pedestrian Bridge (\$105,388 funded 80% with grant funds), Greenwood Drainage project (\$22,655), South Street Drainage project (\$7,299) and Stormwater work done on Brickyard/Mansfield and Fairview/Main.

### **Whitcomb Terrace Loan Fund**

In April of 2004, the Village received a grant of up to \$270,000 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. The Village has a note receivable that is not likely to be paid back and so is carrying a \$-0- balance for this note.

### **Rolling Stock Reserve Fund**

The Rolling Stock Reserve Fund had fund balance of \$140,668 as of June 30, 2019 and \$43,336 as of June 30, 2018. The Village purchased two pickup trucks, a wheel loader, and a trailer mounted boom lift for a total of \$137,948. Debt payments on the fire note were made for \$33,338. This fund received an appropriation from the general fund of \$223,624, \$40,000 from the sale of assets, and almost \$5,00 in other revenues.

Village of Essex Junction, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Village of Essex Junction's investment in capital assets for its governmental and business-type activities as of June 30, 2019 totaled \$43,373,935 (net of accumulated depreciation). This is a net decrease of \$783,415 from June 30, 2018 when the total was \$44,157,350. These assets include buildings, roads and bridges, land, machinery and equipment, library books, park facilities, vehicles and distribution and collection systems. Asset additions totaled \$1,013,576 and were concentrated in machinery and equipment and infrastructure categories. These additions were offset by accumulated depreciation which increased by \$1,796,991, to cause the decrease in capital assets net of accumulated depreciation.

The major capital asset transactions during the year, in addition to the acquisition of Essex Junction Recreation and Parks assets, for the Governmental Activities were as follows:

- Paving on Fairview Drive, Hubbles Falls Drive, Grove Street, and Ivy Lane
- Drainage work on Edgewood Drive and Greenwood Ave
- The completion of the Main Street Pedestrian Bridge project
- Purchase of a Pierce Pumper Fire Truck for \$578,959
- Purchase of two pickup trucks, a wheel loader, and a trailer mounted boom lift
- The completion of the Pearl Street Linking project which was closed out of construction in progress and capitalized for \$2,378,302

The major capital assets transactions during the year for the enterprise activities were as follows:

- Purchase of a Hydroflow Unit and a Cutler Hammer Blower
- The completion of the headworks screen project
- Water meter purchase and installation is ongoing

A table that shows the values of the Village's capital assets net of depreciation is shown below. Additional information can be found in Note 7 of this report.

**Summary of Capital Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	2019	2018	2019	2018	2019	2018
Capital Assets:						
Land	\$ 55,742	\$ 55,742	\$ 118,077	\$ 118,077	\$ 173,819	\$ 173,819
Construction in Progress	2,203,503	4,293,487	28,678	151,849	2,232,181	4,445,336
Antiques and Works of Art	7,550	7,550	-	-	7,550	7,550
Buildings and Improvements	4,620,014	4,620,014	15,171,807	15,171,807	19,791,821	19,791,821
Machinery, equipment, and vehic	8,302,204	6,635,912	5,309,392	5,299,726	13,611,596	11,935,638
Library Books	787,722	788,022	-	-	787,722	788,022
Parks	1,669,114	1,669,114	-	-	1,669,114	1,669,114
Roads, Curbs, Sidewalks, and Storm Sewers	13,855,724	12,318,879	164,182	164,182	14,019,906	12,483,061
Water and sewer infrastructure	-	-	22,255,965	22,241,737	22,255,965	22,241,737
	<u>31,501,573</u>	<u>30,388,720</u>	<u>43,048,101</u>	<u>43,147,378</u>	<u>74,549,674</u>	<u>73,536,098</u>
Less: Accumulated Depreciation	<u>(9,578,809)</u>	<u>(8,840,087)</u>	<u>(21,596,930)</u>	<u>(20,538,661)</u>	<u>(31,175,739)</u>	<u>(29,378,748)</u>
Total Assets, Net	<u>\$ 21,922,764</u>	<u>\$ 21,548,633</u>	<u>\$21,451,171</u>	<u>\$ 22,608,717</u>	<u>\$ 43,373,935</u>	<u>\$ 44,157,350</u>

Village of Essex Junction, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019

**Long Term Debt**

**Summary of Long Term Debt**

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
<b>Governmental Activities</b>				
General Obligation Bonds	\$ 2,507,461	\$ -	\$ 240,135	\$ 2,267,326
Notes Payable	120,000	90,000	120,000	90,000
<b>Business-type Activities</b>				
Water and Sewer Bonds	1,792,539	-	89,865	1,702,674
Notes Payable	12,958,523	-	615,735	12,342,788
Capital Lease	55,983	-	21,568	34,415
<b>Total Government</b>	<u>\$ 17,434,506</u>	<u>\$ 90,000</u>	<u>\$ 1,087,303</u>	<u>\$ 16,437,203</u>

In FY18 the Village received a loan from People's United Bank for a new Fire Ladder Truck was issued for \$150,000 with interest of 1.5% and \$30,000 of principal was paid during the first year. The Village intends to pay \$30,000 a year plus interest and renew the note annually. In FY19 the interest rate was 2.75% and the Village paid \$30,000 in principal plus interest. The balance on the loan is \$90,000.

On April 8, 2014 the Village voters agreed to issue general obligation bonds in an amount not to exceed \$3,300,000. In July 2015 \$3,300,000 was received from the Vermont Municipal Bond Bank for the purpose of performing five infrastructure projects. In FY15 the School St. south Roadway/Water/Sewer line project was completed. In FY16 the Hillcrest Drainage project, the Main St. Drainage, the Maple St. Culvert/Water line were completed and the Briar Lane Roadway/Sidewalk/Water Line projects were continued. The last project, Briar Lane Roadway/Sidewalk and Water Line was completed in FY17. At June 30, 2019 the outstanding principal on this bond is \$2,640,000; with \$2,162,326 in governmental activities and \$477,674 in business-type activities.

As part of Essex Junction Recreation and Parks becoming a department of the Village, the Village acquired a bond with the Vermont Municipal Bond Bank for the pool at Maple Street Park. The outstanding principal due on the bond as of June 30, 2018 is \$105,000. The interest is 5.35% and the final payment will be made in November 2019.

In FY10 the Village was awarded a loan of \$566,938 under the American Recovery and Reinvestment Act (ARRA) to fund two projects. The projects funded were for a high efficiency blower for the Wastewater Treatment Facility and a comprehensive rehabilitation of the Village's sanitary sewers. Under the ARRA program half of the loan was forgiven in the form of a grant. Interest is at 0% but there is a 2% administrative fee. The loan was for 20 years and the principal balance due at June 30, 2018 is \$183,334.

Village of Essex Junction, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019

In FY11 the Village began two long term projects in the Wastewater Treatment Fund and the Sanitation Fund. In a special meeting on April 12, 2011, the Village voters authorized the Village to issue bonds for \$15,230,000 for improvements to the Wastewater Treatment Facility and \$1,287,000 for the upgrade of Village pump stations. As of June 30, 2016, the High School Pump Station project was complete and the Village had borrowed \$1,212,300 and received a subsidy of \$114,800 from the State Clean Water Revolving Fund in the Sanitation Fund. The principal due on the loan as of June 30, 2019 is \$862,436. As of June 30, 2015 the Village had borrowed \$13,525,000 for the Wastewater Treatment Refurbishment Project from the State Clean Water Revolving Fund and received a subsidy of \$600,000 making the amount due \$12,925,000. The first payment on this loan of was made in FY17 and the principal due on the loan as of June 30, 2019 is \$11,297,018. A bond payable for the Wastewater Treatment Refurbishment Project for \$1,705,000 was assumed from the Town of Bradford. Principal and interest payments were started in FY12. As of June 30, 2019, the principal outstanding on this bond was \$1,225,000. The Wastewater Treatment Facility, while owned by the Village of Essex Junction serves three towns, the Village of Essex Junction, the Town of Essex and the Town of Williston. The debt payments for the Wastewater Treatment Facility are distributed to the Tri-town members according to capacity owned in the Facility.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

### **Consolidation of Service Delivery Systems**

- Starting in FY15 the Town of Essex entered into an agreement with the Village of Essex Junction and the Essex Junction School District to bill and collect their property taxes. This action was an effort to reduce the duplication of services that existed. As part of the agreement the Town assumed the delinquent taxes of the Village and Village School District. The Town of Essex will continue to do the school tax billing for the Essex Westford School District for all residents that reside in the Town of Essex.
- In FY14 the Village and Town entered into an agreement to share the services of the Town Manager as the Municipal Manager for both entities. This arrangement led to the Village sharing the salary costs of the Manager with the Town, thereby reducing the cost to all taxpayers. In FY15 it was determined that this cost sharing was beneficial and efforts should continue to find more areas to cooperate in the delivery of services to be more efficient. This arrangement has resulted in substantial savings for both the Village and Town. In FY18 the current Unified Municipal Manager, Pat Scheidel, who has been Town Manager for 27 retired. A new Unified Municipal Manager, Evan Teich, began employment on February 26, 2018. The decision to hire Mr. Teich was unanimous by both the Village of Essex Junction Trustees and the Town Selectboard.
- FY16 was the first of a three-year commitment to combine the Street budget with the Town of Essex. The Village Trustees adopted the Village Street budget and the Town of Essex voters approved the funding for this budget as part of the Town budget. A Committee was formed in the spring of 2017 to evaluate how successful this arrangement has been so far and whether it should be continued. The Public Works Consolidation Committee came to the following conclusions:
  - Maintain the MOU until June 2018 and do the studies outlined in the report.
  - Extend the MOU from July 1, 2018 until the studies are complete or well underway. The goal is full consolidation eventually.
  - Benchmarks will be established as a result of the studies
  - Cross-train staff in the village and town and identify common best practices
  - Consolidate rolling stock and equipment budgets as well as capital planning.
  - Practice resources management with assets, administration, processes, services.
  - Both the Trustees and the Selectboard approved the report.

Village of Essex Junction, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019

- In FY16 the Village and the Town combined accounts payable, accounts receivable, cash receipts and general ledger. Two Village employees were relocated to the Town offices to share this work.
- In FY17 the Village Clerk/Treasurer became the combined Town and Village Clerk/Treasurer when the Town Clerk/Treasurer position became vacant through retirement.
- In FY18 a Human Resources Director was hired as the combined Town and Village Human Resource Director.
- In FY19 the pay rates and practices of both Fire Departments were aligned. A combined Assistant to the Manager position was established which is funded by both entities.
- In FY20, EJRP and the Essex Parks and Recreation Department co-located at 75 Maple Street and began streamlining services at the front desk by co-supervising the Customer Service Specialist, the Program Director – Senior Services, and by contracting for joint Communications Services. The two departments have hosted joint events and have moved to producing one brochure.
- The Village Trustees and Town Selectboard have been meeting jointly and working to put together a merger plan for the two entities. This will be voted on during the November 2020 election.

### **FY20 Budgets**

The FY20 General Fund budget increased by \$210,226 or 4.24% from the FY18 budget, bringing total budgeted General Fund expenditures to \$5,164,193 from \$4,954,687. The tax rate increased by 3.47% from \$0.3098 to \$0.3206. In addition to the General Fund rate there is a 1 cent tax for Economic Development that was added in FY17.

The Village Water, Wastewater and Sanitation Funds saw a budget increase in total of \$346,743 or 5.5% from an aggregate of \$6,306,121 for the three funds to \$6,652,864. This caused an overall rate increase for FY20 of 8.2% for the average user using 120 gallons per day.

### **REQUESTS FOR INFORMATION**

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, VT 05452. The report is available online at [www.essexjunction.org](http://www.essexjunction.org).

Village of Essex Junction, Vermont  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF NET POSITION  
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash	\$ 1,953	\$ -	\$ 1,953
Other accounts receivable	459,222	974,265	1,433,487
Due from other funds	-	3,719,199	3,719,199
Due from Town of Essex	5,443,593	-	5,443,593
Inventory	93,340	20,800	114,140
Prepaid expenses	53,355	39,996	93,351
Total Current Assets	<u>6,051,463</u>	<u>4,754,260</u>	<u>10,805,723</u>
Capital assets not being depreciated:			
Land	55,742	118,077	173,819
Construction in progress	2,203,503	28,678	2,232,181
Antiques and works of art	7,550	-	7,550
Capital assets, net of accumulated depreciation			
Buildings	3,209,369	10,015,832	13,225,201
Infrastructure	10,170,470	98,611	10,269,081
Machinery, equipment, and vehicles	6,272,739	2,823,292	9,096,031
Water and sewer infrastructure	-	8,366,681	8,366,681
Capital assets, net	<u>21,919,373</u>	<u>21,451,171</u>	<u>43,370,544</u>
Total Assets	<u>27,970,836</u>	<u>26,205,431</u>	<u>54,176,267</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	213,726	494,171	707,897
Due to other funds	3,719,199	-	3,719,199
Accrued payroll and benefits payable	33,301	60,137	93,438
Unearned revenue	1,906	-	1,906
Accrued interest	9,707	6,534	16,241
Current portion lease payable	-	22,514	22,514
Current portion notes and bonds payable	270,135	717,915	988,050
Total Current Liabilities	<u>4,247,974</u>	<u>1,301,271</u>	<u>5,549,245</u>
<b>NONCURRENT LIABILITIES</b>			
Accrued compensated absences	246,121	129,405	375,526
Lease payable	-	11,901	11,901
Notes and bonds payable	2,087,191	13,327,547	15,414,738
Total Noncurrent Liabilities	<u>2,333,312</u>	<u>13,468,853</u>	<u>15,802,165</u>
Total Liabilities	<u>6,581,286</u>	<u>14,770,124</u>	<u>21,351,410</u>
<b>NET POSITION</b>			
Net investment in capital assets	19,562,047	7,371,294	26,933,341
Restricted	28,969	-	28,969
Unrestricted - designated	-	4,064,013	4,064,013
Unrestricted	1,798,534	-	1,798,534
Total Net Position	<u>\$ 21,389,550</u>	<u>\$ 11,435,307</u>	<u>\$ 32,824,857</u>

See Accompanying Notes to Basic Financial Statements.



Village of Essex Junction, Vermont  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2019

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs</b>							
<b>Governmental activities</b>							
General government	\$ 913,214	\$ 255,754	\$ 1,650	\$ 15,000	\$ (640,810)	\$ -	\$ (640,810)
Public safety	452,993	-	-	-	(452,993)	-	(452,993)
Highways and Streets	1,871,499	4,157	1,162,381	1,116,935	411,974	-	411,974
Culture and Recreation	1,756,225	45,307	20,691	8,718	(1,681,509)	-	(1,681,509)
Interest on long-term debt	81,137	-	-	-	(81,137)	-	(81,137)
Total governmental activities	<u>5,075,068</u>	<u>305,218</u>	<u>1,184,722</u>	<u>1,140,653</u>	<u>(2,444,475)</u>	<u>-</u>	<u>(2,444,475)</u>
<b>Business-type activities:</b>							
Water	3,774,636	3,897,635	-	-	-	122,999	122,999
Sanitation	583,037	661,920	-	103,229	-	182,112	182,112
Wastewater	2,916,553	1,985,568	-	585,771	-	(345,214)	(345,214)
Recreation	2,093,260	2,172,473	-	-	-	79,213	79,213
Total business-type activities	<u>\$ 9,367,486</u>	<u>\$ 8,717,596</u>	<u>\$ -</u>	<u>\$ 689,000</u>	<u>-</u>	<u>39,110</u>	<u>(40,103)</u>
<b>General Revenues:</b>							
Property taxes, levied for general purposes					3,545,358	-	3,545,358
Unrestricted investment earnings					8,601	13,462	22,063
Loss on disposal of equipment					(11,409)	(70,268)	(81,677)
Proceeds from sale of fixed asset					-	3,000	3,000
Donations					1,402	-	1,402
Other revenues					10,757	-	10,757
Total general revenues and transfers					<u>3,554,709</u>	<u>(53,806)</u>	<u>3,500,903</u>
Change in Net Position					1,110,234	(14,696)	1,016,325
Net position, beginning					<u>20,279,316</u>	<u>11,450,003</u>	<u>31,729,319</u>
Net position, ending					<u>\$ 21,389,550</u>	<u>\$ 11,435,307</u>	<u>\$ 32,824,857</u>

See Accompanying Notes to Basic Financial Statements.

Village of Essex Junction, Vermont  
 FUND FINANCIAL STATEMENTS  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 June 30, 2019

	General Fund	Capital Projects Fund	Rolling Stock Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 1,853	\$ -	\$ -	\$ 100	\$ 1,953
Other receivables	30,142	429,080	-	-	459,222
Inventory	93,340	-	-	-	93,340
Due from Town of Essex	5,443,593	-	-	-	5,443,593
Due from other funds	-	347,113	196,906	508,630	1,052,649
Prepaid expenses	<u>53,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,355</u>
 Total Assets	 <u>\$ 5,622,283</u>	 <u>\$ 776,193</u>	 <u>\$ 196,906</u>	 <u>\$ 508,730</u>	 <u>\$ 7,104,112</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 91,134	\$ 46,348	\$ 56,238	\$ 20,006	\$ 213,726
Accrued payroll and benefits	33,301	-	-	-	33,301
Due to other funds	4,771,848	-	-	-	4,771,848
Unearned Revenue	<u>1,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,906</u>
 Total Liabilities	 <u>4,898,189</u>	 <u>46,348</u>	 <u>56,238</u>	 <u>20,006</u>	 <u>5,020,781</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable grant revenue	<u>-</u>	<u>335,688</u>	<u>-</u>	<u>-</u>	<u>335,688</u>
<b>FUND BALANCE</b>					
Nonspendable	146,695	-	-	-	146,695
Restricted	-	-	-	28,969	28,969
Committed	-	394,157	140,668	83,095	617,920
Assigned	131,143	-	-	376,660	507,803
Unassigned	<u>446,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>446,256</u>
 Total Fund Balances	 <u>724,094</u>	 <u>394,157</u>	 <u>140,668</u>	 <u>488,724</u>	 <u>1,747,643</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 5,622,283</u>	 <u>\$ 776,193</u>	 <u>\$ 196,906</u>	 <u>\$ 508,730</u>	 <u>\$ 7,104,112</u>

See Accompanying Notes to Basic Financial Statements.

Village of Essex Junction, Vermont  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS  
 BALANCE SHEET TO THE STATEMENT OF NET POSITION  
 June 30, 2019

**Total fund balances - governmental funds** **\$ 1,747,643**

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 as assets in governmental funds. 21,919,373

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds

Unavailable grant revenue 335,688

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:

Accrued compensated absences (246,121)

Accrued interest on long-term debt (9,707)

Notes payable (2,357,326)

**Total net position - governmental activities** **\$ 21,389,550**

See Accompanying Notes to Basic Financial Statements.

Village of Essex Junction, Vermont  
**FUND FINANCIAL STATEMENTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2019

	General Fund	Capital Projects Fund	Rolling Stock Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property tax	\$ 3,423,627	\$ -	\$ -	\$ 110,511	\$ 3,534,138
Licenses and permits	16,318	-	-	-	16,318
Intergovernmental revenues	1,164,604	31,852	-	-	1,196,456
Charges for services	257,815	-	-	26,250	284,065
Fines and forfeits	2,903	-	-	-	2,903
Interest income	4,150	1,641	626	2,223	8,640
Grant income	-	807,840	-	-	807,840
Donations	16,943	16,402	4,368	-	37,713
Miscellaneous income	17,432	-	-	1,625	19,057
Total Revenues	<u>4,903,792</u>	<u>857,735</u>	<u>4,994</u>	<u>140,609</u>	<u>5,907,130</u>
<b>EXPENDITURES</b>					
Current expenditures:					
General government	589,824	-	-	-	589,824
Public safety	360,430	-	-	-	360,430
Public works	1,023,342	128,801	-	-	1,152,143
Community development	298,318	-	-	28,316	326,634
Culture and recreation	1,462,506	-	-	65,227	1,527,733
Capital Outlay					
Public safety	6,612	-	-	-	6,612
Public works	193,018	1,083,296	137,948	-	1,414,262
Culture and recreation	62,746	-	-	6,600	69,346
Debt Service					
Principal	240,135	-	30,000	-	270,135
Interest expense	77,848	-	3,338	-	81,186
Total Expenditures	<u>4,314,779</u>	<u>1,212,097</u>	<u>171,286</u>	<u>100,143</u>	<u>5,798,305</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>589,013</u>	<u>(354,362)</u>	<u>(166,292)</u>	<u>40,466</u>	<u>108,825</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of fixed assets	-	-	40,000	-	40,000
Operating transfers in	8,855	317,751	223,624	160,700	710,930
Operating transfers out	(702,075)	(8,855)	-	-	(710,930)
Total Other Financing Sources (Uses)	<u>(693,220)</u>	<u>308,896</u>	<u>263,624</u>	<u>160,700</u>	<u>40,000</u>
Net Change in Fund Balance	(104,207)	(45,466)	97,332	201,166	148,825
Fund Balance - July 1, 2018	<u>828,301</u>	<u>439,623</u>	<u>43,336</u>	<u>287,558</u>	<u>1,598,818</u>
Fund Balance - June 30, 2019	<u>\$ 724,094</u>	<u>\$ 394,157</u>	<u>\$ 140,668</u>	<u>\$ 488,724</u>	<u>\$ 1,747,643</u>

See Accompanying Notes to Basic Financial Statements.

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, 2019

**Net change in fund balances - governmental funds** **\$ 148,825**

Amounts reported for governmental activities in the Statement of  
 Activities are different because:

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.

Depreciation Expense	(1,068,070)
Capital Outlay	1,490,219
Loss on Disposal/Abandonment	(11,409)
Proceeds from Sale of Fixed Asset	(40,000)

Revenues in the statement of activities that do not provide current financial  
 resources are not reported as revenues in the funds.

Decrease in unearned and other unavailable revenue	289,482
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Issuance and repayment of long-term debt are revenue and expenditures in  
 the governmental funds, but the Issuance and repayment increase and  
 decrease long-term liabilities in the statement of net assets.

Repayment of long-term debt	270,135
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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.

Accrued interest on long-term debt	49
Accrued compensated absences	<u>31,003</u>

**Change in net position of governmental activities** **\$ 1,110,234**

See Accompanying Notes to Basic Financial Statements.

Village of Essex Junction, Vermont  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
 June 30, 2019

	Water Fund	Sanitation Fund	Wastewater Fund	Rec Programs Fund	Total
<b>ASSETS</b>					
Current Assets:					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net of allowance	504,871	166,053	291,610	11,731	974,265
Inventory	-	-	20,800	-	20,800
Due from other funds	259,197	1,620,381	1,589,103	250,518	3,719,199
Prepaid expenses	4,802	3,591	8,481	23,122	39,996
Total Current Assets	<u>768,870</u>	<u>1,790,025</u>	<u>1,909,994</u>	<u>285,371</u>	<u>4,754,260</u>
Noncurrent Assets:					
Capital assets not being depreciated:					
Land	-	-	118,077	-	118,077
Construction in progress	9,286	-	19,392	-	28,678
Capital assets					
Machinery, equipment, and vehicles	523,922	740,293	19,101,485	115,499	20,481,199
Water and sewer infrastructure	9,202,643	8,503,169	4,714,335	-	22,420,147
Accumulated depreciation	(7,412,671)	(6,128,642)	(8,000,934)	(54,683)	(21,596,930)
Capital assets, net	<u>2,323,180</u>	<u>3,114,820</u>	<u>15,952,355</u>	<u>60,816</u>	<u>21,451,171</u>
Total Noncurrent Assets	<u>2,323,180</u>	<u>3,114,820</u>	<u>15,952,355</u>	<u>60,816</u>	<u>21,451,171</u>
Total Assets	<u>\$ 3,092,050</u>	<u>\$ 4,904,845</u>	<u>\$ 17,862,349</u>	<u>\$ 346,187</u>	<u>\$ 26,205,431</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	\$ 311,141	\$ 7,981	\$ 115,237	\$ 59,812	\$ 494,171
Accrued payroll	2,564	2,207	9,347	46,019	60,137
Accrued interest	1,988	-	3,465	1,081	6,534
Current portion lease payable	-	-	-	22,514	22,514
Current portion long-term debt	29,865	63,540	624,510	-	717,915
Total Current Liabilities	<u>345,558</u>	<u>73,728</u>	<u>752,559</u>	<u>129,426</u>	<u>1,301,271</u>
Noncurrent Liabilities:					
Accrued compensated absences	11,898	13,464	85,161	18,882	129,405
Lease Payable	-	-	-	11,901	11,901
Notes and bonds payable	447,809	956,248	11,923,490	-	13,327,547
Total Noncurrent Liabilities	<u>459,707</u>	<u>969,712</u>	<u>12,008,651</u>	<u>30,783</u>	<u>13,468,853</u>
Total Liabilities	<u>805,265</u>	<u>1,043,440</u>	<u>12,761,210</u>	<u>160,209</u>	<u>14,770,124</u>
<b>NET POSITION</b>					
Net investment in capital assets	1,845,506	2,095,032	3,404,355	26,401	7,371,294
Unrestricted - designated	441,279	1,766,373	1,696,784	159,577	4,064,013
Total Net Position	<u>2,286,785</u>	<u>3,861,405</u>	<u>5,101,139</u>	<u>185,978</u>	<u>11,435,307</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 3,092,050</u>	<u>\$ 4,904,845</u>	<u>\$ 17,862,349</u>	<u>\$ 346,187</u>	<u>\$ 26,205,431</u>

See Accompanying Notes to Basic Financial Statements.

Village of Essex Junction, Vermont  
**FUND FINANCIAL STATEMENTS**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION - PROPRIETARY FUNDS**  
For the Year Ended June 30, 2019

	Water Fund	Sanitation Fund	Wastewater Fund	Rec Programs Fund	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 3,896,277	\$ 648,957	\$ 1,984,625	\$ 2,167,923	\$ 8,697,782
Other income	<u>1,358</u>	<u>12,963</u>	<u>943</u>	<u>4,550</u>	<u>19,814</u>
 Total Operating Revenues	 <u>3,897,635</u>	 <u>661,920</u>	 <u>1,985,568</u>	 <u>2,172,473</u>	 <u>8,717,596</u>
<b>OPERATING EXPENSES</b>					
Operating, maintenance and general and administrative expenses	3,640,141	396,329	1,929,328	2,076,390	8,042,188
Depreciation	<u>118,429</u>	<u>165,104</u>	<u>942,365</u>	<u>15,958</u>	<u>1,241,856</u>
 Total Operating Expenses	 <u>3,758,570</u>	 <u>561,433</u>	 <u>2,871,693</u>	 <u>2,092,348</u>	 <u>9,284,044</u>
 Operating Income (Loss)	 <u>139,065</u>	 <u>100,487</u>	 <u>(886,125)</u>	 <u>80,125</u>	 <u>(566,448)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	424	5,493	7,282	263	13,462
Interest expense	(16,066)	(21,604)	(44,860)	(912)	(83,442)
Capital contributions	-	103,229	585,771	-	689,000
Proceeds from sale of asset	-	-	3,000	-	3,000
Loss on asset disposal	<u>-</u>	<u>-</u>	<u>(70,268)</u>	<u>-</u>	<u>(70,268)</u>
 Total Nonoperating Revenues (Expenses)	 <u>(15,642)</u>	 <u>87,118</u>	 <u>480,925</u>	 <u>(649)</u>	 <u>551,752</u>
 Net Income (Loss) Before Transfers	 <u>123,423</u>	 <u>187,605</u>	 <u>(405,200)</u>	 <u>79,476</u>	 <u>(14,696)</u>
 Transfers	 <u>-</u>	 <u>(305,178)</u>	 <u>305,178</u>	 <u>-</u>	 <u>-</u>
 Change in Net Position	 123,423	 (117,573)	 (100,022)	 79,476	 (14,696)
 Net Position - July 1, 2018	 <u>2,163,362</u>	 <u>3,978,978</u>	 <u>5,201,161</u>	 <u>106,502</u>	 <u>11,450,003</u>
 Net Position - June 30, 2019	 <u>\$ 2,286,785</u>	 <u>\$ 3,861,405</u>	 <u>\$ 5,101,139</u>	 <u>\$ 185,978</u>	 <u>\$ 11,435,307</u>

See Accompanying Notes to Basic Financial Statements.

Village of Essex Junction, Vermont  
FUND FINANCIAL STATEMENTS  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
For the Year Ended June 30, 2019

	Water Fund	Sanitation Fund	Wastewater Fund	Rec Programs Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 3,913,038	\$ 664,996	\$ 1,886,439	\$ 2,178,814	\$ 8,643,287
Payments to suppliers	(3,628,737)	(144,019)	(1,515,816)	(1,905,545)	(7,194,117)
Payments for employees and benefits	(216,346)	(174,191)	(553,350)	(1,263,704)	(2,207,591)
	<u>67,955</u>	<u>346,786</u>	<u>(182,727)</u>	<u>(990,435)</u>	<u>(758,421)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchases of property, plant and equipment	(22,339)	(68,331)	(58,068)	(5,840)	(154,578)
Proceeds from sale of assets	-	-	3,000	-	3,000
Capital Contributions	-	103,229	585,771	-	689,000
Interest payments on debt	(16,175)	(21,604)	(45,096)	-	(82,875)
Principal payments on debt	(29,865)	(60,395)	(615,340)	-	(705,600)
Interest payment on capital lease	-	-	-	(1,109)	(1,109)
Principal payment on capital lease	-	-	-	(21,568)	(21,568)
	<u>(68,379)</u>	<u>(47,101)</u>	<u>(129,733)</u>	<u>(28,517)</u>	<u>(273,730)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Operating transfers in/(out)	-	(305,178)	305,178	-	-
Interest income	424	5,493	7,282	263	13,462
	<u>424</u>	<u>(299,685)</u>	<u>312,460</u>	<u>263</u>	<u>13,462</u>
Net Cash Provided/(Used) by Investing Activities	<u>424</u>	<u>(299,685)</u>	<u>312,460</u>	<u>263</u>	<u>13,462</u>
Net Decrease in Cash	-	-	-	(1,018,689)	(1,018,689)
Cash - July 1, 2018	-	-	-	1,018,689	1,018,689
Cash - June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 139,065	\$ 100,487	\$ (886,125)	\$ 80,125	\$ (566,448)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	118,429	165,104	942,365	15,958	1,241,856
Change in net assets and liabilities:					
Receivables, net	15,403	3,076	(99,128)	6,341	(74,308)
Inventory	643	-	16,513	-	17,156
Due from other funds	(151,561)	77,858	(68,914)	(1,108,735)	(1,251,352)
Prepaid expenses	(850)	686	1,107	11,191	12,134
Accounts payable	(51,835)	(1,992)	(89,355)	(756)	(143,938)
Deferred Revenue	-	-	-	-	-
Accrued payroll	(95)	401	273	(1,721)	(1,142)
Accrued compensated absences	(1,244)	1,166	537	7,162	7,621
	<u>(1,244)</u>	<u>1,166</u>	<u>537</u>	<u>7,162</u>	<u>7,621</u>
Net cash provided (used) by operating activities	<u>\$ 67,955</u>	<u>\$ 346,786</u>	<u>\$ (182,727)</u>	<u>\$ (990,435)</u>	<u>\$ (758,421)</u>

See Accompanying Notes to Basic Financial Statements.



Village of Essex Junction, Vermont  
FUND FINANCIAL STATEMENTS  
STATEMENT OF NET POSITION - FIDUCIARY FUND  
June 30, 2019

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	<u>\$    2,013</u>
<b>LIABILITIES</b>	
Due to Other Organizations	<u>\$    2,013</u>
Total Liabilities and Net Position	<u>\$    2,013</u>

See Accompanying Notes to Basic Financial Statements.

Village of Essex Junction, Vermont  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

The accounting policies adopted by 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.

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 is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the Village.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 presents a longer-term view of the Village's finances. The focus of the fund financial statements is on reporting the operating results and financial position of the most significant funds of the Village and presents 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, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information of the Village as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Village general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), and the acquisition or construction of general fixed assets (capital projects). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges.

Fiduciary Funds are used to account for assets held by the Village as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, sewer usage fees and water usage fees are recognized under the susceptible to accrual concept in accordance with Governmental Accounting Standards Board ("GASB") pronouncements. Revenues received from the State of Vermont are also recognized when susceptible to accrual. Miscellaneous revenues and fees are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Village of Essex Junction, Vermont  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

The Village reports the following major governmental funds:

General Fund - This is the Village's main operating fund. It accounts for all financial resources of the Village except those accounted for in another fund.

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.

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.

Recreation Programs Fund – This fund accounts for the operations of the recreation programs.

Additionally, the Village reports the following fund type:

Agency Funds - These funds account for monies maintained for the Champlain Valley Exposition Noise Escrow.

Amounts reported as program revenues include:

- 1) charges to individuals and business for fees, rental, material, supplies, or services, provided
- 2) operating grants and contributions
- 3) capital grants and contributions

Village of Essex Junction, Vermont  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property taxes, licenses, ordinance violation fees and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within sixty (60) days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Village.

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 positions 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.

Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The Village utilizes one cash account maintained by the Town general fund to collect money and pay bills for all funds. When money is collected and expended, the Village records a corresponding payable or receivable to the Town. This helps manage cash and eases administrative burdens.

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.

Unbilled revenues consist of revenues earned as of June 30, but not yet billed as of that date.

Internal Balances

Activities between funds that is representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as Advances to/from Other Funds. 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".

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 and calcium chloride.

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

Village of Essex Junction, Vermont  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories and prepaid expenses of governmental funds in the fund financial statements are offset by a nonspendable fund balance as these are not in spendable form.

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	\$ 5,000	8-20 Years
Wastewater Treatment Facility Equipment	\$ 5,000	8-20 Years
Library Books	\$ 1	7 Years
Parks	\$ 5,000	20-100 Years
Infrastructure	\$ 5,000	30-50 Years
Water, Sanitation and Wastewater Distribution and Collection System	\$ 5,000	60-100 Years

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

Village of Essex Junction, Vermont  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. If an employee terminates after age 62, or if they die sooner, the Village will pay up to 800 hours of accumulated sick leave regardless of years of service. The Village evaluates all employees who have reached ten (10) years of service or age 57 and, depending on accrued leave time at that point, determines if they will likely meet the eligibility threshold. 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.

Long-term Obligations

Noncurrent liabilities are comprised of notes payable and 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 statements use the current financial resources measurement focus and only include current liabilities on their balance sheets.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, "deferred outflows of resources", represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Village did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources", represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village has one (1) type of item which qualifies under the modified accrual basis of accounting. The governmental funds report deferred inflows of resources from one (1) source: unavailable grant revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Government-Wide and Proprietary Fund Net Position

Government-wide and Proprietary Fund Net Position are divided into three components:

Net Investment in Capital Assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted – consists of net position that is restricted by the Village's creditors, by enabling legislation, by grantors (both federal and state) and/or by contributors.

Village of Essex Junction, Vermont  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unrestricted – all other net position reported in this category

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent because they are not spendable in form or are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of laws, regulations or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by the Village.

Assigned – Amounts that are designated by management for a particular purpose

Unassigned – All amounts not included in other classifications.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Operating Transfers

Operating transfers are legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

NOTE 2 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 expenditures (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.



Village of Essex Junction, Vermont  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2019

NOTE 2 EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND AND GOVERNMENT-WIDE STATEMENTS (continued)

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 another financing source, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

Long-term debt transaction differences arise because governmental funds report proceeds of long-term debt as another financing source and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities.

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The General Fund Budget is approved at the annual Village Meeting in April. Budget transfers between departments can be made upon the approval of the Trustees during the last three (3) months of the year without increasing the total appropriated amount.

Enterprise fund budgets are approved by the Board of Trustees.

Fund Balance Policy

At the April, 2011 annual meeting, the Voters approved maintaining an unassigned fund balance of no more than ten percent (10%) of the prior year's budget.

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2019 consisted of the following:

	Book Balance	Bank Balance
Insured by the FDIC	\$ 3,541	\$ 2,040
Petty Cash	425	742
Total Deposits	\$ 3,966	\$ 2,782

The difference between the book and 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, 2019

NOTE 4 CASH AND CASH EQUIVALENTS (continued)

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. The Village does not have investments subject to credit risk in fiscal year 2019.

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. The Village has no investments subject to interest rate risk disclosure

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.

Concentration of Credit Risk

The Village has no limit on the amount that they may invest with any one issuer. As of June 30, 2019, the Village is not exposed to concentration of credit risk.

NOTE 5 RECEIVABLES

Receivables at June 30, 2019, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental</u> Activities	<u>Business-Type</u> Activities	<u>Total</u>
Billed Services	\$ -	\$ 335,412	\$ 335,412
Unbilled Services	-	638,853	638,853
Grants	429,081	-	429,081
Other	30,141	-	30,141
	<u>\$ 459,222</u>	<u>\$ 974,265</u>	<u>\$ 1,433,487</u>

Management has evaluated all receivables and believes all are collectible, so no allowance for doubtful accounts has been recorded.

Village of Essex Junction, Vermont  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

NOTE 6 NOTE RECEIVABLE

The Village has a note receivable as follows:

Note Receivable- Whitcomb Terrace Housing Limited Partnership, Principal Deferred Until December 17, 2034, at which Time the Note is Due, Interest 0%, Secured by a 2nd Position on Building	\$ 260,000
Allowance for Doubtful Note Receivable	<u>(260,000)</u>
Net Note Receivable	<u><u>\$ -</u></u>

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 55,742	\$ -	\$ -	\$ 55,742
Construction in Progress	4,293,487	911,922	(3,001,906)	2,203,503
Antiques and Works of Art	<u>7,550</u>	<u>-</u>	<u>-</u>	<u>7,550</u>
Total capital assets not being depreciated	<u>4,356,779</u>	<u>911,922</u>	<u>(3,001,906)</u>	<u>2,266,795</u>
Other capital assets:				
Buildings and Improvements	4,620,014	-	-	4,620,014
Vehicles, Machinery, Equipment, Furniture and Traffic Signals	-	2,002,959	(336,667)	8,302,204
Library Books	788,022	62,747	(63,047)	787,722
Parks	1,669,114	-	-	1,669,114
Roads, Curbs, Sidewalks, and Storm Sewers	<u>12,318,879</u>	<u>1,536,845</u>	<u>-</u>	<u>13,855,724</u>
Total other capital assets	<u>26,031,941</u>	<u>3,602,551</u>	<u>(399,714)</u>	<u>29,234,778</u>

Village of Essex Junction, Vermont  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

NOTE 7 CAPITAL ASSETS (continued)

<u>Governmental Activities (cont'd)</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings and Improvements	(1,295,286)	(115,359)	-	(1,410,645)
Vehicles, Machinery, Equipment, Furniture and Traffic Signals	(2,715,034)	(349,175)	262,910	(2,801,299)
Library Books	(593,127)	(56,435)	63,047	(586,515)
Parks	(1,023,272)	(75,215)	-	(1,098,487)
Roads, Curbs, Sidewalks, and Storm Sewers	(3,213,368)	(471,886)	-	(3,685,254)
 Total accumulated depreciation	<u>(8,840,087)</u>	<u>(1,068,070)</u>	<u>325,957</u>	<u>(9,582,200)</u>
 Total capital assets being depreciated, net	<u>17,191,854</u>	<u>2,534,481</u>	<u>(73,757)</u>	<u>19,652,578</u>
 Governmental Activities - Capital Assets, Net	<u>\$21,548,633</u>	<u>\$3,446,403</u>	<u>\$(3,075,663)</u>	<u>\$21,919,373</u>

Depreciation expense was charged to functions, as follows:

General Government	\$ 27,922
Public Safety	92,563
Highways and Streets	703,080
Culture and Recreation	243,330
Community Development	<u>1,175</u>
TOTAL	<u>\$ 1,068,070</u>

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 118,077	\$ -	\$ -	\$ 118,077
Construction in progress	<u>151,849</u>	<u>53,031</u>	<u>(176,202)</u>	<u>28,678</u>
 Total capital assets not being depreciated	<u>269,926</u>	<u>53,031</u>	<u>(176,202)</u>	<u>146,755</u>
 Capital assets being depreciated:				
Buildings and Improvements	15,171,807	-	-	15,171,807
Vehicles, Machinery, Equipment and Furniture	5,299,726	253,984	(244,318)	5,309,392
Infrastructure	164,182	-	-	164,182
Distribution and Collection Systems	<u>22,241,737</u>	<u>23,767</u>	<u>(9,539)</u>	<u>22,255,965</u>
 Total Capital assets being depreciated	<u>42,877,452</u>	<u>277,751</u>	<u>(253,857)</u>	<u>42,901,346</u>

Village of Essex Junction, Vermont  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

NOTE 7 CAPITAL ASSETS (continued)

<u>Business-Type Activities (cont'd)</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings and Improvements	(4,644,195)	(511,780)	-	(5,155,975)
Vehicles, Machinery, Equipment and Furniture	(2,328,000)	(332,150)	174,050	(2,486,100)
Infrastructure	(57,362)	(8,209)	-	(65,571)
Distribution and Collection Systems	<u>(13,509,104)</u>	<u>(389,717)</u>	<u>9,537</u>	<u>(13,889,284)</u>
 Total accumulated depreciation	 <u>(20,538,661)</u>	 <u>(1,241,856)</u>	 <u>183,587</u>	 <u>(21,596,930)</u>
 Total capital assets being depreciated, net	 <u>22,338,791</u>	 <u>(964,105)</u>	 <u>(70,270)</u>	 <u>21,304,416</u>
 Business-Type Activities - Capital Assets, Net	 <u>\$ 22,608,717</u>	 <u>\$ (911,074)</u>	 <u>\$ (246,472)</u>	 <u>\$ 21,451,171</u>

Depreciation expense was charged as follows:

Water Fund	\$ 118,429
Sanitation Fund	165,104
Wastewater Fund	942,365
Recreation Fund	<u>15,958</u>
 TOTAL	 <u>\$ 1,241,856</u>

NOTE 8 INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances at June 30, 2019 is as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$ 4,771,848
Capital Projects Fund	347,113	-
Rolling Stock Reserve Fund	196,906	-
Water Fund	259,197	-
Sanitation Fund	1,620,381	-
Wastewater Fund	1,589,103	-
Recreation Fund	250,518	-
Memorial Park Fund	3,631	-
Senior Center Fund	26,164	-

Village of Essex Junction, Vermont  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2019

NOTE 8 INTERFUND BALANCES AND ACTIVITY (continued)

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
EJRP Capital Reserve Fund	18,178	-
Building Maintenance Fund	54,792	-
Economic Development Fund	324,149	-
Land Acquisition Reserve Fund	<u>81,716</u>	<u>-</u>
	<u>\$ 4,771,848</u>	<u>\$ 4,771,848</u>

NOTE 9 TRANSFERS

The interfund transfers during the year ended June 30, 2019 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Rolling Stock Reserve Fund	\$ 223,624	Annual Appropriation
General Fund	Capital Reserve	317,751	Annual Appropriation
General Fund	Building Maintenance Fund	50,000	Annual Appropriation
Capital Reserve	General Fund	8,855	Grant Funded Staff Time
General Fund	EJRP Capital Reserve Fund	<u>110,700</u>	Annual Appropriation
	Total Governmental Activities	<u>\$ 710,930</u>	

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Sanitation Fund	Wastewater Fund	\$ 309,219	Bond Debt Service
Wastewater Fund	Sanitation Fund	<u>4,041</u>	WWTF Upgrade
	Total Proprietary Funds	<u>\$ 313,260</u>	

NOTE 10 UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES

Unearned Revenue is the General Fund consists of \$1,906 of grant and donation revenue received in advance.

The Capital Projects Fund has Deferred inflows of Resources in the amount of \$335,688. This consists of grant receivables not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Village of Essex Junction, Vermont  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2019

NOTE 11      LONG-TERM LIABILITIES

General Obligation Bonds - The Village issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds have been issued for proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type (proprietary) activities if the debt is expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the Village. New bonds generally are issued as 10 to 30 year bonds. Refunding bonds are issued for various terms based on the debt service of the debt refunded.

Notes Payable - The Village has notes payable to finance various capital projects and purchases through local banks.

No-Interest Revolving Loans - The State of Vermont offers a number of no and low interest revolving loan programs to utilize for predetermined purposes. The Village has borrowed money from the Vermont Special Environmental Revolving Fund for sanitation and wastewater projects.

Compensated Absences - Unused vacation time can be accumulated up to 240 hours as of an employee's anniversary date. Compensatory time for hourly employees can be accrued up to 200 hours. Employees with more than 15 years of service to the Village will be paid for half of their accumulated sick hours in excess of 800 hours up to 500 hours and employees that terminate after age 62 will be paid up to 800 hours of accumulated sick leave at their current rate of pay upon retirement, termination or death.

Long-term liabilities outstanding as of June 30, 2019 were as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Reduction</u>	<u>Ending Balance</u>
<u>Notes Payable</u>				
Note Payable- People's United Bank, Fire Ladder Truck				
Purchase, Interest at 2.75%, \$90,000				
Due July 24,2020, the Village Intends to				
Renew the Note Annually and Pay down				
\$30,000 Plus Interest Annually	\$ 120,000	\$ 90,000	\$ (120,000)	\$ 90,000

Village of Essex Junction, Vermont  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

NOTE 11      LONG -TERM LIABILITIES (continued)

<u>Governmental Activities (cont'd)</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Reduction</u>	<u>Ending Balance</u>
Bond Payable - Vermont Municipal Bond Bank, Infrastructure Projects, Net Interest cost of 3.403% semi-annual Interest Payments Due June 1, and Dec 1, Due in full December 2035.	2,297,461	-	(135,135)	2,162,326
Bond Payable- Vermont Municipal Bond Bank, Pool, Interest at 5.35%, \$105,000 plus interest due May and November 15 Due in full November 2019.	210,000	-	(105,000)	105,000
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,627,461	\$ 90,000	\$ (360,135)	\$ 2,357,326

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 270,135	\$ 75,900	\$ 346,035
2021	165,135	69,249	234,384
2022	165,135	65,015	230,150
2023	135,135	60,415	195,550
2024	135,135	56,344	191,479
2025-2029	675,675	214,766	890,441
2030-2034	675,675	92,313	767,988
2035	135,301	2,698	137,999
TOTAL	\$ 2,357,326	\$ 636,700	\$ 2,994,026

<u>Business-Type Funds</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Reduction</u>	<u>Ending Balance</u>
Note Payable- State of Vermont Special Environmental Revolving Fund, Sanitation and Wastewater Improvements, Authorized to \$566,938 but was Eligible for 50% Forgiveness, Interest at 0% an Administration fee of 2% is Assessed Annually, Annual Payments of \$17,336, Due October 2030.	\$ 196,734	\$ -	\$ (13,400)	\$ 183,334



Village of Essex Junction, Vermont  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

NOTE 11      LONG-TERM LIABILITIES (continued)

<u>Business-Type Funds (cont'd)</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Reduction</u>	<u>Ending Balance</u>
Note Payable- State of Vermont Special Environmental Revolving Fund, Wastewater Improvements, Authorized to \$13,525,000 but Eligible for \$600,000 Subsidy. Interest at 0%, Administration Fee of 2% is Assessed Annually; Payments of \$790,451, Due February 2036.	11,850,460	-	(553,442)	11,297,018
Note Payable- State of Vermont Special Environmental Revolving Fund, Sanitation Pump Station Improvements, Authorized \$1,212,300 but Eligible for \$114,800 Subsidy Leaving a Total Repayment Amount of \$1,097,500, Interest at 0%, an Administration fee of 2% is Assessed Annually, Payments of \$67,120 Due November 2035.	911,329	-	(48,893)	862,436
Bond Payable- Vermont Municipal Bond Bank, Water Improvements, Net Interest Cost of 3.403%, \$30,031 due Annually on December 1, Semi-Annual Interest Payments Due June and December 1, Due December 2035.	507,539	-	(29,865)	477,674
Bond Payable- Vermont Municipal Bond Bank Series 2010-5 New Money (Recovery Zone Economic Development Bond) Wastewater Improvements, Annual Principal Payments Ranging from \$55,000 to \$60,000 Due December 1, Semi-Annual Interest Payments Due June 1 and December 1, Net Interest Cost of 3.345% 30 Year Bond Assumed from the Town of Bradford Due December 2040	<u>1,285,000</u>	-	<u>(60,000)</u>	<u>1,225,000</u>
	<u>\$ 14,751,062</u>	<u>\$ -</u>	<u>\$ (705,600)</u>	<u>\$ 14,045,462</u>

Village of Essex Junction, Vermont  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

NOTE 11 LONG-TERM LIABILITIES (continued)

Year Ending June 30,	Principal	Interest	Total
2020	\$ 717,915	\$ 303,226	\$ 1,021,141
2021	730,476	288,384	1,018,860
2022	743,289	273,072	1,016,361
2023	751,357	257,394	1,008,751
2024	764,687	241,466	1,006,153
2025-2029	4,032,903	952,683	4,985,586
2030-2034	4,355,430	505,604	4,861,034
2035-2039	1,839,405	91,607	1,931,012
2040-2044	110,000	3,992	113,992
	<u>\$14,045,462</u>	<u>\$ 2,917,428</u>	<u>\$ 16,962,890</u>

NOTE 12 CAPITAL LEASE

The Village has entered into lease agreements as lessee for financing the acquisition of a bus and a van valued at \$51,753 and \$57,908, respectively. The vehicles have a useful life of seven years. At June 30, 2019, \$15,667 was included in depreciation expense. This lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

Year Ending June 30,	Future Minimum Payments	Net Present Value	Interest
2020	\$ 23,845	\$ 22,514	\$ 1,331
2021	12,238	11,901	337
Total minimum lease payments	<u>\$ 36,083</u>	<u>\$ 34,415</u>	<u>\$ 1,668</u>

The total interest paid for the year ended June 30, 2019 was \$3,179 in the business-type funds.

NOTE 13 NET POSITION/FUND BALANCES

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Village of Essex Junction, Vermont  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

NOTE 13 NET POSITION/FUND BALANCES (continued)

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Board of Trustee's intended use of the resources); and unassigned.

Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. Governments are required to disclose key information about their stabilization arrangements, including the authority by which they were established, provisions for additions to the stabilization amount, and circumstances under which those amounts may be spent. The Village does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. Because users are interested in information about those minimum fund balance policies and how governments comply with them, governments are required to explain their minimum fund balance policies, if they have them, in notes to the financial statements. The Village does not have a minimum fund balance policy. The Village does have a maximum fund balance policy which is to maintain an unassigned fund balance which is no greater than ten percent (10%) of the prior year's budget.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Village's policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

The purpose for each major special revenue fund - including which specific revenues and other resources are authorized to be reported in each are described in the following section.

Fund Balance and Net Position classifications at June 30, 2019 are as follows:

GENERAL FUND

Nonspendable for:

Inventories	\$ 93,340
Prepaid Expenses	<u>53,355</u>
Total Nonspendable Fund Balance	<u>\$ 146,695</u>

Village of Essex Junction, Vermont  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

NOTE 13      NET POSITION/FUND BALANCES (continued)

Assigned for:

Friends of the Library Donations	\$ 1,706
Library Book Replacement	4,988
Termination Benefits	61,809
Health Reimbursement Arrangement Expenses	10,000
Governance	23,941
Building Maintenance	<u>28,699</u>

Total Assigned Fund Balance      \$ 131,143

CAPITAL RESERVE FUND

Committed for:

Capital Reserve Fund Expenditures	<u>\$ 394,157</u>
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ROLLING STOCK RESERVE FUND

Committed for:

Rolling Stock Reserve Fund Expenditures	<u>\$ 140,668</u>
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NON MAJOR FUNDS

Restricted for:

Veterans Memorial Park by Donation	\$ 3,631
Senior Center	<u>25,338</u>

Total Restricted Fund Balance      \$ 28,969

Committed for:

Land Acquisition Capital Reserve Fund Expenditures	\$ 81,716
EJRP Capital Reserve	<u>1,379</u>

Total Committed Fund Balance      \$ 83,095

Assigned for:

Economic Development	\$ 324,024
Building Maintenance	<u>52,636</u>

Total Assigned Fund Balance      \$ 376,660

Village of Essex Junction, Vermont  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

NOTE 13 NET POSITION/FUND BALANCES (continued)

WATER, SANITATION, WASTEWATER AND RECREATION PROGRAMS FUNDS

Designated for:	
Water Fund Expenses	\$ 288,282
Water Fund Capital Expenses	<u>152,997</u>
Total Water Designated Fund Balance	<u>\$ 441,279</u>
Sanitation Fund Expenses	\$ 288,444
Sanitation Fund Capital Expenses	654,008
Sanitation Wastewater Treatment Facility Upgrades	<u>823,921</u>
Total Sanitation Designated Fund Balance	<u>\$ 1,766,373</u>
Wastewater Fund Capital Expenses	\$ 1,083,189
Wastewater Expenses- Attributable to the Village of Essex Junction	221,569
Wastewater Expenses- Attributable to the Town of Essex	135,677
Wastewater Expenses- Attributable to the Town of Williston	104,823
Wastewater Fund Expenses- General	<u>151,526</u>
Total Wastewater Designated Fund Balance	<u>\$ 1,696,784</u>
Recreation Programs Fund - General	<u>\$ 159,577</u>

NOTE 14 BENEFIT PLANS

The Village offers a 401(a) pension plan to all full time employees with 100% vesting after three (3) years of service. This plan qualifies, according to the Internal Revenue Service, as a defined contribution pension plan for governmental organizations exempt from income taxes. The plan requires a 5% contribution of base pay from the employee with a 10% match of base pay by the Village for all employees. The 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 \$3,195,538 while the covered payroll was \$ 2,229,054. Pension expenses for the years ended June 30, 2019, 2018 and 2017 were \$224,686, \$211,234 and \$137,614 respectively.

The Village also offers its employees a deferred compensation plan through the International City/County Management Association "ICMA" Retirement Corporation in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Village has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self-directed by each employee. The balance of the assets in the plan, at fair market value, as of June 30, 2019 was \$526,537.

Village of Essex Junction, Vermont  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

NOTE 14      BENEFIT PLANS (continued)

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 full-time Village employees receive a group life insurance policy for two and a half their annual salary up to a maximum of \$100,000.

NOTE 15      CONCENTRATION OF REVENUE/EXPENSES

The Village receives a major portion of its revenue from GlobalFoundries. For the year ended June 30, 2019, the Village received 7.21% of total property taxes from GlobalFoundries and received 73.68% of total water sales from GlobalFoundries.

The Village purchased a major portion of their water from Champlain Water District "CWD" for the year ended June 30, 2019. The Village purchased \$3,210,107 in water from CWD.

NOTE 16      PROPERTY TAXES

The town of Essex is responsible for assessing and collecting Village property taxes, as well as education property taxes for the State. Property taxes are assessed based on property valuations as of April 1, the approved budgets and the State education property tax liability. The Town remits 100% of the taxes billed to the Village in two (2) installments in October and April. Any delinquencies are absorbed by the Town. The Village tax rates for fiscal year 2019 included Village General Fund \$0.3098 and Village Economic Development \$0.0100.

NOTE 17      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.

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

Village of Essex Junction, Vermont  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

NOTE 18 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.

NOTE 19 OTHER INFORMATION

The Village finished refurbishing its Wastewater Treatment Facility. The Village owns the facility, however, the facility serves three municipalities; the Village of Essex Junction, the Town of Essex and the Town of Williston. The Village has an agreement with the Towns to provide capacity and treatment rights in exchange for an annual fee and for their share of the improvements. The cost of the project was \$15,230,000 paid for with borrowed funds from the State of Vermont Special Environmental Revolving Fund, a general obligation bond and from capital reserves. The debt service cost is shared amongst all three municipalities based upon the capacity owned by each. At the end of fiscal year 2019, the Village owns 34.5%, the Town of Essex owns 33.33% and the Town of Williston owns 32.1%. The Village has an agreement with the Town of Williston to sell them an additional 10,000 gallons per day of capacity for \$100,000 per year for four more years which will increase the Town of Williston's capacity. The Town of Williston has already paid \$600,000 for 60,000 gallons over the past six years. The sale of this capacity will change the debt service percentages as noted previously. After the fiscal year end 2021 final sale, the Village's percentage will be 33.94% and the Town of Williston's will be 32.73%.

NOTE 20 AUTHORIZED BORROWING

In June, 2011, the Village voters authorized the borrowing of up to \$3,200,000 contingent upon other Federal and State aid for the purpose of making public improvements to the Village highways and sidewalks. The total estimated cost of such improvements is \$11,531,000. No action has taken place as of June 30, 2019.

NOTE 21 RELATED PARTY

In July 2014 the Village entered into an agreement with the Town of Essex to bill and collect property taxes. Under the terms of the agreements, the Town purchased the outstanding delinquent taxes, penalty and interest receivables as of July 1, 2014, and assumes liability for the collection of those balances due and future taxes. All penalties and interest that accrues on delinquent balances shall belong to the Town. Effective July 2015, the accounting departments of the Village and the Town of Essex merged and operate under one accounting system and maintain one operating cash account; the operating account balance is reported entirely on the financial statements of the Town of Essex. At June 30, 2019 \$5,443,593 of the balance in the operating account belonged to the Village, this is reported as Due from Town of Essex in the accompanying financial statements. At June 30, 2019 the Town also owed the Village \$3,487 for expenses. The Village owed the Town \$28,733 for water expenses related to the Water Fund.

Village of Essex Junction, Vermont  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

NOTE 22 TAX ABATEMENT

The Village has three tax stabilization agreement that qualify as tax abatements per GASB Statement no. 77 Tax Abatement Disclosures. The Village, under the authority of the Board of Trustees, has agreed to exclude the value of two structures on a parcel of farm land in exchange for the land to continue to be open to residents for non-motorized recreational purposes. In FY2019 the amount of taxes abated totaled \$1,714.

The Village has two active agreements both beginning in FY2019 under the authority of the Village of Essex Junction Commercial Tax Stabilization Policy. One is a standard commercial tax stabilization where the Village has agreed to abate 70% of the municipal taxes for the first year of the agreement. The percentage of abated taxed decreases to 50% in year 2, and 30% in year 3. For FY2019 \$14,304 was abated. The second falls under the historic building stabilization schedule where the Village has agreed to abate 70% of the municipal taxes for the first year of the agreement. The percentage of abated taxes decreases by 10% annually until year 6 when the property is fully taxable. For FY2019 \$793 was abated.

These agreements apply to Village taxes only and have no impact on Town of Essex property taxes or Educational property taxes.

NOTE 23 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the General Fund by \$62,167. This was due primarily to overspending in public works on winter maintenance, primarily salt costs, and in general government for payment of accrued leave time upon retirement. These amounts were offset by fund balance assignments for related purposes and a decrease in unassigned fund balance.

NOTE 24 DISCLOSURE OF SUBSEQUENT EVENTS

On July 25, 2019 the Village acquired a note payable with People's United Bank in the amount of \$90,000 with an interest rate of 2.75%, due July 24, 2020.

In accordance with professional accounting standards, the Village has evaluated subsequent events through December 16, 2019, which is the date the financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2019, have been incorporated into the financial statements herein.



REQUIRED SUPPLEMENTARY INFORMATION

Village of Essex Junction, Vermont  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
BUDGETARY BASIS - GENERAL FUND  
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Property tax	\$ 3,423,606	\$ 3,423,606	\$ 3,423,627	\$ 21
Licenses and permits	58,000	58,000	16,318	(41,682)
Intergovernmental revenues	1,162,126	1,162,126	1,164,604	2,478
Charges for services	259,435	259,435	257,815	(1,620)
Fines and forfeits	1,500	1,500	2,903	1,403
Interest income	2,000	2,000	4,150	2,150
Donations	1,500	1,500	16,943	15,443
Other income	<u>11,520</u>	<u>11,520</u>	<u>17,432</u>	<u>5,912</u>
 Total Revenues	 <u>4,919,687</u>	 <u>4,919,687</u>	 <u>4,903,792</u>	 <u>(15,895)</u>
<b>EXPENDITURES</b>				
Current:				
General government	535,387	535,387	589,824	(54,437)
Public safety	366,864	366,864	367,042	(178)
Public works	1,145,126	1,145,126	1,216,360	(71,234)
Community development	372,454	372,454	298,318	74,136
Culture and recreation	1,514,798	1,514,798	1,525,252	(10,454)
Debt Service:				
Principal	240,135	240,135	240,135	-
Interest expense	<u>77,848</u>	<u>77,848</u>	<u>77,848</u>	<u>-</u>
 Total Expenditures	 <u>4,252,612</u>	 <u>4,252,612</u>	 <u>4,314,779</u>	 <u>(62,167)</u>
 Excess of Revenues Over (Under) Expenditures	 <u>667,075</u>	 <u>667,075</u>	 <u>589,013</u>	 <u>(78,062)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	8,855	8,855
Operating transfers out	<u>(702,075)</u>	<u>(702,075)</u>	<u>(702,075)</u>	<u>-</u>
 Total Other Financing Sources (Uses)	 <u>(702,075)</u>	 <u>(702,075)</u>	 <u>(693,220)</u>	 <u>8,855</u>
 Net Change in Fund Balance	 <u>\$ (35,000)</u>	 <u>\$ (35,000)</u>	 <u>\$ (104,207)</u>	 <u>\$ (69,207)</u>

See Accompanying Notes to Basic Financial Statements.

## OTHER SUPPLEMENTARY INFORMATION

Village of Essex Junction, Vermont  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2019

	Special Revenue Fund		Capital Project Fund				Total
	Veteran Memorial Park Fund	Senior Center Fund	Land Acquisition Capital Reserve Fund	Economic Development	EJRP Capital Reserve Fund	Building Maintenance	
<b>ASSETS</b>							
Cash	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 100
Due from other funds	3,631	26,164	81,716	324,149	18,178	54,792	508,630
<b>Total Assets</b>	<b><u>\$ 3,631</u></b>	<b><u>\$ 26,264</u></b>	<b><u>\$ 81,716</u></b>	<b><u>\$ 324,149</u></b>	<b><u>\$ 18,178</u></b>	<b><u>\$ 54,792</u></b>	<b><u>\$ 508,730</u></b>
<b>LIABILITIES</b>							
Accounts Payable	\$ -	\$ 926	\$ -	\$ 125	\$ 16,799	\$ 2,156	\$ 20,006
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>926</u></b>	<b><u>-</u></b>	<b><u>125</u></b>	<b><u>16,799</u></b>	<b><u>2,156</u></b>	<b><u>20,006</u></b>
<b>FUND BALANCE</b>							
Unassigned							
Restricted	3,631	25,338	-	-	-	-	28,969
Committed	-	-	81,716	-	1,379	-	83,095
Assigned	-	-	-	324,024	-	52,636	376,660
<b>Total Fund Balances</b>	<b><u>3,631</u></b>	<b><u>25,338</u></b>	<b><u>81,716</u></b>	<b><u>324,024</u></b>	<b><u>1,379</u></b>	<b><u>52,636</u></b>	<b><u>488,724</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 3,631</u></b>	<b><u>\$ 26,264</u></b>	<b><u>\$ 81,716</u></b>	<b><u>\$ 324,149</u></b>	<b><u>\$ 18,178</u></b>	<b><u>\$ 54,792</u></b>	<b><u>\$ 508,730</u></b>

Village of Essex Junction, Vermont  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2019

	Special Revenue Fund		Capital Project Fund				Total
	Veteran Memorial Park Fund	Senior Center Fund	Land Acquisition Capital Reserve Fund	Economic Development	EJRP Capital Reserve Fund	Building Maintenance	
<b>REVENUES</b>							
Charges for Service	\$ -	\$ 26,250	\$ -	\$ -	\$ -	\$ -	\$ 26,250
Property Tax	-	-	-	110,511	-	-	110,511
Miscellaneous Income	-	1,625	-	-	-	-	1,625
Interest	19	151	424	1,436	-	193	2,223
<b>Total Revenue</b>	<u>19</u>	<u>28,026</u>	<u>424</u>	<u>111,947</u>	<u>-</u>	<u>193</u>	<u>140,609</u>
<b>EXPENDITURES</b>							
Program Expense	-	28,191	-	125	50,455	14,772	93,543
Capital Outlay	-	-	-	-	6,600	-	6,600
<b>Total Expenditures</b>	<u>-</u>	<u>28,191</u>	<u>-</u>	<u>125</u>	<u>57,055</u>	<u>14,772</u>	<u>100,143</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>19</u>	<u>(165)</u>	<u>424</u>	<u>111,822</u>	<u>(57,055)</u>	<u>(14,579)</u>	<u>40,466</u>
<b>OTHER FINANCING SOURCES</b>							
Transfer	-	-	-	-	110,700	50,000	160,700
<b>Net Change in Fund Balance</b>	19	(165)	424	111,822	53,645	35,421	201,166
Fund Balance - July 1, 2018	<u>3,612</u>	<u>25,503</u>	<u>81,292</u>	<u>212,202</u>	<u>(52,266)</u>	<u>17,215</u>	<u>287,558</u>
Fund Balance - June 30, 2019	<u>\$ 3,631</u>	<u>\$ 25,338</u>	<u>\$ 81,716</u>	<u>\$ 324,024</u>	<u>\$ 1,379</u>	<u>\$ 52,636</u>	<u>\$ 488,724</u>

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, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Water Sales - Village	\$ 992,409	\$ 1,022,387	\$ 29,978
Water Sales - GF	2,686,765	2,700,838	14,073
Water Sales - GF Vermont Tax	70,985	62,885	(8,100)
Water Sales - Large Users	97,201	98,079	878
Penalties	4,000	5,088	1,088
Hook on Fees	15,000	7,000	(8,000)
Interest Earnings	-	277	277
Miscellaneous	-	1,358	1,358
	<u>3,866,360</u>	<u>3,897,912</u>	<u>31,552</u>
Total Operating Revenues			
<b>OPERATING EXPENSES</b>			
Salaries - Regular	109,133	111,685	(2,552)
Salaries - Overtime	14,000	14,222	(222)
Salaries - Part time	5,427	3,972	1,455
Social security	9,965	10,096	(131)
Unemployment insurance	200	87	113
Workers compensation insurance	6,716	7,750	(1,034)
Health insurance and other benefits	45,212	55,806	(10,594)
Retirement	10,913	11,389	(476)
Liability and property insurance	2,271	2,632	(361)
Supplies	6,000	7,664	(1,664)
Telephone	1,500	2,246	(746)
Postage	2,000	3,158	(1,158)
Gas, oil and grease	3,000	1,326	1,674
Meters and parts	500	643	(143)
Distribution materials	7,000	1,408	5,592
Computer expenses	1,000	1,227	(227)
Water and sewer charges	200	127	73
Training and conferences	2,500	2,048	452
Electrical services	750	799	(49)
Heat	3,000	2,444	556
Maintenance - Other	2,500	199	2,301
Vehicle maintenance	-	1,261	(1,261)
Water line maintenance - breaks	16,000	1,038	14,962
Uniforms and boots	1,500	1,255	245

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, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
<b>OPERATING EXPENSES (CONTINUED)</b>			
Contracted services	104,158	104,158	-
Other professional services	1,000	918	82
Audit services	3,680	4,370	(690)
Right of way agreements	142	100	42
Water purchases - Village	515,807	486,738	29,069
Water purchases - GF	2,686,765	2,723,369	(36,604)
Printing and advertising	2,608	1,873	735
Transfer to capital reserve	210,000	210,000	-
Capital outlay	6,000	-	6,000
Interest expense	300	-	300
State water tax - Village	13,628	11,248	2,380
State water tax - GF	70,985	62,885	8,100
Total Operating Expenses	3,866,360	3,850,141	16,219
Operating Income	\$ -	\$ 47,771	\$ 47,771

**RECONCILIATION OF BUDGETARY  
 BASIS TO GAAP BASIS**

Excess of Revenues over Expenditures- Budgetary Basis	\$ 47,771
Adjustments for non-budget:	
Bond Interest	(16,066)
Capital Contributions	210,000
Interest Earned on Capital Reserve Fund	147
Depreciation	(118,429)
Excess of Revenues over Expenditures- GAAP Basis	\$ 123,423

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, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Sanitation billing	\$ 586,985	\$ 598,033	\$ 11,048
Sanitation penalty	2,500	2,829	329
Essex pump station fees	25,940	26,095	155
Two party agreement revenue	15,000	15,000	-
Hook on fees	30,000	7,000	(23,000)
Interest earnings	500	5,493	4,993
Miscellaneous	-	<u>12,963</u>	<u>12,963</u>
 Total Operating Revenues	 <u>660,925</u>	 <u>667,413</u>	 <u>6,488</u>
 <b>OPERATING EXPENSES</b>			
Salaries - Regular	91,459	95,633	(4,174)
Salaries - Overtime	14,185	9,680	4,505
Salaries - Part time	5,427	3,972	1,455
Social security	8,671	8,382	289
Unemployment insurance	200	90	110
Workers compensation insurance	5,282	6,334	(1,052)
Health insurance and other benefits	40,567	42,043	(1,476)
Retirement	9,146	9,624	(478)
Liability and property insurance	6,225	5,929	296
Supplies	1,000	2,143	(1,143)
Postage	3,500	6,318	(2,818)
Gas, oil and grease	2,500	4,009	(1,509)
Computer expenses	1,300	2,453	(1,153)
Water and sewer charges	500	363	137
Training and conferences	200	-	200
Electrical services	12,000	13,237	(1,237)
Heating/natural gas	1,900	1,038	862
Maintenance - Other	2,500	3,096	(596)
Vehicle maintenance	-	1,037	(1,037)
Pump station maintenance	12,000	15,623	(3,623)
Sanitation line maintenance	6,000	1,162	4,838
Susie Wilson pump station costs	10,000	10,479	(479)
West St. pump station costs	12,000	11,190	810



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, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
<b>OPERATING EXPENSES (continued)</b>			
Uniforms and boots	1,500	942	558
Contracted services	135,883	135,883	-
Right-Of-Way Agreements	1,140	1,631	(491)
Sanitation line back-up cleaning	1,000	1,000	-
Other professional services	1,000	853	147
Audit services	1,840	2,185	(345)
Printing and advertising	1,000	-	1,000
Capital reserve fund contributions	95,000	95,000	-
Capital outlay	5,000	-	5,000
Total Operating Expenses	489,925	491,329	(1,404)
Operating Income	\$ 171,000	176,084	\$ 5,084

**RECONCILIATION OF BUDGETARY  
BASIS TO GAAP BASIS**

Excess of Revenues over Expenditures - Budgetary Basis	\$	176,084
Adjustments for non-budget:		
Admin Fee on ARRA Loan		(3,377)
RF1-157 Loan Admin Fee		(18,227)
Sale of WWTF Capacity		100,000
Interest Earned on Capital Reserve Fund		3,229
Capital Reserve Fund Transfer		95,000
Transfers from WWTF Fund for Debt		4,041
Transfer to WWTF for Upgrade		(309,219)
Depreciation		(165,104)
Excess of Expenditures over Revenues- GAAP Basis	\$	(117,573)

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, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Village user charges	\$ 694,916	\$ 716,133	\$ 21,217
Village user penalties	3,000	3,379	379
Wastewater charge - Essex	477,278	477,278	-
Wastewater charge - Williston	715,917	715,917	-
Pump station maintenance fee	31,725	31,725	-
Village septage discharge income	18,000	19,415	1,415
Shared septage revenue	9,000	9,563	563
Village leachate revenues	-	814	814
Share leachate revenues	-	401	401
Efficiency Vermont revenues	-	10,000	10,000
Interest Earnings	-	2,634	2,634
Miscellaneous	-	943	943
	<u>1,949,836</u>	<u>1,988,202</u>	<u>38,366</u>
Total Operating Revenues			
<b>OPERATING EXPENSES</b>			
Salaries - Regular	343,375	309,347	34,028
Salaries - Overtime	45,000	44,064	936
Salaries - Part-time	16,000	6,284	9,716
Social security	31,095	27,077	4,018
Workers comp insurance	20,534	20,853	(319)
Unemployment insurance	420	398	22
Health insurance other benefits	137,000	115,047	21,953
Retirement	34,338	31,090	3,248
Liability and property insurance	32,275	29,580	2,695
Supplies	10,000	7,319	2,681
Supplies - Laboratory	18,000	14,163	3,837
Chemicals	230,000	329,295	(99,295)
Gas, grease and oil	6,000	2,698	3,302
Water and sewer charge	3,000	5,335	(2,335)
Training and conference	6,500	5,939	561
Telephone services	6,000	4,615	1,385
Interview costs	-	459	(459)
Electrical service	150,000	192,346	(42,346)
Heating	20,000	23,553	(3,553)
Maintenance - other	100,000	91,633	8,367
Vehicles maintenance - travel	3,000	3,869	(869)

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, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
<b>OPERATING EXPENSES (continued)</b>			
Uniforms, boots, etc.	6,000	3,242	2,758
Contract laboratory services	11,000	9,961	1,039
Contract services	52,079	52,079	-
Legal services	2,000	1,650	350
Grit Disposal	18,000	16,286	1,714
Sludge dewatering	140,000	85,211	54,789
Sludge management	150,000	194,590	(44,590)
Other professional services	4,000	3,675	325
Audit	4,320	5,130	(810)
WWTF Annual permit fee	9,900	9,900	-
Capital reserve fund contributions	340,000	340,000	-
 Total Operating Expenses	 1,949,836	 1,986,688	 (36,852)
 Operating Income	 \$ -	 1,514	 \$ 1,514

**RECONCILIATION OF BUDGETARY  
BASIS TO GAAP BASIS**

Excess of Revenues over Expenditures - Budgetary Basis	\$ 1,514
Adjustments for non-budget:	
Bond Interest	(44,303)
Admin Fee on ARRA Loan	(558)
Capital Reserve Fund Transfer	340,000
Town of Essex Bond Contribution	298,300
Town of Williston Bond Contribution	287,471
Essex Junction Debt Payment	309,219
Interest Earned on Capital Reserve Fund	4,648
Capital Outlay	(282,639)
Transfer to Sanitation Fund	(4,041)
Proceeds from Sale of Asset	3,000
Loss on Sale of Fixed Assets	(70,268)
Depreciation	(942,365)
 Excess of Expenditures over Revenues - GAAP Basis	 \$ (100,022)

Village of Essex Junction, Vermont  
STATEMENT OF REVENUE AND EXPENSES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
ESSEX JUNCTION RECREATION AND PARKS  
For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>			
Pool day admission	\$ 72,737	\$ 86,451	\$ 13,714
Pool memberships	36,631	50,566	13,935
Swim lessons	46,803	47,329	526
Concession sales	25,896	21,795	(4,101)
Facility and field rental	8,562	11,137	2,575
Youth program- RP	123,747	206,033	82,286
Youth program- Aquatics	-	250,881	250,881
Youth program- AS	29,930	35,517	5,587
Adult programs	45,483	78,723	33,240
Childcare - AS	591,662	621,652	29,990
Childcare- PS	360,358	369,420	9,062
Childcare- DC	309,071	313,398	4,327
Shared staffing contract	51,181	42,375	(8,806)
Essex Westford revenue	-	11,731	11,731
Memorial day parade	-	20,915	20,915
Interest earnings	-	263	263
Sponsorship	9,700	4,550	(5,150)
	<u>1,711,761</u>	<u>2,172,736</u>	<u>460,975</u>
<b>OPERATING EXPENSES</b>			
Administration			
Salaries - Regular	44,887	45,861	(974)
Salaries - Part-time	6,870	3,196	3,674
Health insurance and other benefits	11,300	10,202	1,098
Social security	3,959	3,205	754
Workers compensation insurance	33,837	34,015	(178)
Retirement	4,357	-	4,357
Other professional services	4,600	8,064	(3,464)
Equipment rentals	2,000	4,208	(2,208)
Training, conferences, dues	12,240	7,179	5,061
Communications	5,280	7,120	(1,840)
Telephone services	4,500	2,814	1,686
Postage	8,632	7,647	985
Printing and advertising	15,000	21,522	(6,522)
Credit card processing fees	-	35,280	(35,280)

Village of Essex Junction, Vermont  
STATEMENT OF REVENUE AND EXPENSES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
ESSEX JUNCTION RECREATION AND PARKS  
For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>OPERATING EXPENSES (continued)</b>			
Recreation Programs			
Salaries- Part-time	25,764	16,042	9,722
Social security	1,971	1,227	744
Other professional services	87,658	208,533	(120,875)
Water and sewer charges	800	940	(140)
Maintenance- buildings/grounds	250	575	(325)
Rental	600	1,293	(693)
Equipment rentals	1,260	-	1,260
Training, conferences, dues	600	-	600
Postage	79	-	79
Printing and advertising	350	-	350
Supplies	23,600	36,004	(12,404)
Student special programs	3,732	-	3,732
Memorial Day parade	-	13,957	(13,957)
After School Care			
Salaries - Regular	228,381	211,890	16,491
Salaries- Part-time	153,094	186,637	(33,543)
Health insurance and other benefits	76,143	56,958	19,185
Social security	29,183	30,922	(1,739)
Retirement	24,785	26,464	(1,679)
Other professional services	17,488	28,325	(10,837)
Truck lease	24,005	2,080	21,925
Training, conferences, dues	16,600	8,494	8,106
Travel	28,845	22,248	6,597
Supplies	27,930	28,864	(934)
Gas, grease, oil	1,750	1,481	269
Preschool			
Salaries- Regular	-	176,348	(176,348)
Salaries- Part-time	174,471	31,710	142,761
Health insurance and other benefits	31,385	76,213	(44,828)
Social security	79,671	16,035	63,636
Retirement	15,748	17,399	(1,651)
Health improvement programs	17,447	-	17,447
Other professional services	-	4,569	(4,569)
Maintenance- buildings/grounds	3,333	3,500	(167)
Rental	3,072	-	3,072

Village of Essex Junction, Vermont  
STATEMENT OF REVENUE AND EXPENSES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
ESSEX JUNCTION RECREATION AND PARKS  
For the Year Ended June 30, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
<b>OPERATING EXPENSES (continued)</b>			
Training, conferences, dues	-	4,057	(4,057)
Communications	12,560	2,882	9,678
Travel	1,728	479	1,249
Supplies	4,500	3,885	615
Summer Day Camps			
Salaries- Regular	43,104	20,777	22,327
Salaries- Part-time	166,966	178,850	(11,884)
Social security	16,070	15,257	813
Other professional services	5,781	4,497	1,284
Travel	28,153	34,755	(6,602)
Supplies	13,699	18,843	(5,144)
Pool			
Salaries- Part-time	90,109	93,088	(2,979)
Social security	6,893	7,121	(228)
Other professional services	7,290	7,465	(175)
Water and sewer charges	1,988	3,990	(2,002)
Maintenance- buildings/grounds	19,683	21,127	(1,444)
Supplies	5,795	8,843	(3,048)
Concessions			
Salaries- Part-time	7,882	6,836	1,046
Social security	603	523	80
Training, conferences, dues	140	-	140
Supplies	15,824	6,882	8,942
Aquatics			
Salaries- Part-time	-	1,930	(1,930)
Social security	-	148	(148)
Other professional services	-	226,720	(226,720)
Parks & Facilities			
Salaries- Part-time	-	269	(269)
Social security	-	21	(21)
Training, conferences, dues	1,750	2,527	(777)
Parks and facilities supplies	-	5,596	(5,596)
Other expenses	-	913	(913)
	<u>1,707,975</u>	<u>2,077,302</u>	<u>(369,327)</u>
 Total Operating Expenses			
	<u>1,707,975</u>	<u>2,077,302</u>	<u>(369,327)</u>
 Operating Income	<u>\$ 3,786</u>	<u>\$ 95,434</u>	<u>\$ 91,648</u>

Village of Essex Junction, Vermont  
 STATEMENT OF REVENUE AND EXPENSES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 ESSEX JUNCTION RECREATION AND PARKS  
 For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</b>			
Excess of Revenues over Expenditures - Budgetary Basis		\$ 95,434	
Depreciation		<u>(15,958)</u>	
Excess of Revenues over Expenditures - GAAP Basis		<u>\$ 79,476</u>	

Village of Essex Junction, Vermont  
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
 For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Pass Through Grantor Number	Federal CFDA Number	Federal Expenditures	Expenditures to Subrecipients
U. S. Department of Transportation				
Passed through State of Vermont, Agency of Transportation				
Highway Planning and Construction - Crescent Connector	CA0315	20.205	\$ 673,826	\$ -
Highway Planning and Construction - Pearl Street Linking	CA0397	20.205	105,617	-
Highway Planning and Construction - Mansfield Stormwater	CA0462	20.205	<u>11,103</u>	<u>-</u>
			<u>790,546</u>	<u>-</u>
U.S Department of Housing and Urban Development				
Passed through State of Vermont, Agency of Community Development				
	07110-PG-2017	14.228	<u>40,000</u>	<u>40,000</u>
National Endowment for the Humanities				
Passed through State of Vermont, Department of Libraries Grants to States - Courier				
	Courier	45.310	<u>293</u>	<u>-</u>
Total Expenditure of Federal Awards			<u>\$ 830,839</u>	<u>\$ 40,000</u>

## NOTE A BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Village of Essex Junction, Vermont under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Village of Essex Junction, Vermont.

## NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) The Village of Essex Junction, Vermont has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance because no indirect costs were allowed under the federal awards.





**Kittell Branagan & Sargent**

*Certified Public Accountants*

Vermont License #167

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees  
Village of Essex Junction, Vermont  
Essex Junction, VT

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Essex Junction, Vermont, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village of Essex Junction, Vermont's basic financial statements, and have issued our report thereon dated December 16, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village of Essex Junction, Vermont's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Essex Junction, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Essex Junction, Vermont's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village of Essex Junction, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Kithell Blamgh & Sargent".

St. Albans, Vermont  
December 16, 2019



**Kittell Branagan & Sargent**

*Certified Public Accountants*

Vermont License # 167

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees  
Village of Essex Junction, Vermont  
Essex Junction, VT

**Report on Compliance for Each Major Federal Program**

We have audited the Village of Essex Junction, Vermont's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Village of Essex Junction, Vermont's major federal programs for the year ended June 30, 2019. Village of Essex Junction, Vermont's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Village of Essex Junction, Vermont's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Essex Junction, Vermont's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Village of Essex Junction, Vermont's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Village of Essex Junction, Vermont, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### **Report on Internal Control over Compliance**

Management of the Village of Essex Junction, Vermont, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village of Essex Junction, Vermont's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village of Essex Junction, Vermont's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



St. Albans, Vermont  
December 16, 2019

Village of Essex Junction, Vermont  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2019

Report 4

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of Village of Essex Junction, Vermont
2. There were no significant deficiencies disclosed during the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Village of Essex Junction, Vermont, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of the major federal award programs. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs Village of Essex Junction, Vermont expresses an unmodified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for Village of Essex Junction, Vermont
7. The programs tested as major programs were:
  - 20.205 Highway Planning and Construction – Crescent Connector
  - 20.205 Highway Planning and Construction – Pearl Street Linking
  - 20.205 Highway Planning and Construction – Mansfield Stormwater

The threshold for distinguishing between Type A and B programs was \$750,000.

8. Village of Essex Junction, Vermont was not determined to be a high-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

- There were no findings related to the financial statements audit.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

- There were no findings or questioned costs related to the major federal award programs.