

Village of Essex Junction, Vermont

BASIC FINANCIAL STATEMENTS

June 30, 2020

Village of Essex Junction, Vermont
TABLE OF CONTENTS
June 30, 2020

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	
MANAGEMENT'S DISCUSSION AND ANALYSIS	
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Statement of Net Position – Proprietary Funds	7
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	8
Statement of Cash Flows – Proprietary Funds	9
Statement of Net Position – Fiduciary Fund	10
Notes to Basic Financial Statements	11
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	35

Village of Essex Junction, Vermont
TABLE OF CONTENTS
June 30, 2020

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Non-Major Governmental Funds	36
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds	37
Statement of Revenue and Expenses Budget (Non-GAAP Budgetary Basis) and Actual – Water Fund	38
Statement of Revenue and Expenses Budget (Non-GAAP Budgetary Basis) and Actual – Sanitation Fund	40
Statement of Revenue and Expenses Budget (Non-GAAP Budgetary Basis) and Actual – Wastewater Fund	42
Statement of Revenue and Expenses Budget (Non-GAAP Budgetary Basis) and Actual – Essex Junction Recreation and Parks	44
	<u>Report</u>
Schedule of Expenditures of Federal Awards	1
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 <i>Governmental Auditing Standards</i>	2
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by The Uniform Guidance	3
Schedule of Findings and Questioned Costs	4



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, 2020, 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, 2020, 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 35 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 29, 2020, 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.

Kittel Branch & Son

St. Albans, Vermont
December 29, 2020

Village of Essex Junction, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

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, 2020.

FINANCIAL HIGHLIGHTS

- Assets exceeded liabilities and deferred inflows of resources on June 30, 2020 by \$34,807,698 (*net position*). Of this amount, \$6,602,777 (*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 \$28,180,006 invested in capital assets net of related debt and \$24,915 restricted for specific purposes.
- The Village's total net position increased by \$2,326,864. Of this amount, net position attributable to governmental activities increased by \$1,940,546. Net position attributable to business-type activities increased by \$407,869.
- Fund balances of total governmental funds increased by \$891,473 in FY20. The General Fund had \$536,766 of unassigned fund balance at June 30, 2020 which is equal to 10% of the approved FY21 General Fund Budget. As of June 30, 2019, the General Fund had \$446,256 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, 2020

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

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Assets:						
Cash	\$ 1,954	\$ 1,953	\$ -	\$ -	\$ 1,954	\$ 1,953
Other Assets	6,926,983	6,049,510	5,278,163	4,754,260	12,205,146	10,803,770
Capital Assets	23,005,674	21,919,373	20,600,971	21,451,171	43,606,645	43,370,544
Total Assets	<u>\$ 29,934,611</u>	<u>\$ 27,970,836</u>	<u>\$ 25,879,134</u>	<u>\$ 26,205,431</u>	<u>\$ 55,813,745</u>	<u>\$ 54,176,267</u>
Liabilities:						
Other Liabilities	\$ 4,456,499	\$ 4,247,974	\$ 1,635,887	\$ 1,301,271	\$ 6,092,386	\$ 5,549,245
Non-Current Liabilities	2,160,171	2,333,312	12,753,490	13,468,853	14,913,661	15,802,165
Total Liabilities	<u>\$ 6,616,670</u>	<u>\$ 6,581,286</u>	<u>\$ 14,389,377</u>	<u>\$ 14,770,124</u>	<u>\$ 21,006,047</u>	<u>\$ 21,351,410</u>
Net Position:						
Net Investment in						
Capital Assets	\$ 20,918,483	\$ 19,562,047	\$ 7,261,523	\$ 7,371,294	\$ 28,180,006	\$ 26,933,341
Restricted	24,915	28,969	-	-	24,915	28,969
Unrestricted	2,374,543	1,798,534	4,228,234	4,064,013	6,602,777	5,862,547
Total Net Position	<u>\$ 23,317,941</u>	<u>\$ 21,389,550</u>	<u>\$ 11,489,757</u>	<u>\$ 11,435,307</u>	<u>\$ 34,807,698</u>	<u>\$ 32,824,857</u>

As stated in the chart titled Summary Statement of Net Position, assets exceeded liabilities by \$34,807,698 at the end of fiscal year 2020. Assets at the end of fiscal year 2019 exceeded liabilities by \$32,824,857.

The largest portion of the Village's net position is in its net investment in capital assets (81%). 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 \$24,915 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 of \$6,602,777 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, 2020

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 406,541	\$ 305,218	\$ 8,813,395	\$ 8,717,596	\$ 9,219,936	\$ 9,022,814
Operating Grants & Revenues	1,415,690	1,184,722	-	-	1,415,690	1,184,722
Capital Grants & Revenues	1,411,772	1,140,653	690,916	689,000	2,102,688	1,829,653
General Revenues:						
Property Taxes	3,678,242	3,545,358	-	-	3,678,242	3,545,358
Unrestricted investment earnings	13,137	8,601	17,602	13,462	30,739	22,063
Loss on disposal of equipment	(26,414)	(11,409)	-	(67,268)	(26,414)	(78,677)
Other	50,269	12,159	-	-	50,269	12,159
Total Revenues	<u>6,949,237</u>	<u>6,185,302</u>	<u>9,521,913</u>	<u>9,352,790</u>	<u>16,471,150</u>	<u>15,538,092</u>
Expenses:						
Governmental activities						
General Government	1,133,807	913,214	-	-	1,133,807	913,214
Public Safety	444,950	452,993	-	-	444,950	452,993
Highways and Streets	1,790,360	1,871,499	-	-	1,790,360	1,871,499
Culture and Recreation	1,591,759	1,756,225	-	-	1,591,759	1,756,225
Interest on Long-Term Debt	74,815	81,137	-	-	74,815	81,137
Water	-	-	3,838,683	3,774,636	3,838,683	3,774,636
Sanitation	-	-	601,454	583,037	601,454	583,037
Wastewater	-	-	2,856,668	2,916,553	2,856,668	2,916,553
Recreation	-	-	1,790,239	2,093,260	1,790,239	2,093,260
Total Expenses	<u>5,035,691</u>	<u>5,075,068</u>	<u>9,087,044</u>	<u>9,367,486</u>	<u>14,122,735</u>	<u>14,442,554</u>
Changes in net position before Transfers	<u>1,913,546</u>	<u>1,110,234</u>	<u>434,869</u>	<u>(14,696)</u>	<u>2,348,415</u>	<u>1,095,538</u>
Transfers	<u>27,000</u>	<u>-</u>	<u>(27,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>1,940,546</u>	<u>1,110,234</u>	<u>407,869</u>	<u>(14,696)</u>	<u>2,348,415</u>	<u>1,095,538</u>
Net position - July 1, as reported	<u>21,389,550</u>	<u>20,279,316</u>	<u>11,435,307</u>	<u>11,450,003</u>	<u>32,824,857</u>	<u>31,729,319</u>
Correct Overstatement of Revenue	<u>(12,155)</u>	<u>-</u>	<u>(353,419)</u>	<u>-</u>	<u>(365,574)</u>	<u>-</u>
Net position - July 1, as restated	<u>21,377,395</u>	<u>20,279,316</u>	<u>11,081,888</u>	<u>11,450,003</u>	<u>32,459,283</u>	<u>31,729,319</u>
Ending Net Position	<u>\$ 23,317,941</u>	<u>\$ 21,389,550</u>	<u>\$ 11,489,757</u>	<u>\$ 11,435,307</u>	<u>\$ 34,807,698</u>	<u>\$ 32,824,857</u>

Governmental activities. Governmental activities increased the Village's net position by \$1,940,546 in FY20. The Village increased its investment in capital assets by \$1,356,436 and unrestricted net position increased by \$576,009. Restricted net position decreased by \$22,016. Net position in the general fund had a prior period adjustment of \$12,155 to correct an overstatement of revenue at June 30, 2019 for program fees received for programs held in the next fiscal year.

Business-type activities. Business-type activities increased the Village's net position by \$407,869.

Village of Essex Junction, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

Water Fund

The Water Fund had a budgetary net surplus of \$42,731 in FY20. Disregarding GlobalFoundries pass through revenues and expenses, Water Fund revenues were \$31,802 more than budget while expenses were \$9,006 under budget. Revenue items that were over budget were Residential Water Sales, Penalties, Interest Earnings and Miscellaneous Unclassified Revenue. The Water Fund continued work on the Water Meter Replacement Program (\$23,135) and continued preliminary work on the Railroad Ave. Waterline project, Lamoille St. Waterline replacement and Fairview Drive pressure valve connection projects.

Sanitation Fund

The Sanitation Fund had a budgetary net income of \$280,875 against a budget of \$176,500 in net income. Sanitation revenues were \$75,879 more than budgeted while expenses were \$28,496 less than budgeted. Hook-on fees were \$54,000 more than budgeted and miscellaneous, penalty and interest revenues exceeding anticipated revenues. Village customer charges included \$176,500 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 \$46,631 in FY20. Work on the Pump station control cabinet project began in FY20 totaling \$4,122.

Wastewater Treatment Fund

The Wastewater Treatment Fund had budgetary net income of \$211,031 in FY20. Revenues were over budget by \$135,784 while expenses were under budget by \$75,247. At year-end 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, 2020 include Essex Junction \$300,041; Town of Essex \$141,801; and Town of Williston \$174,155. Each community determines how much it wants to leave in this rate stabilization fund. Work continued in FY20 on the Alkalinity Control Installation and work began on the Flow EQ Digester Reseal and Primary Digester Block projects.

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 a deficit net position of \$173,059. As an enterprise fund it is expected that program revenues generated will cover the costs of programming. Net position in the recreation fund had a prior period adjustment of \$353,419 to correct an overstatement of revenue at June 30, 2019 for program fees received for programs held in the next fiscal year. Program revenues came in under budget by \$101,073. Program expenses were under budget by \$138,045. The main reason for this was the result of the Youth Programs - Aquatic Programs having budgeted revenues of \$161,029 and \$145,882, however the program was discontinued after fiscal year 2019, and therefore, both revenues and expenses were under budget, respectively. Impacts of the COVID pandemic also resulted in some program revenues coming in under budget, as well as corresponding expenses for such programs. While some programs such as pool memberships and programming were adversely effected by the COVID pandemic, EJRP was able to provide additional summer child care to support essential workers during these trying times.

Village of Essex Junction, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

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 increase in fund balance of \$210,892 for the year ended June 30, 2020. The fund balance of the General Fund increased from \$711,939 at the end of FY19, as restated, to \$922,831 at the end of FY20. Of the \$922,831 fund balance, \$150,128 is nonspendable (inventories and prepaid expenses), \$235,937 is assigned (see Note 13 for additional detail) and \$536,766 is unassigned. The unassigned fund balance is equal to 10% of the FY21 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, 2020 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, 2020 passed on the first vote at Village Meeting in April of 2019 and there were no amendments made to the budget during the year.

On the revenue side, the Village recorded revenues greater than budget by \$225,184. This was primarily driven by large unbudgeted revenues (grants and donations) over budget by \$152,261 and intergovernmental revenues coming in over budget by \$43,548. Intergovernmental revenues are mostly revenues from the Town of Essex. The Town's FY20 budget was amended from the floor to include additional funding for paving which was then shared with the Village by direction of the Town Selectboard resulting in higher than budgeted intergovernmental revenues. Other income was over budget by \$18,053 with the majority of that overage related to use of the forfeiture funds in the 401(a) pension plan in the amount of \$17,466. The forfeiture funds are the employer contributions for terminated employees that are not fully vested (at least five years). See Note 14.

- General government expenditures were slightly over budget by \$2,540. General government departments include Administration and Buildings.
- Public safety expenditures were over budget by \$133,528, due to unbudgeted grant expenditures for the SCBA air packs for the fire department, offset by the unbudgeted grant revenue.
- Public works expenditures were under budget by \$45,208, predominantly as a result of paving being underspent by \$68,303 while other line items such as vehicle maintenance and vehicle repairs were over budget. Paving that was underspent has been assigned in fund balance and is slated to be spent in FY21.
- Community and economic development expenditures were under budget by \$59,227. This was driven by legal services being underspent by \$12,490, economic development being underspent by \$30,257.
- Culture and recreation expenditures were under budget by \$17,266 as shifts in salaries and benefits and inability to attend trainings and conferences due to COVID were the main factors.

Village of Essex Junction, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

Capital Reserve Fund

The Capital Reserve Fund had a fund balance of \$788,307 as of June 30, 2020 and a fund balance of \$394,157 as of June 30, 2019. The Crescent Connector Project progressed for a cost of \$1,155,048 with federal grant reimbursement in the year of \$1,442,572, 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. Additional projects during the year included: the Lamoille St Water line replacement (\$270,224), Densmore Drive Culvert project (\$91,311), and Fairview/Main stormwater retention pond (\$177,929).

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 \$295,683 as of June 30, 20120 and \$140,668 as of June 30, 2019. The Village purchased a pickup truck during the fiscal year. Debt payments on the fire note were made for \$32,445. This fund received an appropriation from the general fund of \$233,624, \$4,000 from the sale of assets, and just under \$5,000 in other revenues.

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, 2020 totaled \$43,606,645 (net of accumulated depreciation). This is a net increase of \$236,101 from June 30, 2019 when the total was \$43,370,544. These assets include buildings, roads and bridges, land, machinery and equipment, library books, park facilities, vehicles and distribution and collection systems. Asset additions totaled \$2,445,987 and were concentrated in machinery and equipment and infrastructure categories. These additions were offset by accumulated depreciation which increased by \$2,209,886, to cause the increase in capital assets net of accumulated depreciation.

The major capital asset transactions during the year for the Governmental Activities were as follows:

- Paving on Cascade Court, Silver Bow Terrace, Stanton Drive, Mill Street, and River Street
- Stormwater improvements on Fairview and Main Streets
- Resurfacing of Cascade Street and Maple Street tennis courts
- Replacement of twenty (20) SCBA Fire Air-paks
- Purchase of a pickup truck
- Purchase and installation of (3) pedestrian lights on Main Street, Pearl Street and West Street

Village of Essex Junction, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

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

- SCADA system upgrade at the Wastewater Treatment Plant
- Installation of pump station control cabinet
- 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.

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Capital Assets:						
Land	\$ 127,876	\$ 55,742	\$ 118,077	\$ 118,077	\$ 245,953	\$ 173,819
Construction in Progress	3,668,304	2,203,503	323,945	28,678	3,992,249	2,232,181
Antiques and Works of Art	7,550	7,550	-	-	7,550	7,550
Buildings and Improvements	4,629,181	4,620,014	15,171,807	15,171,807	19,800,988	19,791,821
Machinery, equipment and vehicles	8,375,488	8,302,204	5,403,572	5,309,392	13,779,060	13,611,596
Library Books	798,033	787,722	-	-	798,033	787,722
Parks	1,740,013	1,669,114	-	-	1,740,013	1,669,114
Roads, Curbs, Sidewalks & Storm Sewers	14,211,668	13,855,724	164,182	164,182	14,375,850	14,019,906
Water and sewer infrastructure	-	-	22,255,965	22,255,965	22,255,965	22,255,965
Total Assets	33,558,113	31,501,573	43,437,548	43,048,101	76,995,661	74,549,674
Less: Accum. Depr.	(10,552,439)	(9,582,200)	(22,836,577)	(21,596,930)	(33,389,016)	(31,179,130)
Total Assets, Net	<u>\$23,005,674</u>	<u>\$21,919,373</u>	<u>\$20,600,971</u>	<u>\$21,451,171</u>	<u>\$43,606,645</u>	<u>\$43,370,544</u>

Long Term Debt

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
Governmental Activities				
General Obligation Bonds	\$ 2,267,326	\$ -	\$ 240,135	\$ 2,027,191
Notes Payable	90,000	60,000	90,000	60,000
Business Type Activities				
Water and Sewer Bonds	1,702,374	-	89,565	1,612,809
Notes Payable	12,342,788	-	628,050	11,714,738
Capital Lease	34,415	-	22,514	11,901
Total Government	<u>\$16,436,903</u>	<u>\$ 60,000</u>	<u>\$ 1,070,264</u>	<u>\$15,426,639</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 FY20 the interest rate was 2.75% and the Village paid \$30,000 in principal plus interest. The balance on the loan is \$60,000.

Village of Essex Junction, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

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, 2020 the outstanding principal on this bond is \$2,475,000; with \$2,027,191 in governmental activities and \$477,809 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 bond interest was 5.415% and the final principal payment of \$105,000 was 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, 2020 is \$169,666.

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, 2020 is \$10,732,508. 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, 2020, the principal outstanding on this bond was \$1,165,000. 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.

Village of Essex Junction, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

- 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.
- 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. The Village voted during the November 2020 on the plan of merger and it passed 3,453 to 1,205. The Town will vote on this initiative in March 2021.

FY21 Budgets

The FY21 General Fund budget increased by \$202,743 or 3.93% from the FY20 budget, bringing total budgeted General Fund expenditures to \$5,367,655 from \$5,164,193. The tax rate increased by 3% from \$0.3206 to \$0.3302. 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 \$422,249 or 6.5% from an aggregate of \$6,477,121 for the three funds to \$6,899,370. This caused an overall rate increase for FY21 of 6.9% 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.

Village of Essex Junction, Vermont
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 1,954	\$ -	\$ 1,954
Other accounts receivable	272,320	1,397,472	1,669,792
Due from other funds	-	3,796,555	3,796,555
Due from Town of Essex	6,504,535	-	6,504,535
Inventory	106,200	39,990	146,190
Prepaid expenses	43,928	44,146	88,074
Total Current Assets	6,928,937	5,278,163	12,207,100
Capital assets not being depreciated:			
Land	127,876	118,077	245,953
Construction in progress	3,668,304	323,945	3,992,249
Antiques and works of art	7,550	-	7,550
Capital assets, net of accumulated depreciation			
Buildings	3,102,948	9,504,052	12,607,000
Infrastructure	10,021,214	90,402	10,111,616
Machinery, equipment, and vehicles	6,077,782	2,587,649	8,665,431
Water and sewer infrastructure	-	7,976,846	7,976,846
Capital assets, net	23,005,674	20,600,971	43,606,645
Total Assets	29,934,611	25,879,134	55,813,745
CURRENT LIABILITIES			
Accounts payable	408,783	583,632	992,415
Due to other funds	3,794,552	-	3,794,552
Accrued payroll and benefits payable	47,546	80,729	128,275
Unearned revenue	10,836	223,049	233,885
Accrued interest	8,651	5,510	14,161
Current portion compensated absences	20,996	590	21,586
Current portion lease payable	-	11,901	11,901
Current portion notes and bonds payable	165,135	730,476	895,611
Total Current Liabilities	4,456,499	1,635,887	6,092,386
NONCURRENT LIABILITIES			
Accrued compensated absences	238,115	156,419	394,534
Notes and bonds payable	1,922,056	12,597,071	14,519,127
Total Noncurrent Liabilities	2,160,171	12,753,490	14,913,661
Total Liabilities	6,616,670	14,389,377	21,006,047
NET POSITION			
Net investment in capital assets	20,918,483	7,261,523	28,180,006
Restricted	24,915	-	24,915
Unrestricted - designated	-	4,228,234	4,228,234
Unrestricted	2,374,543	-	2,374,543
Total Net Position	\$ 23,317,941	\$ 11,489,757	\$ 34,807,698

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, 2020

	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
Functions/Programs							
Governmental activities							
General government	\$ 1,133,807	\$ 365,317	\$ 1,300	\$ -	\$ (767,190)	\$ -	\$ (767,190)
Public safety	444,950	-	-	-	(444,950)	-	(444,950)
Highways and Streets	1,790,360	2,670	1,378,888	1,409,760	1,000,958	-	1,000,958
Culture and Recreation	1,591,759	38,554	35,502	2,012	(1,515,691)	-	(1,515,691)
Interest on long-term debt	74,815	-	-	-	(74,815)	-	(74,815)
Total governmental activities	<u>5,035,691</u>	<u>406,541</u>	<u>1,415,690</u>	<u>1,411,772</u>	<u>(1,801,688)</u>	<u>-</u>	<u>(1,801,688)</u>
Business-type activities:							
Water	3,838,683	4,006,714	-	-	-	168,031	168,031
Sanitation	601,454	788,452	-	103,512	-	290,510	290,510
Wastewater	2,856,668	2,206,439	-	587,404	-	(62,825)	(62,825)
Recreation	1,790,239	1,811,790	-	-	-	21,551	21,551
Total business-type activities	<u>\$ 9,087,044</u>	<u>\$ 8,813,395</u>	<u>\$ -</u>	<u>\$ 690,916</u>	<u>-</u>	<u>417,267</u>	<u>417,267</u>
General Revenues:							
Property taxes, levied for general purposes					3,678,242	-	3,678,242
Unrestricted investment earnings					13,137	17,602	30,739
Transfers					27,000	(27,000)	-
Loss on disposal of equipment					(26,414)	-	(26,414)
Other revenues					50,269	-	50,269
Total general revenues and transfers					<u>3,742,234</u>	<u>(9,398)</u>	<u>3,732,836</u>
Change in Net Position					1,940,546	407,869	2,348,415
Net position, beginning (as restated)					<u>21,377,395</u>	<u>11,081,888</u>	<u>32,459,283</u>
Net position, ending					<u>\$ 23,317,941</u>	<u>\$ 11,489,757</u>	<u>\$ 34,807,698</u>

See Accompanying Notes to Basic Financial Statements.

Village of Essex Junction, Vermont
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2020

	General Fund	Capital Projects Fund	Rolling Stock Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 1,854	\$ -	\$ -	\$ 100	\$ 1,954
Other receivables	31,949	240,371	-	-	272,320
Inventory	106,200	-	-	-	106,200
Due from Town of Essex	6,504,535	-	-	-	6,504,535
Due from other funds	-	867,671	328,128	620,315	1,816,114
Prepaid expenses	43,928	-	-	-	43,928
 Total Assets	 6,688,466	 1,108,042	 328,128	 620,415	 8,745,051
LIABILITIES					
Accounts payable	75,835	300,228	32,445	275	408,783
Accrued payroll and benefits	47,546	-	-	-	47,546
Due to other funds	5,610,666	-	-	-	5,610,666
Unearned Revenue	10,836	-	-	-	10,836
 Total Liabilities	 5,744,883	 300,228	 32,445	 275	 6,077,831
DEFERRED INFLOWS OF RESOURCES					
Unavailable grant revenue	20,752	19,507	-	-	40,259
FUND BALANCE					
Nonspendable	150,128	-	-	-	150,128
Restricted	-	-	-	24,915	24,915
Committed	-	788,307	295,683	140,016	1,224,006
Assigned	235,937	-	-	455,209	691,146
Unassigned	536,766	-	-	-	536,766
 Total Fund Balances	 922,831	 788,307	 295,683	 620,140	 2,626,961
 Total Liabilities, Deferred Inflows of Resources and Fund Balance:	 \$ 6,688,466	 \$ 1,108,042	 \$ 328,128	 \$ 620,415	 \$ 8,745,051

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, 2020

Total fund balances - governmental funds \$ 2,626,961

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. 23,005,674

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

Unavailable grant revenue 40,259

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 (259,111)

Accrued interest on long-term debt (8,651)

Notes payable (2,087,191)

Total net position - governmental activities \$ 23,317,941

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, 2020

	General Fund	Capital Projects Fund	Rolling Stock Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Property tax	\$ 3,556,878	\$ -	\$ -	\$ 110,944	\$ 3,667,822
Licenses and permits	40,795	-	-	-	40,795
Intergovernmental revenues	1,295,424	89,938	-	-	1,385,362
Charges for services	305,190	-	-	5,354	310,544
Fines and forfeits	2,703	-	-	-	2,703
Interest income	5,073	3,191	1,304	3,570	13,138
Grant income	-	1,636,002	-	-	1,636,002
Donations	152,761	-	3,600	-	156,361
Miscellaneous income	31,273	20,000	-	6,771	58,044
Total Revenues	<u>5,390,097</u>	<u>1,749,131</u>	<u>4,904</u>	<u>126,639</u>	<u>7,270,771</u>
EXPENDITURES					
Current expenditures:					
General government	801,598	-	-	-	801,598
Public safety	338,063	-	-	-	338,063
Public works	985,089	22,374	-	-	1,007,463
Community development	236,417	-	-	95,077	331,494
Culture and recreation	1,314,243	-	-	11,167	1,325,410
Capital Outlay					
General government	72,134	-	-	-	72,134
Public safety	147,325	-	55,068	-	202,393
Public works	152,079	1,698,021	-	-	1,850,100
Culture and recreation	58,042	-	-	77,595	135,637
Debt Service					
Principal	240,135	-	30,000	-	270,135
Interest expense	73,426	-	2,445	-	75,871
Total Expenditures	<u>4,418,551</u>	<u>1,720,395</u>	<u>87,513</u>	<u>183,839</u>	<u>6,410,298</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>971,546</u>	<u>28,736</u>	<u>(82,609)</u>	<u>(57,200)</u>	<u>860,473</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of fixed assets	-	-	4,000	-	4,000
Operating transfers in	-	365,414	233,624	188,616	787,654
Operating transfers out	(760,654)	-	-	-	(760,654)
Total Other Financing Sources (Uses)	<u>(760,654)</u>	<u>365,414</u>	<u>237,624</u>	<u>188,616</u>	<u>31,000</u>
Net Change in Fund Balance	210,892	394,150	155,015	131,416	891,473
Fund Balance - July 1, 2019 (as restated)	<u>711,939</u>	<u>394,157</u>	<u>140,668</u>	<u>488,724</u>	<u>1,735,488</u>
Fund Balance - June 30, 2020	<u>\$ 922,831</u>	<u>\$ 788,307</u>	<u>\$ 295,683</u>	<u>\$ 620,140</u>	<u>\$ 2,626,961</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, 2020

Net change in fund balances - governmental funds **\$ 891,473**

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	(1,143,549)
Capital Outlay	2,260,264
Loss on Disposal/Abandonment	(26,414)
Proceeds from Sale of Fixed Asset	(4,000)

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

Decrease in other unavailable revenue	(316,180)
Decrease in unavailable revenue	20,750

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	1,057
Accrued compensated absences	<u>(12,990)</u>

Change in net position of governmental activities **\$ 1,940,546**

See Accompanying Notes to Basic Financial Statements.

Village of Essex Junction, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS
 June 30, 2020

	Water Fund	Sanitation Fund	Wastewater Fund	Rec Programs Fund	Total
ASSETS					
Current Assets:					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net of allowance	600,264	192,630	597,365	7,213	1,397,472
Due from other funds	340,305	1,683,591	1,613,716	158,943	3,796,555
Inventory	-	-	39,990	-	39,990
Prepaid expenses	<u>6,621</u>	<u>7,346</u>	<u>8,545</u>	<u>21,634</u>	<u>44,146</u>
Total Current Assets	<u>947,190</u>	<u>1,883,567</u>	<u>2,259,616</u>	<u>187,790</u>	<u>5,278,163</u>
Noncurrent Assets:					
Capital assets not being depreciated:					
Land	-	-	118,077	-	118,077
Construction in progress	143,748	4,122	176,075	-	323,945
Capital assets					
Machinery, equipment, and vehicles	547,057	786,924	19,125,896	115,502	20,575,379
Water and sewer infrastructure	9,202,643	8,503,169	4,714,335	-	22,420,147
Accumulated depreciation	<u>(7,531,168)</u>	<u>(6,290,141)</u>	<u>(8,944,335)</u>	<u>(70,933)</u>	<u>(22,836,577)</u>
Capital assets, net	<u>2,362,280</u>	<u>3,004,074</u>	<u>15,190,048</u>	<u>44,569</u>	<u>20,600,971</u>
Total Noncurrent Assets	<u>2,362,280</u>	<u>3,004,074</u>	<u>15,190,048</u>	<u>44,569</u>	<u>20,600,971</u>
Total Assets	<u>\$ 3,309,470</u>	<u>\$ 4,887,641</u>	<u>\$ 17,449,664</u>	<u>\$ 232,359</u>	<u>\$ 25,879,134</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 385,497	\$ 4,004	\$ 116,429	\$ 77,702	\$ 583,632
Accrued payroll	3,361	2,959	13,491	60,918	80,729
Accrued interest	1,912	-	3,331	267	5,510
Unearned Revenue	-	-	-	223,049	223,049
Current portion compensated absences	-	-	-	590	590
Current portion lease payable	-	-	-	11,901	11,901
Current portion long-term debt	<u>29,865</u>	<u>64,811</u>	<u>635,800</u>	<u>-</u>	<u>730,476</u>
Total Current Liabilities	<u>420,635</u>	<u>71,774</u>	<u>769,051</u>	<u>374,427</u>	<u>1,635,887</u>
Noncurrent Liabilities:					
Accrued compensated absences	14,960	16,668	93,800	30,991	156,419
Notes and bonds payable	<u>417,944</u>	<u>893,374</u>	<u>11,285,753</u>	<u>-</u>	<u>12,597,071</u>
Total Noncurrent Liabilities	<u>432,904</u>	<u>910,042</u>	<u>11,379,553</u>	<u>30,991</u>	<u>12,753,490</u>
Total Liabilities	<u>853,539</u>	<u>981,816</u>	<u>12,148,604</u>	<u>405,418</u>	<u>14,389,377</u>
NET POSITION					
Net investment in capital assets	1,914,471	2,045,889	3,268,495	32,668	7,261,523
Unrestricted - designated	<u>541,460</u>	<u>1,859,936</u>	<u>2,032,565</u>	<u>(205,727)</u>	<u>4,228,234</u>
Total Net Position	<u>2,455,931</u>	<u>3,905,825</u>	<u>5,301,060</u>	<u>(173,059)</u>	<u>11,489,757</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 3,309,470</u>	<u>\$ 4,887,641</u>	<u>\$ 17,449,664</u>	<u>\$ 232,359</u>	<u>\$ 25,879,134</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, 2020

	<u>Water Fund</u>	<u>Sanitation Fund</u>	<u>Wastewater Fund</u>	<u>Rec Programs Fund</u>	<u>Total</u>
OPERATING REVENUES					
Charges for services	\$ 4,005,796	\$ 778,982	\$ 2,142,794	\$ 1,809,765	\$ 8,737,337
Other income	<u>918</u>	<u>9,470</u>	<u>63,645</u>	<u>2,025</u>	<u>76,058</u>
 Total Operating Revenues	 <u>4,006,714</u>	 <u>788,452</u>	 <u>2,206,439</u>	 <u>1,811,790</u>	 <u>8,813,395</u>
OPERATING EXPENSES					
Operating, maintenance and general and administrative expenses	3,704,662	419,558	1,870,049	1,773,989	7,768,258
Depreciation	<u>118,498</u>	<u>161,500</u>	<u>943,401</u>	<u>16,250</u>	<u>1,239,649</u>
 Total Operating Expenses	 <u>3,823,160</u>	 <u>581,058</u>	 <u>2,813,450</u>	 <u>1,790,239</u>	 <u>9,007,907</u>
 Operating Income (Loss)	 <u>183,554</u>	 <u>207,394</u>	 <u>(607,011)</u>	 <u>21,551</u>	 <u>(194,512)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	1,115	6,981	9,675	(169)	17,602
Interest expense	(15,523)	(20,396)	(43,218)	-	(79,137)
Capital contributions	<u>-</u>	<u>103,512</u>	<u>587,404</u>	<u>-</u>	<u>690,916</u>
 Total Nonoperating Revenues (Expenses)	 <u>(14,408)</u>	 <u>90,097</u>	 <u>553,861</u>	 <u>(169)</u>	 <u>629,381</u>
 Net Income (Loss) Before Transfers	 <u>169,146</u>	 <u>297,491</u>	 <u>(53,150)</u>	 <u>21,382</u>	 <u>434,869</u>
 Transfers	 <u>-</u>	 <u>(253,071)</u>	 <u>253,071</u>	 <u>(27,000)</u>	 <u>(27,000)</u>
 Change in Net Position	 169,146	 44,420	 199,921	 (5,618)	 407,869
 Net Position - July 1, 2019 (as restated)	 <u>2,286,785</u>	 <u>3,861,405</u>	 <u>5,101,139</u>	 <u>(167,441)</u>	 <u>11,081,888</u>
 Net Position - June 30, 2020	 <u>\$ 2,455,931</u>	 <u>\$ 3,905,825</u>	 <u>\$ 5,301,060</u>	 <u>\$ (173,059)</u>	 <u>\$ 11,489,757</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, 2020

	Water Fund	Sanitation Fund	Wastewater Fund	Rec Programs Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 3,911,321	\$ 761,875	\$ 1,900,684	\$ 1,685,938	\$ 8,259,818
Payments to suppliers	(3,483,479)	(298,417)	(1,324,053)	(247,528)	(5,353,477)
Payments for employees and benefits	(225,895)	(188,127)	(575,888)	(1,387,910)	(2,377,820)
Net Cash Provided by Operating Activities	<u>201,947</u>	<u>275,331</u>	<u>743</u>	<u>50,500</u>	<u>528,521</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of property, plant and equipment	(157,598)	(50,754)	(181,094)	-	(389,446)
Capital Contributions	-	103,512	587,404	-	690,916
Interest payments on debt	(15,599)	(20,396)	(43,352)	-	(79,347)
Principal payments on debt	(29,865)	(61,603)	(626,447)	-	(717,915)
Interest payment on capital lease	-	-	-	(814)	(814)
Principal payment on capital lease	-	-	-	(22,514)	(22,514)
Net Cash Used by Capital and Related Financing Activities	<u>(203,062)</u>	<u>(29,241)</u>	<u>(263,489)</u>	<u>(23,328)</u>	<u>(519,120)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Operating transfers in/(out)	-	(253,071)	253,071	(27,000)	(27,000)
Interest income	1,115	6,981	9,675	(172)	17,599
Net Cash Provided/(Used) by Investing Activities	<u>1,115</u>	<u>(246,090)</u>	<u>262,746</u>	<u>(27,172)</u>	<u>(9,401)</u>
Net Increase in Cash	-	-	-	-	-
Cash - July 1, 2019	-	-	-	-	-
Cash - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 183,554	\$ 207,394	\$ (607,011)	\$ 21,551	\$ (194,512)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	118,498	161,500	943,401	16,250	1,239,649
Change in net assets and liabilities:					
Receivables, net	(95,393)	(26,577)	(305,755)	4,518	(423,207)
Inventory	-	-	(19,190)	-	(19,190)
Due from other funds	(81,108)	(63,210)	(24,613)	91,575	(77,356)
Prepaid expenses	(1,819)	(3,755)	(64)	1,488	(4,150)
Accounts payable	74,356	(3,977)	1,192	17,890	89,461
Unearned Revenue	-	-	-	(130,370)	(130,370)
Accrued payroll	797	752	4,144	14,899	20,592
Accrued compensated absences	3,062	3,204	8,639	12,699	27,604
Net cash provided by operating activities	<u>\$ 201,947</u>	<u>\$ 275,331</u>	<u>\$ 743</u>	<u>\$ 50,500</u>	<u>\$ 528,521</u>

See Accompanying Notes to Basic Financial Statements.

Village of Essex Junction, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF NET POSITION - FIDUCIARY FUND
June 30, 2020

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$ 2,003</u>
LIABILITIES	
Due to other funds	<u> 2,003</u>
Total Liabilities and Net Position	<u>\$ 2,003</u>

See Accompanying Notes to Basic Financial Statements.

Village of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020 consisted of the following:

	Book Balance	Bank Balance
Insured by the FDIC	\$ 3,532	\$ 2,988
Petty Cash	425	425
Total Deposits	\$ 3,957	\$ 3,413

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, 2020

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 2020.

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, 2020, the Village is not exposed to concentration of credit risk.

NOTE 5 RECEIVABLES

Receivables at June 30, 2020, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Billed Services	\$ -	\$ 689,960	\$ 689,960
Unbilled Services	-	707,512	707,512
Grants	220,372	-	220,372
Other	51,948	-	51,948
	<u>\$ 272,320</u>	<u>\$ 1,397,472</u>	<u>\$ 1,669,792</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, 2020

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, 2020 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	\$ 72,134	\$ -	\$ 127,876
Construction in Progress	2,203,503	1,698,021	(233,220)	3,668,304
Antiques and Works of Art	<u>7,550</u>	<u>-</u>	<u>-</u>	<u>7,550</u>
Total capital assets not being depreciated	<u>2,266,795</u>	<u>1,770,155</u>	<u>(233,220)</u>	<u>3,803,730</u>
Other capital assets:				
Buildings and Improvements	4,620,014	9,167	-	4,629,181
Vehicles, Machinery, Equipment, Furniture and Traffic Signals	-	229,277	(155,993)	8,375,488
Library Books	787,722	58,042	(47,731)	798,033
Parks	1,669,114	70,899	-	1,740,013
Roads, Curbs, Sidewalks, and Storm Sewers	<u>13,855,724</u>	<u>355,944</u>	<u>-</u>	<u>14,211,668</u>
Total other capital assets	<u>29,234,778</u>	<u>723,329</u>	<u>(203,724)</u>	<u>29,754,383</u>

Village of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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	(1,410,645)	(115,588)	-	(1,526,233)
Vehicles, Machinery, Equipment, Furniture and Traffic Signals	(2,801,299)	(388,438)	125,579	(3,064,158)
Library Books	(586,515)	(56,970)	47,731	(595,754)
Parks	(1,098,487)	(77,353)	-	(1,175,840)
Roads, Curbs, Sidewalks, and Storm Sewers	<u>(3,685,254)</u>	<u>(505,200)</u>	<u>-</u>	<u>(4,190,454)</u>
 Total accumulated depreciation	 <u>(9,582,200)</u>	 <u>(1,143,549)</u>	 <u>173,310</u>	 <u>(10,552,439)</u>
 Total capital assets being depreciated, net	 <u>19,652,578</u>	 <u>(420,220)</u>	 <u>(30,414)</u>	 <u>19,201,944</u>
 Governmental Activities - Capital Assets, Net	 <u>\$21,919,373</u>	 <u>\$ 1,349,935</u>	 <u>\$ (263,634)</u>	 <u>\$ 23,005,674</u>

Depreciation expense was charged to functions, as follows:

General Government	\$ 23,970
Public Safety	106,887
Highways and Streets	764,025
Culture and Recreation	247,492
Community Development	<u>1,175</u>

TOTAL \$ 1,143,549

<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>28,678</u>	<u>295,267</u>	<u>-</u>	<u>323,945</u>
 Total capital assets not being depreciated	 <u>146,755</u>	 <u>295,267</u>	 <u>-</u>	 <u>442,022</u>
Capital assets being depreciated:				
Buildings and Improvements	15,171,807	-	-	15,171,807
Vehicles, Machinery, Equipment and Furniture	5,309,395	94,177	-	5,403,572
Infrastructure	164,182	-	-	164,182
Distribution and Collection Systems	<u>22,255,965</u>	<u>-</u>	<u>-</u>	<u>22,255,965</u>
 Total Capital assets being depreciated	 <u>42,901,349</u>	 <u>94,177</u>	 <u>-</u>	 <u>42,995,526</u>

Village of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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	(5,155,975)	(511,780)	-	(5,667,755)
Vehicles, Machinery, Equipment and Furniture	(2,486,100)	(329,823)	-	(2,815,923)
Infrastructure	(65,571)	(8,209)	-	(73,780)
Distribution and Collection Systems	<u>(13,889,282)</u>	<u>(389,837)</u>	-	<u>(14,279,119)</u>
 Total accumulated depreciation	 <u>(21,596,928)</u>	 <u>(1,239,649)</u>	 -	 <u>(22,836,577)</u>
 Total capital assets being depreciated, net	 <u>21,304,421</u>	 <u>(1,145,472)</u>	 -	 <u>20,158,949</u>
 Business-Type Activities - Capital Assets, Net	 <u>\$ 21,451,176</u>	 <u>\$ (850,205)</u>	 <u>\$ -</u>	 <u>\$ 20,600,971</u>

Depreciation expense was charged as follows:

Water Fund	\$ 118,498
Sanitation Fund	161,500
Wastewater Fund	943,401
Recreation Fund	<u>16,250</u>
TOTAL	<u>\$ 1,239,649</u>

NOTE 8 INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances at June 30, 2020 is as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$ 5,610,666
Capital Projects Fund	867,671	-
Rolling Stock Reserve Fund	328,128	-
Water Fund	340,305	-
Sanitation Fund	1,683,591	-
Wastewater Fund	1,613,716	-
Recreation Fund	158,943	-
Memorial Park Fund	3,655	-
Senior Center Fund	21,435	-

Village of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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	57,767	-
Building Maintenance Fund	101,631	-
Economic Development Fund	353,578	-
Land Acquisition Reserve Fund	82,249	-
Agency Fund	<u>-</u>	<u>2,003</u>
	<u>\$ 5,612,669</u>	<u>\$ 5,612,669</u>

NOTE 9 TRANSFERS

The interfund transfers during the year ended June 30, 2020 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Rolling Stock Reserve Fund	\$ 233,624	Annual Appropriation
General Fund	Capital Reserve	365,414	Annual Appropriation
General Fund	Building Maintenance Fund	50,000	Annual Appropriation
EJRP	EJRP Capital Reserve Fund	27,000	Capital Outlay
General Fund	EJRP Capital Reserve Fund	<u>111,616</u>	Annual Appropriation
	Total Governmental Activities	<u>\$ 787,654</u>	

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Sanitation Fund	Wastewater Fund	\$ 305,879	Bond Debt Service
Wastewater Fund	Sanitation Fund	52,808	WWTF Upgrade
EJRP	EJRP Capital Reserve	<u>27,000</u>	Capital Outlay
	Total Proprietary Funds	<u>\$ 385,687</u>	

NOTE 10 UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES

Unearned Revenue in the General Fund consists of \$6,509 in recreation fees paid in advance and \$4,327 in donation revenue received in advance. Unavailable Revenue in the General Fund consists of \$20,752 in grant receivables not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

The Capital Projects Fund has deferred inflows of resources in the amount of \$19,507. 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, 2020

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, 2020 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	\$ 90,000	\$ 60,000	\$ (90,000)	\$ 60,000
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.	2,162,326	-	(135,135)	2,027,191

Village of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 11 LONG -TERM LIABILITIES (continued)

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Reduction</u>	<u>Ending Balance</u>
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.	105,000	-	(105,000)	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 2,357,326</u>	<u>\$ 60,000</u>	<u>\$ (330,135)</u>	<u>\$ 2,087,191</u>

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	135,135	52,070	187,205
2026-2030	675,675	191,374	867,049
2031-2035	<u>675,841</u>	<u>66,333</u>	<u>742,174</u>
TOTAL	<u>\$ 2,087,191</u>	<u>\$ 560,800</u>	<u>\$ 2,647,991</u>

<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.	\$ 183,334	\$ -	\$ (13,669)	\$ 169,665
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.	11,297,018	-	(564,510)	10,732,508

Village of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 11 LONG-TERM LIABILITIES (continued)

<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 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.	862,436	-	(49,871)	812,565
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.	477,374	-	(29,565)	447,809
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>1,225,000</u>	<u>-</u>	<u>(60,000)</u>	<u>1,165,000</u>
	<u>\$ 14,045,162</u>	<u>\$ -</u>	<u>\$ (717,615)</u>	<u>\$ 13,327,547</u>

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	778,283	225,188	1,003,471
2026-2030	4,105,074	865,807	4,970,881
2031-2035	4,349,596	411,487	4,761,083
2036-2040	1,049,785	50,406	1,100,191
2041	<u>55,000</u>	<u>998</u>	<u>55,998</u>
	<u>\$ 13,327,547</u>	<u>\$ 2,614,202</u>	<u>\$ 15,941,749</u>

Village of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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, 2020, \$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, 2020 were as follows:

Year Ending <u>June 30,</u>	<u>Future Minimum Payments</u>	<u>Net Present Value</u>	<u>Interest</u>
2021	\$ <u>12,238</u>	\$ <u>11,901</u>	\$ <u>337</u>
Total minimum lease payments	\$ <u><u>12,238</u></u>	\$ <u><u>11,901</u></u>	\$ <u><u>337</u></u>

The total interest paid for the year ended June 30, 2020 was \$516 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.

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.

Village of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 13 NET POSITION/FUND BALANCES (continued)

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, 2020 are as follows:

GENERAL FUND

Nonspendable for:

Inventories	\$ 106,200
Prepaid Expenses	<u>43,928</u>

Total Nonspendable Fund Balance \$ 150,128

Assigned for:

Library Book Replacement	\$ 6,384
Termination Benefits	66,809
Health Reimbursement Arrangement Expenses	10,000
Governance	21,667
Building Maintenance	62,774
Paving Underspent	<u>68,303</u>

Total Assigned Fund Balance \$ 235,937

CAPITAL RESERVE FUND

Committed for:

Capital Reserve Fund Expenditures	<u><u>\$ 788,307</u></u>
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ROLLING STOCK RESERVE FUND

Committed for:

Rolling Stock Reserve Fund Expenditures	<u><u>\$ 295,683</u></u>
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Village of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 13 NET POSITION/FUND BALANCES (continued)

NON MAJOR FUNDS

Restricted for:

Veterans Memorial Park by Donation	\$ 3,655
Senior Center	<u>21,260</u>

Total Restricted Fund Balance	<u>\$ 24,915</u>
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Committed for:

Land Acquisition Capital Reserve Fund Expenditures	\$ 82,249
EJRP Capital Reserve	<u>57,767</u>

Total Committed Fund Balance	<u>\$ 140,016</u>
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Assigned for:

Economic Development	\$ 353,578
Building Maintenance	<u>101,631</u>

Total Assigned Fund Balance	<u>\$ 455,209</u>
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WATER, SANITATION, WASTEWATER AND RECREATION PROGRAMS FUNDS

Designated for:

Water Fund Expenses	\$ 329,885
Water Fund Capital Expenses	<u>211,575</u>

Total Water Designated Fund Balance	<u>\$ 541,460</u>
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Sanitation Fund Expenses	\$ 383,388
Sanitation Fund Capital Expenses	624,405
Sanitation Wastewater Treatment Facility Upgrades	<u>852,143</u>

Total Sanitation Designated Fund Balance	<u>\$ 1,859,936</u>
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Village of Essex Junction, Vermont
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2020

NOTE 13 NET POSITION/FUND BALANCES (continued)

Wastewater Fund Capital Expenses	\$ 1,307,583
Wastewater Expenses- Attributable to the Village of Essex Juncti	300,041
Wastewater Expenses- Attributable to the Town of Essex	141,801
Wastewater Expenses- Attributable to the Town of Williston	174,155
Wastewater Fund Expenses- General	<u>108,985</u>
Total Wastewater Designated Fund Balance	<u>\$ 2,032,565</u>
Recreation Programs Fund - General	<u>\$ (205,727)</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. When a participant in a 401(a) plan has been separated from service for a period of at least three years or withdraws his or her entire account balance, whichever is earlier, any non-vested employer contributions are forfeited by the participant and transferred to the plan-level forfeiture account. 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. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All of the investments are self-directed by each employee. The total payroll for the year was \$3,268,695 while the covered payroll was \$2,334,784. Pension expenses for the years ended June 30, 2020, 2019 and 2018 were \$232,480, \$224,686 and \$211,234 respectively. Forfeiture funds in the amount of \$17,466 were used in FY20.

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, 2020 was \$604,955.

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.

Village of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 15 CONCENTRATION OF REVENUE/EXPENSES

The Village receives a major portion of its revenue from GlobalFoundries. For the year ended June 30, 2020, the Village received 7.19% of total property taxes from GlobalFoundries and received 71.82% 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, 2020. The Village purchased \$3,217,971 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 2020 included Village General Fund \$0.3206 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.

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.

Village of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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 2020, the Village owns 34.2%, the Town of Essex owns 33.33% and the Town of Williston owns 32.4%. 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, 2020.

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, 2020 \$6,504,535 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.

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 FY2020 the amount of taxes abated totaled \$1,782.

Village of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 22 TAX ABATEMENT (continued)

The Village has two active agreements both beginning in FY2020 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 taxes decreases to 50% in year 2, and 30% in year 3. For FY2020 \$10,810 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 FY2020 \$553 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 \$14,368. This was due primarily to overspending in public safety. These amounts were offset by fund balance assignments for related purposes and a decrease in unassigned fund balance.

NOTE 24 PRIOR PERIOD ADJUSTMENT

Fund balance in the general fund have been adjusted \$12,155 at the beginning of fiscal year 2020 to correct an overstatement of revenue at June 30, 2019.

Net position in the recreation and governmental activities fund has been adjusted \$353,419 and \$12,155, respectively, at the beginning of fiscal year 2020 to correct an overstatement of revenue at June 30, 2019. In previous years revenue was being recognized in the year it was received for summer camps that were held in the next fiscal year. Due to the reduction in such revenues in 2020 resulting from COVID-19, the change in receipts was material to the financial statements.

NOTE 25 DISCLOSURE OF SUBSEQUENT EVENTS

On July 24, 2020 the Village acquired a note payable with People's United Bank in the amount of \$60,000 with an interest rate of 1.85%, due July 23, 2021.

In accordance with professional accounting standards, the Village has evaluated subsequent events through December 29, 2020, which is the date the financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2020, have been incorporated into the financial statements herein.

Village of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

NOTE 25 DISCLOSURE OF SUBSEQUENT EVENTS (continued)

The Village evaluated its June 30, 2020 financial statements through December 29, 2020, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact net income. Other financial impact could occur though such potential impact and the duration cannot be reasonably estimated at this time. In March 2020, the Governor of Vermont declared a state of emergency and issued an order to close all nonessential businesses. The closure lasted for months and has still not completely resumed. Some businesses continue to be impacted due to restrictions in operations and the requirement for at least partial student remote learning. Due to the uncertainty of the effect of the virus and whether there could be a resurgence, possible effects may include, but are not limited to, disruption to the Village's cash flow and receivable collections, absenteeism in the Village's labor workforce, unavailability of products and supplies used in operations, and decline in value of assets held by the Village including inventories, property and equipment and marketable securities.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Essex Junction, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property tax	\$ 3,556,422	\$ 3,556,422	\$ 3,556,878	\$ 456
Licenses and permits	35,000	35,000	40,795	5,795
Intergovernmental revenues	1,251,876	1,251,876	1,295,424	43,548
Charges for services	304,395	304,395	305,190	795
Fines and forfeits	1,000	1,000	2,703	1,703
Interest income	2,500	2,500	5,073	2,573
Donations	500	500	152,761	152,261
Other income	<u>13,220</u>	<u>13,220</u>	<u>31,273</u>	<u>18,053</u>
 Total Revenues	 <u>5,164,913</u>	 <u>5,164,913</u>	 <u>5,390,097</u>	 <u>225,184</u>
EXPENDITURES				
Current:				
General government	871,192	871,192	873,732	(2,540)
Public safety	351,860	351,860	485,388	(133,528)
Public works	1,182,376	1,182,376	1,137,168	45,208
Community development	295,644	295,644	236,417	59,227
Culture and recreation	1,389,551	1,389,551	1,372,285	17,266
Debt Service:				
Principal	240,135	240,135	240,135	-
Interest expense	<u>73,425</u>	<u>73,425</u>	<u>73,426</u>	<u>(1)</u>
 Total Expenditures	 <u>4,404,183</u>	 <u>4,404,183</u>	 <u>4,418,551</u>	 <u>(14,368)</u>
 Excess of Revenues Over Expenditures	 <u>760,730</u>	 <u>760,730</u>	 <u>971,546</u>	 <u>210,816</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(760,730)</u>	<u>(760,730)</u>	<u>(760,654)</u>	<u>76</u>
 Net Change in Fund Balance	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 210,892</u>	 <u>\$ 210,892</u>

See Accompanying Notes to Basic Financial Statements.

OTHER SUPPLEMENTARY INFORMATION

Village of Essex Junction, Vermont
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2020

	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	
ASSETS							
Cash	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 100
Due from other funds	3,655	21,435	82,249	353,578	57,767	101,631	620,315
Total Assets	<u>\$ 3,655</u>	<u>\$ 21,535</u>	<u>\$ 82,249</u>	<u>\$ 353,578</u>	<u>\$ 57,767</u>	<u>\$ 101,631</u>	<u>\$ 620,415</u>
LIABILITIES							
Accounts Payable	\$ -	\$ 275	\$ -	\$ -	\$ -	\$ -	\$ 275
Total Liabilities	<u>-</u>	<u>275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275</u>
FUND BALANCE							
Restricted	3,655	21,260	-	-	-	-	24,915
Committed	-	-	82,249	-	57,767	-	140,016
Assigned	-	-	-	353,578	-	101,631	455,209
Total Fund Balances	<u>3,655</u>	<u>21,260</u>	<u>82,249</u>	<u>353,578</u>	<u>57,767</u>	<u>101,631</u>	<u>620,140</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,655</u>	<u>\$ 21,535</u>	<u>\$ 82,249</u>	<u>\$ 353,578</u>	<u>\$ 57,767</u>	<u>\$ 101,631</u>	<u>\$ 620,415</u>

Village of Essex Junction, Vermont
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2020

	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	
REVENUES							
Charges for Service	\$ -	\$ 5,354	\$ -	\$ -	\$ -	\$ -	\$ 5,354
Property Tax	-	-	-	110,944	-	-	110,944
Miscellaneous Income	-	1,771	-	-	5,000	-	6,771
Interest	24	153	533	2,331	47	482	3,570
Total Revenue	<u>24</u>	<u>7,278</u>	<u>533</u>	<u>113,275</u>	<u>5,047</u>	<u>482</u>	<u>126,639</u>
EXPENDITURES							
Program Expense	-	11,356	-	83,721	9,680	1,487	106,244
Capital Outlay	-	-	-	-	77,595	-	77,595
Total Expenditures	<u>-</u>	<u>11,356</u>	<u>-</u>	<u>83,721</u>	<u>87,275</u>	<u>1,487</u>	<u>183,839</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>24</u>	<u>(4,078)</u>	<u>533</u>	<u>29,554</u>	<u>(82,228)</u>	<u>(1,005)</u>	<u>(57,200)</u>
OTHER FINANCING SOURCES							
Transfer	-	-	-	-	138,616	50,000	188,616
Net Change in Fund Balance	24	(4,078)	533	29,554	56,388	48,995	131,416
Fund Balance - July 1, 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>
Fund Balance - June 30, 2020	<u>\$ 3,655</u>	<u>\$ 21,260</u>	<u>\$ 82,249</u>	<u>\$ 353,578</u>	<u>\$ 57,767</u>	<u>\$ 101,631</u>	<u>\$ 620,140</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, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Water Sales - Village	\$ 1,086,788	\$ 1,125,059	\$ 38,271
Water Sales - GF	2,767,430	2,715,753	(51,677)
Water Sales - GF Vermont Tax	70,117	60,821	(9,296)
Water Sales - Large Users	92,729	91,377	(1,352)
Penalties	4,500	6,236	1,736
Hook on Fees	15,000	6,550	(8,450)
Interest Earnings	-	679	679
Miscellaneous	-	918	918
	<u>4,036,564</u>	<u>4,007,393</u>	<u>(29,171)</u>
Total Operating Revenues			
OPERATING EXPENSES			
Salaries - Regular	118,220	117,551	669
Salaries - Overtime	14,000	14,365	(365)
Salaries - Part time	9,193	3,329	5,864
Social security	10,699	10,220	479
Unemployment insurance	60	102	(42)
Workers compensation insurance	7,992	6,679	1,313
Health insurance and other benefits	65,713	66,102	(389)
Retirement	11,822	11,406	416
Liability and property insurance	2,620	1,783	837
Supplies	7,000	4,099	2,901
Telephone	1,500	2,167	(667)
Postage	2,600	2,893	(293)
Gas, oil and grease	3,000	1,189	1,811
Meters and parts	500	-	500
Distribution materials	7,500	1,471	6,029
Computer expenses	1,000	1,374	(374)
Water and sewer charges	200	82	118
Training and conferences	2,500	727	1,773
Electrical services	1,000	862	138
Heat	3,000	2,194	806
Maintenance - Other	2,500	8,674	(6,174)
Vehicle maintenance	-	19	(19)
Water line maintenance - breaks	16,000	23,948	(7,948)
Uniforms and boots	1,500	740	760

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, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING EXPENSES (CONTINUED)			
Contracted services	118,559	118,559	-
Other professional services	1,000	275	725
Audit services	3,738	4,543	(805)
Right of way agreements	142	100	42
Water purchases - Village	504,006	504,141	(135)
Water purchases - GF	2,767,430	2,713,830	53,600
Printing and advertising	2,000	1,278	722
Accident claims	-	5,611	(5,611)
Transfer to capital reserve	260,000	260,000	-
Capital outlay	6,000	2,230	3,770
Interest expense	300	-	300
State water tax - Village	13,153	11,298	1,855
State water tax - GF	70,117	60,821	9,296
Total Operating Expenses	4,036,564	3,964,662	71,902
Operating Income	\$ -	\$ 42,731	\$ 42,731

**RECONCILIATION OF BUDGETARY
BASIS TO GAAP BASIS**

Change in Net Position - Budgetary Basis	\$ 42,731
Adjustments for non-budget:	
Bond Interest	(15,523)
Capital Contributions	260,000
Interest Earned on Capital Reserve Fund	436
Depreciation	(118,498)
Change in Net Position - Budgetary Basis	\$ 169,146

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, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Sanitation billing	\$ 636,064	\$ 649,135	\$ 13,071
Sanitation penalty	2,500	3,330	830
Essex pump station fees	28,750	27,517	(1,233)
Two party agreement revenue	15,000	15,000	-
Hook on fees	30,000	84,000	54,000
Interest earnings	1,000	6,981	5,981
Miscellaneous	<u>6,240</u>	<u>9,470</u>	<u>3,230</u>
 Total Operating Revenues	 <u>719,554</u>	 <u>795,433</u>	 <u>75,879</u>
 OPERATING EXPENSES			
Salaries - Regular	101,835	105,921	(4,086)
Salaries - Overtime	14,000	9,966	4,034
Salaries - Part time	9,232	4,025	5,207
Social security	9,568	9,087	481
Unemployment insurance	70	108	(38)
Workers compensation insurance	6,967	5,542	1,425
Health insurance and other benefits	53,162	47,382	5,780
Retirement	10,183	10,052	131
Liability and property insurance	4,469	11,640	(7,171)
Supplies	1,000	2,355	(1,355)
Postage	5,000	5,786	(786)
Gas, oil and grease	3,500	3,385	115
Computer expenses	1,000	2,758	(1,758)
Water and sewer charges	500	235	265
Training and conferences	200	-	200
Electrical services	14,000	11,169	2,831
Heating/natural gas	1,800	959	841
Maintenance - Other	2,500	910	1,590
Vehicle maintenance	-	233	(233)
Pump station maintenance	14,000	4,616	9,384
Sanitation line maintenance	6,000	1,400	4,600
Meter Replacement Program	-	4,100	(4,100)
Susie Wilson pump station costs	12,000	8,344	3,656
West St. pump station costs	13,000	12,308	692

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, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING EXPENSES (continued)			
Uniforms and boots	1,500	1,803	(303)
Contracted services	150,559	150,559	-
Right-Of-Way Agreements	1,640	548	1,092
Sanitation line back-up cleaning	1,000	1,575	(575)
Other professional services	1,000	420	580
Audit services	1,869	2,372	(503)
Printing and advertising	1,500	-	1,500
Capital reserve fund contributions	95,000	95,000	-
Capital outlay	5,000	-	5,000
Total Operating Expenses	543,054	514,558	28,496
Operating Income	\$ 176,500	280,875	\$ 104,375

**RECONCILIATION OF BUDGETARY
BASIS TO GAAP BASIS**

Change in Net Position - Budgetary Basis	\$ 280,875
Adjustments for non-budget:	
Admin Fee on ARRA Loan	(3,147)
RF1-157 Loan Admin Fee	(17,249)
Sale of WWTF Capacity	100,000
Interest Earned on Capital Reserve Fund	3,512
Capital Reserve Fund Transfer	95,000
Transfers from WWTF Fund for Debt	52,808
Transfer to WWTF for Upgrade	(305,879)
Depreciation	(161,500)
Change in Net Position - Budgetary Basis	\$ 44,420

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, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Village user charges	\$ 773,856	\$ 807,887	\$ 34,031
Village user penalties	3,500	4,093	593
Wastewater charge - Essex	488,219	488,219	-
Wastewater charge - Williston	752,671	752,671	-
Pump station maintenance fee	32,000	32,000	-
Village septage discharge income	16,000	33,308	17,308
Shared septage revenue	8,000	16,406	8,406
Village leachate revenues	-	875	875
Share leachate revenues	-	431	431
Efficiency Vermont revenues	-	6,904	6,904
Interest Earnings	-	3,591	3,591
Miscellaneous	-	63,645	63,645
	<u>2,074,246</u>	<u>2,210,030</u>	<u>135,784</u>
Total Operating Revenues			
OPERATING EXPENSES			
Salaries - Regular	339,164	342,352	(3,188)
Salaries - Overtime	48,000	44,678	3,322
Salaries - Part-time	15,394	8,567	6,827
Social security	33,916	29,254	4,662
Workers comp insurance	29,669	18,778	10,891
Unemployment insurance	150	436	(286)
Health insurance other benefits	134,490	110,888	23,602
Retirement	33,916	33,718	198
Liability and property insurance	27,979	27,830	149
Supplies	8,500	5,475	3,025
Supplies - Laboratory	19,000	16,933	2,067
Chemicals	300,000	320,275	(20,275)
Gas, grease and oil	6,000	4,193	1,807
Water and sewer charge	3,000	6,279	(3,279)
Training and conference	7,000	5,769	1,231
Telephone services	6,000	5,820	180
Electrical service	140,000	162,627	(22,627)
Heating	25,000	22,468	2,532
Maintenance - other	120,000	97,984	22,016
Rental of Equipment	-	1,469	(1,469)
Vehicles maintenance - travel	4,000	891	3,109

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, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING EXPENSES (continued)			
Uniforms, boots, etc.	5,500	5,513	(13)
Contract laboratory services	12,000	11,400	600
Contract services	59,280	59,280	-
Legal services	4,000	3,990	10
Grit Disposal	14,000	13,793	207
Sludge dewatering	150,000	167,400	(17,400)
Sludge management	150,000	77,555	72,445
Other professional services	4,000	18,149	(14,149)
Audit	4,388	5,335	(947)
WWTF Annual permit fee	9,900	9,900	-
Capital reserve fund contributions	360,000	360,000	-
Total Operating Expenses	2,074,246	1,998,999	75,247
Operating Income	\$ -	211,031	\$ 211,031

**RECONCILIATION OF BUDGETARY
BASIS TO GAAP BASIS**

Change in Net Position - Budgetary Basis	\$ 211,031
Adjustments for non-budget:	
Bond Interest	(42,698)
Admin Fee on ARRA Loan	(520)
Capital Reserve Fund Transfer	360,000
Town of Essex Bond Contribution	297,758
Town of Williston Bond Contribution	289,646
Essex Junction Debt Payment	305,879
Interest Earned on Capital Reserve Fund	6,084
Capital Outlay	(231,050)
Transfer to Sanitation Fund	(52,808)
Depreciation	(943,401)
Change in Net Position - Budgetary Basis	\$ 199,921

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, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Pool day admission	\$ 68,136	\$ 70,434	\$ 2,298
Pool memberships	38,897	14,028	(24,869)
Swim lessons	50,018	53,297	3,279
Concession sales	2,500	-	(2,500)
Facility and field rental	10,712	11,500	788
Youth program- RP	132,210	129,547	(2,663)
Youth program- Aquatics	161,029	3,660	(157,369)
Youth program- AS	37,270	20,333	(16,937)
Adult programs	51,236	86,010	34,774
Childcare - AS	627,381	625,673	(1,708)
Childcare- PS	365,604	341,422	(24,182)
Childcare- DC	317,555	403,815	86,260
Shared staffing contract	41,646	50,046	8,400
Interest earnings	-	(169)	(169)
Sponsorship	8,500	2,025	(6,475)
	<u>1,912,694</u>	<u>1,811,621</u>	<u>(101,073)</u>
OPERATING EXPENSES			
Administration			
Salaries - Part-time	3,310	54	3,256
Social security	253	1,282	(1,029)
Workers compensation insurance	29,736	27,776	1,960
Other professional services	5,000	32,881	(27,881)
Equipment rentals	2,500	4,327	(1,827)
Training, conferences, dues	8,500	8,901	(401)
Communications	-	604	(604)
Telephone services	-	548	(548)
Postage	6,816	3,144	3,672
Printing and advertising	22,123	7,832	14,291
Credit card processing fees	-	32,389	(32,389)
Recreation Programs			
Salaries - Regular	25,793	26,192	(399)
Salaries- Part-time	24,640	7,153	17,487
Social security	3,910	1,863	2,047
Other professional services	112,294	136,911	(24,617)

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, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING EXPENSES (continued)			
Water and sewer charges	800	-	800
Maintenance- buildings/grounds	250	-	250
Rental	600	1,350	(750)
Equipment rentals	800	-	800
Training, conferences, dues	600	-	600
Printing and advertising	450	90	360
Supplies	23,276	46,243	(22,967)
After School Care			
Salaries - Regular	252,138	265,631	(13,493)
Salaries- Part-time	171,264	147,761	23,503
Shared employee expense	-	11,512	(11,512)
Health insurance and other benefits	85,297	54,465	30,832
Social security	32,390	30,851	1,539
Retirement	30,652	28,374	2,278
Other professional services	24,513	22,165	2,348
Truck lease	24,145	517	23,628
Training, conferences, dues	18,760	4,181	14,579
Telephone	3,300	2,727	573
Travel	33,066	20,525	12,541
Supplies	27,771	23,256	4,515
Gas, grease, oil	1,900	1,523	377
Preschool			
Salaries- Regular	-	188,275	(188,275)
Salaries- Part-time	193,218	22,604	170,614
Health insurance and other benefits	23,139	71,355	(48,216)
Social security	83,864	15,807	68,057
Retirement	16,551	18,334	(1,783)
Health improvement programs	18,142	-	18,142
Other professional services	-	2,870	(2,870)
Rental	3,072	-	3,072
Training, conferences, dues	-	7,864	(7,864)
Communications	8,744	541	8,203
Travel	1,728	246	1,482
Supplies	4,500	5,108	(608)
Summer Day Camps			
Salaries- Regular	37,017	20,384	16,633
Salaries- Part-time	172,852	217,822	(44,970)

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, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING EXPENSES (continued)			
Social security	16,055	18,128	(2,073)
Other professional services	5,916	11,016	(5,100)
Travel	34,398	32,981	1,417
Supplies	14,176	27,568	(13,392)
Gas, grease and oil	100	-	100
Pool			
Salaries- Part-time	88,040	86,687	1,353
Social security	6,735	6,632	103
Other professional services	8,398	14,324	(5,926)
Water and sewer charges	2,037	-	2,037
Maintenance- buildings/grounds	21,246	22,518	(1,272)
Supplies	5,749	6,224	(475)
Aquatics			
Salaries- Part-time	3,600	-	3,600
Social security	275	-	275
Other professional services	145,882	-	145,882
Parks & Facilities			
Salaries- Part-time	7,225	8,969	(1,744)
Social security	553	686	(133)
Other professional services	2,500	1,265	1,235
Equipment rental	4,800	4,209	591
Training, conferences, dues	3,500	2,995	505
Parks and facilities supplies	1,175	5,549	(4,374)
 Total Operating Expenses	 1,912,034	 1,773,989	 138,045
 Operating Income	 \$ 660	 \$ 37,632	 \$ 36,972

**RECONCILIATION OF BUDGETARY
BASIS TO GAAP BASIS**

Change in Net Position - Budgetary Basis	\$ 37,632
Adjustments for non-budget:	
Reserve Transfer	(27,000)
Depreciation	(16,250)
 Change in Net Position - Budgetary Basis	 \$ (5,618)

Village of Essex Junction, Vermont
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Pass Through Grantor Number	Federal CFDA Number	Federal Expenditures
U. S. Department of Transportation			
Passed through State of Vermont, Agency of Transportation			
Highway Planning and Construction - Crescent Connector	CA0315	20.205	\$ 955,529
Highway Planning and Construction - Pearl Street Linking	CA0397	20.205	10,823
Highway Planning and Construction - Brickyard Mansfield Gravel Wetland Project	CA0462	20.205	268
Highway Planning and Construction - Phosphorus Control Plan	CA0530	20.205	<u>3,625</u>
			<u>970,245</u>
U.S Department of Homeland Security			
FEMA			
		97.044	<u>139,959</u>
National Endowment for the Humanities			
Passed through State of Vermont, Department of Libraries Grants to States - Courier			
	Courier	45.310	<u>390</u>
U.S. Department of Treasury			
Passed through State of Vermont, Department of Taxes			
	01140CRF20LGE0027	21.019	<u>106,090</u>
Total Expenditure of Federal Awards			<u>\$ 1,216,684</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, 2020. 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, 2020, 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 29, 2020.

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.



St. Albans, Vermont
December 29, 2020



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, 2020. 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, 2020.

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 29, 2020

Village of Essex Junction, Vermont
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2020

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
 - 20.205 Highway Planning and Construction – Phosphorus Control

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.