

**VILLAGE OF ESSEX JUNCTION, VERMONT**

**AUDIT REPORT**

**JUNE 30, 2015**

VILLAGE OF ESSEX JUNCTION, VERMONT  
AUDIT REPORT  
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**Sullivan, Powers & Co., P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

77 Barre Street  
P.O. Box 947  
Montpelier, VT 05601  
802/223-2352  
[www.sullivanpowers.com](http://www.sullivanpowers.com)

Fred Duplessis, CPA  
Richard J. Brigham, CPA  
Chad A. Hewitt, CPA  
Wendy C. Gilwee, CPA  
VT Lic. #92-000180

Independent Auditor's Report

Board of Trustees  
Village of Essex Junction  
2 Lincoln Street  
Essex Junction, VT 05452-3685

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Essex Junction, Vermont as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Village of Essex Junction, Vermont'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 and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. 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 Village of Essex Junction, Vermont'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 Village of Essex Junction, Vermont'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 previously 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, 2015 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 14 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.

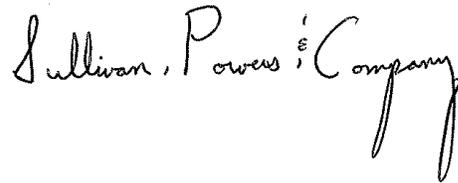
***Other Information***

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 fund financial statements and budgetary schedules for the enterprise funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we 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 March 4, 2016 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 the 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.

March 4, 2016  
Montpelier, Vermont  
VT Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive style with a large, stylized 'S' at the beginning and a long, sweeping tail at the end.

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, 2015.

### ***Financial Highlights***

- Assets exceeded liabilities and deferred inflows of resources on June 30, 2015 by \$25,549,502 (*net position*). Of this amount, \$3,706,272 (*unrestricted net position*) may be used by the various funds of the Village to meet the Village's ongoing obligations.
- The Village's total net position increased by \$51,496. Of this amount, net position attributable to governmental activities increased by \$342,887. Net position attributable to business-type activities decreased by \$291,391.
- Fund balances of governmental funds increased by \$2,138,329 in FYE15. The General Fund had \$352,378 of unassigned fund balance at 6/30/15 which is equal to 9.3% of the approved FYE16 General Fund Budget. An amount of \$35,000 of fund balance has been proposed to be used to reduce the tax rate in FYE16. As of 6/30/14, the General Fund had \$462,773 of unassigned fund balance.

### ***Overview of the Village's Financial Statements:***

The annual financial report consists of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Village of Essex Junction's finances, in a manner similar to a private-sector business.

The *statement of net 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 in Exhibits A and B of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village has three types of funds: governmental funds, proprietary funds, and fiduciary funds. The proprietary funds of the Village are all Enterprise Funds. Fund financial statements can be found in Exhibits C through J of this report.

**Notes to the financial statements.** The notes provide additional information that is necessary for an understanding of the information in the government-wide and fund financial statements. The Notes to the Financial Statements follow the basic financial statements in this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. This supplementary information includes combining statements for various funds and budgetary comparison statements for funds other than the Village's general fund. The supplementary information can be found immediately following the notes to the financial statements.

### ***Government-wide Financial Analysis***

#### **Village of Essex Junction, Vermont's Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total	
	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014
Current and Other Assets	\$ 3,837,960	\$ 1,467,576	\$ 3,587,736	\$ 3,222,876	\$ 7,425,696	\$ 4,690,452
Capital Assets	14,139,030	13,032,277	24,568,599	24,799,046	38,707,629	37,831,323
<b>Total Assets</b>	<b>17,976,990</b>	<b>14,499,853</b>	<b>28,156,335</b>	<b>28,021,922</b>	<b>46,133,325</b>	<b>42,521,775</b>
Current Liabilities	480,673	260,314	548,724	1,226,037	1,029,397	1,486,351
Non-Current Liabilities	3,276,689	359,985	16,277,737	15,174,620	19,554,426	15,534,605
<b>Total Liabilities</b>	<b>3,757,362</b>	<b>620,299</b>	<b>16,826,461</b>	<b>16,400,657</b>	<b>20,583,823</b>	<b>17,020,956</b>
Deferred Inflows of Resources	0	2,813	0	0	0	2,813
Net Position						
Net Investment in capital assets	13,164,762	12,832,277	8,674,838	9,689,929	21,839,600	22,522,206
Restricted	3,630	3,623	0	0	3,630	3,623
Unrestricted	1,051,236	1,040,841	2,655,036	1,931,336	3,706,272	2,972,177
<b>Total Net Position</b>	<b>\$ 14,219,628</b>	<b>\$ 13,876,741</b>	<b>\$ 11,329,874</b>	<b>\$ 11,621,265</b>	<b>\$ 25,549,502</b>	<b>\$ 25,498,006</b>

As stated above, assets exceeded liabilities and deferred inflows of resources by \$25,549,502 at the end of fiscal year 2015. Assets at the end of fiscal year 2014 exceeded liabilities by \$25,498,006.

The largest portion of the Village's net position is in its investment in capital assets (85%). 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 \$3,630 of the Village's net position is subject to restrictions on how it may be used. Unrestricted net assets (\$3,706,272) 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).

Statement of Activities						
	Governmental Activities		Business-Type Activities		Total	
	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 84,383	\$ 147,305	\$ 5,895,268	\$ 5,456,688	\$ 5,979,651	\$ 5,603,993
Operating Grants and Contributions	150,094	148,860	0	0	150,094	148,860
Capital Grants and Contributions	445,139	788,353	250,847	303,824	695,986	1,092,177
General Revenues						
Property Taxes/PILOT	3,017,264	2,809,740	0	0	3,017,264	2,809,740
Unrestricted Investment Earnings	4,934	2,922	5,335	5,773	10,269	8,695
Other Revenues	9,327	15,173	2,059	4,500	11,386	19,673
<b>Total Revenues</b>	<b>3,711,141</b>	<b>3,912,353</b>	<b>6,153,509</b>	<b>5,770,785</b>	<b>9,864,650</b>	<b>9,683,138</b>
<b>Expenses</b>						
Governmental Activities:						
General Government	425,250	341,554	0	0	425,250	341,554
Public Safety	393,475	368,546	0	0	393,475	368,546
Public Works	1,335,321	1,289,110	0	0	1,335,321	1,289,110
Community Development	311,800	288,731	0	0	311,800	288,731
Culture and Recreation	821,794	807,986	0	0	821,794	807,986
Interest on Long-Term Debt	80,614	3,255	0	0	80,614	3,255
Business-Type Activities:					0	
Water	0	0	3,496,725	3,078,149	3,496,725	3,078,149
Sanitation	0	0	521,025	493,033	521,025	493,033
Wastewater	0	0	2,427,150	2,111,688	2,427,150	2,111,688
<b>Total Expenses</b>	<b>3,368,254</b>	<b>3,099,182</b>	<b>6,444,900</b>	<b>5,682,870</b>	<b>9,813,154</b>	<b>8,782,052</b>
Changes in Net Position	342,887	813,171	(291,391)	87,915	51,496	901,086
Net Position - Beginning of Year	13,876,741	13,063,570	11,621,265	11,533,350	25,498,006	24,596,920
Net Position - End of Year	<u>\$ 14,219,628</u>	<u>\$ 13,876,741</u>	<u>\$ 11,329,874</u>	<u>\$ 11,621,265</u>	<u>\$ 25,549,502</u>	<u>\$ 25,498,006</u>

At the end of FYE15, the Village of Essex Junction has positive balances in all three categories of net position for governmental activities. Unrestricted net position is also positive for all three enterprise funds at fiscal year-end 2015.

**Governmental activities.** Governmental activities increased the Village's net position by \$342,887 in FYE15. Expenditures in governmental funds exceeded revenues by \$699,671. The Village increased its investment in capital assets by \$332,485 and unrestricted net position increased by \$10,395. Restricted net position increased by \$7.

**Business-type activities.** Business-type activities decreased the Village's net position by \$291,391.

## **Water Fund**

The Water Fund had a budgetary net loss of \$167,485 in FYE15. Disregarding IBM pass through revenues and expenses, Water Fund revenues were \$1,812 more than budget while expenditures were \$169,297 more than budgeted. The Water Fund spent \$44,350 less on employee benefits because of the transfer of the Water Technician to the Crew Leader position in the Street Department. The surplus was due to the time needed to refill the Water Technician position. Water Lines Maintenance-Breaks was over-spent by \$124,656 and CWD water purchases for Village Residents were over budget \$83,473. The winter of FYE15 was extremely cold causing a major water break on Maple St. and numerous other water breaks throughout the Village. Repair work and water lost were the cause of the losses to the Water Fund. Meter replacement costs totaled \$19,001 in FYE15. Projects completed or begun in the Water Fund funded by a \$3.3 million bond shared with the General Fund were: School St. Roadway/Waterline/Sewer Line Reconstruction, \$172,545 (completed); Hillcrest Waterline, \$7,272 (begun); and Briar Lane Water line, \$293 (begun). Other projects begun with Water Fund Capital Reserve funds were: Railroad Ave. Waterline (\$6,901) and Maple St. Waterlines (\$18,723).

## **Sanitation Fund**

The Sanitation Fund had a budgetary net income of \$109,771. Sanitation revenues were \$245,117 more than budgeted while expenditures were \$135,346 more than budgeted. Hook-on fees were \$111,498 more than budgeted, and this surplus was transferred to the Sanitation Capital Reserve per the "Trustees Policy Regarding Water/Sewer Fees Collected in Excess of Budgeted Amounts." Village customer charges were higher than budgeted in part because \$131,000 was included in the rate for the WWTF Refurbishment Bond payment. If the excess tap-on fees had not been transferred to the Sanitation Capital Reserve, the Sanitation expense budget would have been under-spent by \$13,652. Sanitation personnel costs were lower than budgeted by \$17,133 in part due to a change in personnel in the department. Pump station (both Village and those shared with the Town of Essex) expenses were greater than anticipated by \$12,103. 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 \$38,002 in FYE15. The Sanitation Fund shared in the cost of the School St. Roadway/Waterline/Sewer Line Reconstruction project (\$102,633) and other pump station improvement projects (\$15,153).

## **Wastewater Treatment Fund**

The Wastewater Treatment Facility had a budgetary net income of \$117,602 in FYE15. Revenues were over budget by \$35,693 while expenditures were less than budget by \$81,909. 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. Another reconciliation was performed at the end of fiscal 2015 and the amounts designated to each community at 6/30/15 are: Essex Junction, \$209,746; Town of Essex, \$71,828; Town of Williston, \$74,288. Each community determines how much it wants to leave in this "dry day fund." Accounts that contributed significantly to the surplus are Health Insurance and Other Benefits, \$30,917; Electrical Service, \$33,339; Sludge Dewatering, \$42,464 and Sludge Management, \$44,659. The Health Insurance surplus is due to the postponement of a planned new hire. The surpluses in Electricity and Sludge Dewatering and Management are due to adjusting the processes for the major upgrade completed in FYE14. Other capital projects undertaken by the Wastewater Treatment Facility in FYE15 were: the completion of the Co-Generation System to replace the existing one, \$322,943; work on networking, \$15,072. The Wastewater Treatment Facility also purchased a new pickup truck costing \$27,572 and a utility truck costing \$15,184.

## *Financial Analysis of Major Governmental Funds*

### **The General Fund**

The General Fund had a surplus of \$98,222 in FYE15. It was budgeted to have a deficit of \$35,000 but instead added to fund balance. The fund balance of the General Fund increased from \$635,330 at the end of fiscal year 2014 to \$733,552 at the end of fiscal year 2015. Of the \$733,552 fund balance, \$180,920 is nonspendable (inventories and prepaid expenses), \$200,254 is committed or assigned (see page 49 of notes for breakdown). Thus, there exists \$352,378 of unassigned fund balance in the General Fund. The unassigned fund balance is equal to 9.3% of the FYE16 Budget. The Trustees allocated \$35,000 to reduce the tax rate in FYE16 and the voters approved the transfer of \$75,000 to the Capital Reserve in FYE16. 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. The Village General Fund has no restricted fund balance.

- Excluding grants and donations received and expended in FYE15, revenues were higher than budgeted by \$26,000. Revenues that were significantly higher than anticipated were License and Zoning Fees (+\$34,383) due to higher than anticipated zoning permit activity and State Highway Aid (+\$13,436). Property taxes were also higher by \$25,720 due to the Town assuming the Village's prior delinquent taxes. The Village did not collect \$48,000 from the School District as the Town kept those fees.
- Expenditures excluding those for grants and donations received in FYE15 and expenses designated from prior years were \$101,221 less than budgeted. The following departmental analysis will identify amounts varying substantially from budget and give an explanation of what transpired during the year.
  - A) The Administration Budget ended the year with a surplus of \$15,537. Salaries were overspent due to the unbudgeted stipend for the Finance Director/Assistant Manager (-\$10,242). Health Insurance was underspent because an employee continued to opt out of Village insurance when budgeted to opt in mid-year (\$7,059). Other line items with surpluses were Part-time salaries (\$3,862), Supplies (\$2,540), Postage (\$1,203), and Computer Expenses (\$3,320). Other small surpluses resulted in the \$15,537 surplus.
  - B) Lincoln Hall Budget was over-spent by \$3,778. The over-expenditure was due to the installation of a ductless air conditioner in the conference room. Capital Outlay funds were also spent on restoration of the chimneys and an evaluation of the condition of the building.
  - C) The Fire Department was over-spent by \$2,276. The largest line item that was over-spent was vehicle maintenance. Over-expenditures in some other line items were counter balanced by under-expenditures in other line items. The Fire Department, as is customary, balanced unexpected needs by spending less in other areas.

- D) The Street Department ended FYE15 with a surplus of \$5,511. The winter of FYE15 was extremely cold. The following line items were impacted by the difficult winter: Winter Maintenance was overspent by \$54,680; Gas, Grease and Oil was overspent by \$3,561 and Contract Services for snow removal was overspent by \$21,660. There were also over-expenditures in the Vehicle Maintenance (-\$4,987) and Equipment Rental (-\$5,041) due to the harsh winter. Some of these over-expenditures were counter balanced by surpluses in other line items. Salaries was underspent by \$26,347 because an employee replacement was again delayed to see if the department could manage without the replacement. The delay in employee replacement also affected the Health Insurance and other Benefits line item resulting in a surplus of \$27,219 as well as other personnel related line items. Another line item significantly underspent was Stream Flow Monitoring (\$30,000). Due to the delay in implementing storm sewer regulation, this money was not needed in FYE15.
- E) The Brownell Library budget ended the year with a surplus of \$43,257. Surpluses in Health Insurance and Other Benefits (+\$10,409), Salaries (+\$31,665) and Training and Conferences (\$2,824) helped to cover over-expenditures in Maintenance Building/Grounds (-\$9,723). Much of the surplus resulted from the use of Termination benefits to pay accrued benefits on the retirement of the Library Director. These dollars were returned to the reserve this year.
- F) The Community Development budget was under-spent by \$26,627. Legal Services was under-spent by \$7,796 due to fewer than anticipated appeals. Health insurance was underspent due to a change in status of an employee (+\$6,362) and Overtime was underspent by \$2,000. Other line items were underspent resulting in the total surplus.
- G) The Economic Development Budget was underspent by \$8,265. A number of line items were underspent. Full time salaries were underspent due a change in hours for a fulltime employee. Part time salaries were spent to pay the Farmers Market Manager. The Farmers Market Organization reimburses the Village for this pay if it is above the \$2,000 budgeted for the Farmers Market in this budget. Other line items were underspent resulting in the total surplus.
- H) Grants received and expended were received for the Library, Fire Department, Economic Development Department, and the Street Department. The Library received from the State of Vermont a grant for the 1<sup>st</sup> Wednesdays program (\$600), a Performer Grant of \$100 and an LSTA (Library Services and Technology Act) grant of \$1,465. The Library received donations from the Friends of the Brownell Library for books, performances and equipment totaling \$4,970. The Orton Foundation awarded grants to the Brownell Library, \$750 used for audio books, the Fire Department, \$540 for an i-Pad and; and the Economic Development Department, \$1,500 for a charrette regarding downtown development. The Street Department received \$600 from the Chittenden Solid Waste District for Christmas tree pickup and \$800 for leaf pickup. The Street Department also received \$4,250 from a State of Vermont Caring for Canopy grant for tree maintenance.

### **Capital Reserve Fund**

The Capital Reserve Fund had a fund balance of \$255,155 as of June 30, 2015 and a fund balance of \$236,933 as of June 30, 2014. During the year the following projects were completed: Woods End Roadway Reconstruction (\$149,090), Library surveillance cameras were installed (\$12,599) with the help of a VLCT Equipment Grant (\$5,000), and the roof over a portion of Lincoln Hall was replaced (\$37,145). The Crescent Connector Project progressed for a cost of 258,831 with reimbursement in the year of \$250,811. 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. Lincoln Hall restoration was begun (\$7,220). The Multi-use Safety Path was continued at a cost of \$17,015 in FYE15 with grant reimbursement of \$12,058. The Pearl St. Linking Sidewalk project was continued at a cost of \$75,214. The Pearl St. Linking Sidewalk is a “Circ-Alternative” project and will be fully funded by Federal grant funds. Roads resurfaced were Abnaki Ave., East St., Church St. and portions of Beech St. for a cost of \$150,358. Engineering for Railroad Ave. Roadway/Waterline (\$7,288) and a Scoping Study of Main St. Sidewalk (\$8,538) were begun.

## **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 FYE05 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 \$207,469 at the beginning of FYE15 and \$215,455 as of the end of FYE15. Expenditures in the Rolling Stock Fund in FYE15 totaled \$222,994. The Village purchased a Sidewalk Plow for \$100,821 and a Dump Truck for \$122,173 plus trade in. The Rolling Stock Fund also made a payment of \$50,000 plus interest on a note with the Merchants Bank for the 2012 Pierce Arrow Ladder Truck reducing the principal balance on the loan to \$150,000 at year end. The fund received \$50,000 from the Town of Essex for a Ladder Truck.

## **Capital Assets**

The Village of Essex Junction's investment in capital assets for its governmental and business-type activities as of June 30, 2015 totaled \$38,707,629 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, library books, park facilities, vehicles and distribution and collection systems.

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

- Paving Abnaki Ave., Church St., East St. and Beech St.
- Two Lincoln Hall Chimneys were replaced.
- The Lincoln Hall roof over the Sr. Center and Teen Center was replaced
- Woods End Roadway Reconstruction
- School St. south Roadway Reconstruction
- Work progressed on Crescent Connector Rd.
- Work began on the Multi-use Safety Path
- Work began on the Pearl St. Linking Project
- A dump truck was purchased
- A dump truck was traded in
- A sidewalk plow was purchased
- A sidewalk plow was traded in

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

- South St. south water and sewer Lines were replaced
- 2 Water Line Inserts were placed on Maple St.
- Wastewater Treatment Facility CoGen system was replaced
- Wastewater Treatment Facility purchased a new pickup truck
- Wastewater Treatment Facility purchased a new utility vehicle
- 224 new water meters were installed

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 IV.D. of this report.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	55,742	55,742	118,077	118,077	173,819	173,819
Construction in Progress	1,510,610	1,070,191	53,273	412,992	1,563,883	1,483,183
Antiques and Works of Art	7,550	7,550	0	0	7,550	7,550
Buildings and Building Improvements	1,976,713	1,930,778	15,171,806	15,088,886	17,148,519	17,019,664
Vehicles, Machinery, Equipment, Furniture & Traffic Signals	6,131,928	6,023,081	4,940,526	4,104,168	11,072,454	10,127,249
Library Books	817,361	834,326	0	0	817,361	834,326
Parks	210,984	210,984	0	0	210,984	210,984
Roads, Curbs, Sidewalks and Storm Sewers	8,781,343	7,725,074	164,182	162,777	8,945,525	7,887,851
Distribution and Collection Systems			21,078,907	20,760,858	21,078,907	20,760,858
Accumulated Depreciation	(5,353,201)	(4,825,449)	(16,958,172)	(15,848,712)	(22,311,373)	(20,674,161)
Total	14,139,030	13,032,277	24,568,599	24,799,046	38,707,629	37,831,323

### ***Long Term Debt***

In FYE12 the Village received a loan of \$250,000 from the Merchants Bank for the purchase of the Fire Ladder Truck. The Village renewed the note July 30, 2014. The interest rate is 1.52% and the note is due July 30, 2016. The Village paid \$50,000 in principal in FYE15 and the balance on the note is \$150,000 at 6/30/15.

In FYE10 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 at 6/30/15 is \$235,384.

In FYE11 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 6/30/15, the High School Pump Station project is complete and the Village has borrowed \$1,097,500 and received a subsidy of \$114,800 from the State Clean Water Revolving Fund in the Sanitation Fund. Payments on this loan are scheduled to begin November 2016. As of 6/30/15 the Village had borrowed \$12,920,000 for the Wastewater Treatment Refurbishment Project from the State Clean Water Revolving Fund and received a subsidy of \$600,000. The first payment on this loan is due in FYE17. A bond payable for the Wastewater Treatment Refurbishment Project for \$1,705,000 has been assumed from the Town of Bradford. Principal and interest payments were started in FYE12. As of June 30, 2015, the principal outstanding on this bond was \$1,465,000. The Wastewater Treatment Facility, while owned by the Village of Essex Junction serves 3 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.

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 received \$3,300,000 from the Vermont Municipal Bond Bank for the purpose of performing 5 infrastructure projects. In FYE15 the School St. south Roadway/Water/Sewer line project was completed. The Hillcrest Drainage project, the Main St. Drainage, the Maple St. Culvert/Water line and the Briar Lane Roadway/Sidewalk/Water Line projects were begun. We expect the last project, Briar Lane Roadway/Sidewalk and Water Line to be completed in FYE16.

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

- As of January 2016 the economy continues to improve. The national unemployment rate was at 4.9% in January, down from 5.8% in January 2015 according to the US Dept. of Labor Bureau of Labor Statics. According to the same source, Vermont unemployment was at 3.5% in December 2015, down from 4.3% in December 2014.
- The CPI index for Northeast urban communities was .7% from January 2015 to January 2016. The National City average CPI index was also 1.4% from January 2015 to January 2016.
- Unrest in the Middle East is on-going and terrorist activity continues. The housing market is improving. Gasoline prices in New England and the Nation continue to decline. According to the AAA the US average price is \$2.1.749/gallon on 2/29/16 and the Vermont average price is \$1.849/ gallon for regular gasoline. The National average was \$2.085 a year ago. The national debt is now over \$19 Trillion.
- The Village and the Town continue to seek ways to combine services in order to deliver more efficient service and to keep the increase in the cost of government as low as possible. In the FYE15 budget the cost of Village highway services and stormwater was assumed by the Town of Essex. In the FYE16 budget the cost of Village pavement maintenance is being added to the Street Department budget and will be also paid by the Town of Essex as a whole. Administrative services such as Accounts Payable and Payroll have been combined on the Town accounting system. The “Thoughtful Growth in Action” committee has been meeting to determine the best structure for the delivery of Community Development services to the Essex/Essex Junction community as a whole. In November 2015, the voters of the Town of Essex, Village of Essex Junction and Westford voted to combine school districts. There is now an ad hoc committee forming that will explore the delivery of recreation services in the Town and Village. An ad hoc Governance Committee has been formed to analyze voting processes in the community and make recommendations.
- The Village Trustees toured St. Albans and talked to St. Albans officials concerning the downtown revitalization that has occurred in that city.
- Planning applications in the Village remain strong with a preference for one and two bedroom apartments to meet market demand.
  - Work continues on a new building at 4 Pearl Street that will bring new retail and commercial facilities, as well as 51 apartments to the Village core.
  - Planning work on the Connector Road continued and the new rail crossing should be constructed in 2015. The new road itself is planned to begin construction in 2016.
  - The Pearl St. Link project is scheduled for the summer of 2016.
  - The State of Vermont will be paving the Class 1 highways in the Village in the summer of 2016.
  - The multiuse path from the High School to Central Street is on schedule to be constructed in 2016.
  - A Tree Advisory Board has met on a regular basis. They received funding from the Village and have been working with Public Works Staff to ensure existing trees in the public ROW are maintained through a comprehensive pruning plan. The Tree Advisory Board also continues to work with residents to ensure trees on private property close to the Village ROW are safe and healthy.
  - The Bike/Walk Committee has been hard at work.
  - A grant application has been submitted to study the possibility of closing Main St. to vehicular traffic.

- The Village continues to seek grant money to supplement tax revenues. The Village received a grant from the Chittenden County Regional Planning Commission (CCRPC) for \$139,000 for a path from Central Street to North Street along the rail path (called the Multi-use Safety Path). We were also awarded an additional grant for \$250,000 from the Vermont Transportation Agency (VTrans) for this project. The bid for the project has been awarded. The Crescent Connector Road project is progressing with the State of Vermont committing \$4,500,000 with no match to this project. We have also been awarded \$2,120,000, through the Circ Alternative task force, for the Pearl St. Linking Sidewalk project which will improve transportation and lighting from Post Office Square to the Five Corners
- At Village Meeting in April 2014, the voters approved an article to issue bonds for \$3,300,000 to make improvements to 5 streets in the Village. The projects to be paid for by these bonds were: School St. Roadway, Waterline and Sanitary Sewer; Enclose Drainage on Main St and New Curb from Bridge to Top of Hill; Maple St. Drainage Pipe Replacement; Hillcrest, North Hillcrest Water and Drainage; and Briar Lane Road Reconstruction, Water Line and Sidewalk. As of this writing only the Briar Lane Roadway/Sidewalk/Waterline project is left to be done,
- The FYE16 General Fund budget increased by 7.41% from the FYE15 budget. The tax rate decreased by 15.6% from \$0.2830 to \$0.2366. At this time in February 2016, the Trustees have adopted the proposed FYE17 budgets. The FYE17 General Fund budget proposes a 4% increase. However, due to funding proposed to come from the Town of Essex Budget for Stormwater and Street Department expenses (\$1,059,994), the tax rate is projected to decrease by 4%.
- Capital projects being undertaken or continued in FYE16 and their budgeted or actual amounts, if available, include:
  - Multi-use Safety Path - \$550,827 budget to be partially funded by CCRPC and VTrans
  - Crescent Connector Road – budget \$4,500,000 to be funded by Vt. Dept. of Transportation
  - Paving – \$220,555 actual – paved Corduroy Rd., Vale Dr., Countryside Dr., Tamarack Dr., and Countryside Dr. Entrance.
  - Pearl St. Linking Sidewalk - \$2,120,000 budget to be funded by Dept of Transportation
  - Brownell Library Main Floor and Stairs Carpet Replacement - \$20,000
  - Lincoln Hall Envelope Restoration - \$343,680 budget
  - Main St. Sidewalk Scoping Study - \$35,000 budget funded by 90% Federal Dollars
  - Main St. Drainage Project - \$742,629 actual funded by 2014 Series 3 bond
  - Hillcrest Drainage Project - \$322,828 actual funded by 2014 Series 3 bond
  - Maple St. Culvert/Waterline Project - \$575,334 funded by 2014 Series 3 bond and Water Capital Fund
  - Briar Lane Roadway/Sidewalk/Waterline Project - \$1,289,850 budget to be funded by 2014 Series 3 bond

The FYE16 water/sewer/sanitation rates are as follows:

	Quarterly Fixed Charges	Usage Charges
Water	\$22.35/unit	\$0.0155/cubic foot water usage
Wastewater Treatment	\$26.44/unit	\$0.0098/cubic foot water usage
Sanitation	<u>\$22.04/unit</u>	<u>\$0.0052</u> 1 cubic foot water usage
Total	<u>\$70.83/unit</u>	\$0.0304/cubic foot water usage

### ***Contacting the Village's Management***

This financial report is designed to provide a general overview of the Village of Essex Junction, Vermont's financial condition. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Village Finance Director, Village of Essex Junction, 2 Lincoln Street, Essex Junction, Vermont 05452.

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,260,876	\$ 2,287,328	\$ 3,548,204
Restricted Cash and Cash Equivalents	594,808	286,123	880,931
Restricted Investments	1,711,888	0	1,711,888
Receivables (Net of Allowance for Uncollectibles)	89,468	850,284	939,752
Inventories	71,495	33,903	105,398
Prepaid Expenses	109,425	30,098	139,523
Capital Assets			
Land	55,742	118,077	173,819
Construction in Progress	1,510,610	53,273	1,563,883
Antiques and Works of Art	7,550	0	7,550
Other Capital Assets, (Net of Accumulated Depreciation)	12,565,128	24,397,249	36,962,377
Total Assets	17,976,990	28,056,335	46,033,325
<u>LIABILITIES</u>			
Accounts Payable	429,022	525,863	954,885
Accrued Payroll and Benefits Payable	42,431	17,306	59,737
Unearned Revenue	250	0	250
Accrued Interest Payable	8,970	5,555	14,525
Noncurrent Liabilities:			
Due Within One Year	191,900	95,728	287,628
Due in More than One Year	3,084,789	16,182,009	19,266,798
Total Liabilities	3,757,362	16,826,461	20,583,823
<u>NET POSITION</u>			
Net Investment in Capital Assets	13,164,762	8,674,838	21,839,600
Restricted	3,630	0	3,630
Unrestricted	1,051,236	2,655,036	3,706,272
Total Net Position	\$ 14,219,628	\$ 11,329,874	\$ 25,549,502

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs:</b>							
<b>Governmental Activities:</b>							
General Government	\$ 425,250	\$ 78,588	\$ 13,273	\$ 0	\$ (333,389)	\$ 0	\$ (333,389)
Public Safety	393,475	20	0	50,000	(343,455)	0	(343,455)
Public Works	1,335,321	0	113,436	372,239	(849,646)	0	(849,646)
Community Development	311,800	0	0	15,000	(296,800)	0	(296,800)
Culture and Recreation	821,794	5,775	23,385	7,900	(784,734)	0	(784,734)
Interest on Long-Term Debt	80,614	0	0	0	(80,614)	0	(80,614)
<b>Total Governmental Activities</b>	<b>3,368,254</b>	<b>84,383</b>	<b>150,094</b>	<b>445,139</b>	<b>(2,688,638)</b>	<b>0</b>	<b>(2,688,638)</b>
<b>Business-Type Activities:</b>							
Water	3,496,725	3,356,213	0	0	0	(140,512)	(140,512)
Sanitation	521,025	706,343	0	100,000	0	285,318	285,318
Wastewater	2,427,150	1,832,712	0	150,847	0	(443,591)	(443,591)
<b>Total Business-Type Activities</b>	<b>6,444,900</b>	<b>5,895,268</b>	<b>0</b>	<b>250,847</b>	<b>0</b>	<b>(298,785)</b>	<b>(298,785)</b>
<b>Total</b>	<b>\$ 9,813,154</b>	<b>\$ 5,979,651</b>	<b>\$ 150,094</b>	<b>\$ 695,986</b>	<b>(2,688,638)</b>	<b>(298,785)</b>	<b>(2,987,423)</b>
<b>General Revenues:</b>							
Property Taxes					3,017,264	0	3,017,264
Interest and Penalties on Delinquent Taxes					383	0	383
Unrestricted Investment Earnings					4,934	5,335	10,269
Other Revenues					8,944	0	8,944
Gain on Sale of Equipment					0	2,059	2,059
<b>Total General Revenues</b>					<b>3,031,525</b>	<b>7,394</b>	<b>3,038,919</b>
Change in Net Position					342,887	(291,391)	51,496
Net Position - July 1, 2014					13,876,741	11,621,265	25,498,006
Net Position - June 30, 2015					<u>\$ 14,219,628</u>	<u>\$ 11,329,874</u>	<u>\$ 25,549,502</u>

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General Fund	Capital Reserve Fund	Rolling Stock Reserve Fund	Bond Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 648,770	\$ 312,433	\$ 215,455	\$ 0	\$ 84,218	\$ 1,260,876
Restricted Cash	0	0	0	594,808	0	594,808
Restricted Investments	0	0	0	1,711,888	0	1,711,888
Receivables (Net of Allowance for Uncollectibles)	25,323	64,145	0	0	0	89,468
Inventories	71,495	0	0	0	0	71,495
Prepaid Expenses	109,425	0	0	0	0	109,425
Total Assets	\$ 855,013	\$ 376,578	\$ 215,455	\$ 2,306,696	\$ 84,218	\$ 3,837,960
<u>LIABILITIES</u>						
Accounts Payable	\$ 78,780	\$ 57,278	\$ 0	\$ 292,964	\$ 0	\$ 429,022
Accrued Payroll and Benefits Payable	42,431	0	0	0	0	42,431
Unearned Revenue	250	0	0	0	0	250
Total Liabilities	121,461	57,278	0	292,964	0	471,703
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable Grant Revenue	0	64,145	0	0	0	64,145
Total Deferred Inflows of Resources	0	64,145	0	0	0	64,145
<u>FUND BALANCES</u>						
Nonspendable	180,920	0	0	0	0	180,920
Restricted	0	0	0	2,013,732	3,630	2,017,362
Committed	75,000	255,155	215,455	0	80,588	626,198
Assigned	125,254	0	0	0	0	125,254
Unassigned	352,378	0	0	0	0	352,378
Total Fund Balances	733,552	255,155	215,455	2,013,732	84,218	3,302,112
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 855,013	\$ 376,578	\$ 215,455	\$ 2,306,696	\$ 84,218	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:						
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.						14,139,030
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.						64,145
Long-Term and Accrued Liabilities are not Due or Payable in the Current Period and, Therefore, are Not Reported in the Funds.						(3,285,659)
						\$ 14,219,628

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Capital Reserve Fund	Rolling Stock Reserve Fund	Bond Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property Taxes	\$ 3,037,246	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,037,246
Payment in Lieu of Taxes	3,529	0	0	0	0	3,529
Penalties and Interest	383	0	0	0	0	383
Intergovernmental Revenues	117,686	319,853	0	0	0	437,539
Charges for Services	271,900	0	0	0	0	271,900
Investment Income	1,389	216	388	2,774	167	4,934
Fines and Forfeits	877	0	0	0	0	877
Licenses and Permits	69,383	0	0	0	0	69,383
Contributions	21,670	15,000	50,000	0	0	86,670
Other Revenue	29,401	5,000	0	0	0	34,401
<b>Total Revenues</b>	<u>3,553,464</u>	<u>340,069</u>	<u>50,388</u>	<u>2,774</u>	<u>167</u>	<u>3,946,862</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General Government	562,533	0	0	3,956	0	566,489
Public Safety	300,891	0	0	0	0	300,891
Public Works	810,492	9,500	0	0	0	819,992
Community Development	310,624	0	0	0	0	310,624
Culture & Recreation	696,983	0	0	0	0	696,983
<b>Debt Service:</b>						
Principal	0	0	50,000	0	0	50,000
Interest	68,612	0	3,032	0	0	71,644
<b>Capital Outlay:</b>						
General Government	8,790	44,365	0	0	0	53,155
Public Works	0	666,382	222,994	823,086	0	1,712,462
Culture & Recreation	51,694	12,599	0	0	0	64,293
<b>Total Expenditures</b>	<u>2,810,619</u>	<u>732,846</u>	<u>276,026</u>	<u>827,042</u>	<u>0</u>	<u>4,646,533</u>
<b>Excess/(Deficiency) of Revenues Over Expenditures</b>	<u>742,845</u>	<u>(392,777)</u>	<u>(225,638)</u>	<u>(824,268)</u>	<u>167</u>	<u>(699,671)</u>
<b>Other Financing Sources/(Uses):</b>						
Issuance of Long-Term Debt	0	0	0	2,838,000	0	2,838,000
Transfers In	0	410,999	233,624	0	0	644,623
Transfers Out	(644,623)	0	0	0	0	(644,623)
<b>Total Other Financing Sources/(Uses)</b>	<u>(644,623)</u>	<u>410,999</u>	<u>233,624</u>	<u>2,838,000</u>	<u>0</u>	<u>2,838,000</u>
<b>Net Change in Fund Balances</b>	98,222	18,222	7,986	2,013,732	167	2,138,329
<b>Fund Balances - July 1, 2014</b>	<u>635,330</u>	<u>236,933</u>	<u>207,469</u>	<u>0</u>	<u>84,051</u>	<u>1,163,783</u>
<b>Fund Balances - June 30, 2015</b>	<u>\$ 733,552</u>	<u>\$ 255,155</u>	<u>\$ 215,455</u>	<u>\$ 2,013,732</u>	<u>\$ 84,218</u>	<u>\$ 3,302,112</u>

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES OF  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2015

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total government funds (Exhibit D)	\$	2,138,329
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$1,829,910) is allocated over their estimated useful lives and reported as depreciation expense (\$726,228). This is the amount by which capital outlays exceeded depreciation in the current period.		1,103,682
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, gain/(loss) on disposals, trade-ins and donations) is to increase net position.		3,071
The issuance of long-term debt (\$2,838,000) (e.g., bond, notes and capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$50,000) consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. This amount is the net effect of those differences in the treatment of long-term debt and related items.		(2,788,000)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount reflects the decrease in deferred revenues from the prior year.		23,479
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(137,674)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>342,887</u></u>

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUE AND EXPENDITURES  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015

	Approved Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Current Property Taxes	\$ 3,011,526	\$ 3,037,246	\$ 25,720
State of VT PILOT & Current Use	2,500	3,529	1,029
Penalties and Interest On Delinquent Taxes	8,000	383	(7,617)
Licenses & Zoning Fees	35,000	69,383	34,383
Water Department Service Fees	106,840	106,840	0
Wastewater Service Fees	53,420	53,420	0
Sanitation Service Fees	106,840	106,840	0
Whitcomb Solar Pilot	0	6,600	6,600
State District Court Fines	2,000	877	(1,123)
State Highway Aid	100,000	113,436	13,436
Essex Junction School District			
Tax Collection Fees	48,000	0	(48,000)
Parking Space Fees	4,800	4,800	0
Lincoln Hall Rentals	1	0	(1)
Miscellaneous Fire Receipts	10	20	10
Block Party Contributions	1,500	1,700	200
Miscellaneous Street Receipts	3,000	3,528	528
Miscellaneous Library Receipts	500	706	206
Brownell Library Grants	0	3,415	3,415
Donation to Brownell Library	0	4,970	4,970
Essex Town Library Contribution	15,000	15,000	0
Investment Interest	1,500	1,389	(111)
Miscellaneous Grants and Donations	0	7,323	7,323
State Caring for Canopy Grant	0	4,250	4,250
Miscellaneous Unclassified Receipts	2,000	2,740	740
Library Replacement Receipts	0	5,069	5,069
	<u>3,502,437</u>	<u>3,553,464</u>	<u>51,027</u>
Total Revenue			
Expenditures:			
Administration:			
Salaries - Regular	255,978	266,220	(10,242)
Manager Contract	55,995	55,995	0
Salaries - Overtime	1,500	1,470	30
Salaries - Part-Time	15,057	11,195	3,862
Social Security	21,109	21,453	(344)
Unemployment Insurance	1,067	612	455
Workers Compensation Insurance	1,047	1,236	(189)
Health Insurance and Other Benefits	72,355	65,296	7,059
Retirement	25,598	25,673	(75)
Liability and Property Insurance	6,218	5,981	237
Public Officials Liability Insurance	5,800	5,721	79
Health Improvement Programs	1,600	970	630
Board Member Fees	2,500	2,500	0
Supplies	6,700	4,160	2,540
Postage	4,200	2,997	1,203
Computer Expenses	16,937	13,617	3,320
Training & Conferences	10,384	9,431	953
Telephone Services	2,600	2,017	583

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUE AND EXPENDITURES  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015

	Approved Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:			
Administration/(Cont'd):			
Communications	\$ 13,806	\$ 13,383	\$ 423
Leased Services	4,800	4,214	586
Legal Fees	15,000	14,833	167
Other Professional Services	1,000	0	1,000
Audit Service	5,433	5,583	(150)
Printing and Advertising	5,800	4,267	1,533
Pay & Classification Study	200	0	200
Elections	1,600	1,392	208
Holiday Expense	1,500	1,557	(57)
Trustees Expenditures	4,000	3,424	576
Capital Outlay	2,000	1,050	950
	<u>561,784</u>	<u>546,247</u>	<u>15,537</u>
Total Administration			
Lincoln Hall:			
Liability and Property Insurance	5,658	4,569	1,089
Supplies	2,500	2,105	395
Water and Sewer Charges	1,500	830	670
Electrical Service	7,500	7,086	414
Heating	6,000	6,370	(370)
Maintenance - Buildings/Grounds	7,500	8,409	(909)
Rubbish Removal	1,838	1,830	8
Contractual Services	9,021	9,146	(125)
Capital Outlay	13,540	18,490	(4,950)
	<u>55,057</u>	<u>58,835</u>	<u>(3,778)</u>
Total Lincoln Hall			
Fire Department:			
Salaries - Part-time Firefighters	138,000	140,248	(2,248)
Social Security	10,590	10,729	(139)
Worker's Compensation Insurance	27,334	27,065	269
Accident & Disability Insurance	3,600	3,600	0
Liability and Property Insurance	7,301	6,291	1,010
Supplies	2,400	2,817	(417)
EMS Supplies	1,500	171	1,329
Gas, Oil and Grease	7,200	5,080	2,120
Water and Sewer Charges	900	606	294
Training and Conferences	5,000	3,303	1,697
Telephone Services	3,800	2,091	1,709

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUE AND EXPENDITURES  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015

	Approved Budget	Actual	Variance Favorable (Unfavorable)
Fire Department/(Cont'd):			
Electrical Service	\$ 7,000	\$ 7,232	\$ (232)
Heating	5,200	5,817	(617)
Maintenance - Buildings/Grounds	6,000	5,160	840
Radio Maintenance	2,000	1,551	449
Maintenance - Other	13,000	16,283	(3,283)
Vehicle Maintenance - Travel	9,000	17,672	(8,672)
Emergency Generator Maintenance	650	500	150
Uniforms and Boots	19,200	19,837	(637)
Fire Prevention	2,000	2,104	(104)
Physical Exams	7,000	5,058	1,942
Employee Assistance Program	900	864	36
New Equipment - Radios	4,000	3,254	746
Routine Equipment Purchases	14,500	13,018	1,482
	<u>298,075</u>	<u>300,351</u>	<u>(2,276)</u>
Senior Support:			
Telephone	460	455	5
Contract Services	7,500	5,346	2,154
Printing and Advertising	0	133	(133)
	<u>7,960</u>	<u>5,934</u>	<u>2,026</u>
Street Department:			
Salaries - Regular	205,654	179,307	26,347
Salaries - Overtime	15,000	15,469	(469)
Salaries - Part-time	11,907	16,943	(5,036)
Social Security	17,819	15,778	2,041
Unemployment Insurance	1,169	617	552
Worker's Compensation Insurance	13,970	15,660	(1,690)
Health Insurance and Other Benefits	76,515	49,296	27,219
Employee Retirement	20,565	17,750	2,815
Liability and Property Insurance	15,104	12,863	2,241
Supplies	20,000	13,132	6,868
Winter Maintenance	75,000	129,680	(54,680)
Pavement Maintenance	15,000	23,380	(8,380)
Gravel and Topsoil	4,000	5,503	(1,503)
Signs and Posts	4,000	5,072	(1,072)
Gas, Grease and Oil	26,000	29,561	(3,561)
Water and Sewer Charge	2,500	1,376	1,124
Training and Conferences	500	199	301
Telephone Services	2,000	2,051	(51)
Electrical Service	4,000	3,499	501
Street Lights	127,000	124,730	2,270

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUE AND EXPENDITURES  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015

	Approved Budget	Actual	Variance Favorable (Unfavorable)
Street Department/(Cont'd):			
Traffic Lights	\$ 6,000	\$ 5,609	\$ 391
Heating	4,000	4,377	(377)
Maintenance - Buildings/Grounds	2,500	2,396	104
Radio Maintenance	200	125	75
Maintenance - Other	1,000	1,516	(516)
Vehicle Maintenance - Travel	20,000	24,987	(4,987)
Streetscape Maintenance/ Improvements	16,000	12,657	3,343
Village Garden Spots	3,000	160	2,840
Traffic/Street Light Maintenance	8,000	2,662	5,338
Memorial Park	3,000	2,763	237
Street Markings	7,000	10,196	(3,196)
Uniforms, Boots, Etc.	4,500	5,339	(839)
Interview Costs	0	1,034	(1,034)
Rubbish Removal	6,200	4,682	1,518
Contract Services	0	21,660	(21,660)
Accident Claims	0	300	(300)
Equipment Rentals	1,000	6,041	(5,041)
Engineering Services	15,000	13,326	1,674
Traffic Calming	1,500	0	1,500
Capital Outlay	3,500	2,012	1,488
Sidewalk and Curb Maintenance	3,000	8,474	(5,474)
Storm Sewer Maintenance	9,000	6,573	2,427
Storm Sewer Permit Fees	3,000	2,481	519
Storm Sewer Public Education	9,500	7,856	1,644
Stream Flow Monitoring	30,000	0	30,000
	<u>814,603</u>	<u>809,092</u>	<u>5,511</u>
Total Street Department			
Library:			
Salaries - Regular	315,379	283,714	31,665
Salaries - Overtime	0	650	(650)
Salaries - Part-Time	89,219	89,040	179
Social Security	31,089	30,618	471
Unemployment Insurance	2,390	1,462	928
Workers Compensation Insurance	1,567	1,622	(55)
Health Insurance and Other Benefits	103,020	92,611	10,409
Retirement	31,537	30,994	543
Liability and Property Insurance	10,481	9,594	887
Supplies	13,000	11,801	1,199
Postage	3,500	3,693	(193)
Computer Expenses	3,500	1,522	1,978
Water and Sewer Charge	1,000	760	240
Training and Conferences	4,000	1,158	2,842
Telephone Services	1,100	975	125
Technology Access	5,500	4,588	912
Electrical Services	14,500	14,783	(283)
Heating	7,400	7,303	97

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUE AND EXPENDITURES  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015

	Approved Budget	Actual	Variance Favorable (Unfavorable)
Library/(Cont'd):			
Maintenance - Building/Grounds	\$ 14,500	\$ 24,223	\$ (9,723)
Alarm System Maintenance	500	221	279
Interview Costs	2,000	2,821	(821)
Contract Services	23,225	24,237	(1,012)
Adult Programs	300	300	0
Childrens Programs	3,000	2,973	27
Computer Replacement	8,000	4,969	3,031
Adult Collection - Print & Electronic	31,000	30,823	177
Juvenile Collection - Print & Electronic	15,500	15,495	5
	<u>736,207</u>	<u>692,950</u>	<u>43,257</u>
Total Library			
Community Development:			
Salaries - Regular	129,612	130,588	(976)
Salaries - Overtime	2,000	0	2,000
Social Security	10,390	10,288	102
Unemployment Insurance	432	261	171
Workers Compensation Insurance	504	576	(72)
Health Insurance and Other Benefits	36,177	29,815	6,362
Retirement	12,961	13,047	(86)
Liability Insurance and Property Insurance	2,232	2,179	53
Public Officials Liability Insurance	5,800	5,721	79
Boardmember Fee	3,600	3,000	600
Supplies	2,800	2,338	462
Postage	1,120	616	504
Computer Expenses	4,000	3,118	882
Training and Conferences	4,500	2,012	2,488
Telephone Services	1,550	1,622	(72)
Communications	2,500	913	1,587
Vehicle Maintenance - Travel	3,500	2,400	1,100
Legal Services	14,000	6,204	7,796
Other Professional Services	4,000	4,336	(336)
Printing and Advertising	5,000	2,217	2,783
Recording Fees	2,500	2,315	185
Capital Outlay	1,500	485	1,015
	<u>250,678</u>	<u>224,051</u>	<u>26,627</u>
Total Community Development			
Economic Development:			
Salaries - Regular	36,604	34,070	2,534
Salaries - Part-Time	0	1,725	(1,725)
Social Security	2,823	2,768	55
Unemployment Insurance	216	140	76
Workers Comp Insurance	141	159	(18)
Health Insurance & Other Benefits	18,089	15,165	2,924
Retirement	3,660	3,591	69
Liability Insurance and Property Insurance	105	190	(85)
Block Party Expenses	7,000	6,951	49

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUE AND EXPENDITURES  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015

	Approved Budget	Actual	Variance Favorable (Unfavorable)
Economic Development/(Cont'd):			
Community Events & Programs	\$ 6,000	\$ 4,929	\$ 1,071
Annual Support of Organizations	9,200	9,261	(61)
New Programs	2,000	0	2,000
Matching Grant Funds	<u>9,000</u>	<u>7,624</u>	<u>1,376</u>
Total Economic Development	<u>94,838</u>	<u>86,573</u>	<u>8,265</u>
Miscellaneous Transfers and Expenditures:			
Rolling Stock Fund	183,624	183,624	0
Capital Reserve Fund	410,999	410,999	0
Half Penny for Ladder Truck Note	50,000	50,000	0
Termination Benefits Reserve	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Total Miscellaneous Transfers and Expenditures	<u>649,623</u>	<u>644,623</u>	<u>5,000</u>
Debt Service:			
Capital Improvement - Interest	<u>68,612</u>	<u>68,612</u>	<u>0</u>
Grant and Other Unanticipated Expenditures:			
Library Replacement Expenditures	0	2,320	(2,320)
Tree Grant Expenditures	0	4,223	(4,223)
Library Grant Expenditures	0	1,350	(1,350)
Library Donation Expenditures	0	4,900	(4,900)
Fire Department Grant Expenditures	0	540	(540)
State Grant Expenditures	0	2,241	(2,241)
Street Department Grant Expenditures	0	1,400	(1,400)
Other Grants Expenditures	<u>0</u>	<u>1,000</u>	<u>(1,000)</u>
Total Grant and Other Unanticipated Expenditures	<u>0</u>	<u>17,974</u>	<u>(17,974)</u>
Total Expenditures	<u>3,537,437</u>	<u>3,455,242</u>	<u>82,195</u>
Excess/(Deficiency) of Revenue Over Expenditures	<u>\$ (35,000)</u>	98,222	<u>\$ 133,222</u>
Fund Balance - July 1, 2014		<u>635,330</u>	
Fund Balance - June 30, 2015		<u>\$ 733,552</u>	

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	Water Fund	Sanitation Fund	Wastewater Fund	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 185,576	\$ 1,518,251	\$ 683,501	\$ 2,387,328
Restricted Cash	286,123	0	0	286,123
Receivables (Net of Allowance for Uncollectible Accounts)	193,615	5,008	8,078	206,701
Estimated Unbilled Revenues	246,248	142,553	189,782	578,583
Grants Receivable	0	0	65,000	65,000
Due from Other Funds	0	22,960	0	22,960
Inventories	643	0	33,260	33,903
Prepaid Expenses	4,519	6,159	19,420	30,098
	<u>916,724</u>	<u>1,694,931</u>	<u>999,041</u>	<u>3,610,696</u>
Total Current Assets				
Noncurrent Assets:				
Capital Assets				
Land	0	0	118,077	118,077
Construction in Progress	33,158	15,153	4,962	53,273
Buildings and Building Improvements	40,000	0	15,131,806	15,171,806
Vehicles, Machinery and Equipment	419,220	565,966	3,955,340	4,940,526
Infrastructure	0	0	164,182	164,182
Transmission and Distribution Plant	8,195,427	8,333,327	4,550,153	21,078,907
Less Accumulated Depreciation	<u>(6,956,614)</u>	<u>(5,520,686)</u>	<u>(4,480,872)</u>	<u>(16,958,172)</u>
	<u>1,731,191</u>	<u>3,393,760</u>	<u>19,443,648</u>	<u>24,568,599</u>
Total Noncurrent Assets				
Total Assets	<u>\$ 2,647,915</u>	<u>\$ 5,088,691</u>	<u>\$ 20,442,689</u>	<u>\$ 28,179,295</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 310,202	\$ 42,789	\$ 172,872	\$ 525,863
Accrued Payroll and Benefits Payable	3,400	3,027	10,879	17,306
Due to Other Funds	0	0	22,960	22,960
Accrued Interest Payable	1,670	0	3,885	5,555
Notes and Bonds Payable - Current Portion	23,100	10,839	61,789	95,728
	<u>338,372</u>	<u>56,655</u>	<u>272,385</u>	<u>667,412</u>
Total Current Liabilities				
Noncurrent Liabilities				
Accrued Compensated Absences Payable	10,825	8,299	78,729	97,853
Notes and Bonds Payable - Noncurrent Portion	438,900	1,288,687	14,356,569	16,084,156
	<u>449,725</u>	<u>1,296,986</u>	<u>14,435,298</u>	<u>16,182,009</u>
Total Noncurrent Liabilities				
Total Liabilities	<u>788,097</u>	<u>1,353,641</u>	<u>14,707,683</u>	<u>16,849,421</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	1,555,314	2,094,234	5,025,290	8,674,838
Unrestricted	304,504	1,640,816	709,716	2,655,036
	<u>1,859,818</u>	<u>3,735,050</u>	<u>5,735,006</u>	<u>11,329,874</u>
Total Net Position				
Total Liabilities and Net Position	<u>\$ 2,647,915</u>	<u>\$ 5,088,691</u>	<u>\$ 20,442,689</u>	<u>\$ 28,179,295</u>

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

VILLAGE ESSEX JUNCTION, VERMONT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	Water Fund	Sanitation Fund	Wastewater Fund	Total
Operating Revenues:				
Charges for Services	\$ 3,333,154	\$ 574,845	\$ 1,831,589	\$ 5,739,588
Miscellaneous	<u>23,059</u>	<u>131,498</u>	<u>1,123</u>	<u>155,680</u>
Total Operating Revenues	<u>3,356,213</u>	<u>706,343</u>	<u>1,832,712</u>	<u>5,895,268</u>
Operating Expenses:				
Operating, Maintenance, and General and Administrative Expenses	3,380,833	364,338	1,451,840	5,197,011
Depreciation	<u>103,049</u>	<u>152,434</u>	<u>893,822</u>	<u>1,149,305</u>
Total Operating Expenses	<u>3,483,882</u>	<u>516,772</u>	<u>2,345,662</u>	<u>6,346,316</u>
Operating Income/(Loss)	<u>(127,669)</u>	<u>189,571</u>	<u>(512,950)</u>	<u>(451,048)</u>
Nonoperating Revenues (Expenses):				
Investment Income	953	2,805	1,577	5,335
Net Loss on Disposal of Capital Assets	0	0	(30,921)	(30,921)
Net Gain on Sale of Capital Assets	0	0	2,059	2,059
Interest Expense	<u>(12,843)</u>	<u>(4,253)</u>	<u>(50,567)</u>	<u>(67,663)</u>
Total Nonoperating Revenues (Expenses)	<u>(11,890)</u>	<u>(1,448)</u>	<u>(77,852)</u>	<u>(91,190)</u>
Income/(Loss) Before Capital Contributions and Transfers	<u>(139,559)</u>	<u>188,123</u>	<u>(590,802)</u>	<u>(542,238)</u>
Capital Contributions and Transfers:				
Capital Contributions	0	100,000	150,847	250,847
Transfer In	0	22,960	39,315	62,275
Transfers Out	<u>0</u>	<u>(39,315)</u>	<u>(22,960)</u>	<u>(62,275)</u>
Total Capital Contributions and Transfers	<u>0</u>	<u>83,645</u>	<u>167,202</u>	<u>250,847</u>
Change in Net Position	(139,559)	271,768	(423,600)	(291,391)
Net Position - July 1, 2014	<u>1,999,377</u>	<u>3,463,282</u>	<u>6,158,606</u>	<u>11,621,265</u>
Net Position - June 30, 2015	<u>\$ 1,859,818</u>	<u>\$ 3,735,050</u>	<u>\$ 5,735,006</u>	<u>\$ 11,329,874</u>

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	Water Fund	Sanitation Fund	Wastewater Fund	Total
<b>Cash Flows From Operating Activities:</b>				
Receipts from Customers and Users	\$ 3,344,581	\$ 753,280	\$ 1,841,543	\$ 5,939,404
Receipts for Interfund Services	0	0	30,300	30,300
Other Receipts	0	0	1,123	1,123
Payments for Goods and Services	(3,061,481)	(76,276)	(836,460)	(3,974,217)
Payments for Interfund Services	(106,840)	(137,140)	(53,420)	(297,400)
Payments for Wages and Benefits	(155,964)	(140,694)	(498,306)	(794,964)
<b>Net Cash Provided by Operating Activities</b>	<b>20,296</b>	<b>399,170</b>	<b>484,780</b>	<b>904,246</b>
<b>Cash Flows From Noncapital Financing Activities:</b>				
	0	0	0	0
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Proceeds from Capital Grants	0	0	15,220	15,220
Contributed Capital	0	0	70,627	70,627
Proceeds from Sale of Capital Asset	0	0	2,059	2,059
Proceeds from Sale of WWTF Capacity	0	100,000	0	100,000
Proceeds from Long-Term Debt	462,000	0	681,147	1,143,147
Acquisition and Construction of Capital Assets	(233,595)	(154,144)	(1,387,747)	(1,775,486)
Principal Paid on Long-Term Debt	0	(10,626)	(61,754)	(72,380)
Interest Paid on Long-Term Debt	(11,173)	(4,253)	(50,644)	(66,070)
Interfund transfers for Capital Purposes	0	(39,315)	39,315	0
Increase/(Decrease) in Due To/From Other Funds for Capital Purposes	0	4,253	(6,298)	(2,045)
<b>Net Cash Provided/(Used) by Capital and Related Financing Activities</b>	<b>217,232</b>	<b>(104,085)</b>	<b>(698,075)</b>	<b>(584,928)</b>
<b>Cash Flows From Investing Activities:</b>				
Receipt of Interest & Dividends	953	2,805	1,577	5,335
<b>Net Cash Provided by Investing Activities</b>	<b>953</b>	<b>2,805</b>	<b>1,577</b>	<b>5,335</b>
<b>Net Increase/(Decrease) in Cash</b>	<b>238,481</b>	<b>297,890</b>	<b>(211,718)</b>	<b>324,653</b>
Cash - July 1, 2014	233,218	1,220,361	895,219	2,348,798
Cash - June 30, 2015	<u>\$ 471,699</u>	<u>\$ 1,518,251</u>	<u>\$ 683,501</u>	<u>\$ 2,673,451</u>
<b>Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:</b>				
Operating Income/(Loss)	\$ (127,669)	\$ 189,571	\$ (512,950)	\$ (451,048)
Depreciation	103,049	152,434	893,822	1,149,305
(Increase)/Decrease in Other Receivables	(175,473)	8,193	11,948	(155,332)
(Increase)/Decrease in Unbilled Revenues	163,841	1,244	28,306	193,391
(Increase)/Decrease in Inventory	64	0	1,509	1,573
(Increase)/Decrease in Prepaid Expenses	(1,504)	1,005	(12,295)	(12,794)
Increase/(Decrease) in Accounts Payable	59,084	41,370	42,661	143,115
Increase/(Decrease) in Accrued Payroll and Compensated Absences	(1,096)	5,353	31,779	36,036
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 20,296</b>	<b>\$ 399,170</b>	<b>\$ 484,780</b>	<b>\$ 904,246</b>

## Supplemental Information:

Equipment with a cost of \$70,465 and accumulated depreciation of \$39,544 in the Wastewater Fund was disposed of during the year.

Capital assets purchases in the amounts of \$14,482 are included in accounts payable for the Water Fund at June 30, 2015.

Capital assets purchases in the amounts of \$60,292 and \$900,481 are included in accounts payable for the Wastewater Fund at June 30, 2015 and 2014, respectively.

VILLAGE OF ESSEX JUNCTION, VERMONT  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ <u>9,002</u>
Total Assets	<u>9,002</u>
<u>LIABILITIES</u>	
Due to Other Organizations	<u>9,002</u>
Total Liabilities	<u>9,002</u>
<u>NET POSITION</u>	<u><u>\$ 0</u></u>

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

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

The Village of Essex Junction, Vermont, (herein the "Village") operates under a Board of Trustees-Manager form of government and provides the following services as authorized by its charter: public safety, library, highways and streets, sanitation, health and social services, culture and recreation, community/economic development, public improvements, planning and zoning, water, sanitation, wastewater treatment and general administrative services.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the Village of Essex Junction (the "Village") conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

**A. The Financial Reporting Entity**

This report includes all of the funds of the Village of Essex Junction, Vermont. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government 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.

**B. Basis of Presentation**

The accounts of the Village are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, 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 present a longer-term view of the Village's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Village and present a shorter-term view of how operations were financed and what remains available for future spending.

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Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Village. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. These statements distinguish between the governmental and business-type activities of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities and for each segment of the Village's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Village's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The Village reports on 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.

Bond Fund – This fund accounts for the purchases from the 2014 bond issue.

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.

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Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Additionally, the Village reports the following fund type:

Agency Funds – These funds accounts for monies maintained for Exposition Escrow deposits and for School Impact Fees collected on their behalf.

### **C. Measurement Focus**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Equity (i.e., net total net position) is segregated into net investment in capital assets; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total net position.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally reported on their balance sheets. Their reported fund balances (net current position) are considered a measure of available spendable resources, and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

### **D. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village considers all revenues reported in governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

Property taxes, licenses, ordinance violation fees and interest associated with the current fiscal period are all considered to be 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 measureable 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 position 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.

**E. Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows and inflows of resources and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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**F. Assets, Liabilities and Equity**

**1. Cash**

Cash balances of most Village funds are deposited with and invested by the Village Treasurer. The Village considers all short-term investments of ninety (90) days or less to be cash equivalents.

**2. Investments**

The Village invests in investments as allowed by State Statute. Investments with readily determinable fair values are reported at their fair values on the balance sheet. Unrealized gains and losses are included in revenue.

**3. Receivables**

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

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

**4. Internal Balances**

Activity 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".

**5. 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.

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.

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**6. 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.

**7. 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.

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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 Systems	\$ 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.

**8. 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, the Village will pay up to 800 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.

**9. Noncurrent Liabilities**

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.

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**10. Fund Equity**

Fund Balances and Net Position are classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in the government-wide and proprietary fund type financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. 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 Trustee's intended use of the resources); and unassigned.

**II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND  
AND GOVERNMENT-WIDE STATEMENTS**

Governmental Fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, while government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report expenditures (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds from the sale of capital assets as an other 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 an other financing source and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities.

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. 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. There were no budget transfers during the year.

Enterprise fund budgets are approved by the Board of Trustees.

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**B. Budgeted Deficit**

The Village budgeted a current year's deficiency of revenues over expenditures in the amount of \$35,000 in the General Fund in order to utilize a portion of previous year's surplus. This amount is reflected as a budgeted deficiency of revenue over expenditures in Exhibit F.

**C. 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.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

Cash and investments at June 30, 2015 consisted of the following:

Cash:

Deposits with Financial Institutions	\$3,656,985
Deposits held by Investment Company	880,927
Cash on Hand	<u>225</u>

Total Cash 4,538,137

Investments:

U.S. Treasury Notes	<u>1,711,888</u>
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Total Investments 1,711,888

Total Cash and Investments \$6,250,025

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

Custodial Credit Risk

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

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	Book Balance	Bank Balance
FDIC Insured	\$ 508,710	\$ 508,546
Uninsured, Collateralized by U.S. Government Securities, Federal Agency Issued Mortgage Backed Securities and/or General Obligation Vermont Municipal Notes and Bonds Held by the Bank's Trust Department with a Security Interest Granted to the Village	3,398,275	3,475,919
Uninsured, Uncollateralized, Held by the Bank's Trust Department	630,927	630,927
Total	\$ 4,537,912	\$ 4,615,392

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

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$3,656,985
Cash – Deposits with Investment Company	880,927
Total	\$4,537,912

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.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's investments by maturity. U.S. treasury notes are shown at their actual maturity.

Investment Type	Remaining Maturity Less Than 1 Year	Total
U.S. Treasury Notes	\$ 1,711,888	\$ 1,711,888
Total	\$ 1,711,888	\$ 1,711,888

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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.

	Moody's Rating as of June 30, 2015 U.S. Treasury Notes
AAA	\$ <u>1,711,888</u>
Total	\$ <u><u>1,711,888</u></u>

Concentration of Credit Risk

The Village has no limit on the amount that they may invest with any one issuer. As of June 30, 2015, the Village is not exposed to concentration of credit risk.

Restricted Cash and Investments

Restricted cash and investments consist of unspent bond proceeds held by the Vermont Municipal Bond Bank's trustee bank.

**B. Receivables**

Receivables at June 30, 2015, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities	Total
Billed Services	\$ 0	\$ 206,702	\$ 206,702
Unbilled Services	0	578,582	578,582
Grants	64,145	65,000	129,145
Other Receivables	25,323	0	25,323
	\$ 89,468	\$ 850,284	\$ 939,752

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

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**C. 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 at 0%, Secured by a 2 <sup>nd</sup> Position on Building	\$ 260,000
Allowance for Doubtful Note Receivable	<u>(260,000)</u>
Net Note Receivable	\$ <u>0</u>

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 55,742	\$ 0	\$ 0	\$ 55,742
Construction in Progress	1,070,191	879,287	438,868	1,510,610
Antiques and Works of Art	7,550	0	0	7,550
Total Capital Assets, Not Being Depreciated	1,133,483	879,287	438,868	1,573,902
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,930,778	45,935	0	1,976,713
Vehicles, Machinery, Equipment, Furniture, and Traffic Signals	6,023,081	278,993	170,146	6,131,928
Library Books	834,326	51,694	68,659	817,361
Parks	210,984	0	0	210,984
Roads, Curbs, Sidewalks and Storm Sewers	7,725,074	1,056,269	0	8,781,343
Totals	16,724,243	1,432,891	238,805	17,918,329
Less accumulated depreciation for:				
Buildings and Building Improvements	678,896	47,927	0	726,823
Vehicles, Machinery, Equipment, Furniture, and Traffic Signals	1,787,633	301,247	129,817	1,959,063
Library Books	612,049	66,015	68,659	609,405
Parks	21,769	2,578	0	24,347
Infrastructure	1,725,102	308,461	0	2,033,563
Totals	4,825,449	726,228	198,476	5,353,201
Total Capital Assets, Being Depreciated	11,898,794	706,663	40,329	12,565,128
Governmental Activities Capital Assets, Net	\$ 13,032,277	\$ 1,585,950	\$ 479,197	\$ 14,139,030

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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 118,077	\$ 0	\$ 0	\$ 118,077
Construction in Progress	412,992	53,273	412,992	53,273
Total Capital Assets, Not Being Depreciated	531,069	53,273	412,992	171,350
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	15,088,886	82,920	0	15,171,806
Vehicles, Machinery, Equipment and Furniture	4,104,168	907,123	70,765	4,940,526
Infrastructure	162,777	1,405	0	164,182
Distribution and Collection Systems	20,760,858	318,049	0	21,078,907
Totals	40,116,689	1,309,497	70,765	41,355,421
Less Accumulated Depreciation for:				
Buildings and Building Improvements	2,598,867	509,988	0	3,108,855
Vehicles, Machinery, Equipment and Furniture	1,204,789	260,313	39,845	1,425,257
Infrastructure	24,562	8,173	0	32,735
Distribution and Collection Systems	12,020,494	370,831	0	12,391,325
Totals	15,848,712	1,149,305	39,845	16,958,172
Total Capital Assets, Being Depreciated	24,267,977	160,192	30,920	24,397,249
Business-Type Activities Capital Assets, Net	\$ 24,799,046	\$ 213,465	\$ 443,912	\$ 24,568,599

Depreciation was charged as follows:

Governmental Activities:		Business-Type Activities:	
General Government	\$ 23,856	Water	\$ 103,049
Public Safety	92,244	Sanitation	152,434
Community Development	1,176	Wastewater	893,822
Public Works	498,226		
Culture and Recreation	110,726		
Total Depreciation Expense - Governmental Activities	\$ 726,228	Total Depreciation Expense - Business- Type Activities	\$ 1,149,305

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**E. Interfund Balances and Activity**

The composition of interfund balances at June 30, 2015 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Sanitation Fund	\$ 22,960	\$ 0
Wastewater Fund	<u>0</u>	<u>22,960</u>
Total	<u>\$ 22,960</u>	<u>\$ 22,960</u>

The Interfund transfers during the year ended June 30, 2015 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Rolling Stock Reserve Fund	\$ 183,624	Annual Appropriation
General Fund	Rolling Stock Reserve Fund	50,000	Half Penny for Ladder Truck Note
General Fund	Capital Reserve Fund	410,999	Annual Appropriation
Sanitation Fund	Wastewater Fund	39,315	Pay Bond Debt Service
Wastewater Fund	Sanitation Fund	<u>22,960</u>	Fund WWTF Capital Projects
Total		<u>\$ 706,898</u>	

**F. Unearned Revenue**

Unearned revenue in the General Fund consists of \$250 of grant and donation revenue received in advance.

**G. Deferred Inflows of Resources**

Deferred inflows of resources in the Capital Reserve Fund consist of \$64,145 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

**H. 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.

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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 160 hours and for salaried employees up to 120 hours at any time. 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, 2015 were as follows:

Governmental Activities:

	Beginning Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2015</u>
Note Payable – Merchants Bank, Current Expense Note, Fire Ladder Truck Purchase, Interest at 1.52%, \$150,000 Due July 30, 2015, the Village Intends to Renew the Note Annually and Pay \$50,000 Plus Interest Annually	\$200,000	\$ 0	\$50,000	\$ 150,000
Bond Payable – Vermont Municipal Bond Bank, Infrastructure Projects, Net Interest cost of 3.403%, Semi-Annual Interest Payments Due June 1, and December 1, Due December, 2035	<u>0</u>	<u>2,838,000</u>	<u>0</u>	<u>2,838,000</u>
Total Governmental Activities	<u>\$200,000</u>	<u>\$2,838,000</u>	<u>\$50,000</u>	<u>\$2,988,000</u>

	Beginning Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2015</u>
<u>Business-Type Activities</u>				

Bond Payable – Vermont Municipal Bond Bank, Water Improvements, Net Interest Cost of 3.403%, \$23,100 due Annually on December 1, Semi-Annual Interest Payments Due June and December 1, Due December 2035	\$ 0	\$462,000	\$ 0	\$462,000
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VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

	<u>Beginning Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2015</u>
<p>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</p>	\$ 247,764	\$ 0	\$ 12,380	\$ 235,384
<p>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 Begin  February, 2017, Due  February, 2036</p>	12,238,853	681,147	0	12,920,000
<p>Note Payable – State of Vermont  Special Environmental Revolving  Fund, Sanitation Pump Station Im-  provements, Authorized to \$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 Begin  November, 2016, Due  November, 2035</p>	1,097,500	0	0	1,097,500

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

	Beginning Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2015</u>
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>1,525,000</u>	\$ <u>0</u>	\$ <u>60,000</u>	\$ <u>1,465,000</u>
Total Business-Type Activities	\$ <u>15,109,117</u>	\$ <u>1,143,147</u>	\$ <u>72,380</u>	\$ <u>16,179,884</u>

Compensated Absences are paid by the applicable fund where the employee is charged.

Changes in all long-term liabilities during the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Notes Payable	\$ 200,000	\$ 0	\$ 50,000	\$ 150,000	\$ 50,000
Bonds Payable	0	2,838,000	0	2,838,000	141,900
Compensated Absences	<u>159,985</u>	<u>128,704</u>	<u>0</u>	<u>288,689</u>	<u>0</u>
Total Governmental Activities Long-Term Liabilities	<u>359,985</u>	<u>2,966,704</u>	<u>50,000</u>	<u>3,276,689</u>	<u>\$ 191,900</u>
<b>Business-type Activities</b>					
Notes Payable	13,584,117	681,147	12,380	14,252,884	12,628
Bonds Payable	1,525,000	462,000	60,000	1,927,000	83,100
Compensated Absences	<u>65,503</u>	<u>32,350</u>	<u>0</u>	<u>97,853</u>	<u>0</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 15,174,620</u>	<u>\$ 1,175,497</u>	<u>\$ 72,380</u>	<u>\$ 16,277,737</u>	<u>\$ 95,728</u>

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

Maturities of notes and bonds payable are anticipated to be as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 191,900	\$ 83,851	\$ 95,728	\$ 64,083
2017	191,900	81,944	673,102	342,988
2018	191,900	79,586	684,902	329,664
2019	141,900	76,717	696,936	315,870
2020	141,900	74,116	709,213	301,629
2021-2025	709,500	315,666	3,723,988	1,280,733
2026-2030	709,500	200,954	4,059,901	870,576
2031-2035	709,500	69,656	4,370,359	420,697
2036-2040	0	0	1,110,755	51,702
2041-2044	0	0	55,000	978
Total	\$ <u>2,988,000</u>	\$ <u>982,490</u>	\$ <u>16,179,884</u>	\$ <u>3,978,920</u>

**I. 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.

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

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

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. Because users are interested in information about those minimum fund balance policies and how governments comply with them, governments are required to explain their minimum fund balance policies, if they have them, in notes to the financial statements. The Village does have a minimum 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.

The restricted net position as of June 30, 2015 is as follows:

Governmental Activities:

Restricted for Veterans Memorial Park by Donations	\$ <u>3,630</u>
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The fund balances in the following fund are nonspendable as follows:

Major Funds

General Fund:

Nonspendable Inventories	\$ 71,495
Nonspendable Prepaid Expenses	<u>109,425</u>
Total Nonspendable Fund Balances	\$ <u>180,920</u>

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

The fund balance in the following fund is restricted as follows:

Major Fund

Bond Fund:	Restricted for Infrastructure Projects by Debt Proceeds	\$2,013,732
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Nonmajor Fund

Veterans Memorial Park Fund:	Restricted for Veterans Memorial Park by Donation (Source of Revenue is Donations)	<u>3,630</u>
	Total Restricted Fund Balances	<u>\$2,017,362</u>

The fund balances in the following funds are committed as follows:

Major Funds

General Fund:	Committed for Capital Reserve Fund Transfer	\$ <u>75,000</u>
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Capital Reserve Fund:	Committed for Capital Reserve Fund Expenditures	<u>255,155</u>
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Rolling Stock Reserve Fund:	Committed for Rolling Stock Reserve Fund Expenditures	<u>215,455</u>
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Nonmajor Funds

Land Acquisition Capital Reserve Fund:	Committed for Land Acquisition Capital Reserve Fund Expenditures	<u>80,588</u>
	Total Committed Fund Balances	<u>\$ 626,198</u>

The fund balance in the following fund is assigned as follows:

Major Fund

General Fund:	Assigned to Reduce Property Taxes Raised in Fiscal Year 2016	\$ 35,000
	Assigned for Library Book Replacement	3,289
	Assigned for Termination Benefits	76,965
	Assigned for Health Reimbursement Arrangement Expenses	<u>10,000</u>
	Total General Fund	<u>125,254</u>
	Total Assigned Fund Balance	<u>\$125,254</u>

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

**J. Designated Net Position**

The designated net position of the Village as of June 30, 2015 are as follows:

Water Fund

Designated for Water Fund Expenses	\$ 155,246
Designated for Water Fund Capital Expenses	<u>149,258</u>
Total Water Fund	<u>304,504</u>

Sanitation Fund

Designated for Sanitation Fund Expenses	265,663
Designated for Sanitation Fund Capital Expenses	607,791
Designated for Wastewater Treatment Facility Upgrades	<u>767,362</u>
Total Sanitation Fund	<u>1,640,816</u>

Wastewater Fund

Designated for Wastewater Fund Capital Expenses	207,108
Designated for Wastewater Expenses – Attributable to the Village of Essex Junction	209,746
Designated for Wastewater Expenses – Attributable to the Town of Essex	71,828
Designated for Wastewater Expenses – Attributable to the Town of Williston	74,288
Designated for Wastewater Fund Expenses - General	<u>146,746</u>
Total Wastewater Fund	<u>709,716</u>

Total Designated Net Position	<u>\$ 2,655,036</u>
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VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

**V. OTHER INFORMATION**

**A. BENEFIT PLANS**

The Village offers a 401(a) pension plan to all full time employees with 100% vesting after three (3) years of service. This plan qualifies, according to the Internal Revenue Service, as a defined contribution pension plan for governmental organizations exempt from income taxes. The plan requires a 5% contribution of base pay from the employee with a 10% match of base pay by the Village for all employees. The International City/County Management Association "ICMA" Retirement Corporation administers the Plan. All of the investments are self-directed by each employee. The total payroll for the year was \$1,757,061 while the covered payroll was \$1,330,170. Pension expenses for the years ended June 30, 2015, 2014 and 2013 were \$133,017, \$135,283, and \$159,765 respectively.

The Village also offers its employees a deferred compensation plan through the International City/County Management Association "ICMA" Retirement Corporation in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Village has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self-directed by each employee. The balance of the assets in the plan, at fair market value, as of June 30, 2015 was \$888,098.

The Village also offers its employees a Cafeteria Plan in accordance with Internal Revenue Code Section 125. This allows employees to pay for health benefits and dependent care pre-tax and pre-social security.

All Village employees receive a group life insurance policy for twice their annual salary up to a maximum of \$100,000.

**B. CONCENTRATION OF REVENUE/EXPENSES**

The Village receives a major portion of its revenue from International Business Machines "IBM". For the year ended June 30, 2015, the Village received 9.7% of total property taxes from IBM and received 70.8% of total water sales from IBM.

The Village purchased a major portion of their water from Champlain Water District "CWD" for the year ended June 30, 2015. The Village purchased \$2,960,762 in water from CWD.

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

**C. PROPERTY TAXES**

The Town of Essex is responsible for assessing and collecting Village property taxes, as well as education property taxes for the State and recreation property taxes for the School District. 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 tax rate for fiscal year 2015 was .2830.

**D. RISK MANAGEMENT**

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

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

**E. CONTINGENT LIABILITIES**

The Village is a participating member in the Chittenden Solid Waste District (CSWD) and Champlain Water District (CWD). The Village could be subject to a portion of the two district's debt if the districts experience financial problems.

VILLAGE OF ESSEX JUNCTION, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

**F. OTHER**

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, estimated to be around \$15,823,500, will be 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 will be shared amongst all three municipalities based upon the capacity owned by each. Currently, the Village owns 35.76%, the Town of Essex owns 33.33% and the Town of Williston owns 30.91%. The Village also 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 one more year which will increase the Town of Williston's capacity and decrease the Village's capacity. The Town of Williston has already paid \$400,000 for 30,000 gallons over the past four years. The sale of this capacity will also change the debt service percentages as noted previously. After the 2016 final sale, the Village's percentage will be 35.46% and the Town of Williston's will be 31.21%

**G. 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, 2015.

VILLAGE OF ESSEX JUNCTION, VERMONT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015

	Special Revenue Fund	Capital Project Fund	
	<u>                    </u>	<u>                    </u>	
	Veterans Memorial Park Fund	Land Acquisition Capital Reserve Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>ASSETS</u>			
Cash	\$ <u>3,630</u>	\$ <u>80,588</u>	\$ <u>84,218</u>
Total Assets	\$ <u><u>3,630</u></u>	\$ <u><u>80,588</u></u>	\$ <u><u>84,218</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Total Liabilities	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances:			
Restricted	3,630	0	3,630
Committed	<u>0</u>	<u>80,588</u>	<u>80,588</u>
Total Fund Balances	<u>3,630</u>	<u>80,588</u>	<u>84,218</u>
Total Liabilities and Fund Balances	\$ <u><u>3,630</u></u>	\$ <u><u>80,588</u></u>	\$ <u><u>84,218</u></u>

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VILLAGE OF ESSEX JUNCTION, VERMONT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Fund	Capital Project Fund	
	Veterans Memorial Park Fund	Land Acquisition Capital Reserve Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Interest	\$ <u>      7</u>	\$ <u>    160</u>	\$ <u>    167</u>
Total Revenues	<u>          7</u>	<u>        160</u>	<u>        167</u>
Expenditures:	<u>          0</u>	<u>          0</u>	<u>          0</u>
Excess of Revenues Over Expenditures	<u>          7</u>	<u>        160</u>	<u>        167</u>
Net Change in Fund Balances	7	160	167
Fund Balances - July 1, 2014	<u>    3,623</u>	<u>   80,428</u>	<u>   84,051</u>
Fund Balances - June 30, 2015	<u>    \$ 3,630</u>	<u>    \$ 80,588</u>	<u>    \$ 84,218</u>

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VILLAGE OF ESSEX JUNCTION, VERMONT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS - AGENCY FUNDS  
 JUNE 30, 2015

	Exposition Noise Escrow Account Fund	School Impact Fees Fund	Total
<u>ASSETS</u>			
Cash	\$ <u>2,002</u>	\$ <u>7,000</u>	\$ <u>9,002</u>
Total Assets	\$ <u><u>2,002</u></u>	\$ <u><u>7,000</u></u>	\$ <u><u>9,002</u></u>
<u>LIABILITIES</u>			
Due to Other Organizations	\$ <u>2,002</u>	\$ <u>7,000</u>	\$ <u>9,002</u>
Total Liabilities	<u>2,002</u>	<u>7,000</u>	<u>9,002</u>
<u>NET POSITION</u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

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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, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenue:			
Water Sales - Village	\$ 826,553	\$ 821,694	\$ (4,859)
Water Sales - IBM	2,230,880	2,359,583	128,703
Water Sales - IBM Vermont Tax	51,275	54,211	2,936
Water Sales - Large Users	96,243	93,437	(2,806)
Penalties	3,500	3,866	366
Hook on Fees	0	363	363
Miscellaneous	15,000	23,059	8,059
Interest Earnings	<u>0</u>	<u>689</u>	<u>689</u>
Total Revenue	<u>3,223,451</u>	<u>3,356,902</u>	<u>133,451</u>
Expenses:			
Salaries - Regular	107,890	86,140	21,750
Salaries - Overtime	14,000	9,682	4,318
Salaries - Part-time	8,798	3,650	5,148
Social Security	9,447	7,505	1,942
Unemployment Insurance	616	305	311
Workers Compensation Insurance	5,277	6,383	(1,106)
Health Insurance and Other Benefits	41,604	32,643	8,961
Retirement	10,789	8,558	2,231
Liability and Property Insurance	3,402	3,089	313
Interest Expense	50	4	46
Supplies	5,000	6,821	(1,821)
Postage	1,500	1,643	(143)
Gas, Oil and Grease	2,000	2,512	(512)
Meters and Parts	1,000	1,658	(658)
Distribution Materials	5,700	7,293	(1,593)
Computer Expenses	1,200	1,169	31
Water & Sewer Charges	350	170	180
Training and Conferences	2,000	1,370	630
Telephone Service	0	986	(986)
Electrical Service	700	672	28
Heat	3,500	2,525	975
Maintenance - Other	1,000	1,944	(944)
Water Line Maintenance - Breaks	16,000	140,656	(124,656)
Uniforms and Boots	1,000	2,340	(1,340)
Contract Services	106,840	106,840	0
Other Professional Services	1,000	925	75
Audit Services	3,500	3,335	165
Water Purchases - Village	451,212	534,685	(83,473)
Water Purchases - IBM	2,230,880	2,359,583	(128,703)
Printing and Advertising	1,700	1,486	214
Transfer to Capital Reserve	120,000	120,000	0
Capital Outlay	3,850	1,321	2,529
State Water Tax - Village	10,371	12,283	(1,912)
State Water Tax - IBM	<u>51,275</u>	<u>54,211</u>	<u>(2,936)</u>
Total Expenses	<u>3,223,451</u>	<u>3,524,387</u>	<u>(300,936)</u>
Net Income/(Loss)	<u>\$ 0</u>	<u>(167,485)</u>	<u>\$ (167,485)</u>
Adjustments to Reconcile to GAAP Basis Statements:			
Purchases of Equipment		23,554	
Bond Interest		(12,843)	
Capital Reserve Fund Transfer		120,000	
Interest Earned on Capital Reserve Fund		264	
Depreciation		<u>(103,049)</u>	
Change in Net Position - Exhibit H		<u>\$ (139,559)</u>	

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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, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenue:			
Sanitation Billing	\$ 403,915	\$ 529,162	\$ 125,247
Sanitation Penalty	2,000	2,446	446
Essex Pump Station Fees	22,075	28,237	6,162
2 Party Agreement Revenue	15,000	15,000	0
Hook on Fees	20,000	131,498	111,498
Interest Earnings	<u>0</u>	<u>1,764</u>	<u>1,764</u>
Total Revenue	<u>462,990</u>	<u>708,107</u>	<u>245,117</u>
Expenses:			
Salaries - Regular	80,190	78,710	1,480
Salaries - Overtime	8,000	11,188	(3,188)
Salaries - Part Time	12,683	3,666	9,017
Social Security	7,839	6,658	1,181
Unemployment Insurance	668	422	246
Workers Compensation Insurance	4,177	3,955	222
Health Insurance and Other Benefits	41,604	33,884	7,720
Retirement	8,019	7,564	455
Liability and Property Insurance	6,800	5,780	1,020
Supplies	1,000	1,161	(161)
Postage	3,000	3,272	(272)
Gas, Grease and Oil	3,000	2,023	977
Meters and Parts	2,000	0	2,000
Computer Expenses	2,800	2,338	462
Water and Sewer Charge	1,500	285	1,215
Training and Conferences	500	0	500
Electrical Service	8,500	9,708	(1,208)
Heating/Natural Gas	1,800	1,464	336
Maintenance - Other	1,500	3,079	(1,579)
Pump Station Maintenance	4,000	8,281	(4,281)
Sanitation Lines Maintenance	10,000	3,824	6,176
Susie Wilson Pump Station Costs	7,000	8,480	(1,480)
West St. Pump Station Costs	10,000	16,342	(6,342)
Uniforms, Boots, Etc.	1,000	1,510	(510)
Contractual Services	137,140	137,140	0
Right-Of-Way Agreements	8,400	8,479	(79)
Sanitation Line Back-up Cleaning	1,500	2,000	(500)
Other Professional Services	1,000	1,076	(76)
Audit Services	1,700	1,668	32
Printing and Advertising	0	381	(381)
Capital Reserve Fund Contributions	85,000	233,998	(148,998)
Capital Outlay	<u>670</u>	<u>0</u>	<u>670</u>
Total Expenses	<u>462,990</u>	<u>598,336</u>	<u>(135,346)</u>
Net Income	<u>\$ 0</u>	109,771	<u>\$ 109,771</u>
Adjustments to Reconcile to GAAP Basis Statements:			
Admin Fee on ARRA Loan		(4,253)	
Interest Earned on Capital Reserve Fund		1,041	
Sale of WWTF Capacity		100,000	
Transfers from WWTF Fund		22,960	
Capital Reserve Fund Transfer		233,998	
Transfers to WWTF Fund		(39,315)	
Depreciation		<u>(152,434)</u>	
Change in Net Position - Exhibit H		<u>\$ 271,768</u>	

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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, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Village User Charges	\$ 711,876	\$ 712,301	\$ 425
Village User Penalties	3,000	3,309	309
Wastewater Charge - Essex	465,440	465,440	0
Wastewater Charge - Williston	569,380	568,060	(1,320)
Pump Station Maintenance Fee	30,300	30,300	0
Village Septage Discharge Income	12,000	16,848	4,848
Shared Septage Revenue	6,000	8,298	2,298
Village Leachate Revenues	0	18,112	18,112
Shared Leachate Revenues	0	8,921	8,921
Interest	0	977	977
Miscellaneous	0	1,123	1,123
<b>Total Revenue</b>	<b>1,797,996</b>	<b>1,833,689</b>	<b>35,693</b>
Expenses:			
Salaries - Regular	308,467	326,718	(18,251)
Salaries - Overtime	45,000	41,042	3,958
Salaries - Part-Time	15,000	12,377	2,623
Social Security	28,612	26,386	2,226
Unemployment Insurance	1,535	785	750
Workers Compensation Insurance	16,530	17,178	(648)
Health Insurance and Other Benefits	107,085	76,168	30,917
Retirement	30,847	29,431	1,416
Liability and Property Insurance	25,000	21,148	3,852
Interest Expense	500	0	500
Supplies	9,000	10,285	(1,285)
Supplies - Laboratory	10,000	17,864	(7,864)
Chemicals	195,000	203,201	(8,201)
Gas, Grease and Oil	6,000	4,196	1,804
Water and Sewer Charge	7,000	2,605	4,395
Training and Conferences	6,500	7,684	(1,184)
Telephone Services	4,500	4,568	(68)
Electrical Service	200,000	166,661	33,339
Heating	20,000	29,569	(9,569)
Maintenance - Other	70,000	130,300	(60,300)
Vehicles Maintenance - Travel	2,500	3,366	(866)
Uniforms, Boots, Etc.	4,000	6,326	(2,326)
Interview Costs	0	30	(30)
Contract Laboratory Service	7,000	6,919	81
Contract Services	53,420	53,420	0
Accident Claims	0	634	(634)
Legal Services	1,000	776	224
Grit Disposal	10,000	6,247	3,753

See Disclaimer in Accompanying Independent Auditor's Report.

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, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Expenses:			
(Cont'd)			
Sludge Dewatering	\$ 150,000	\$ 107,536	\$ 42,464
Sludge Management	178,000	133,341	44,659
Other Professional Services	4,000	0	4,000
Audit Services	4,000	3,915	85
WWTF Annual Permit Fee	7,500	5,411	2,089
Capital Reserve Fund Contributions	260,000	260,000	0
Capital Outlay	10,000	0	10,000
	<u>1,797,996</u>	<u>1,716,087</u>	<u>81,909</u>
Total Expenses			
	<u>1,797,996</u>	<u>1,716,087</u>	<u>81,909</u>
Net Income	\$ <u>0</u>	117,602	\$ <u>117,602</u>
Adjustments to Reconcile to GAAP Basis Statements:			
Transfer from Sanitation Fund		39,315	
Purchase of Equipment		4,247	
Bond Interest		(49,865)	
Admin Fee on ARRA Loan		(702)	
Gain on Sale of Asset		2,059	
Loss on Disposal of Capital Asset		(30,921)	
Capital Reserve Fund Transfer		260,000	
Capital Contributions Received		150,847	
Interest Earned on Capital Reserve Fund		600	
Transfer to Sanitation Fund		(22,960)	
Depreciation		<u>(893,822)</u>	
Change in Net Position - Exhibit H		\$ <u>(423,600)</u>	

See Disclaimer in Accompanying Independent Auditor's Report.

# Sullivan, Powers & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

77 Barre Street  
P.O. Box 947  
Montpelier, VT 05601  
802/223-2352  
[www.sullivanpowers.com](http://www.sullivanpowers.com)

Fred Duplessis, CPA  
Richard J. Brigham, CPA  
Chad A. Hewitt, CPA  
Wendy C. Gilwee, CPA  
[VT Lic. #92-000180](#)

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"

Board of Trustees  
Village of Essex Junction  
2 Lincoln Street  
Essex Junction, VT 05452-3685

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, 2015 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 March 4, 2016.

### ***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 controls 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 Village of Essex Junction, Vermont'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 the attention of 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. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls. 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.

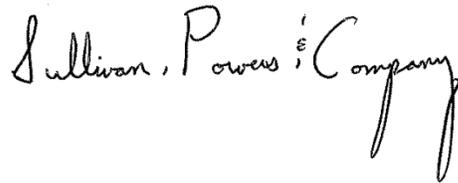
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village of Essex Junction, Vermont's financial statements are free of 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 Village of Essex Junction, Vermont'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 Village of Essex Junction, Vermont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 4, 2016  
Montpelier, Vermont  
VT Lic. #92-000180

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