

Town of Essex, Vermont
BASIC FINANCIAL STATEMENTS
June 30, 2007

Town of Essex, Vermont
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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Essex, Vermont
Essex, Vermont

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Essex, Vermont as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in our table of contents. These financial statements are the responsibility of the Town of Essex, Vermont's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Essex, Vermont as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison information starting on page 24 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



St. Albans, Vermont
November 5, 2007

Town of Essex, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

The following is a discussion and analysis of the Town of Essex's financial performance, including an overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2007. Readers should consider this information in conjunction with the financial statements, which are located after this analysis. The Town implemented the new reporting standard, GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments during FY 2004. This discussion and analysis provides comparisons between FY 2007 and FY 2006.

FINANCIAL HIGHLIGHTS

Government-wide Highlights

The Town's assets exceeded its liabilities at June 30, 2007, by \$23,998,748 compared to \$23,594,037 at June 30, 2006. This represents an increase of \$404,711 or 1.7%. The change in net assets for fiscal year 2006 was \$250,061. The 2007 increase was an increase of \$154,650 over the 2006 increase.

Fund Highlights

At the end of the fiscal year, the Town's governmental funds reported a combined ending fund balance of \$2,305,638, an increase of \$283,600 in comparison with \$2,022,038 for the prior year. Of the total fund balance, \$417,423 represents unreserved fund balance and the remaining \$1,888,215 represents amounts reserved or designated for specific purposes, such as reappraisal, Records Preservation, Public Safety, and various capital projects.

Long-term Debt

The Town's total debt decreased during the fiscal year to \$1,537,629, a decrease of \$150,897 or 8.9%. More detailed information regarding these activities begins on page 18. (See Note 5)

OVERVIEW OF THE FINANCIAL STATEMENTS

The Town's financial statements consist of three sections; 1) Management's Discussion and Analysis 2) Basic Financial Statements; and 3) Required Supplementary Information

- **Management's Discussion and Analysis** - An introduction to the basic financial statements that is intended to be an easily read analysis of the Town's financial activities based on currently known facts, decisions or conditions.
- **Basic Financial Statements** - This section of the report includes government-wide financial statements, fund financial statements, and notes to the financial statements.
- **Required Supplementary Information** - This section of the report includes financial information that is not part of the basic financial statements but is required by accounting principles generally accepted in the United States of America (GAAP). It is comprised of the budgetary comparison schedule for the general fund.

Town of Essex, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

Government-wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Town's financial position, which helps readers determine whether the Town's financial position has improved or deteriorated during the fiscal year. These statements include all non-fiduciary financial activity on the full accrual basis of accounting. This means that all revenue and expenditures are reflected in the financial statements even if the related cash has not been received or paid as of June 30.

- **Statement of Net Assets** - This statement presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may indicate whether the financial position of the Town is improving or deteriorating.
- **Statement of Activities** - This statement presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the Town's funds can be divided into three categories: governmental, proprietary, and fiduciary. Each of these categories uses different accounting approaches. Fund financial statements begin on page 5 and provide detailed information about the major individual funds.

- **Governmental Funds** - Most of the basic services provided by the Town are reported in the governmental funds. These statements provide a detailed, short-term view of the functions reported as governmental activities in the government-wide financial statements. The government-wide financial statements are reported using the full accrual basis of accounting, but the governmental fund financial statements are reported using the modified accrual basis of accounting. This allows the reader to focus on assets that can be readily converted to cash and determine whether there are adequate resources to meet the Town's current needs.

The Town reports three (3) individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund and the Capital Projects Fund.

- **Proprietary fund** – The Proprietary fund provides water and sewer service for which the Town charges customers a fee and operates like a commercial business. The Proprietary fund provides the same type of information as the Government-wide financial statements only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the full accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for the business-type activity and the proprietary fund financial statements.

Town of Essex, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

- **Fiduciary funds** - These funds are used to account for resources held for the benefit of parties outside the government and use the full accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statement because the resources of these funds are restricted and cannot be used to finance the Town's operations. The Town's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets beginning on page 11. The Town's fiduciary fund is the Agency – Escheat and Developer's Escrow Fund and the Cemetery Trust Fund.

Reconciliation of Government-wide Financial Statements to Fund Financial Statements

The governmental activities of the government-wide financial statements and the governmental funds of the fund financial statements do not use the same accounting basis and measurement focus. Because the focus of governmental funds is more limited than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This comparison can help readers better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The following indicates some of the reporting differences between the government-wide financial statements and the fund financial statements.

- Capital assets used in governmental activities are not reported on governmental fund statements.
- Long-term liabilities, unless due and payable, are not included in the fund financial statements. These liabilities are only included in the government-wide statements.
- Other long-term assets that are not available to pay for current period expenditures are deferred in governmental fund statements, but not deferred on the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures in the fund financial statements.
- Bond proceeds provide current financial resources on the fund financial statement, but are recorded as long-term liabilities in the government-wide financial statements.

Town of Essex, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

FINANCIAL ANALYSIS

Financial Analysis of Government-wide Financial Statements

The Town's combined assets exceeded its liabilities by \$23,998,748 at the end of the fiscal year.

Net Assets as of June 30, 2006 & 2007

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2007	2006	2007	2006	2007
Current and other assets	\$ 3,660,898	\$ 4,202,472	\$371,608	\$382,835	\$4,032,506	\$4,585,307
Capital assets	\$15,977,154	\$16,100,368	\$6,982,518	\$6,867,182	\$22,959,672	\$22,967,550
Total Assets	\$19,638,052	\$20,302,840	\$7,354,126	\$7,250,017	\$26,992,178	\$27,552,857
Long-term liabilities outstanding	\$ 1,095,285	\$ 931,785	\$593,241	\$518,241	\$1,688,526	\$1,450,026
Other liabilities	\$ 1,369,852	\$ 1,603,860	\$339,763	\$500,223	\$1,709,615	\$2,104,083
Total Liabilities	\$ 2,465,137	\$ 2,535,645	\$933,004	\$1,018,464	\$3,398,141	\$3,554,109
Net Assets						
Invested in capital assets, net of related debt	\$15,405,695	\$ 15,639,068	\$6,437,518	\$6,397,182	\$21,843,213	\$22,036,250
Restricted	\$0	\$0	\$0	\$0	\$0	\$0
Unrestricted	\$ 1,767,220	\$2,128,127	\$(16,396)	\$(165,629)	\$1,750,824	\$1,962,498
Total Net Assets	\$17,172,915	\$17,767,195	\$6,421,122	\$6,231,553	\$23,594,037	\$23,998,748

The largest portion of the Town's net assets (92 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, construction in progress, and infrastructure); less any related outstanding debt used to acquire those assets. These assets are recorded net of depreciation in the financial statements. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net assets (8 percent) represents unrestricted net assets. These resources are neither restricted nor invested in capital assets.

The following condensed financial information was derived from the Government-wide Statement of Activities and provides detail regarding the change in net assets.

Town of Essex, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

Changes in Net Assets for the Fiscal Year Ended June 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2007	2006	2007	2006	2007
Revenues						
Program revenues						
Charges for services	\$632,322	\$637,547	\$1,209,438	\$1,320,377	\$1,841,760	\$1,957,924
Operating grants and contributions	\$379,139	\$403,970	\$81,438	\$135,693	\$460,577	\$539,663
Capital grants and contributions	\$561,950	\$386,456			\$561,950	\$386,456
Property taxes (including penalty and interest)	\$6,524,781	\$7,613,091			\$6,524,781	\$7,613,091
IBM Payment for Services	\$734,626	\$633,656			\$734,626	\$633,656
Unrestricted investment earnings	\$146,799	\$223,022	\$10,582	\$11,659	\$157,381	\$234,681
Gain on Disposal of Assets	\$20,000				\$20,000	
Other revenues	\$130,702	\$21,118			\$130,702	\$21,118
Total Revenues	\$9,130,319	\$9,918,860	\$1,301,458	\$1,467,729	\$10,431,777	\$11,386,589
Expenses						
Governmental activities						
General Government	\$1,867,538	\$2,328,936			\$1,867,538	\$2,328,936
Public Safety	\$3,299,815	\$3,465,052			\$3,299,815	\$3,465,052
Highway and Streets	\$1,825,574	\$1,890,820			\$1,825,574	\$1,890,820
Health and Welfare	\$131,900	\$133,377			\$131,900	\$133,377
Culture and Recreation	\$1,059,729	\$1,099,598			\$1,059,729	\$1,099,598
Interest on long-term debt	\$26,008	\$23,062			\$26,008	\$23,062
Intergovernmental	\$363,427	\$383,735			\$363,427	\$383,735
Business-type activities						
Water and Sewer			\$1,588,553	\$1,657,298	\$1,588,553	\$1,657,298
Total Expenses	\$8,573,991	\$9,324,580	\$1,588,553	\$1,657,298	\$10,162,544	\$10,981,878
Change in net assets	\$556,328	\$594,280	-\$287,095	-\$189,569	\$269,233	\$404,711
Net assets - July 1,	\$16,616,587	\$17,172,915	\$6,708,217	\$6,421,122	\$23,324,804	\$23,594,037
Net assets - June 30,	\$17,172,915	\$17,767,195	\$6,421,122	\$6,231,553	\$23,594,037	\$23,998,748

Town of Essex, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

Total Governmental activity expenses were \$9,324,580 and \$8,573,991 in fiscal years 2007 and 2006, respectively. The largest expenses were incurred for general government, public safety, and Highways and Streets. The expenses do not include capital outlays, which are now reflected in Town capital assets.

Per GASB 34, program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues. Total program revenue from governmental activities was \$1,427,973 in 2007 and \$1,573,411 in 2006. Governmental program revenues come from charges for services, which include licenses and permits, planning fees, developer fees, forfeitures, and several other revenues. Program revenues in the capital grants and contributions category include federal, state and local grants that are restricted specifically for use in specific programs, capital projects or acquisitions.

General Revenues are all other revenue not categorized as program revenues, and include property taxes, as well as unrestricted grants contributions and investment earnings. Total general revenues from governmental activities were \$8,490,887 in fiscal 2007 and \$7,556,908 in fiscal 2006. In 2006 approximately 85 percent of the Town's total general revenue came from taxes, in 2007 it was 88%.

Fund Financial Statements

The combined fund balance of the Fund Financial Statements was \$2,305,638 at June 30, 2007 and \$2,022,038 at June 30, 2006. Of the FY 2007 fund balance, \$417,423 constitutes unreserved funds, which are available for spending at the government's discretion compared to \$82,664 in FY 2006. In 2006 the General Fund has an unreserved deficit Fund Balance of \$48,237 which was recovered in 2007. An amount of \$1,888,215 of the fund balance is reserved. (See note 10, page 21) for a description of the reserved funds.

The fund balance for the General Fund increased from \$423,671 in FY 2006 to \$478,916 in FY 2007. The total increase amounted to \$55,245 for the fiscal year ended June 30, 2007.

General Fund Budgetary Highlights

The fund balance of the Town's General Fund increased by \$55,245 during the current fiscal year, however, the unreserved portion of the fund balance increased from a deficit of \$48,237 to a surplus of \$303,714, an increase of \$351,951. Key factors in this change are as follows:

On the revenue side:

- An additional penny was added to the General Fund tax rate to erase the deficit fund balance that existed,
- Intergovernmental revenue exceeded expectations due to various grants related to governmental activities such as stormwater and planning,
- Charges for services lagged in the area of Police services and recording of legal documents was less than expected due to rising interest rates which affected refinancings,
- Increasing interest rates helped miscellaneous revenue, which includes interest, exceed expectations.

On the expenditure side:

- Merger related expenditures were less than anticipated due to the failed merger vote,
- Lower than anticipated increases in health insurance costs kept benefits expenses under budget,
- Other expenditures were over budget in some areas including: Insurance, general supplies, gasoline for vehicles, other purchased services, and legal services.

Town of Essex, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

Capital Assets

The following is a schedule of capital assets as of June 30, 2007 and 2006.

	Governmental Activities		Business-type Activities		Total	
	6/30/2006	6/30/2007	6/30/2006	6/30/2007	6/30/2006	6/30/2007
Land	\$2,763,909	\$2,763,909			\$2,763,909	\$2,763,909
Buildings and Improvements	\$2,177,427	\$2,207,580			\$2,177,427	\$2,207,580
Equipment and Vehicles	\$3,990,101	\$4,159,221	\$246,218	\$246,218	\$4,236,319	\$4,405,439
Book Collection	\$459,726	\$459,726			\$459,726	\$459,726
Infrastructure	\$16,705,053	\$17,798,512	\$11,819,153	\$11,929,703	\$28,524,206	\$29,728,215
Construction in Progress	\$386,599	\$80,225	\$23,034	\$53,304	\$409,633	\$133,529
Total Assets	\$26,482,815	\$27,469,173	\$12,088,405	\$12,229,225	\$38,571,220	\$39,698,398
Less: Accumulated Depreciation	\$10,505,661	\$11,368,805	\$5,105,887	\$5,362,043	\$15,611,548	\$16,730,848
Net Assets	\$15,977,154	\$16,100,368	\$6,982,518	\$6,867,182	\$22,959,672	\$22,967,550

The Town had \$22,967,550 and \$22,959,672 invested in capital assets, net of depreciation, on June 30, 2007 and June 30, 2006, respectively. Net increase (including additions and deductions) between the two periods amounted to \$7,878.

Major capital asset events during the current fiscal year included the following:

- Completion of the Jericho Road sidewalk (Rout 15) in the total amount of \$377,769. The majority of these costs were funded through Federal and State grants.
- Special equipment for the Fire department such as breathing apparatus and a thermal imaging camera in the amount of \$15,509. These equipment purchases were made through Homeland Security and Assistance to Firefighters grants.
- Various streets and sidewalks were resurfaced or reconstructed for a total of \$610,520. These improvements included resurfacing / reconstruction of Woodlawn, Greenbriar, Baker, Pinewood, Weed, Douglas, Linden Lane, Essex Way, Rustic Drive, Rosewood Trail and Tanglewood Drive. Crosswalks, sidewalks, curbing and drainage were installed and improved at various locations throughout the Town including Oakwood Lane, Ewing Place, and Pioneer Street. Some of the funds for these projects were obtained through State paving grants.
- New vehicles purchased during the year included, two police cruisers, one used unmarked cruiser, a police motorcycle, one dump truck for the highway department and a lightweight dump truck for the Parks department. The total cost for these vehicles was \$228,314.
- New doors at the Essex Free Library funded mainly through a grant from the Freeman Foundation.
- Other improvements include a new roof at the Foster Road Park building, tennis court resurfacing, and doors at the Town pool.

Town of Essex, Vermont
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2007

Debt

At the end of the fiscal year, the Town had \$931,300 in long-term debt outstanding compared to \$1,116,459 in the prior year, an approximate 16% decrease. A list of outstanding long-term debt follows

Economic Factors and Fiscal Year 2008 Budget

	Governmental Activities		Business-type Activities		Total	
	6/30/2006	6/30/2007	6/30/2006	6/30/2007	6/30/2006	6/30/2007
Notes Payable	\$282,700	\$264,350			\$282,700	\$264,350
Bonds Payable	\$195,000	\$125,000	\$545,000	\$470,000	\$740,000	\$595,000
Capital Lease Obligations	\$93,759	\$71,950			\$93,759	\$71,950
Total	\$571,459	\$461,300	\$545,000	\$470,000	\$1,116,459	\$931,300

- During the year the Town completed its State mandated reappraisal that will take effect in FY 2008.
- The taxable grand list for the Town of Essex, Vermont increased 72% over the previous year to a total of \$22.5 million. Residential properties increased in total by approximately 95% while commercial properties increased by only 50% and IBM decreased by 30%.
- The rate of increase in prices of liability and workers compensation insurance, and the price of fuel oil products has grown faster than general inflationary trends.
- The Town continues to lose revenue every year as a result of the agreement with IBM when Machinery and Equipment taxes were phased out. The annual loss of revenue will be \$86,000 per year from FY 2008 through FY 2014 when the subsidy from IBM will be zero.

All of these factors were considered in preparing the Town of Essex's budget for the 2008 fiscal year. The FY 2008 total operating budget is \$9,151,523. The FY 2007 total operating budget was \$8,636,755. The increase is \$514,768 or 5.9% over the previous year. There is an increase of \$584,500 (8.3%) in the amount to be raised by taxes. The Town did not utilize \$100,000 in unreserved fund balance to pay for expenditures included in this budget as was done in previous years.

Rates for water and wastewater operations were increased in fiscal year 2007 in response to increased costs for water purchases and wastewater treatment. Other factors, such as fewer new connections than anticipated and reduced usage by large commercial customers have contributed to a deficit cash position in the Water / Sewer Fund. This deficit position is being addressed in the preparation of operating budgets and rates for future periods.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all of its citizens, taxpayers, customers and creditors. Questions concerning any of the information provided in the report or requests for additional information should be sent to the following address:

Town of Essex
 81 Main Street
 Essex Jct., VT 05402

Town of Essex, Vermont
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS
June 30, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 3,601,029	\$ -	\$ 3,601,029
Taxes receivable, net of allowance	382,273	-	382,273
Accounts receivables - other	48,131	268,641	316,772
Prepaid expenses	171,039	5,588	176,627
TOTAL CURRENT ASSETS	<u>4,202,472</u>	<u>274,229</u>	<u>4,476,701</u>
NOTES RECEIVABLE	<u>-</u>	<u>108,606</u>	<u>108,606</u>
CAPITAL ASSETS, net	<u>16,100,368</u>	<u>6,867,182</u>	<u>22,967,550</u>
TOTAL ASSETS	<u>\$ 20,302,840</u>	<u>\$ 7,250,017</u>	<u>\$ 27,552,857</u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Cash overdraft	\$ -	\$ 489,611	\$ 489,611
Accounts payable	540,286	-	540,286
Accrued payroll	135,798	6,388	142,186
Deferred revenue	831,325	-	831,325
Other accrued expenses	8,848	4,224	13,072
Current portion notes and bonds payable	197,350	75,000	272,350
Current portion capital leases payable	25,946	-	25,946
Current portion of compensated absences	30,603	-	30,603
TOTAL CURRENT LIABILITIES	<u>1,770,156</u>	<u>575,223</u>	<u>2,345,379</u>
LONG-TERM LIABILITIES			
Accrued compensated absences	527,485	48,241	575,726
Capital leases payable	46,004	-	46,004
Notes and bonds payable	192,000	395,000	587,000
TOTAL LONG-TERM LIABILITIES	<u>765,489</u>	<u>443,241</u>	<u>1,208,730</u>
TOTAL LIABILITIES	<u>2,535,645</u>	<u>1,018,464</u>	<u>3,554,109</u>
NET ASSETS			
Invested in capital assets, net of related debt	15,639,068	6,397,182	22,036,250
Unrestricted	2,128,127	(165,629)	1,962,498
NET ASSETS	<u>17,767,195</u>	<u>6,231,553</u>	<u>23,998,748</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 20,302,840</u>	<u>\$ 7,250,017</u>	<u>\$ 27,552,857</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total	
		Charges for Services	Operating Grants and Revenues	Capital Grants and Revenues	Governmental Activities		Business-Type Activities
<u>Functions/Programs</u>							
Governmental activities							
General government	\$ 2,328,936	\$ 238,447	\$ 134,865	\$ -	\$ (1,955,624)	\$ -	\$ (1,955,624)
Public safety	3,465,052	83,284	115,848	48,567	(3,217,353)	-	(3,217,353)
Highways and Streets	1,890,820	33,567	136,466	337,889	(1,382,898)	-	(1,382,898)
Health and Welfare	133,377	7,922	-	-	(125,455)	-	(125,455)
Culture and Recreation	1,099,598	274,327	16,791	-	(808,480)	-	(808,480)
Intergovernmental	383,735	-	-	-	(383,735)	-	(383,735)
Interest on long-term debt	23,062	-	-	-	(23,062)	-	(23,062)
Total governmental activities	<u>9,324,580</u>	<u>637,547</u>	<u>403,970</u>	<u>386,456</u>	<u>(7,896,607)</u>	<u>-</u>	<u>(7,896,607)</u>
Business-type activities:							
Water and Sewer	<u>1,657,298</u>	<u>1,320,377</u>	<u>135,693</u>	<u>-</u>	<u>-</u>	<u>(201,228)</u>	<u>(201,228)</u>
General Revenues:							
Property taxes, levied for general purposes					7,496,087	-	7,496,087
Penalties and interest on delinquent taxes					117,004	-	117,004
IBM payment for services					633,656	-	633,656
Unrestricted investment earnings					223,022	11,659	234,681
Miscellaneous					21,118	-	21,118
Total general revenues and transfers					<u>8,490,887</u>	<u>11,659</u>	<u>8,502,546</u>
Change in Net Assets					594,280	(189,569)	404,711
Net assets, beginning					<u>17,172,915</u>	<u>6,421,122</u>	<u>23,594,037</u>
Net assets, ending					<u>\$ 17,767,195</u>	<u>\$ 6,231,553</u>	<u>\$ 23,998,748</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2007

	General Fund	Capital Projects Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash	\$ 1,748,809	\$ 1,852,220	\$ 3,601,029
Taxes receivable, net of allowance	49,848	-	49,848
Other receivables	16,629	31,502	48,131
Prepaid expenses	<u>171,039</u>	<u>-</u>	<u>171,039</u>
 TOTAL ASSETS	 <u>\$ 1,986,325</u>	 <u>\$ 1,883,722</u>	 <u>\$ 3,870,047</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
 LIABILITIES			
Accounts payable	\$ 540,286	\$ -	\$ 540,286
Accrued payroll	135,798	-	135,798
Notes Payable	-	57,000	57,000
Deferred revenue	<u>831,325</u>	<u>-</u>	<u>831,325</u>
 TOTAL LIABILITIES	 <u>1,507,409</u>	 <u>57,000</u>	 <u>1,564,409</u>
 FUND BALANCE			
Reserved	175,202	1,713,013	1,888,215
Unreserved	<u>303,714</u>	<u>113,709</u>	<u>417,423</u>
 TOTAL FUND BALANCE	 <u>478,916</u>	 <u>1,826,722</u>	 <u>2,305,638</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 1,986,325</u>	 <u>\$ 1,883,722</u>	 <u>\$ 3,870,047</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET ASSETS
 June 30, 2007

Total fund balances - governmental funds \$ 2,305,638

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. 16,100,368

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

Reserve for non-current tax 332,425

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

Accrued compensated absences (558,088)

Accrued interest on long-term debt (8,848)

Capital lease payable (71,950)

Notes payable (332,350)

Total net assets - governmental activities \$ 17,767,195

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Property tax	\$ 7,180,496	\$ 261,291	\$ 7,441,787
Licenses and permits	46,729	-	46,729
Intergovernmental revenues	435,271	-	435,271
Charges for services	1,178,495	55,972	1,234,467
Fines and forfeits	117,004	-	117,004
Interest income	144,214	78,808	223,022
Miscellaneous income	21,118	-	21,118
Grant income	10,397	133,179	143,576
TOTAL REVENUES	<u>9,133,724</u>	<u>529,250</u>	<u>9,662,974</u>
EXPENDITURES			
General government	1,933,261	-	1,933,261
Public safety	3,293,077	-	3,293,077
Highways and Streets	1,561,718	-	1,561,718
Health and Welfare	125,873	-	125,873
Culture and Recreation	987,895	-	987,895
Intergovernmental	383,735	-	383,735
Debt service	136,996	-	136,996
Capital expenditures	-	956,819	956,819
TOTAL EXPENDITURES	<u>8,422,555</u>	<u>956,819</u>	<u>9,379,374</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	711,169	(427,569)	283,600
OTHER FINANCING SOURCES (USES)			
Operating transfers In	-	655,924	655,924
Operating transfers Out	(655,924)	-	(655,924)
TOTAL OTHER FINANCING SOURCES(USES)	<u>(655,924)</u>	<u>655,924</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	55,245	228,355	283,600
FUND BALANCE - July 1, 2006	<u>423,671</u>	<u>1,598,367</u>	<u>2,022,038</u>
FUND BALANCE - June 30, 2007	<u>\$ 478,916</u>	<u>\$ 1,826,722</u>	<u>\$ 2,305,638</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2007

Net change in fund balances - governmental funds \$ 283,600

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

Governmental funds report capital outlays as expenditures. However,
 in the statement of activities, the cost of those assets is allocated
 over their estimated useful lives and reported as depreciation expense.

Depreciation Expense	(937,844)
Capital Outlay	1,061,057

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

Increase in the reserve for non-current taxes	54,300
---	--------

Repayment of long-term debt is an expenditure in the governmental
 funds, but the repayment reduces long-term liabilities in the
 statement of net assets.

Long-term debt	145,350
Capital lease	21,809

Some expenses reported in the statement of activities do not require the use of
 current financial resources and therefore are not reported as expenditures in
 governmental funds.

Accrued interest on long-term debt	259
Accrued compensated absences	<u>(34,251)</u>

Change in net assets of governmental activities **\$ 594,280**

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
 June 30, 2007

	<u>Water & Sewer Fund</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Accounts receivable - net	\$ 268,641
Prepaid expenses	5,588
Notes receivable	108,606
Capital assets, net	<u>6,867,182</u>
TOTAL ASSETS	<u>\$ 7,250,017</u>
 <u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES	
Cash overdraft	\$ 489,611
Current portion long-term debt	75,000
Accrued payroll	6,388
Other accrued expenses	<u>4,224</u>
TOTAL CURRENT LIABILITIES	<u>575,223</u>
LONG-TERM LIABILITIES	
Accrued compensated absences	48,241
Notes and bonds payable	<u>395,000</u>
TOTAL LONG-TERM LIABILITIES	<u>443,241</u>
TOTAL LIABILITIES	<u>1,018,464</u>
NET ASSETS	
Invested in capital assets, net of related debt	6,397,182
Unrestricted	<u>(165,629)</u>
TOTAL NET ASSETS	<u>6,231,553</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,250,017</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS - PROPRIETARY FUNDS
 For the Year Ended June 30, 2007

	<u>Water & Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 1,320,377
Hookup fees	41,025
Interest and penalties on delinquents	11,273
Assessments	82,656
Miscellaneous	<u>739</u>
TOTAL OPERATING REVENUES	<u>1,456,070</u>
OPERATING EXPENSES	
Regular salaries	293,117
Overtime salaries	28,163
Group health insurance	89,310
Social security	24,499
Employee retirement	25,359
Other employee benefits	2,614
Professional services	12,343
Repair and maintenance	46,467
Rental of equipment	38
Telephone/communications	2,194
Advertising	3,793
Professional services	834
Travel	925
Small tools and equipment	585
Supplies	90
Utilities	45,769
Uniforms	2,984
Natural gas	16,334
CWD water purchases	379,283
Insurance	10,634
Dues and fees	3,240
Machinery	123
Depreciation expense	256,156
Sewage treatment	<u>355,156</u>
TOTAL OPERATING EXPENDITURES	<u>1,600,010</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS - PROPRIETARY FUNDS
 For the Year Ended June 30, 2007

	<u>Water & Sewer Fund</u>
(LOSS) FROM OPERATIONS	<u>(143,940)</u>
NON-OPERATING REVENUE (EXPENSE)	
Interest Income	11,659
Interest Expense	<u>(57,288)</u>
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>(45,629)</u>
DECREASE IN NET ASSETS	(189,569)
NET ASSETS BEGINNING OF YEAR	<u>6,421,122</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,231,553</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
 For the Year Ended June 30, 2007

	<u>Water & Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,355,692
Payments to suppliers	(911,549)
Payments for employees and benefits	<u>(463,062)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>(18,919)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of property, plant and equipment	(34,075)
Interest payments on debt	(57,288)
Construction in Progress	(30,270)
Principal payments on debt	<u>(75,000)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(196,633)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments received on notes receivable	13,218
Interest income	<u>11,659</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>24,877</u>
NET DECREASE IN CASH	(190,675)
CASH OVERDRAFT - BEGINNING OF YEAR	<u>(298,936)</u>
CASH OVERDRAFT - END OF YEAR	<u>\$ (489,611)</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (143,940)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	256,156
Infrastructure donated	(76,475)
Change in net assets and liabilities:	
Receivables, net	(23,903)
Prepaid expenses	(542)
Accounts payable	(30,202)
Other accrued expense	708
Accrued payroll and compensated absences	<u>(721)</u>
Net cash provided (used) by operating activities	<u>\$ (18,919)</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET ASSETS - FIDUCIARY FUND
 June 30, 2007

	<u>Cemetery Trust Fund</u>	<u>Agency Fund</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 20,506	\$ 138,831
TOTAL ASSETS	<u>\$ 20,506</u>	<u>\$ 138,831</u>
 <u>LIABILITIES AND NET ASSETS</u>		
NET ASSETS		
Restricted	<u>\$ 20,506</u>	<u>\$ 138,831</u>
TOTAL NET ASSETS	<u>\$ 20,506</u>	<u>\$ 138,831</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUND
 For the Year Ended June 30, 2007

	Cemetery Trust Fund <hr/>
ADDITIONS	
Sales of plots	\$ 6,850
Interest on deposits	<hr/> 824
TOTAL ADDITIONS	<hr/> 7,674
DEDUCTIONS	
Repairs and maintenance	(269)
Cost of burials	<hr/> (2,125)
TOTAL DEDUCTIONS	<hr/> (2,394)
CHANGES IN NET ASSETS	5,280
NET ASSETS AT BEGINNING OF YEAR	<hr/> 15,225
NET ASSETS AT END OF YEAR	<hr/> <u>\$ 20,505</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Essex, Vermont operates under a Select Board Manager form of government and provides the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning and general administrative services.

A. Reporting Entity

The financial statements of the Town consist only of the funds and account groups of the Town. The Town has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Town of Essex, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes 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. All other revenue items are considered to be measurable and available only when the Town receives cash.

The Town reports the following major governmental funds:

- * The Capital Project Fund accounts for resources that were established to fund the Town's long-term capital budget.
- * The General Fund is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

Private-sector standards of accounting, and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as program revenues include 1) charges to individuals and business for fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Deposits and Investments

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

Town of Essex, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., current portion of inter-fund loans) or “advances from/to other funds” (i.e., the non-current portion of inter-fund loans).

F. Capital Assets

General capital assets should be capitalized and recorded when all of the following criteria are met:

- (1) The asset is tangible and complete.
- (2) The asset is used in the operation of the Town’s activities.
- (3) The asset has a \$5,000 or greater value and useful life over one year at the date of acquisition.

All general capital assets must be recorded at either historical cost or estimated historical cost. Assets acquired through donation will be recorded at their estimated fair market value on the date of donation. In addition to purchase price or construction cost, costs of capitalization may include incidental costs, such as bond interest and issuance cost, insurance during transit, freight, duties, title search, title registration, installation, and breaking-in costs.

The straight line depreciation method will be used over the estimated useful life of each asset.

G. Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets.

H. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

I. Estimates

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

J. Allowance for Uncollectible Accounts

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

K. Operating Transfers

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

Town of Essex, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007

NOTE 2 DELINQUENT TAXES RECEIVABLE

Delinquent taxes receivable consist of:

	<u>General Fund</u>
Delinquent property taxes	\$ 315,552
Penalties on taxes receivable	22,027
Interest on taxes receivable	54,694
	392,273
Allowance for uncollectible delinquent taxes	(10,000)
	\$ 382,273

Property taxes attach as an enforceable lien on property as of September 16th and March 16th. Taxes are levied in August and payable on September 15th and March 15th. The Town bills and collects its own taxes. Town property tax revenues are recognized when levied to the extent they result in current receivables. Current receivables are defined as receivables which are due or past due, and receivable within the current period and collected no later than 60 days after the close of the current period. Taxes receivable that remain uncollected as of August 31, 2007 have been charged to the Reserve for Non-current Taxes with a corresponding decrease in current year tax revenues. The Reserve for Non-current Tax Revenues amounted to \$332,425 at June 30, 2007.

NOTE 3 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 2,763,909	\$ -	\$ -	\$ 2,763,909
Construction in progress	386,599	41,495	(347,869)	80,225
Total capital assets not being depreciated	3,150,508	41,495	(347,869)	2,844,134
Other capital assets:				
Book collection	459,726	-	-	459,726
Building and improvements	2,177,427	30,153	-	2,207,580
Equipment	3,990,101	243,820	(74,700)	4,159,221
Infrastructure	16,705,053	1,093,459	-	17,798,512
Total other capital assets	23,332,307	1,367,432	(74,700)	24,625,039
Less accumulated depreciation for:				
Book collection	(232,081)	(45,974)	-	(278,055)
Building and improvements	(1,221,808)	(40,576)	-	(1,262,384)
Equipment	(2,164,658)	(415,258)	74,700	(2,505,216)
Infrastructure	(6,887,114)	(436,036)	-	(7,323,150)
Total accumulated depreciation	(10,505,661)	(937,844)	74,700	(11,368,805)
Total capital assets being depreciated, net	12,826,646	429,588	-	13,256,234
Governmental Activities – Capital Assets, Net	\$ 15,977,154	\$ 471,083	\$ (347,869)	\$ 16,100,368

Town of Essex, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007

NOTE 3 CAPITAL ASSETS (continued)

Depreciation expense was charged to functions, as follows:

General Government	\$ 24,240
Public Safety	248,651
Highways and Streets	549,795
Storm water	4,793
Culture and Recreation	<u>110,365</u>
TOTAL	<u>\$ 937,844</u>

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ 23,034	\$ 30,270	\$ -	\$ 53,304
Capital assets being depreciated:				
Water/sewer plant	11,819,153	110,550	-	11,929,703
Machinery and equipment	141,316	-	-	141,316
Vehicles	<u>104,902</u>	<u>-</u>	<u>-</u>	<u>104,902</u>
	12,065,371	110,550	-	12,175,921
Less accumulated depreciation	<u>(5,105,887)</u>	<u>(256,156)</u>	<u>-</u>	<u>(5,362,043)</u>
Total capital assets being depreciated, net	<u>6,959,484</u>	<u>(145,606)</u>	<u>-</u>	<u>6,813,878</u>
Business-Type Activities – Capital Assets, Net	<u>\$ 6,982,518</u>	<u>\$ (115,336)</u>	<u>\$ -</u>	<u>\$ 6,867,182</u>

Depreciation expense for the Business-type Activities was \$256,156 for the fiscal year ended June 30, 2007

NOTE 4 ACCRUED COMPENSATION

At June 30, 2007, the Town had the following vested benefits earned by their employees:

Vested Compensation – Water/Sewer	\$ 48,241
Vested Compensation - General	<u>558,088</u>
	606,329
Less: Current Portion	<u>(30,603)</u>
TOTAL LONG-TERM PORTION	<u>\$ 575,726</u>

Town of Essex, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007

NOTE 5 NOTES AND BONDS PAYABLE

<u>Governmental Activities</u>	<u>Balance</u>	<u>Beginning Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
<u>Notes Payable</u>					
Note payable to TD Banknorth, capital improvement note, interest at 3.22%. Annual principal payments of \$50,000 plus interest due August 15, 2008.	\$ 232,000	\$ -	\$ (50,000)	\$ 182,000	\$ 50,000
Note payable to TD Banknorth, capital improvement note, interest at 4.34%, due November 7, 2007.	50,700	-	(25,350)	25,350	25,350
Note payable to TD Banknorth, capital improvement note, interest at 3.89%, due February 5, 2008.	-	57,000	-	57,000	57,000
<u>Bonds Payable</u>					
Vermont Bond Bank, refunded July 1, 1992 with 1992 Series A Bonds, interest varies from 3.75% to 7.5%. Annual principal payments of \$35,000 payable to Deutsche Bank Trust Company America's, New York	70,000	-	(35,000)	35,000	35,000
Municipal Bond Bank, 1989 Series II Bonds, interest rates vary from 6.75% to 7.4%. Annual principal payments of \$35,000 through December 1, 2007 and \$30,000 thereafter, due December 1, 2009	<u>125,000</u>	<u>-</u>	<u>(35,000)</u>	<u>90,000</u>	<u>30,000</u>
Total Governmental Activities	<u>\$ 477,700</u>	<u>\$ 57,000</u>	<u>\$ (145,350)</u>	<u>\$ 389,350</u>	<u>\$ 197,350</u>

Anticipated maturities are as follows for the long-term debt of Governmental Activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 197,350	\$ 22,173	\$ 219,523
2009	162,000	7,288	169,288
2010	<u>30,000</u>	<u>1,013</u>	<u>31,013</u>
	<u>\$ 389,350</u>	<u>\$ 30,474</u>	<u>\$ 419,824</u>

Town of Essex, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007

NOTE 5 NOTES AND BONDS PAYABLE (continued)

<u>Business-Type Funds</u>	<u>Balance</u>	<u>Beginning Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Vermont Municipal Bond Bank, 2003 Series II Bonds, interest varies from 1.19% to 3.7%. Annual principal payments of \$25,000 plus interest, due December 1, 2015.	\$ 200,000	\$ -	\$ (25,000)	\$ 175,000	\$ 25,000
Vermont Municipal Bond Bank, 2001 Series I Bonds, interest varies from 2.8% to 4.47%. Annual principal charge to \$40,000 on December 1, 2007, due December 1, 2011	240,000	-	(40,000)	200,000	40,000
Vermont Municipal Bond Bank, 1993 Series I Bonds, refunded March 27, 2003 with 2003 Series I Bonds, interest varies from 2.99% to 5.66%. Annual principal payments of \$10,000 through December 1, 2009 and \$15,000 thereafter, due December 1, 2013	<u>105,000</u>	<u>-</u>	<u>(10,000)</u>	<u>95,000</u>	<u>10,000</u>
Total Business-Type Funds	<u>\$ 545,000</u>	<u>\$ -</u>	<u>\$ (75,000)</u>	<u>\$ 470,000</u>	<u>\$ 75,000</u>

Anticipated maturities are as follows for the long-term debt of Business-Type Funds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 75,000	\$ 17,842	\$ 92,842
2009	75,000	15,073	90,073
2010	80,000	12,014	92,014
2011	80,000	8,692	88,692
2012	80,000	5,260	85,260
2013-2017	<u>80,000</u>	<u>3,534</u>	<u>83,534</u>
	<u>\$ 470,000</u>	<u>\$ 62,415</u>	<u>\$ 532,415</u>

NOTE 6 CAPITAL LEASE

The Town has entered into a lease agreement as lessee for financing the acquisition of a grader. This lease agreement qualifies as a capital lease for accounting purposes and, therefore has been recorded at the present value of its future minimum lease payments as of the inception date.

Town of Essex, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007

NOTE 6 CAPITAL LEASE (continued)

The assets acquired through the capital lease are as follows:

	Governmental Activities
ASSETS	
Grader	\$ 138,000
Less: Accumulated depreciation	(13,800)
	\$ 124,200

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2007, are as follows:

Year ending June 30,	Amount
2008	\$ 25,946
2009	25,946
2010	25,946
Total minimum lease payments	77,838
Less: Amount representing interest	(5,888)
Present value of net minimum lease payment	\$ 71,950

NOTE 7 CASH

Custodial credit risk for deposits is the risk that in the event of a bank failure the Town's deposits may not be returned. To mitigate this risk, the Town insures its cash management account.

The Town bank balances are categorized below to give an indication of the level of risk assumed by the Town at year-end.

- Category 1 - Insured by the FDIC or collateralized with securities held by the Town or its agent in the Town's name.
- Category 2 - Collateralized, with securities held by the counterparty's trust department or agent in the Town's name.
- Category 3 - Uncollateralized

	Book Balance	Bank Balance
Insured by the FDIC	\$ 125,466	\$ 125,466
Insured by Deposit Surety Bond	2,909,386	3,091,490
Uncollateralized	232,809	232,778
Petty Cash	3,095	-
Total Deposits	\$ 3,270,756	\$ 3,449,734

Town of Essex, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007

NOTE 7 CASH (continued)

Due to cash flows during certain times of the year, the Town's uninsured and uncollateralized deposits in banks may be substantially higher than at year-end.

The Town's cash management account is insured under a Deposit Surety Bond by XL Capital Assurance, Inc. The coverage is in the amount of \$8,500,000 and is for the period June 23, 2007 to December 23, 2007.

NOTE 8 BUDGETARY INFORMATION

The Town's General Fund is the only fund that must legally adopt a budget. As such, no comparison of actual to budget revenues, expenditures and changes in fund balance is presented for any other fund.

NOTE 9 PENSION PLAN

Prior to January 1, 2004 all full-time employees were covered under the ICMA 401(A) Defined Contribution Plan. Under this plan the town contributes 8% and the employee contributes 3% of employee's salaries. Town contributions to the plan were \$97,542 and the employee contributions were \$36, 579 for the year ended 2007.

Beginning January 1, 2004 all existing employees had the option of remaining in the ICMA plan or joining Plan C of the Vermont Municipal Employee's Retirement Plan.

All full-time employees of the Town hired after January 1, 2004 are covered under Plan C of the State of Vermont Municipal Employee's Retirement Plan. The Town contributes 8% and employees contribute 7% of employee's salaries. Benefit and contribution provisions are established by State Law (VSA, Title 25, Chapter 125). The Town contributed \$148,783 and the employee contributions were \$223,175 to the plan for the year ended June 30, 2007.

Of the Town's total compensation of \$4,089,476, \$1,219,276 was covered under the ICMA retirement plan and \$2,479,719 was covered under the Sate of Vermont Municipal Employees Retirement Plan for the year ended June 30, 2007.

NOTE 10 FUND EQUITY

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of the fund balance accounts are summarized below.

Town of Essex, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2007

NOTE 10 FUND EQUITY (continued)

Reservations and designations as of June 30, 2007 are as follows:

GENERAL FUND

Reserved for Reappraisal – Funds received from the State for the Town’s reappraisal	\$ <u>175,202</u>
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CAPITAL PROJECTS FUND

Reserved for:	
Future vehicle purchases	\$ 36,886
Future parks and recreation projects	367,312
Future highway projects	325,909
Future buildings projects	<u>982,906</u>
 Total Reserved Fund Balance	 \$ <u>1,713,013</u>

FIDUCIARY FUND

Reserved for Cemetery - These funds are accumulated for the maintenance of the cemetery.	\$ <u>20,506</u>
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NOTE 11 ECONOMIC DEPENDENCIES

On December 3, 2001, the Town entered into a 12 year agreement with IBM. The agreement calls for the Town to cease taxing IBM on machinery and equipment which is consistent with the Town's policy of not taxing machinery and equipment in the Town. In return, IBM agreed to pay to the Town an annual declining subsidy for the term of the agreement. The amount received under this agreement in fiscal 2007 was \$599,484

NOTE 12 INTERFUND TRANSFERS

Operating transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. The following table summarizes operating transfers for the year ended June 30, 2007.

<u>Amount</u>	<u>Transfer From</u>	<u>Transfer To</u>	<u>Purpose</u>
\$ 115,000	General Fund	Capital Projects	Highway Equipment
20,000	General Fund	Capital Projects	Street Sweeper
25,000	General Fund	Capital Projects	Parks Equipment
361,509	General Fund	Capital Projects	Reappraisal
67,234	General Fund	Capital Projects	Debt Service Excess
63,681	General Fund	Capital Projects	Highway Reconstruction
<u>3,500</u>	General Fund	Capital Projects	Recreation Facilities
 \$ <u>655,924</u>			

Town of Essex, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2007

NOTE 12 INTERFUND TRANSFERS (continued)

<u>Amount</u>	<u>Transfer To</u>	<u>Transfer From</u>	<u>Purpose</u>
\$ (115,000)	Capital Projects	General Fund	Highway Equipment
(20,000)	Capital Projects	General Fund	Street Sweeper
(25,000)	Capital Projects	General Fund	Parks Equipment
(361,509)	Capital Projects	General Fund	Reappraisal
(67,234)	Capital Projects	General Fund	Debt Service Excess
(63,681)	Capital Projects	General Fund	Highway Reconstruction
<u>(3,500)</u>	Capital Projects	General Fund	Recreation Facilities
<u>\$ (655,924)</u>			

NOTE 13 RISK MANAGEMENT

The Town 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 Town 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 Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town 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 rate setting 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.

Town of Essex, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
For the Year Ended June 30, 2007

	Original Budget	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property Taxes				
General tax	\$ 6,537,808	\$ 6,537,808	\$ 6,628,929	\$ 91,121
Highway tax	542,000	542,000	551,567	9,567
Total Property Taxes	7,079,808	7,079,808	7,180,496	100,688
Licenses and Permits				
Alcoholic beverages	4,000	4,000	4,220	220
Building structures	30,000	30,000	31,952	1,952
Hunting and fishing	500	500	514	14
Marriage licenses	1,000	1,000	853	(147)
Animal licenses	6,500	6,500	6,661	161
Green Mountain passport	100	100	114	14
DMV registrations	3,000	3,000	2,415	(585)
Total Licenses and Permits	45,100	45,100	46,729	1,629
Intergovernmental Revenues				
State aid to highways	134,000	134,000	136,466	2,466
Railroad tax	1,500	1,500	1,526	26
State land PILOT	6,300	6,300	10,358	4,058
Current use/hold harmless	10,000	10,000	15,392	5,392
Storm water grant	-	-	8,830	8,830
State highway grants	-	-	3,131	3,131
Interlibrary loan grant	-	-	793	793
Law enforcement grant	-	-	2,742	2,742
Recreation trails grant	-	-	1,245	1,245
Planning grant	-	-	5,992	5,992
Act 60 revenue	7,250	7,250	7,624	374
Act 68 revenue	17,000	17,000	20,339	3,339
Total Intergovernmental Revenues	176,050	176,050	214,438	38,388
Charges for Services				
IBM payment - general	576,574	576,574	576,574	-
IBM payment - highway	34,172	34,172	34,172	-
Use of vault	4,500	4,500	3,249	(1,251)
Recording of legal documents	200,000	200,000	146,759	(53,241)
Zoning hearing fees	1,500	1,500	750	(750)
Subdivision filing fees	5,000	5,000	9,790	4,790
Zoning ordinance pamphlets	500	500	199	(301)
CO reinspections	3,000	3,000	8,465	5,465
Site plan amendments	1,000	1,000	1,025	25
Printing/duplication services	14,000	14,000	12,721	(1,279)

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Charges for Services (continued)				
Sale of public works specs	1,000	1,000	1,350	350
Sale of maps	700	700	635	(65)
Sale of certified copy	6,000	6,000	6,732	732
Sale of checklists	50	50	43	(7)
Storm water management fees	-	-	505	505
Special police services	95,000	95,000	61,863	(33,137)
Health/inspection fees	2,300	2,300	6,395	4,095
Animal control/shelter	1,000	1,000	1,520	520
Swimming pool fees	27,000	27,000	33,711	6,711
Auditorium use fees	6,000	6,000	5,061	(939)
Indian Brook fees	25,000	25,000	31,447	6,447
Program registration fees	172,500	172,500	182,772	10,272
After school program	22,000	22,000	21,336	(664)
Total Charges for Services	<u>1,198,796</u>	<u>1,198,796</u>	<u>1,147,074</u>	<u>(51,722)</u>
Fines and Forfeits				
Court fines	-	-	10,000	10,000
Penalty on delinquent taxes	40,000	40,000	83,860	43,860
Interest on delinquent taxes	36,000	36,000	33,144	(2,856)
Total Fines	<u>76,000</u>	<u>76,000</u>	<u>127,004</u>	<u>51,004</u>
Miscellaneous				
Interest on deposits	35,000	35,000	144,214	109,214
Rents and royalties	1,001	1,001	1,001	-
Records preservation	10,000	10,000	-	(10,000)
Sale of assets	5,000	5,000	-	(5,000)
Freeman grants	-	-	10,397	10,397
Unclassified	10,000	10,000	20,111	10,111
Total Miscellaneous	<u>61,001</u>	<u>61,001</u>	<u>175,723</u>	<u>114,722</u>
TOTAL REVENUES	<u>8,636,755</u>	<u>8,636,755</u>	<u>8,891,464</u>	<u>254,709</u>

EXPENDITURES

GENERAL GOVERNMENT

Selectboard

Regular salaries	5,414	5,414	5,414	-
Professional services	30,000	30,000	-	30,000
Secretary	4,400	4,400	4,619	(219)
Printing/binding ordinances	11,000	11,000	8,786	2,214
Dues/subscriptions/meetings	15,180	15,180	15,908	(728)

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Selectboard (cont'd)				
Merger expenses	50,000	50,000	5,004	44,996
Total Selectboard	<u>115,994</u>	<u>115,994</u>	<u>39,731</u>	<u>76,263</u>
Town Manager				
Salaries	218,727	218,727	219,918	(1,191)
Benefits	119,579	119,579	100,512	19,067
Professional services	10,000	10,000	1,500	8,500
Repair and maintenance services	200	200	-	200
Advertising	4,000	4,000	6,678	(2,678)
Printing and binding	1,500	1,500	356	1,144
Dues/subscriptions/meetings	5,900	5,900	4,020	1,880
Other purchased services	1,300	1,300	787	513
Travel	2,760	2,760	2,946	(186)
Supplies	150	150	239	(89)
Furniture and fixtures	250	250	46	204
Education	3,800	3,800	-	3,800
Total Town Manager	<u>368,166</u>	<u>368,166</u>	<u>337,002</u>	<u>31,164</u>
Economic Development				
Advertising	5,000	5,000	4,219	781
Dues/subscriptions/meetings	500	500	-	500
Travel	475	475	-	475
G.B.I.C.	7,000	7,000	7,000	-
Chamber of commerce	3,280	3,280	780	2,500
Total Economic Development	<u>16,255</u>	<u>16,255</u>	<u>11,999</u>	<u>4,256</u>
Elections				
Voter registration	2,500	2,500	99	2,401
Elections/town meetings	15,000	15,000	19,091	(4,091)
Total Elections	<u>17,500</u>	<u>17,500</u>	<u>19,190</u>	<u>(1,690)</u>
Finance				
Salaries	80,734	80,734	85,929	(5,195)
Benefits	40,290	40,290	37,140	3,150
Professional Services	3,000	3,000	-	3,000
Audit	18,000	18,000	18,000	-
Technical services	2,000	2,000	-	2,000
Repair and maintenance services	15,000	15,000	18,422	(3,422)
Insurance	173,000	173,000	200,241	(27,241)
Dues/subscriptions/meetings	1,500	1,500	897	603
Data processing	35,000	35,000	24,644	10,356

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 BUDGETARY BASIS - GENERAL FUND
 For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Finance (cont'd)				
Travel	500	500	85	415
General supplies	350	350	493	(143)
Total Finance	<u>369,374</u>	<u>369,374</u>	<u>385,851</u>	<u>(16,477)</u>
Tax Collection				
Printing and binding	1,900	1,900	1,360	540
Postage	2,500	2,500	2,698	(198)
Total Tax Collection	<u>4,400</u>	<u>4,400</u>	<u>4,058</u>	<u>342</u>
Legal Services				
Professional services	40,000	40,000	62,434	(22,434)
Town Clerk				
Salaries	119,231	119,231	117,048	2,183
Benefits	55,548	55,548	47,316	8,232
Repair and maintenance services	100	100	-	100
Advertising	730	730	-	730
Dues/subscriptions/meetings	500	500	232	268
Other purchased services	14,050	14,050	4,598	9,452
Travel	300	300	83	217
General supplies	12,000	12,000	8,035	3,965
Total Town Clerk	<u>202,459</u>	<u>202,459</u>	<u>177,312</u>	<u>25,147</u>
Buildings and Plant				
Water/sewer	1,200	1,200	1,250	(50)
Repair and maintenance services	20,500	20,500	25,293	(4,793)
Repair and maintenance supplies	3,300	3,300	3,079	221
Telephone	23,430	23,430	19,956	3,474
Postage	22,000	22,000	20,925	1,075
Other purchased services	5,500	5,500	6,017	(517)
General supplies	30,000	30,000	29,277	723
Electricity	24,700	24,700	23,353	1,347
Heating	9,200	9,200	9,343	(143)
Gasoline	117,000	117,000	119,097	(2,097)
Machinery	8,200	8,200	8,123	77
Memorial Hall repairs	5,500	5,500	5,394	106
Total Buildings and Plant	<u>270,530</u>	<u>270,530</u>	<u>271,107</u>	<u>(577)</u>
Real Estate Appraisal				
Salaries	97,960	97,960	101,408	(3,448)
Benefits	62,830	62,830	57,290	5,540

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
For the Year Ended June 30, 2007

	Original Budget	Budget	Actual	Variance Favorable (Unfavorable)
Real Estate Appraisal (cont'd)				
Professional services	1,810	1,810	1,157	653
Repair and maintenance services	600	600	141	459
Advertising	100	100	-	100
Dues/subscriptions/meetings	1,130	1,130	1,315	(185)
Other purchased services	250	250	-	250
Travel	100	100	149	(49)
General supplies	200	200	162	38
Total Real Estate Appraisal	<u>164,980</u>	<u>164,980</u>	<u>161,622</u>	<u>3,358</u>
Public Works				
Salaries	60,962	60,962	68,420	(7,458)
Benefits	27,082	27,082	27,025	57
Professional services	100	100	-	100
Repair and maintenance services	1,500	1,500	1,476	24
Dues/subscriptions/meetings	800	800	1,647	(847)
Other purchased services	2,400	2,400	2,714	(314)
Travel	900	900	1,351	(451)
Office supplies	500	500	468	32
Machinery	3,000	3,000	2,404	596
Furniture and fixtures	350	350	306	44
Other objects	100	100	7	93
Total Public Works	<u>97,694</u>	<u>97,694</u>	<u>105,818</u>	<u>(8,124)</u>
Community Development				
Salaries	186,222	186,222	223,978	(37,756)
Benefits	96,708	96,708	79,772	16,936
Professional services	29,000	29,000	29,677	(677)
Technical services	500	500	-	500
Repair and maintenance services	7,000	7,000	5,340	1,660
Advertising	5,500	5,500	4,163	1,337
Printing and binding	3,500	3,500	62	3,438
Dues/subscriptions/meetings	4,925	4,925	3,182	1,743
Other purchased services	-	-	1,500	(1,500)
Travel	3,200	3,200	3,150	50
General supplies	2,500	2,500	1,208	1,292
Machinery	4,692	4,692	5,103	(411)
Total Community Development	<u>343,747</u>	<u>343,747</u>	<u>357,135</u>	<u>(13,388)</u>
TOTAL GENERAL GOVERNMENT	<u>2,011,099</u>	<u>2,011,099</u>	<u>1,933,259</u>	<u>77,840</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 BUDGETARY BASIS - GENERAL FUND
 For the Year Ended June 30, 2007

	Original Budget	Budget	Actual	Variance Favorable (Unfavorable)
PUBLIC SAFETY				
Police				
Salaries	1,871,419	1,871,419	1,859,208	12,211
Benefits	841,487	841,487	779,339	62,148
General supplies	9,200	9,200	9,625	(425)
Small tools and equipment	5,000	5,000	4,861	139
Advertising	1,500	1,500	2,386	(886)
Telephone	23,000	23,000	21,242	1,758
Dues/subscriptions/meetings	4,000	4,000	5,203	(1,203)
Printing and binding	1,500	1,500	2,411	(911)
Rentals	1,250	1,250	1,039	211
Data processing	18,000	18,000	14,908	3,092
Uniforms	31,000	31,000	24,855	6,145
Registration, fees and licenses	290	290	246	44
Travel	8,000	8,000	11,623	(3,623)
Crime Prevention	6,000	6,000	3,580	2,420
Police training	12,000	12,000	13,958	(1,958)
Police communications	18,950	18,950	19,890	(940)
Professional services	3,000	3,000	1,914	1,086
Repair and maintenance supplies	5,500	5,500	4,842	658
Utilities	5,850	5,850	4,914	936
Building and improvements	1,000	1,000	95	905
Vehicles and equipment:				-
Repair and maintenance supplies	8,000	8,000	6,490	1,510
Repairs and maintenance services	14,000	14,000	17,572	(3,572)
Rent	35,140	35,140	35,640	(500)
Purchase and maintenance of vehicles	61,500	61,500	61,500	-
Total Police	<u>2,986,586</u>	<u>2,986,586</u>	<u>2,907,341</u>	<u>79,245</u>
Fire				
Salaries	66,380	66,380	66,816	(436)
Benefits	5,078	5,078	5,106	(28)
Printing and binding	250	250	370	(120)
Dues/subscriptions/meetings	1,735	1,735	1,713	22
Communications	3,300	3,300	3,410	(110)
Travel	125	125	172	(47)
General supplies	2,150	2,150	2,361	(211)
Small tools and equipment	5,200	5,200	4,115	1,085
Uniforms	13,825	13,825	12,921	904
Machinery	8,125	8,125	16,514	(8,389)
Fire prevention	900	900	1,007	(107)

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Fire (cont'd)				
Fire training	7,250	7,250	3,418	3,832
Training - medical	1,600	1,600	320	1,280
Fire communications	13,725	13,725	19,658	(5,933)
Repairs and maintenance services	19,450	19,450	21,275	(1,825)
Repair and maintenance supplies	500	500	322	178
Building				
Repairs and maintenance services	2,000	2,000	3,661	(1,661)
Repair and maintenance supplies	850	850	551	299
General supplies	600	600	633	(33)
Water and gas	8,000	8,000	8,653	(653)
Building improvements	2,100	2,100	634	1,466
Total Fire	<u>163,143</u>	<u>163,143</u>	<u>173,630</u>	<u>(10,487)</u>
Emergency Management				
Salaries	22,403	22,403	22,915	(512)
Benefits	12,177	12,177	11,502	675
Professional services	150	150	-	150
Communications	300	300	268	32
General supplies	100	100	-	100
Total Emergency Management	<u>35,130</u>	<u>35,130</u>	<u>34,685</u>	<u>445</u>
TOTAL PUBLIC SAFETY	<u>3,184,859</u>	<u>3,184,859</u>	<u>3,115,656</u>	<u>69,203</u>
HIGHWAYS AND STREETS				
Highways and Streets				
Salaries	462,388	462,388	459,865	2,523
Benefits	262,621	262,621	221,891	40,730
Professional Services	3,500	3,500	6,725	(3,225)
Vehicles:				-
Repair and maintenance services	19,500	19,500	16,159	3,341
Repair and maintenance supplies	52,000	52,000	58,855	(6,855)
Buildings:				-
Repair and maintenance services	7,300	7,300	8,191	(891)
Repair and maintenance supplies	2,800	2,800	3,126	(326)
Rental of equipment	300	300	88	212
Communications	3,220	3,220	2,841	379
Advertising	1,100	1,100	300	800
Dues/subscriptions/meetings	1,900	1,900	2,335	(435)
Other purchased services	6,600	6,600	9,391	(2,791)
Travel	1,300	1,300	1,423	(123)
Taxes/licenses and registrations	340	340	270	70

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 BUDGETARY BASIS - GENERAL FUND
 For the Year Ended June 30, 2007

	Original Budget	Budget	Actual	Variance Favorable (Unfavorable)
Highways and Streets (cont'd)				
Small tools and equipment	1,800	1,800	1,968	(168)
Uniforms	11,300	11,300	8,690	2,610
Operating supplies - buildings	6,200	6,200	6,569	(369)
Operating supplies - vehicles	3,200	3,200	4,559	(1,359)
Electricity	10,500	10,500	10,260	240
Natural gas	9,670	9,670	8,884	786
Machinery and equipment	4,000	4,000	2,610	1,390
Vehicles	115,000	115,000	115,000	-
Summer Construction:				
Rentals	2,300	2,300	3,152	(852)
Purchased services	175,420	175,420	246,808	(71,388)
Supplies	61,925	61,925	60,467	1,458
Traffic control				
Purchased services	9,350	9,350	11,237	(1,887)
Supplies	8,240	8,240	5,788	2,452
Sidewalks and crosswalks	40,500	40,500	43,795	(3,295)
Winter maintenance				
Purchased services	5,700	5,700	7,181	(1,481)
Supplies	165,000	165,000	125,482	39,518
Bridges and viaducts	2,500	2,500	-	2,500
Storm drains				
Purchased Services	22,800	22,800	66,151	(43,351)
Supplies	16,000	16,000	15,772	228
Electricity - street lights	98,000	98,000	91,389	6,611
Total Highways and Streets	<u>1,594,274</u>	<u>1,594,274</u>	<u>1,627,222</u>	<u>(32,948)</u>
Storm water				
Salaries	35,858	35,858	37,041	(1,183)
Benefits	20,361	20,361	12,354	8,007
Professional services	10,000	10,000	2,712	7,288
Repairs and maintenance	27,000	27,000	10,590	16,410
Construction of facilities	35,000	35,000	32,361	2,639
Advertising	6,000	6,000	5,059	941
Other purchased services	5,000	5,000	3,362	1,638
Taxes/licenses/registrations	6,000	6,000	2,190	3,810
Vehicles	20,000	20,000	20,000	-
Total Storm water	<u>165,219</u>	<u>165,219</u>	<u>125,669</u>	<u>39,550</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS - GENERAL FUND
For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Sanitation				
Landfill monitoring	13,000	13,000	7,504	5,496
TOTAL HIGHWAYS AND STREETS	<u>1,772,493</u>	<u>1,772,493</u>	<u>1,760,395</u>	<u>12,098</u>
HEALTH AND WELFARE				
Public health officer	7,867	7,867	7,867	-
Dues/subscriptions/meetings	125	125	-	125
Dog control	20,553	20,553	20,652	(99)
Animal control/shelter	1,300	1,300	1,655	(355)
Human service grants	86,367	86,367	85,542	825
Donations - Essex rescue	5,200	5,200	5,200	-
Cemeteries - purchased services	2,000	2,000	2,272	(272)
E.C. Historical Museum	1,500	1,500	2,085	(585)
TOTAL HEALTH AND WELFARE	<u>124,912</u>	<u>124,912</u>	<u>125,273</u>	<u>(361)</u>
CULTURE AND RECREATION				
Recreation				
Salaries	154,021	154,021	160,075	(6,054)
Benefits	70,754	70,754	59,309	11,445
Professional services	2,565	2,565	2,550	15
Communications	360	360	997	(637)
Advertising	450	450	651	(201)
Printing and binding	4,800	4,800	4,770	30
Dues/subscriptions/meetings	1,660	1,660	1,312	348
Other purchased services	70,000	70,000	116,601	(46,601)
Travel	1,760	1,760	1,855	(95)
General Supplies	6,000	6,000	6,609	(609)
Machinery	300	300	353	(53)
Youth soccer	1,000	1,000	1,000	-
Memorial Day celebration	1,000	1,000	1,000	-
Halloween celebration	600	600	346	254
Football - Essex league	500	500	500	-
Little league/softball	3,000	3,000	3,000	-
Lacrosse	750	750	7,717	(6,967)
Babe Ruth league	500	500	500	-
After school program	18,000	18,000	17,656	344
Capital facilities	3,500	3,500	3,500	-
Total Recreation	<u>341,520</u>	<u>341,520</u>	<u>390,301</u>	<u>(48,781)</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 BUDGETARY BASIS - GENERAL FUND
 For the Year Ended June 30, 2007

	Original Budget	Budget	Actual	Variance Favorable (Unfavorable)
Parks				
Salaries	72,333	72,333	78,273	(5,940)
Benefits	29,296	29,296	25,580	3,716
Repair and maintenance - services	4,000	4,000	2,172	1,828
Repair and maintenance - supplies	10,000	10,000	11,389	(1,389)
Communications	425	425	252	173
Advertising	200	200	98	102
Dues/subscriptions/meetings	600	600	575	25
Other purchased services	11,290	11,290	9,038	2,252
Travel	600	600	924	(324)
General supplies	3,808	3,808	4,064	(256)
Small tools and equipment	500	500	421	79
Uniforms	1,452	1,452	559	893
Utilities	4,000	4,000	3,130	870
Vehicles	25,000	25,000	25,000	-
Total Parks	<u>163,504</u>	<u>163,504</u>	<u>161,475</u>	<u>2,029</u>
Swimming Pools				
Salaries	59,696	59,696	55,084	4,612
Benefits	4,567	4,567	4,214	353
Repair and maintenance - services	700	700	1,926	(1,226)
Repair and maintenance - supplies	500	500	1,823	(1,323)
Rental of equipment	225	225	145	80
Communications	625	625	557	68
Advertising	200	200	33	167
Dues/subscriptions/meetings	550	550	1,836	(1,286)
Other purchased services	3,365	3,365	1,379	1,986
General supplies	4,000	4,000	3,566	434
Small tools and equipment	1,150	1,150	1,178	(28)
Uniforms	700	700	1,075	(375)
Electricity	4,000	4,000	7,456	(3,456)
Machinery	-	-	155	(155)
Total Swimming Pools	<u>80,278</u>	<u>80,278</u>	<u>80,427</u>	<u>(149)</u>
Senior Citizen Bus				
Salaries	42,550	42,550	38,969	3,581
Benefits	3,255	3,255	2,980	275
Repair and maintenance - services	2,200	2,200	2,527	(327)
Communications	560	560	393	167
Advertising	125	125	537	(412)
Other purchased services	-	-	1,696	(1,696)

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 BUDGETARY BASIS - GENERAL FUND
 For the Year Ended June 30, 2007

	Original Budget	Budget	Actual	Variance Favorable (Unfavorable)
Senior Citizen Bus (cont'd)				
General supplies	150	150	251	(101)
Vehicle	-	-	1,147	(1,147)
Total Senior Citizen Bus	<u>48,840</u>	<u>48,840</u>	<u>48,500</u>	<u>340</u>
Essex Free Library				
Salaries	150,225	150,225	152,229	(2,004)
Benefits	89,647	89,647	75,884	13,763
Repair and maintenance - services	15,328	15,328	15,288	40
Dues/subscriptions/meetings	790	790	803	(13)
Other purchased services	1,920	1,920	2,512	(592)
Travel	150	150	21	129
General supplies	5,550	5,550	5,838	(288)
Electricity	8,000	8,000	6,729	1,271
Natural gas	2,375	2,375	2,363	12
Books and periodicals	30,000	30,000	29,188	812
Improvements	2,000	2,000	-	2,000
Machinery	1,900	1,900	1,004	896
Special programs	1,000	1,000	1,060	(60)
Freeman Grant	-	-	10,397	(10,397)
Total Essex Free Library	<u>308,885</u>	<u>308,885</u>	<u>303,316</u>	<u>5,569</u>
Brownell Library				
Contributions	15,000	15,000	15,000	-
Total Libraries	<u>323,885</u>	<u>323,885</u>	<u>318,316</u>	<u>5,569</u>
Conservation				
Tree care	17,900	17,900	12,386	5,514
Transfer to water/sewer - agriculture	-	-	50	(50)
Total Conservation	<u>17,900</u>	<u>17,900</u>	<u>12,436</u>	<u>5,464</u>
TOTAL CULTURE AND RECREATION	<u>975,927</u>	<u>975,927</u>	<u>1,011,455</u>	<u>(35,528)</u>
DEBT SERVICE				
Principal				
Library/Memorial Hall	35,000	35,000	35,000	-
Indian Brook	35,000	35,000	35,000	-
Fire Station	50,000	50,000	50,000	-
Interest				
Library/Memorial Hall	5,617	5,617	5,617	-
Indian Brook	3,939	3,939	3,939	-
Short term debt	2,500	2,500	-	2,500

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 BUDGETARY BASIS - GENERAL FUND
 For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Interest (cont'd)				
Fire Station	7,470	7,470	7,440	30
Transfer to capital reserve fund	<u>58,174</u>	<u>58,174</u>	<u>67,234</u>	<u>(9,060)</u>
TOTAL DEBT SERVICE	<u>197,700</u>	<u>197,700</u>	<u>204,230</u>	<u>(6,530)</u>
 INTERGOVERNMENTAL				
County tax	105,000	105,000	118,995	(13,995)
CCTA	193,019	193,019	193,019	-
Winooski Valley Park District	49,900	49,900	49,900	-
CCRPC	14,435	14,435	14,435	-
MPO	<u>7,411</u>	<u>7,411</u>	<u>7,386</u>	<u>25</u>
TOTAL INTERGOVERNMENTAL	<u>369,765</u>	<u>369,765</u>	<u>383,735</u>	<u>(13,970)</u>
TOTAL EXPENDITURES	<u>8,636,755</u>	<u>8,636,755</u>	<u>8,534,003</u>	<u>102,752</u>
 EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES - BUDGETARY				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 357,461</u>	<u>\$ 357,461</u>
 RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures - budgetary basis			\$ 357,461	
Adjustments for non-budget:				
Grant revenues			152,527	
Other revenues			64,804	
Grant expenditures			(158,038)	
Transfer to capital projects fund			<u>(361,509)</u>	
Excess (deficiency) of revenues over expenditures - GAAP basis			<u>\$ 55,245</u>	

See Accompanying Notes to Basic Financial Statements.