

Town of Essex, Vermont
Year Ended June 30, 2004
Initial Implementation of GASB No. 34

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R. F. LAVIGNE & COMPANY
Public Accountants

Independent Auditor's Report

Board of Selectmen
Town of Essex, Vermont
Essex, Vermont

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Essex, Vermont, as of and for the year ended June 30, 2004, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Essex, Vermont's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards as generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental 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 general purpose 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

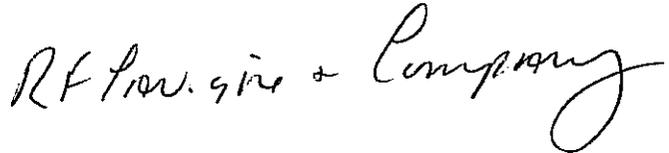
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Essex, Vermont as of June 30, 2004, and the respective changes in the financial position and cash flows, where applicable, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Governmental Auditing Standards, we have also issued our report dated November 18, 2004, on our consideration of the Town of Essex, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.



Management's discussion and analysis on pages 3 through 10 and the budgetary comparison schedule - budgetary basis on page 35 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Essex, Vermont basic financial statements. The schedules included in the supplementary information section of the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the Town of Essex, Vermont. The schedules included in the supplementary information section of the table of contents and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Williston, Vermont
November 18, 2004
Except for Note 12,
dated March 25, 2005
License #222

Management's Discussion and Analysis

As management of the Town of Essex, we offer readers of the Town of Essex's financial statements this narrative overview and analysis of the financial activities of the Town of Essex for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of this report.

Financial Highlights

- The assets of the Town of Essex exceeded its liabilities at the close of the most recent fiscal year by \$22,418,084 (*net assets*). Of this amount, \$322,832 (*unrestricted net assets*) may be used by the various funds of the Town to meet the Town's ongoing obligations to its citizens and creditors. The Town's total net assets increased by \$429,968. Of this amount, net assets attributable to governmental activities increased by \$636,123, while net assets attributable to business-type activities decreased by \$206,155.
- As of the close of the current fiscal year, the Town of Essex's governmental funds reported combined ending fund balances of \$2,820,931, a decrease of \$153,238 in comparison with the prior year. Of this total amount, \$508,666 is *available for spending* at the government's discretion (*unreserved fund balance*). The remaining \$2,312,265 is reserved (\$1,446,425) or designated (\$865,840) by the Selectboard for specific purposes. The reserved portion of fund balance in the General Fund includes subsequent year's expenditures of \$164,500 and \$289,242 for reappraisal. The reserved portion of fund balance in the Capital Projects fund is \$981,394 and is reserved for various projects such as buildings and roads. Designated balances include \$150,000 in the General Fund for reappraisal and \$715,840 in the Capital projects fund for various capital projects including buildings, roads and vehicles.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$413,158.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Essex's basic financial statements; The Town of Essex's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information on all of the Town of Essex's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Essex is improving or deteriorating.

The *statement of activities* presents information showing how the government'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).

Both of the government-wide financial statements distinguish functions of the Town of Essex that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Essex include general

government, public safety, public works, health and social services, recreation and parks, conservation and development, cultural, and public improvements. The business-type activities of the Town of Essex include the water and wastewater collection operations of the Town outside the Village.

The government-wide financial statements are designed to include not only the Town of Essex itself (known as the *primary government*), but also any legally separate entities for which the Town of Essex is financially accountable (known as *component units*). The Town of Essex has no such entities that qualify as component units.

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 Town of Essex, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Essex can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower 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. By doing so, readers may better understand the long-term impact of the government'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*.

The Town of Essex maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Although not required, the Town of Essex has elected to present separate information in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the other governmental fund types, which are considered to be non-major governmental funds.

The Town of Essex adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found in Statements 3 through 5 of this report.

Proprietary funds. The Town of Essex maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Essex uses an enterprise fund to account for its Water and Sewer Fund.

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Sewer.

The basic proprietary fund financial statements can be found in statements 7 through 9 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town of Essex's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found in Statements 10 through 11 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following 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* to provide additional financial information not included in the basic financial statements. This supplementary information includes combining statements for various funds, and budgetary comparison statements for funds other than the Town's general fund, which is presented with the basic financial statements. The supplementary information can be found immediately following the notes to the financial statements in this report.

Government-wide Financial Analysis

TOWN OF ESSEX, VERMONT'S NET ASSETS
As of June 30, 2004

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$4,405,190	\$337,100	\$4,742,290
Capital assets	\$13,993,197	\$7,424,978	\$21,418,175
Total assets	<u>\$18,398,387</u>	<u>\$7,762,078</u>	<u>\$26,160,465</u>
Long-term liabilities outstanding	\$1,373,710	\$888,554	\$2,262,264
Other liabilities	\$1,329,190	\$150,927	\$1,480,117
Total liabilities	<u>\$2,702,900</u>	<u>\$1,039,481</u>	<u>\$3,742,381</u>
Net assets:			
Invested in capital assets, net of related debt	\$13,090,468	\$6,597,011	\$19,687,479
Restricted	\$2,407,773	\$0	\$2,407,773
Unrestricted	\$197,246	\$125,586	\$322,832
Total net assets	<u>\$15,695,487</u>	<u>\$6,722,597</u>	<u>\$22,418,084</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Essex, assets exceeded liabilities by \$22,418,084 at the close of the most recent fiscal year. Prior-year information is not available in 2004, the year that the new financial reporting model is being implemented. Such information will be presented when prior-year information becomes available.

By far the largest portion of the Town of Essex's net assets (88%) reflects its investment in capital assets (e.g. land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town of Essex uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town of Essex'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 of Essex's net assets (11%) represents resources that are subject to external restrictions and Selectboard designations on how they may be used. The remaining balance of *unrestricted net assets* (\$322,832) may be used to meet the government's ongoing obligations to citizens and creditors. Included in restricted net assets are amounts that the Selectboard has designated for particular purposes, such as capital reserve funds, reserves for encumbrances, reserve for reappraisal, and reserves for expenditures in subsequent years.

At the end of the current fiscal year, the Town of Essex is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

TOWN OF ESSEX, VERMONT'S CHANGES IN NET ASSETS
For the year ended June 30,

	Governmental Activities 2004	Business-type Activities 2004	Total 2004
Revenues			
Program revenues			
Charges for services	\$816,765	\$1,278,980	\$2,095,745
Operating grants and contributions	\$313,568		\$313,568
Capital grants and contributions	\$652,811		\$652,811
General Revenues			
Property taxes - including penalties and interest	\$5,445,838		\$5,445,838
IBM Payment for Services	\$936,562		\$936,562
Interest Income, net of expense	\$28,190	(\$20,786)	\$7,404
Other revenues	\$1,476	\$2,070	\$3,546
Total Revenues	\$8,195,210	\$1,260,264	\$9,455,474
Expenses			
Governmental activities			
General Government	\$1,679,964		\$1,679,964
Public Safety	\$2,810,546		\$2,810,546
Highway and Streets	\$1,567,158		\$1,567,158
Sanitation	\$9,227		\$9,227
Health and Welfare	\$119,618		\$119,618
Culture and Recreation	\$943,976		\$943,976
Interest on long-term debt	\$54,292		\$54,292
Intergovernmental	\$374,011		\$374,011
Business-type activities			
Water and Sewer		\$1,466,714	\$1,466,714
Total Expenses	\$7,558,792	\$1,466,714	\$9,025,506
Changes in net assets before transfers	\$636,418	(\$206,450)	\$429,968
Transfers	(\$295)	\$295	\$0
Changes in net assets	\$636,123	(\$206,155)	\$429,968
Net assets - July 1, 2003	\$15,059,364	\$6,928,752	\$21,988,116
Net assets - June 30, 2004	\$15,695,487	\$6,722,597	\$22,418,084

Governmental activities. Governmental activities increased the Town of Essex's net assets by \$636,123 during the current fiscal year. This increase is the net result of net additions to capital assets that exceed current year depreciation expenses (\$518,338) and principal payments on long term bonds, notes, and leases during the year (\$240,796). The total increase in net assets is less than the total of the listed items as a result of current year appropriations exceeding current year revenues by \$122,716. Prior-year information is not available in 2004, the year that the new financial reporting model is being implemented. Such information will be presented when prior-year information becomes available.

Business-type activities. Business-type activities decreased the Town of Essex's net assets by \$206,155 during the current fiscal year. The decrease is due to; less demand for services during the year than anticipated, connection fees for new users were less than anticipated, the cost of wholesale water rates increased during the year greater than the increase in rates for charges to users. Depreciation expense for the Water/Sewer fund is \$258,149.

Financial Analysis of the Governments Funds

As noted earlier, the Town of Essex, Vermont, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town of Essex's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Essex's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town of Essex's governmental funds reported combined ending fund balances of \$2,820,931, a decrease of \$153,238 in comparison to the prior year. Approximately 18% of this total amount (\$508,666) constitutes *unreserved/undesignated fund balance*, which is available for spending at the government's discretion. The Town of Essex has reserved and designated fund balance of \$2,312,265. The designated portion of fund balance is \$865,840 and is designated for various purposes, including capital reserve funds for buildings and roads. There is also \$150,000 designated by the Selectboard for reappraisal. The remainder of the fund balance (\$1,446,425) is *reserved* to indicate that it is not available for new spending because it has already been committed to encumbrances of the prior period (\$64,500), reserved for future expenditures (\$100,000) or is otherwise restricted by grant agreements or bond covenants.

The general fund is the chief operating fund of the Town of Essex. At the end of the current fiscal year, unreserved, undesignated fund balance was \$413,158, designated fund balance was \$150,000, and reserved or restricted fund balance was \$453,742. As a measure of the general fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to total general fund expenditures and operating transfers. Unreserved; undesignated fund balance represents 5.3 percent of total general fund expenditures and operating transfers, while total fund balance represents 13.2 percent of that same amount.

The fund balance of the Town of Essex's general fund decreased by \$273,646 during the current fiscal year. Key factors in this change are as follows:

- Funds from the excess of revenues over expenditures in previous years, which had been designated for subsequent period expenditures, were utilized in the current fiscal year to maintain a stable tax rate: (\$100,000).

- Tax revenue was decreased by the cost of Farm and Open land contracts with Town landowners (\$37,877)
- Miscellaneous revenues were \$60,000 less than expected due to lower than anticipated interest rates on investments and no sales of assets during the year.
- Expenditures were over budget in some areas including Insurance, gasoline for vehicles, and legal services.

Proprietary funds. The Town of Essex's propriety funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water / Sewer Fund amounted to \$125,586. Total net assets for the Water / Sewer fund decreased by \$206,155 during the most recent fiscal year. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Essex's business-type activities.

General Fund Budgetary Highlights

Differences between budgeted amounts and actual amounts can be briefly summarized as follows:

- The cost of Farm and Open Land contracts with Essex landowners and tax stabilization agreements was not reflected in the tax rate that was set by the Selectboard in August resulting in less tax revenues than budgeted.
- State highway grants were received that were not budgeted for. These funds were used to pay for additional paving that had not been budgeted.
- Charges for recording of legal documents, Recreation program fees and Police Services (which includes Traffic details) were greater than expected. There was a corresponding overexpenditure in Recreation purchased services that reflected increased programs.
- Interest Revenues were below estimates due to lower than expected interest rates.
- A number of expenses were greater than anticipated including: Property and Casualty and Worker's Comp insurance, legal, telephone, and gasoline expenses.

Capital Asset and Debt Administration

Capital assets. The Town of Essex's investment in capital assets for its governmental and business-type activities as of June 30, 2004, amounts to \$19,595,857 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, roads and bridges, and water and wastewater distribution and collection systems. The investment in net assets increased by 4.2% for governmental activities, and decreased by 2.9% for business-type activities.

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

- Partial reconstruction of the Butlers Corner intersection on Route 15 in the amount of \$475,789. It is expected that construction will be completed in the current year.
- Special equipment for the Fire department such as breathing apparatus and hydraulic rescue equipment were purchased in the amount of \$71,331. These equipment purchases were made through a Homeland Security Grant.
- Various streets were resurfaced or reconstructed for a total of \$481,117. These improvements included resurfacing / reconstruction of Bobolink, Blackberry, Londonderry, Saybrook, Susie Wilson, Sunset, Lamell, and Old Colchester Roads. Crosswalk improvements were made at various locations throughout the Town. Some of the funds for these projects were obtained through State paving grants.
- New vehicles purchased during the year included, two police cruisers, two used unmarked cruisers, two dump trucks for the highway department and a pick-up for the Parks department. The total cost for these vehicles was \$198,499.

	Governmental Activities		Business-type Activities		Total	
	6/30/2003	6/30/2004	6/30/2003	6/30/2004	6/30/2003	6/30/2004
Land	\$2,763,909	\$2,763,909			\$2,763,909	\$2,763,909
Bulldings and Improvements	\$1,964,582	\$1,964,582			\$1,964,582	\$1,964,582
Equipment and Vehicles	\$2,880,443	\$3,168,166	\$214,936	\$214,936	\$2,095,379	\$3,383,102
Book Collection	\$400,552	\$429,559			\$400,552	\$429,559
Infrastructure	\$13,845,475	\$14,234,108	\$11,733,082	\$11,763,995	\$25,578,557	\$25,998,103
Construction in Progress	\$137,214	\$705,375	\$15,674	\$37,343	\$152,888	\$742,718
Total Assets	\$21,992,175	\$23,265,699	\$11,963,692	\$12,016,274	\$33,955,867	\$35,281,973

Additional information on the Town of Essex's net assets can be found in note 4 of the notes to financial statements.

Long-term debt. At the end of the current year, the Town of Essex had total long-term debt outstanding of \$1,730,696. Of this amount, \$1,650,067 represents bonds and loans backed by the full faith and credit of the Town, and \$80,629 represents capital lease obligations.

	Governmental Activities		Business-type Activities		Total	
	6/30/2003	6/30/2004	6/30/2003	6/30/2004	6/30/2003	6/30/2004
Notes Payable	\$560,900	\$487,100			\$560,900	\$487,100
Bonds Payable	\$405,000	\$335,000	\$1,013,060	\$827,967	\$1,418,060	\$1,162,967
Capital Lease Obligations	\$177,625	\$80,629			\$177,625	\$80,629
Total	\$1,143,525	\$902,729	\$1,013,060	\$827,967	\$2,156,585	\$1,730,696

The Town of Essex's total debt decreased by \$425,890 during the year. An additional \$49,700 was borrowed in the General Fund for the purchase of a new highway truck and \$250,000 in bonds were issued in the Water / Sewer Fund for the Susie Wilson sewer improvements while existing debt of \$721,180 was repaid.

State statutes limit the amount of bonded debt any government entity may issue to 10 times its total assessed valuation. The current debt limit for The Town of Essex is \$126,580,000, which is significantly in excess of the Town of Essex's outstanding bonded debt.

Bonds are issued through the Vermont Municipal Bond Bank. The Town issues no bonded debt on its own behalf and does not maintain its own credit rating.

In July 2003, the Town of Essex issued general obligation bonds for the Water / Sewer Fund. The bond was in the amount of \$250,000 for improvements to the Susie Wilson Road Sewer pump station and associated sewage transmission system to provide sewage capacity for the west end of the Town.

Additional information on the Town of Essex's long-term debt can be found in note 5 of the notes to financial statements.

Economic Factors and Next Year's Budgets and Rates

- The taxable grand list for the Town of Essex, Vermont increased \$151,581 or 1.2 percent over the previous year.
- The rate of increase in prices of health and dental insurance, and the price of fuel oil products has grown faster than general inflationary trends.
- The Town continues to lose \$97,500 per year as a result of the agreement with IBM when Machinery and Equipment taxes were phased out.
- Designated capital reserve funds at the end of June 30, 2004, amounted to \$1,205,712. These funds are available for appropriation to fund capital and equipment purchases in coming years. Designated reserve funds for subsequent year expenditures at the end of June 30, 2004, amounted to \$164,500. This amount is available for appropriation in future years to reduce the amount that is required to be raised by property taxes.

All of these factors were considered in preparing the Town of Essex's budget for the 2005 fiscal year.

The Town of Essex approved a general fund for fiscal year 2005 budget in the amount of \$7,584,599. This represents an increase of \$357,269 or 4.9 percent over the approved budget for the previous year. The Town will utilize \$100,000 in unreserved fund balance to pay for expenditures included in this budget. The use of these funds was intended to keep increase in tax rates to a minimum. As a result, the Town's municipal tax rate for 2005 increased by 2.8 cents to 41.2 per \$100 of valuation.

Rates for water and wastewater operations were increased in fiscal year 2004 in response to increased costs for water purchases and wastewater treatment.

Requests for Information

This financial report is designed to provide a general overview of the Town of Essex, Vermont's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Town of Essex, 81 Main Street, Essex Jct., VT 05452.

Town of Essex, Vermont
 Statement of Net Assets
 June 30, 2004

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,539,489	\$ 21	\$ 3,539,510
Certificates of Deposit	23,651		23,651
Taxes Receivable, including Penalties and Interest	336,846		336,846
Other Receivables	387,744	328,403	716,147
Prepaid Expenses	117,460	8,676	126,136
Capital Assets			
Capital Assets not being Depreciated	3,469,284	37,343	3,506,627
Capital Assets being Depreciated, Net	<u>10,523,913</u>	<u>7,387,635</u>	<u>17,911,548</u>
Total Assets	<u>18,398,387</u>	<u>7,762,078</u>	<u>26,160,465</u>
LIABILITIES			
Current Liabilities			
Cash Overdrawn	-0-	139,505	139,505
Accounts Payable	708,207	3,219	711,426
Accrued Salaries and Payroll Withholdings	150,350	3,001	153,351
Accrued Interest	12,346	2,727	15,073
Taxes Paid in Advance	49,989		49,989
Deferred Revenue	408,298	2,475	410,773
Long-Term Liabilities			
Due Within One Year			
Leases Payable	39,930		39,930
Bonds and Notes Payable	227,850	207,967	435,817
Due in More than One Year			
Accrued Compensated Absences	470,981	60,587	531,568
Leases Payable	40,699		40,699
Bonds and Notes Payable	<u>594,250</u>	<u>620,000</u>	<u>1,214,250</u>
Total Liabilities	<u>2,702,900</u>	<u>1,039,481</u>	<u>3,742,381</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	13,090,468	6,597,011	19,687,479
Restricted for:			
Capital Projects	1,786,880		1,786,880
Permanent Funds	17,151		17,151
Subsequent Year's Expenditures	603,742		603,742
Unrestricted	<u>197,246</u>	<u>125,586</u>	<u>322,832</u>
Total Net Assets	<u>\$ 15,695,487</u>	<u>\$ 6,722,597</u>	<u>\$ 22,418,084</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Town of Essex, Vermont
Statement of Activities
For the Year Ended June 30, 2004

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services, Fees, Fines, & Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
General Government	\$ 1,679,964	\$ 354,725	\$ 99,760	\$(1,225,479)		\$(1,225,479)
Public Safety	2,810,546	169,396	43,930	(2,504,036)		(2,504,036)
Highways and Streets	1,567,158	56,370	128,647	(822,514)		(822,514)
Sanitation	9,227			(9,227)		(9,227)
Health and Welfare	119,618	11,902	2,800	(104,916)		(104,916)
Culture and Recreation	943,976	224,372	38,431	(681,173)		(681,173)
Intergovernmental	374,011			(374,011)		(374,011)
Interest on Debt Service	54,292			(54,292)		(54,292)
Total Governmental Activities	7,558,792	816,765	313,568	(5,775,648)	\$ -0-	(5,775,648)
Business-Type Activities:						
Sewer	1,466,714	1,278,980	-0-	-0-	(187,734)	(187,734)
Total Government	\$ 9,025,506	\$ 2,095,745	\$ 313,568	(5,775,648)	(187,734)	(5,965,382)
General Revenues:						
Tax Revenues						
IBM Payment for Services				\$ 5,349,860		5,349,860
Interest and Penalties				936,562		936,562
Interest Income				95,978	8,825	104,803
Rental Income				28,190	(29,611)	(1,421)
Transfers				1,001		1,001
Miscellaneous				(295)	295	-0-
Total General Revenues				6,411,771	(18,421)	6,393,350
Change in Net Assets				636,123	(206,155)	429,968
Net Assets - Beginning				15,059,364	6,928,752	21,988,116
Net Assets - Ending				\$ 15,695,487	\$ 6,722,597	\$ 22,418,084

The Accompanying Notes are an Integral Part of These Financial Statements

Town of Essex, Vermont
Balance Sheet
Governmental Funds
June 30, 2004

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Permanent Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,924,030	\$ 1,602,138	\$ 13,321	\$ 3,539,489
Certificates of Deposit		23,651		23,651
Taxes Receivable	336,846			336,846
Other Receivables	135,031	252,713		387,744
Due from Other Funds			3,830	3,830
Prepaid Expenses	<u>117,460</u>			<u>117,460</u>
Total Assets	<u>\$ 2,513,367</u>	<u>\$ 1,878,502</u>	<u>\$ 17,151</u>	<u>\$ 4,409,020</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 616,585	\$ 91,622		\$ 708,207
Accrued Payroll and Benefits	150,350			150,350
Due to Other Funds	3,830			3,830
Taxes Paid in Advance	49,989			49,989
Reserve for Non-Current Tax	267,415			267,415
Deferred Revenue	<u>408,298</u>			<u>408,298</u>
Total Liabilities	1,496,467	91,622	\$ -0-	1,588,089
Fund Balances				
Reserved	453,742	981,394	11,289	1,446,425
Designated	150,000	715,840		865,840
Unreserved	<u>413,158</u>	<u>89,646</u>	<u>5,862</u>	<u>508,666</u>
Total Fund Balances	<u>1,016,900</u>	<u>1,786,880</u>	<u>17,151</u>	<u>2,820,931</u>
Total Liabilities and Fund Balances	<u>\$ 2,513,367</u>	<u>\$ 1,878,502</u>	<u>\$ 17,151</u>	<u>\$ 4,409,020</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Town of Essex, Vermont
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Assets
 June 30, 2004

Total Fund Balances - Governmental Funds (Statement 3) \$ 2,820,931

Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land and Land Improvements	\$ 23,265,698	
Accumulated Depreciation	(9,272,501)	
Total Capital Assets		13,993,197

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		267,415
-----------------------------	--	---------

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Long-term Debt	(822,100)	
Accrued Interest on Debt	(12,346)	
Capital Leases Payable	(80,629)	
Accrued Compensated Absences	(470,981)	
Total Long-term Liabilities		(1,386,056)

Total Net Assets - Governmental Activities (Statement 1) \$ 15,695,487

The Accompanying Notes are an Integral Part of These Financial Statements

Town of Essex, Vermont
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Permanent Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property Taxes	\$ 5,213,178	\$ 124,301		\$ 5,337,479
Licenses and Permits	47,132			47,132
Intergovernmental	436,356	489,219		925,575
Charges for Services	1,588,337	107,685	\$ 8,800	1,704,822
Fines and Forfeits	95,978			95,978
Investment Income	17,664	10,454	71	28,189
Miscellaneous	<u>43,654</u>			<u>43,654</u>
Total Revenues	7,442,299	731,659	8,871	8,182,829
Expenditures				
Current				
General Government	1,636,826	9,149		1,645,975
Public Safety	2,796,764			2,796,764
Highways and Streets	1,430,602	4,979		1,435,581
Sanitation	9,227			9,227
Health	114,648		4,970	119,618
Culture and Recreation	851,198	15,388		866,585
Intergovernmental	374,011			374,011
Debt Service	233,136	2,309		235,446
Capital Outlay		<u>902,265</u>		<u>902,265</u>
Total Expenditures	<u>7,446,412</u>	<u>934,090</u>	<u>4,970</u>	<u>8,385,472</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,113)	(202,431)	3,901	(202,643)
Other Financing Sources (Uses)				
Operating Transfers In		269,238		269,238
Operating Transfers (Out)	(269,533)			(269,533)
Proceeds from Long-Term Debt		<u>49,700</u>		<u>49,700</u>
Total Other Financing Sources (Uses)	<u>(269,533)</u>	<u>318,938</u>	<u>-0-</u>	<u>49,405</u>
Net Change in Fund Balances	(273,646)	116,507	3,901	(153,238)
Fund Balances, Beginning of Year	<u>1,290,546</u>	<u>1,670,373</u>	<u>13,250</u>	<u>2,974,169</u>
Fund Balances, End of Year	\$ <u>1,016,900</u>	\$ <u>1,786,880</u>	\$ <u>17,151</u>	\$ <u>2,820,931</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Town of Essex, Vermont
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balance of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2004

Net Change in Fund Balances - Governmental Funds (Statement 5)	\$(153,238)
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) 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.	
Capital asset purchases capitalized, net of lease purchases	1,273,525
Depreciation expense	(664,564)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Increase in the reserve for non-current taxes	12,382
Repayment of Long-Term Debt is an expenditure in the governmental funds, but the Repayment reduces long-term liabilities in the statement of activities.	290,496
Proceeds from Long-Term Debt is a receipt in the governmental funds, but increases long-term liabilities in the Statement of Activities	(49,700)
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 Debt	(12,346)
Accrued Compensated Absences	(60,432)
Change in net assets of governmental activities (Statement 2)	\$ <u>636,123</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Town of Essex, Vermont
Statement of Net Assets
Proprietary Funds
June 30, 2004

	Business-Type Activities <u>Proprietary Fund</u> <u>Water/Sewer</u>
ASSETS	
Current Assets	
Cash	\$ 21
Accounts Receivable - Net of Allowance for Doubtful Accounts of \$2,500	186,003
Unbilled Receivables	142,400
Prepaid Expenses	<u>8,676</u>
Total Current Assets	337,100
Non-Current Assets	
Property, Plant and Equipment, Net of Accumulated Depreciation of \$4,591,296	<u>7,424,978</u>
Total Assets	<u>7,762,078</u>
 LIABILITIES	
Current Liabilities	
Cash Overdraft	139,505
Current Portion of Long-Term Debt	207,967
Accounts Payable	3,219
Accrued Payroll	3,001
Accrued Interest	<u>2,727</u>
Total Current Liabilities	356,419
Non-Current Liabilities	
Accrued Compensated Absences	60,587
Deferred Refinancing	2,475
Long-Term Debt	<u>620,000</u>
Total Non-Current Liabilities	<u>683,062</u>
Total Liabilities	<u>1,039,481</u>
 NET ASSETS	
Invested in Capital Assets, Net of Related Debt	6,597,011
Unreserved	<u>125,586</u>
Total Net Assets	<u>\$ 6,722,597</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Town of Essex, Vermont
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
June 30, 2004

Statement 8

	<u>Business-Type</u> <u>Activities</u> <u>Proprietary Fund</u> <u>Water/Sewer</u>
Operating Revenues	
Water and Sewer Billings	\$ 926,935
New Connections	176,860
Special Assessments	175,185
Penalties	8,825
Miscellaneous Income	<u>2,070</u>
Total Operating Revenues	1,289,875
Operating Expenses	
Salaries	296,110
Employee Benefits	112,885
Operating Supplies	192
Repair and Maintenance Supplies	27,976
Small Tools and Equipment	960
Other Purchased Services	21,570
Advertising/Billing	1,498
Insurance	8,304
Professional Services	6,511
Champlain Water District	407,093
Repairs and Maintenance	29,499
Uniforms and Related Items	3,025
Utilities	45,841
Depreciation	258,149
Village Sewer Assessment	253,721
Dues/Subscriptions/Meetings	2,092
Travel	288
Provision for Bad Debts	<u>(9,000)</u>
Total Operating Expenses	1,466,714
Operating (Loss)	(176,839)
Non-Operating Income (Expense)	
Interest Earned	1,021
Interest Expense	<u>(30,632)</u>
Total Non-Operating Income (Expense)	(29,611)
Non-Operating Income (Loss) before Transfers	(206,450)
Transfers	
Transfers In	<u>295</u>
Changes in Net Assets	(206,155)
Net Assets - Beginning of Year	<u>6,928,752</u>
Net Assets - End of Year	\$ <u>6,722,597</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Town of Essex, Vermont
Statement of Cash Flows
Proprietary Funds
June 30, 2004

	<u>Sewer Fund</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,303,053
Payments to Suppliers	(922,933)
Payments to Employees	<u>(296,110)</u>
Net Cash Provided by Operating Activities	84,010
Cash Flows from Non-capital Financing Activities:	
Transfers from Other Funds, Net	295
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(52,582)
Interest on Capital Debt	(30,632)
Principal Paid on Capital Debt	<u>(185,094)</u>
Net Cash (Used) by Capital and Related Financing Activities	(268,308)
Cash Flows from Investing Activities:	
Interest Income	<u>1,021</u>
Net Cash Provided by Investing Activities	<u>1,021</u>
Net (Decrease) in Cash and Cash Equivalents	(182,982)
Balances - Beginning of the Year	<u>43,498</u>
Balances - End of the Year	\$(<u>139,484</u>)
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Operating (Loss)	\$(176,839)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities:	
Depreciation Expense	258,149
Provision for Doubtful Accounts	(9,000)
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	13,178
(Increase) Decrease in Prepaid Expenses	(4,342)
(Decrease) Increase in Accrued Expenses	2,727
(Decrease) Increase in Accrued Payroll and Taxes	(1,896)
(Decrease) Increase in Compensated Absences	(1,187)
(Decrease) Increase in Accounts Payable	<u>3,220</u>
Net Cash Provided by Operating Activities	\$ <u>84,010</u>
Reconciliation of Cash Balances:	
Cash and Cash Equivalents	\$ 21
Cash Overdraft	<u>(139,505)</u>
	\$(<u>139,484</u>)

The Accompanying Notes are an Integral Part of These Financial Statements

Town of Essex, Vermont
Statement of Net Assets
Fiduciary Funds
June 30, 2004

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>132,047</u>
Total Assets	<u>132,047</u>
LIABILITIES	-0-
NET ASSETS	
Held in Trust for Builders	\$ <u>132,047</u>

The Accompanying Notes are an Integral Part of These Financial Statements

Town of Essex, Vermont
Statement of Changes in Net Assets
Fiduciary Funds
June 30, 2004

	<u>Agency Funds</u>
ADDITIONS	
Additions to Funds	\$ 99,241
Interest on Deposits	<u>498</u>
Total Additions	99,739
 DEDUCTIONS	
Release of Funds	(<u>18,238</u>)
Changes in Net Assets	81,501
Net Assets, Beginning	<u>50,546</u>
Net Assets, Ending	\$ <u><u>132,047</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

Town of Essex, Vermont
Notes to the Financial Statements
June 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTRODUCTION

The Town of Essex, Vermont was incorporated June 7, 1763 under the laws of the State of Vermont and operates under a Selectboard-Manager form of government and provides the following services as authorized by its charter: public safety (police, fire, and ambulance), highways and streets, culture and recreation, public improvements, planning and zoning, and general administrative services.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used by the Town are discussed below.

In June 1999, the Governmental Accounting Standards Board unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain of the significant changes in the Statement include the following:

- . For the first time the financial statements include:
 - . A Management Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.
 - . Financial statements prepared using full accrual accounting for all of the Town's activities, including infrastructure (roads, bridges, etc.).
 - . A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Town implemented the general provisions of the statement in the current year.

FINANCIAL REPORTING ENTITY

The Town's financial reporting entity comprises the following:

Primary Government

Town of Essex

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL REPORTING ENTITY (Continued)

This report includes all funds of the Town. An analysis of certain criteria was made to determine if other governmental units should be included in this report. In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involve considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. It is the Town's judgment, based on all pertinent facts derived from the analysis of these criteria, that there are no entities within the Town that should be included as part of these financial statements.

The accounting policies of the Town of Essex conform to accounting principles generally accepted in the United States of America as applicable to government entities. The following is a summary of the more significant of such policies:

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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Town reports the following fund financial statements:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Governmental Funds

General Fund - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Reserve Fund - Capital reserves were established to fund the Town's long-term capital budget. Reserved funds represent amounts set aside for specific items; unreserved funds represent interest earnings which have not yet been dedicated to a specific item.

Permanent Fund - This fund is used to account for resources held in trust by the government for the benefit of the government or its citizenry.

Proprietary Funds

Sewer Fund - This fund is used to account for the Village's sewer operations.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide and proprietary statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the Town are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and compensated absences which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Investments

The Town reporting entity considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

Prepays

Prepays record payments to vendors that benefit future reporting periods. Prepays are similarly reported in government-wide and fund financial statements.

Capital Assets, Depreciation, and Amortization

The Town's property, plant, and equipment with useful lives of more than one year are stated at historical cost, or estimated historical cost if actual historical cost is not available, and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Town generally capitalizes assets with cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The range of estimated useful lives by type of asset is as follows:

Buildings and Improvements	15-40
Vehicles and Equipment	5-15
Office Equipment and Computers	5-10
Infrastructure	20-50

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities.

The governmental fund financial statements recognize the proceeds of debt as other financial sources of the current period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)

Fund Balance - Governmental Funds

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. Designations of fund balance represent tentative management plans that are subject to change.

REVENUES, EXPENDITURES, AND EXPENSES

Compensated Absences

Unused sick leave may accumulate from year to year. Upon retirement, an employee will be paid for up to 100 days of unused sick leave at the rate of full pay.

Permanent employees are entitled to earn vacation leave based upon their number of years with the Town. Vacation may be accumulated from year to year. Upon termination of employment, employees are eligible to be paid for accrued vacation pay.

Compensated absences are reported as accrued in the government-wide financial statements. Governmental funds report other compensated absences, payable upon termination of an employee for vacation time, and retirement or death of an employee for sick time.

Use of Estimates

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

Budget Policy and Practice

The Department Heads and Town Manager submit an annual budget to the Town's Selectboard for review. A public hearing is held prior to Town Meeting to review the budget. The Town approves the budget at the annual Town Meeting and the tax rate is determined by the Selectboard based on the budget and grand list. Formal budgetary accounting is employed as a management control device in the General Fund and Water/Sewer Fund.

NOTE 2 RECONCILIATION BETWEEN GAAP AND BUDGETARY BASIS

Items required to adjust actual revenues, expenditures and encumbrances reported on the budgetary basis to those reported on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds (GAAP basis) are as follows:

	<u>General</u> <u>Fund</u>
Budgetary Basis - Excess of Revenues and Other Financing Sources Over Expenditures	\$ (269,686)
Non-Budgeted Funds	
Grant Revenues Not Budgeted	191,230
Grant Expenditures Not Budgeted	(186,068)
Other Non-Budgeted Revenue (Restricted)	44,528
Other Non-Budgeted Expenditures	(100,890)
Reserve for Current Year Encumbrances	64,500
Liquidation of Prior Year Encumbrances	(17,260)
GAAP Basis - Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ <u>(273,646)</u>

NOTE 3 CASH AND CATEGORIES OF RISK

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 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

	<u>Book</u> <u>Balance</u>	<u>Bank</u> <u>Balance</u>
Insured by the FDIC	\$ 146,982	\$ 146,982
Insured by Deposit Surety Bond	3,207,729	3,207,729
Uncollateralized	197,897	196,667
Petty Cash	<u>3,095</u>	<u>-0-</u>
Total Deposits	\$ <u>3,555,703</u>	\$ <u>3,551,378</u>

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 Safeco Insurance Company of America. The coverage is in the amount of \$8,500,000 and is for the period June 30, 2004 to June 23, 2005.

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2004 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	<u>137,214</u>	\$ <u>568,161</u>	<u>---</u>	<u>705,375</u>
	2,901,123	568,161	\$ -0-	3,469,284
Other Capital Assets:				
Book Collection	400,552	29,007		429,559
Building and Improvements	1,964,582			1,964,582
Equipment	2,880,443	287,723		3,168,166
Infrastructure	<u>13,845,475</u>	<u>388,633</u>	<u>---</u>	<u>14,234,108</u>
Total Other Capital Assets at Historical Cost	<u>19,091,052</u>	<u>705,363</u>	<u>-0-</u>	<u>19,796,415</u>
Less Accumulated				
Depreciation for:				
Book Collection	(100,138)	(41,506)		(141,644)
Building and Improvements	(1,101,926)	(50,081)		(1,152,007)
Equipment	(1,504,758)	(264,254)		(1,769,012)
Infrastructure	<u>(5,901,116)</u>	<u>(308,723)</u>	<u>---</u>	<u>(6,209,839)</u>
Total Accumulated Depreciation	<u>(8,607,938)</u>	<u>(664,564)</u>	<u>-0-</u>	<u>(9,272,502)</u>
Other Capital Assets, Net	<u>10,483,114</u>	<u>40,799</u>	<u>-0-</u>	<u>10,523,913</u>
Governmental Activities Capital Assets, Net	\$ <u>13,384,237</u>	\$ <u>608,960</u>	\$ <u>-0-</u>	\$ <u>13,993,197</u>

Depreciation expense was charged to functions, as follows:

General Government	\$ 19,750
Public Safety	149,710
Highways and Streets	387,509
Stormwater	3,116
Culture and Recreation	<u>104,479</u>
Total	\$ <u>664,564</u>

NOTE 4 CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<u>Business-Type Activities:</u>				
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 15,674	\$ 21,669		\$ 37,343
Capital Assets being Depreciated:				
Water/Sewer Plant	11,733,082	30,913		11,763,995
Machinery and Equipment	110,034			110,034
Vehicles	<u>104,902</u>			<u>104,902</u>
	11,948,018	30,913	\$ -0-	11,978,931
Less: Accumulated Depreciation	(4,333,147)	(258,149)		(4,591,296)
Capital Assets being Depreciated, Net	<u>7,614,871</u>	(227,236)		<u>7,387,635</u>
Capital Assets, Net	\$ <u>7,630,545</u>	\$ (205,567)	\$ -0-	\$ <u>7,424,978</u>

Depreciation expense for the Business-type Activities was \$258,149 for the fiscal year ended June 30, 2004.

NOTE 5 LONG-TERM DEBT

General Fund bonds and notes payable are summarized below:

Bonds Payable

Indian Brook Reservoir Bond, Interest rates vary from approximately 7.5% to 3.75%, Annual principal payments of \$35,000 through December 1, 2007 \$ 140,000

Library-Memorial Hall Bond, Interest varies from 7.4% to 6.75%, Annual principal payments of \$35,000 through December 1, 2006 and \$30,000 through December 1, 2009 195,000

Total Bonds Payable 335,000

Notes Payable

Capital Improvement Note (Fire Truck), Interest @ 3.02%, Due June 15, 2006, Annual principal payments of \$47,250, plus interest 94,500

Capital Improvement Note (Towers Road), Interest @ 2.63%, Due June 4, 2005. 10,900

Capital Improvement Note (Fire Station), Interest @ 3.22%, Annual principal payments of \$50,000 plus interest, Due August 15, 2008. 332,000

NOTE 5 LONG-TERM DEBT (Continued)

Notes Payable (Continued)

Highway Equipment Note (Highway Truck), Interest @ 1.74%, Due July 8, 2004	\$ <u>49,700</u>
Total General Fund - Notes Payable	487,100
Total General Fund - Bonds and Notes Payable	\$ <u>822,100</u>

Enterprise Funds bonds and notes payable are summarized below:

Bonds Payable

Bankers Trust Company, Interest rates and annual principal payments vary, Due December 1, 2004	\$ 127,967
Vermont Municipal Bond Bank, 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	125,000
Vermont Municipal Bond Bank, Interest varies from 2.8% to 4.47%, Annual principal payments of \$45,000 through December 1, 2007 and \$40,000 thereafter, Due December 1, 2011	325,000
Vermont Municipal Bond Bank, Interest varies from 1.19% to 3.7%, Annual principal payments of \$25,000 plus interest, Due December 1, 2013	<u>250,000</u>
Total Enterprise Funds Bonds Payable	\$ <u>827,967</u>

The annual debt service requirements to maturity, including principal and interest for, are as follows as of June 30, 2004

Year Ending June 30	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest		
2005	\$ 227,850	\$ 35,860	\$ 207,967	\$ 28,382	\$ 435,817	\$ 64,242
2006	167,250	26,691	75,000	22,867	242,250	49,558
2007	120,000	18,665	75,000	20,437	195,000	39,102
2008	115,000	12,235	75,000	17,842	190,000	30,077
2009	162,000	7,288	75,000	15,074	237,000	22,362
2010	30,000	1,013	80,000	12,014	110,000	13,027
2011			80,000	8,692	80,000	8,692
2012			80,000	5,260	80,000	5,260
2013			40,000	2,646	40,000	2,646
2014			40,000	887	40,000	887
	\$ <u>822,100</u>	\$ <u>101,752</u>	\$ <u>827,967</u>	\$ <u>134,101</u>	\$ <u>1,650,067</u>	\$ <u>235,853</u>

NOTE 5 LONG-TERM DEBT (Continued)

Capital Lease

The Town leases a street sweeper under an agreement that is classified as a capital lease. The cost of the street sweeper is \$162,625.

The future minimum lease payments required under the capital leases and the present value of the net minimum lease payments as of June 30, 2004, are as follows:

<u>Year ending</u> <u>December 31,</u>	<u>Amount</u>
2005	\$ 42,349
2006	<u>42,349</u>
Total minimum lease payments	84,698
Less: Amount representing interest	<u>(4,069)</u>
Present value of net minimum lease payment	\$ <u>80,629</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2004, the following changes occurred in long-term liabilities:

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2004</u>
Compensated Absences	\$ 472,322	\$ 59,246		\$ 531,568
Capital Leases	177,625		\$ 96,996	80,629
General Obligation Debt	965,900	424,700	568,500	822,100
Enterprise Funds Debt	<u>1,013,060</u>	<u>250,000</u>	<u>435,094</u>	<u>827,966</u>
Totals	\$ <u>2,628,907</u>	\$ <u>733,946</u>	\$ <u>1,100,590</u>	\$ <u>2,262,263</u>

NOTE 6 PROPERTY TAXES

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, 2004 have been charged to the Reserve for Noncurrent Taxes with a corresponding decrease in current year tax revenues. The Reserve for Noncurrent Tax Revenues amounted to \$267,415 at June 30, 2004. The tax rate for fiscal year 2003/04 was \$2.966, allocated as follows:

School	
Local	\$ 1.146
State	1.346
General	.384
Highway	.08
Capital Reserve	<u>.01</u>
Total	\$ <u>2.966</u>

NOTE 6 PROPERTY TAXES (Continued)

Property taxes and related penalties and interest receivable are composed of the following as of June 30, 2004:

Delinquent Taxes	\$ 348,656
Penalties Receivable	24,728
Interest Receivable	<u>113,462</u>
Gross Taxes Receivable	486,846
Less: Reserve for Uncollected Taxes	<u>150,000</u>
Net Taxes Receivable	\$ <u>336,846</u>

NOTE 7 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, 2004.

<u>Purpose of Transfer</u>	<u>Amount</u>	<u>Transfer From</u>	<u>Transfer To</u>
Voted transfer to subsidize cost of water for agricultural purposes	\$ 295	General Fund	Water/Sewer Fund

NOTE 8 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.

Reservations and designations as of June 30, 2004 are as follows:

GENERAL FUND

Reserved for Fiscal 2005 Use of Fund Balance - At the annual Town meeting on March 1, 2004, the Town voted a reservation of fund balance to defray the expenses of fiscal year 2005. \$ 100,000

Reserved for Encumbrances - The reserve for encumbrances was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts signed by the Town but not completed as of the close of the fiscal year. 64,500

Reserved for Reappraisal - Funds received from the State for the Town's reappraisal. 289,242

Total Reserved - General Fund \$ 453,742

NOTE 8 FUND EQUITY (Continued)

Designated for Appraisal - This fund is comprised of \$150,000 designated by the Selectboard and \$289,242 received from the State for the Town's reappraisal. \$ 150,000

CAPITAL PROJECTS FUND

Reserved for Capital Projects - This reserve was established to account for major capital expenditures not financed by Enterprise Funds or Trust Funds. \$ 981,394

Designated Funds - These are funds designated by the Board for Specific Projects, such as buildings and roads. \$ 715,840

FIDUCIARY FUND

Reserved for Cemetery - These funds are used to account for funds that are to be used on behalf of the cemetery. \$ 11,289

NOTE 9 BUDGETED USE OF SURPLUS

At the annual Town meeting on March 3, 2003, the Town voted to use \$100,000 of surplus from the prior fiscal years to defray costs of expenditures for the year ending June 30, 2005.

NOTE 10 ECONOMIC DEPENDENCY

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 2004 was \$902,700.

NOTE 11 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.

NOTE 11 RISK MANAGEMENT (Continued)

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

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

NOTE 12 CHANGE SUBSEQUENT TO INITIAL ISSUANCE OF REPORT

These financial statements have been reissued to reflect an accrual of \$91,622 in the Capital Projects Fund for construction costs. In the statement of net assets, the change increased both capital assets not being depreciated and invested in capital assets net of related debt, by \$91,622. In the Governmental funds, both capital projects fund excess of revenues over expenditures and capital projects fund balance were decreased by \$91,622.

Town of Essex, Vermont
 Budgetary Comparison Schedule - Budgetary Basis
 General Fund
 For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Property Taxes	\$ 5,302,961	\$ 5,213,177	\$(89,784)
Licenses and Permits	41,750	47,132	5,382
Intergovernmental	161,283	204,870	43,587
Charges for Services	1,423,530	1,525,494	101,964
Fines and Forfeits	80,000	95,978	15,978
Investment Income	65,000	17,665	(47,335)
Miscellaneous	<u>52,806</u>	<u>39,382</u>	<u>(13,424)</u>
Total Revenues	7,127,330	7,143,698	16,368
Expenditures			
General Government	1,559,303	1,661,326	(102,023)
Public Safety	2,631,931	2,618,832	13,099
Highways and Streets	1,510,135	1,537,715	(27,580)
Sanitation	11,000	9,227	1,773
Health and Welfare	108,457	111,848	(3,391)
Culture and Recreation	780,377	862,602	(82,225)
Intergovernmental	367,727	351,459	16,268
Debt Service	<u>258,400</u>	<u>260,375</u>	<u>(1,975)</u>
Total Expenditures	7,227,330	7,413,384	(186,054)
(Deficiency) of Revenues Over Expenditures	\$(<u>100,000</u>)	\$(<u>269,686</u>)	\$(<u>169,686</u>)

The Accompanying Notes are an Integral Part of These Financial Statements

Town of Essex, Vermont
Schedule of Revenues
Budget and Actual (Budgetary Basis)
General Fund
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Property Taxes			
General Tax	\$ 4,775,961	\$ 4,689,923	\$(86,038)
Highway Tax	<u>527,000</u>	<u>523,254</u>	<u>(3,746)</u>
Total Property Taxes	5,302,961	5,213,177	(89,784)
Licenses and Permits			
Alcoholic Beverages	3,800	3,820	20
Building Structures	27,000	32,598	5,598
Hunting and Fishing	400	576	176
Marriage Licenses	1,500	293	(1,207)
Animal Licenses	6,000	6,774	774
Green Mountain Passport	50	101	51
DMV Registrations	<u>3,000</u>	<u>2,970</u>	<u>(30)</u>
Total Licenses and Permits	41,750	47,132	5,382
Intergovernmental			
State Aid to Highways	128,000	128,647	647
Railroad Tax	1,000	1,526	526
Pilot Revenue	5,000	6,409	1,409
Current Use/Hold Harmless	9,000	10,994	1,994
Storm Water Grant	-0-	4,500	4,500
State Highway Grants	-0-	23,608	23,608
C-O-P-S Grant	11,383	22,022	10,639
Act 60 Revenue	<u>6,900</u>	<u>7,164</u>	<u>264</u>
Total Intergovernmental	161,283	204,870	43,587
Charges for Services			
IBM Payment - General	852,191	852,191	-0-
IBM Payment - Highway	50,509	50,509	-0-
Use of Vault	6,000	4,776	(1,224)
Recording of Legal Documents	240,000	269,235	29,235
Zoning Hearing Fees	1,000	1,425	425
Subdivision Filing Fees	4,000	2,775	(1,225)
Zoning Ordinance Pamphlets	500	498	(2)
C.O. Reinspections	3,500	3,382	(118)
Site Plan Amendments	300	1,125	825
Printing/Duplication Services	12,000	14,485	2,485
Sale of Public Works Specs	500	1,050	550
Sale of Maps	500	770	270
Sale of Certified Copy	6,000	6,591	591
Sale of Checklists	30	109	79

Town of Essex, Vermont
 Schedule of Revenues
 Budget and Actual (Budgetary Basis)
 General Fund
 For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Charges for Services (Continued)			
Special Police Services	\$ 75,000	\$ 106,553	\$ 31,553
Health/Inspection Fees	2,000	2,412	412
Animal Control/Shelter	1,000	690	(310)
Swimming Pool Fees	26,000	26,756	756
Auditorium Use Fees	5,000	7,109	2,109
Indian Brook Fees	27,000	20,706	(6,294)
Program Registration Fee	89,000	133,600	44,600
After School Program	<u>21,500</u>	<u>18,747</u>	<u>(2,753)</u>
Total Charges for Services	1,423,530	1,525,494	101,964
Fines			
Penalties on Taxes	40,000	56,736	16,736
Interest on Taxes	<u>40,000</u>	<u>39,242</u>	<u>(758)</u>
Total Fines	80,000	95,978	15,978
Investment Income			
Interest on Deposits	65,000	17,665	(47,335)
Miscellaneous			
Rents and Royalties	1,000	1,001	1
Records Preservation	5,000	1,372	(3,628)
Sale of Assets	10,000	-0-	(10,000)
Freeman Grant	11,806	36,532	24,726
Not Classified	<u>25,000</u>	<u>477</u>	<u>(24,523)</u>
Total Miscellaneous	<u>52,806</u>	<u>39,382</u>	<u>(13,424)</u>
Total Revenues	\$ <u>7,127,330</u>	\$ <u>7,143,698</u>	\$ <u>16,368</u>

Town of Essex, Vermont
Schedule of Expenditures
Budget and Actual (Budgetary Basis)
General Fund
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government			
Select Board			
Salaries	\$ 4,500	\$ 4,957	\$(457)
Professional Services	15,000	15,045	(45)
Secretary	3,400	4,263	(863)
Printing/Binding Ordinances	11,000	9,421	1,579
Dues/Subscriptions/Meetings/VLCT	12,829	12,759	70
Furniture and Fixtures	<u>-0-</u>	<u>5,500</u>	<u>(5,500)</u>
Total Select Board	46,729	51,945	(5,216)
Town Manager			
Salaries	221,848	226,127	(4,279)
Benefits	72,018	76,086	(4,068)
Professional Services	1,500	-0-	1,500
Repair and Maintenance Services	200	8	192
Advertising	4,000	4,697	(697)
Printing and Binding	700	1,285	(585)
Dues/Subscriptions/Meetings	5,500	6,354	(854)
Other Purchased Services	1,300	274	1,026
Travel	1,700	1,403	297
Supplies	150	233	(83)
Furniture and Fixtures	250	153	97
Education	<u>4,000</u>	<u>2,922</u>	<u>1,078</u>
Total Town Manager	313,166	319,542	(6,376)
Economic Development			
Advertising	10,000	11,377	(1,377)
Dues/Subscriptions/Meetings	750	122	628
Travel	500	270	230
G.B.I.C.	7,000	7,000	-0-
Chamber of Commerce	<u>3,215</u>	<u>3,215</u>	<u>-0-</u>
Total Economic Development	21,465	21,984	(519)
Elections			
Machinery	2,400	2,395	5
Voter Registration	1,000	-0-	1,000
Elections/Town Meetings	<u>7,300</u>	<u>4,473</u>	<u>2,827</u>
Total Elections	10,700	6,868	3,832

Town of Essex, Vermont
Schedule of Expenditures
Budget and Actual (Budgetary Basis)
General Fund
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General Government (Continued)			
Finance			
Salaries	\$ 72,469	\$ 77,098	\$(4,629)
Benefits	29,197	29,684	(487)
Professional Services	3,000	5,000	(2,000)
Audit	7,500	7,250	250
Technical Services	500	499	1
Repair and Maintenance Services	35,000	13,592	21,408
Insurance	125,000	138,961	(13,961)
Dues/Subscriptions/Meetings	600	1,258	(658)
Data Processing	40,000	60,000	(20,000)
Travel	100	87	13
General Supplies	450	342	108
Machinery	<u>-0-</u>	<u>448</u>	<u>(448)</u>
Total Finance	313,816	334,219	(20,403)
Tax Collection			
Printing and Binding	1,500	334	1,166
Postage	<u>2,200</u>	<u>2,458</u>	<u>(258)</u>
Total Tax Collection	3,700	2,792	908
Legal Services			
Professional Services	18,000	36,951	(18,951)
Town Clerk			
Salaries	104,902	112,922	(8,020)
Benefits	39,622	44,997	(5,375)
Repair & Maintenance Services	100	110	(10)
Advertising	-0-	733	(733)
Dues/Subscriptions/Meetings	900	438	462
Other Purchased Services	10,250	4,213	6,037
Travel	450	-0-	450
General Supplies	8,500	11,595	(3,095)
Machinery	<u>2,400</u>	<u>8,324</u>	<u>(5,924)</u>
Total Town Clerk	167,124	183,332	(16,208)
Buildings and Plant			
Water/Sewer	1,070	1,053	17
R & M - Services	21,450	17,548	3,902
R & M - Supplies	2,800	3,069	(269)
Telephone	10,600	19,946	(9,346)
Postage	16,800	16,459	341
Other Purchased Services	4,600	6,885	(2,285)
General Supplies	21,000	25,545	(4,545)
Electricity	18,640	20,377	(1,737)
Heating	8,100	8,924	(824)

Town of Essex, Vermont
 Schedule of Expenditures
 Budget and Actual (Budgetary Basis)
 General Fund
 For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government (Continued)			
Buildings and Plant (Continued)			
Gasoline	\$ 54,600	\$ 71,876	\$(17,276)
Machinery	6,700	7,224	(524)
Memorial Hall Repairs	<u>4,000</u>	<u>4,979</u>	<u>(979)</u>
Total Buildings and Plant	170,360	203,885	(33,525)
Real Estate Appraisal			
Salaries	81,211	87,603	(6,392)
Benefits	43,344	42,266	1,078
Professional Services	1,880	1,000	880
Repair and Maintenance Services	600	497	103
Advertising	100	39	61
Dues/Subscriptions/Meetings	1,100	1,080	20
Other Purchased Services	500	5	495
Travel	100	43	57
General Supplies	<u>200</u>	<u>483</u>	<u>(283)</u>
Total Real Estate Appraisal	129,035	133,016	(3,981)
Public Works			
Salaries	57,679	59,557	(1,878)
Benefits	20,141	23,238	(3,097)
Professional Services	100	-0-	100
Repair and Maintenance Services	1,500	1,332	168
Dues/Subscriptions/Meetings	800	754	46
Other Purchased Services	1,900	2,142	(242)
Travel	1,000	759	241
Office Supplies	600	189	411
Machinery	2,300	2,734	(434)
Furniture and Fixtures	150	354	(204)
Other Objects	<u>100</u>	<u>213</u>	<u>(113)</u>
Total Public Works	86,270	91,272	(5,002)
Community Development			
Salaries	176,500	170,404	6,096
Benefits	67,814	66,409	1,405
Professional Services	10,000	11,337	(1,337)
Technical Services	500	500	-0-
R & M - Services	3,600	4,670	(1,070)
Advertising	5,000	3,382	1,618

Town of Essex, Vermont
Schedule of Expenditures
Budget and Actual (Budgetary Basis)
General Fund
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General Government (Continued)			
Community Development (Continued)			
Printing and Binding	\$ 2,000	\$ 2,444	\$(444)
Dues/Subscriptions/Meetings	3,000	4,732	(1,732)
Other Purchased Services	5,640	6,292	(652)
Travel	2,000	2,285	(285)
General Supplies	1,000	827	173
Machinery	<u>1,884</u>	<u>2,238</u>	<u>(354)</u>
Total Community Development	<u>278,938</u>	<u>275,520</u>	<u>3,418</u>
Total General Government	<u>1,559,303</u>	<u>1,661,326</u>	<u>(102,023)</u>
Public Safety			
Police			
Salaries	1,606,158	1,599,966	6,192
Benefits	584,650	584,643	7
Office Supplies	10,000	11,105	(1,105)
Small Tools and Equipment	4,000	4,527	(527)
Advertising	1,500	803	697
Telephone	29,000	18,516	10,484
Dues/Subscriptions/Meetings	3,500	4,512	(1,012)
Printing and Binding	1,500	1,843	(343)
Rentals	1,750	1,663	87
Data Processing	18,000	10,533	7,467
Uniforms	28,500	27,459	1,041
Registrations, Fees & Licenses	150	70	80
Travel	7,500	6,571	929
Crime Prevention	6,000	2,575	3,425
Police Training	12,000	11,454	546
Police Communications	18,000	23,741	(5,741)
Professional Services	1,500	3,243	(1,743)
R & M Supplies - Buildings	200	8	192
R & M Services - Buildings	5,000	5,404	(404)
Utilities	4,000	4,945	(945)
Building and Improvement	500	1,791	(1,291)
R & M Supplies - Veh & Equip	5,000	8,002	(3,002)
R & M Services - Veh & Equip	15,000	13,657	1,343
Rent	28,374	28,443	(69)
Buying & Maint. Vehicles	<u>63,000</u>	<u>78,339</u>	<u>(15,339)</u>
Total Police	<u>2,454,782</u>	<u>2,453,813</u>	<u>969</u>

Town of Essex, Vermont
Schedule of Expenditures
Budget and Actual (Budgetary Basis)
General Fund
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Public Safety (Continued)			
Fire			
Salaries	\$ 55,378	\$ 45,662	\$ 9,716
Benefits	4,236	3,626	610
Printing and Binding	275	244	31
Dues/Subscriptions/Meetings	1,040	1,381	(341)
Communications	2,700	2,943	(243)
Travel	200	72	128
General Supplies	2,162	2,424	(262)
Small Tools and Equipment	4,600	6,171	(1,571)
Uniforms	13,000	13,348	(348)
Machinery	7,825	7,704	121
Fire Prevention	900	899	1
Fire Training	6,610	4,703	1,907
Training - Medical	1,700	-0-	1,700
Fire Communications	11,000	11,196	(196)
R & M - Services	17,000	21,677	(4,677)
R & M - Supplies	1,000	835	165
R & M Services - Buildings	2,000	1,299	701
R & M Supplies - Buildings	1,055	136	919
General Supplies	500	505	(5)
Water/Gas	8,000	7,292	708
Building Improvements	<u>6,200</u>	<u>3,722</u>	<u>2,478</u>
Total Fire	147,381	135,839	11,542
Emergency Management			
Salaries	20,416	20,199	217
Benefits	8,802	8,714	88
Professional Services	150	-0-	150
Communications	300	267	33
General Supplies	<u>100</u>	<u>-0-</u>	<u>100</u>
Total Emergency Management	<u>29,768</u>	<u>29,180</u>	<u>588</u>
Total Public Safety	<u>2,631,931</u>	<u>2,618,832</u>	<u>13,099</u>

Town of Essex, Vermont
Schedule of Expenditures
Budget and Actual (Budgetary Basis)
General Fund
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Highways and Streets			
Salaries	\$ 406,125	\$ 400,768	\$ 5,357
Benefits	185,229	176,897	8,332
Professional Services	3,500	245	3,255
R & M Services - Vehicles	15,000	19,187	(4,187)
R & M Supplies - Vehicles	50,000	58,777	(8,777)
R & M Services - Buildings	5,000	9,084	(4,084)
R & M Supplies - Buildings	2,000	1,886	114
Rental of Equipment	480	197	283
Communications	3,100	2,071	1,029
Advertising	1,200	1,444	(244)
Dues/Subscriptions/Meetings	1,900	1,009	891
Other Purchased Services	15,000	5,307	9,693
Travel	1,000	1,738	(738)
Taxes/Licenses/Registrations	340	330	10
Small Tools and Equipment	1,800	1,471	329
Uniforms	11,300	9,752	1,548
Operating Supplies			
Buildings	4,200	6,750	(2,550)
Vehicles	2,700	2,933	(233)
Electricity	11,000	9,336	1,664
Natural Gas	9,600	8,086	1,514
Machinery and Equipment	2,000	295	1,705
Vehicles	105,000	105,000	-0-
Summer Construction			
Rentals	1,800	2,146	(346)
Purchased Services	152,391	186,222	(33,831)
Supplies	54,200	40,180	14,020
Traffic Control			
Purchased Services	7,950	6,906	1,044
Supplies	8,100	10,749	(2,649)
Sidewalks and Crosswalks	16,700	16,568	132
Winter Maintenance			
Purchased Services	3,500	5,605	(2,105)
Supplies	150,000	150,800	(800)
Bridges and Viaducts	4,000	14,000	(10,000)
Storm Drains			
Purchased Services	38,000	38,566	(566)
Supplies	17,900	19,538	(1,638)
Electricity - Street Lights	<u>98,000</u>	<u>96,899</u>	<u>1,101</u>
Total	1,390,015	1,410,742	(20,727)

Town of Essex, Vermont
Schedule of Expenditures
Budget and Actual (Budgetary Basis)
General Fund
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Highways and Streets (Continued)			
Stormwater			
Salaries	\$ 24,801	\$ 25,456	\$(655)
Benefits	15,319	7,575	7,744
Professional Services	11,000	13,960	(2,960)
Repairs and Maintenance	5,000	11,339	(6,339)
Construction of Facilities	40,000	40,000	-0-
Advertising	6,000	9,000	(3,000)
Other Purchased Services	8,000	14,971	(6,971)
Taxes/Licenses/Registrations	<u>10,000</u>	<u>4,672</u>	<u>5,328</u>
Total Stormwater	<u>120,120</u>	<u>126,973</u>	<u>(6,853)</u>
Total Highways and Streets	<u>1,510,135</u>	<u>1,537,715</u>	<u>(27,580)</u>
Sanitation			
Landfill Monitoring	<u>11,000</u>	<u>9,227</u>	<u>1,773</u>
Health and Welfare			
Public Health			
Public Health Officer	7,062	6,218	844
Dues/Subscriptions/Meetings	125	-0-	125
Dog Control	18,271	18,302	(31)
Animal Control/Shelter	1,225	301	924
Welfare and Other			
Human Services Grants	72,274	77,132	(4,858)
Donation - Essex Rescue	6,500	6,500	-0-
Cemeteries - Purchased Services	2,000	2,087	(87)
E.C. Historical Museum	<u>1,000</u>	<u>1,308</u>	<u>(308)</u>
Total Health and Welfare	<u>108,457</u>	<u>111,848</u>	<u>(3,391)</u>
Culture and Recreation			
Recreation			
Salaries	128,809	129,659	(850)
Benefits	48,011	48,845	(834)
Professional Services	1,600	1,258	342
Communications	200	85	115
Advertising	400	1,050	(650)
Printing and Binding	4,800	4,437	363
Dues/Subscriptions/Meetings	880	1,205	(325)
Other Purchased Services	40,000	90,752	(50,752)
Travel	675	1,113	(438)
General Supplies	3,000	4,835	(1,835)
Machinery	300	300	-0-
Youth Soccer	1,000	1,000	-0-
Memorial Day Celebration	1,000	1,000	-0-
Halloween Celebration	600	587	13

Town of Essex, Vermont
Schedule of Expenditures
Budget and Actual (Budgetary Basis)
General Fund
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Culture and Recreation (Continued)			
Recreation (Continued)			
Football - Essex League	\$ 500	\$ 500	\$ -0-
Little League/Softball	3,000	3,000	-0-
Lacrosse	750	5,681	(4,931)
Babe Ruth League	500	500	-0-
After School Program	<u>18,500</u>	<u>15,622</u>	<u>2,878</u>
Total Recreation	254,525	311,429	(56,904)
Parks			
Salaries	64,430	61,143	3,287
Benefits	21,103	21,566	(463)
R & M - Services	4,200	3,254	946
R & M - Supplies	7,600	11,197	(3,597)
Communications	570	316	254
Advertising	50	914	(864)
Dues/Subscriptions/Meetings	400	95	305
Other Purchased Services	7,285	6,764	521
Travel	200	-0-	200
General Supplies	3,100	3,566	(466)
Small Tools and Equipment	800	863	(63)
Uniforms	1,452	506	946
Utilities	3,100	3,478	(378)
Machinery	7,000	7,000	-0-
Vehicles	<u>5,000</u>	<u>5,000</u>	<u>-0-</u>
Total Parks	126,290	125,662	628
Swimming Pools			
Salaries	52,898	54,675	(1,777)
Benefits	4,047	4,360	(313)
R & M - Services	800	659	141
R & M - Supplies	500	498	2
Rental of Equipment	225	207	18
Communications	1,000	611	389
Advertising	75	89	(14)
Dues/Subscriptions/Meetings	650	602	48
Other Purchased Services	3,020	620	2,400
Travel	300	-0-	300
General Supplies	2,900	4,659	(1,759)
Small Tools and Equipment	200	301	(101)
Uniforms	700	342	358
Electricity	6,200	7,687	(1,487)
Machinery	<u>2,000</u>	<u>-0-</u>	<u>2,000</u>
Total Swimming Pools	75,515	75,310	205

Town of Essex, Vermont
Schedule of Expenditures
Budget and Actual (Budgetary Basis)
General Fund
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Culture and Recreation (Continued)			
Senior Citizen Bus			
Salaries	\$ 32,461	\$ 32,377	\$ 84
Benefits	2,483	2,477	6
Repairs and Maintenance Services	2,200	9,372	(7,172)
Communications	580	445	135
Advertising	100	-0-	100
General Supplies	<u>200</u>	<u>42</u>	<u>158</u>
Total Senior Citizen Bus	38,024	44,713	(6,689)
Libraries			
Essex Free Library			
Salaries	149,000	144,203	4,797
Benefits	52,417	49,694	2,723
Repair and Maintenance Services	10,995	12,875	(1,880)
Dues/Subscriptions/Meetings	680	599	81
Other Purchased Services	2,571	2,212	359
Travel	-0-	91	(91)
General Supplies	5,100	4,741	359
Electricity	6,500	6,558	(58)
Natural Gas	1,400	1,766	(366)
Books and Periodicals	30,000	29,007	993
Improv. Other Than Building	900	1,401	(501)
Machinery	360	332	28
Special Programs	1,000	984	16
Freeman Grant	<u>-0-</u>	<u>18,065</u>	<u>(18,065)</u>
Total Essex Free Library	260,923	272,528	(11,605)
Brownell Library			
Contribution	<u>16,500</u>	<u>16,500</u>	<u>-0-</u>
Total Libraries	277,423	289,028	(11,605)
Conservation			
Tree Care	8,000	16,165	(8,165)
Transfer to W/S - Agriculture	<u>600</u>	<u>295</u>	<u>305</u>
Total Conservation	<u>8,600</u>	<u>16,460</u>	<u>(7,860)</u>
Total Culture and Recreation	<u>780,377</u>	<u>862,602</u>	<u>(82,225)</u>

Town of Essex, Vermont
Schedule of Expenditures
Budget and Actual (Budgetary Basis)
General Fund
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Intergovernmental			
County Tax	\$ 113,533	\$ 97,729	\$ 15,804
CCTA	191,058	191,058	-0-
Winooski Valley Park District	44,000	44,000	-0-
C.C.R.P.C.	13,667	13,667	-0-
M.P.O.	<u>5,469</u>	<u>5,005</u>	<u>464</u>
Total Intergovernmental	<u>367,727</u>	<u>351,459</u>	<u>16,268</u>
Debt Service			
Principal			
Library/Memorial Hall	35,000	35,000	-0-
Indian Brook	35,000	35,000	-0-
7 Towers Road	11,000	11,000	-0-
Fire Truck - Tanker	22,000	22,000	-0-
Fire Truck - Water Supply/Hose	43,000	47,500	(4,500)
Fire Station	33,700	43,000	(9,300)
Interest			
Library/Memorial Hall	14,318	14,318	-0-
Indian Brook	11,816	11,816	-0-
7 Towers Road	1,095	361	734
Interest - Short-Term	2,500	-0-	2,500
Fire Truck - Tanker	1,100	647	453
Fire Truck - Water Supply/Hose	7,000	2,343	4,657
Fire Station	18,300	10,152	8,148
Transfer to Cap. Reserve Fund	<u>22,571</u>	<u>27,238</u>	<u>(4,667)</u>
Total Debt Service	<u>258,400</u>	<u>260,375</u>	<u>(1,975)</u>
Total Expenditures	\$ <u>7,227,330</u>	\$ <u>7,413,384</u>	\$ <u>(186,054)</u>

Town of Essex, Vermont
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2004

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Number	Federal Expenditures
<u>US Department of Housing and Urban Development</u>			
Pass through from:			
Vermont Agency of Commerce and Community Development			
VCDP - Strategic Economic Development Grant	14.228	0064/02PG(02)	\$ 22,552
<u>US Department of Homeland Security</u>			
Pass through from:			
Vermont Department of Public Safety			
Part I State Homeland Security Grant	16.007		42,144
Part II State Homeland Security Grant	16.007		31,653
Part II State Homeland Security Grant	16.007		19,387
Total US Department of Homeland Security			<u>93,184</u>
<u>US Department of Justice</u>			
Pass through from:			
Vermont Department of Public Safety			
COPS - Universal Hiring Award	16.710		14,570
DEA Overtime	16.580		11,190
Total US Department of Justice			<u>25,760</u>
<u>US Department of Transportation</u>			
Pass through from:			
State of Vermont Department of Public Safety			
State and Community Highway Safety - SHARP	20.600	PT-04-04-2115	2,413
State and Community Highway Safety - SHARP	20.600	PT-03-03-2116	4,142
State of Vermont Department of Transportation			
Highway Planning and Construction	20.205	STP 030-1(17)S	384,385
Highway Planning and Construction	20.205	STP EH02(7)	46,800
Highway Planning and Construction	20.205	Essex STP Walk (9)	30,196
Total US Department of Transportation			<u>467,936</u>
<u>US Department of Health and Human Services</u>			
State of Vermont Department of Health			
Lead Hazard/Healthy Homes Grant	93.283	7963	2,800
			<u>\$ 612,232</u>

See accompanying notes to schedule of expenditures of federal awards.

Town of Essex, Vermont
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Essex and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

NOTE B

The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.

R. F. LAVIGNE & COMPANY
Public Accountants

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

Board of Selectmen
Town of Essex, Vermont
Essex, Vermont

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Essex, Vermont, as of and for the year ended June 30, 2004, which collectively comprise the Town of Essex, Vermont's basic financial statements and have issued our report thereon dated November 18, 2005. 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.

Compliance

As part of obtaining reasonable assurance about whether the Town of Essex, Vermont's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Essex, Vermont's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



This report is intended solely for the information and use of the Selectboard, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

R. F. Lavigne & Company

A handwritten signature in cursive script that reads "R. F. Lavigne & Company". The signature is written in black ink and is positioned to the right of the typed name.

Williston, Vermont
November 18, 2004
License #222

R. F. LAVIGNE & COMPANY
Public Accountants

Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance
in Accordance with OMB Circular A-133

Board of Selectmen
Town of Essex, Vermont
Essex, Vermont

Compliance

We have audited the compliance of the Town of Essex, Vermont with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. Town of Essex, Vermont's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Essex, Vermont's management. Our responsibility is to express an opinion on the Town of Essex, Vermont's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Essex, Vermont's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis of our opinion. Our audit does not provide a legal determination on the Town of Essex's compliance with those requirements.

In our opinion, the Town of Essex, Vermont complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.



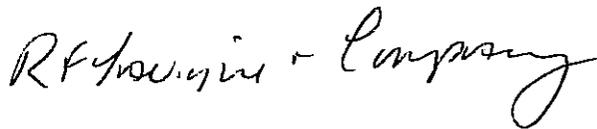
Internal Control Over Compliance

The management of the Town of Essex, Vermont is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Essex, Vermont's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Selectboard, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

R. F. Lavigne & Company



Williston, VT 05495
March 25, 2005
License #222

Town of Essex, Vermont
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

Section I--Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified Opinion

Internal control over financing reporting:
Material weakness(es) identified? ___ yes X no
Reportable conditions(s) identified not
considered to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements
noted? ___ yes X no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? ___ yes X no
Reportable conditions(s) identified not
considered to be material weaknesses? ___ yes X none reported

Type of auditor's report issued on compliance
for major programs: Unqualified Opinion

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section .510(a)? ___ yes X no

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Auditee qualified as low-risk auditee:	<u>___</u> yes <u>X</u> no

Town of Essex, Vermont
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

Section II--Financial Statement Findings

Internal Control None

Compliance None

Section III--Federal Award Findings and Questioned Costs

Internal Control None

Compliance None

Town of Essex, Vermont
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

Prior Year Audit Findings

Internal Control None

Compliance None