

Town of Essex, Vermont
BASIC FINANCIAL STATEMENTS
June 30, 2013

Town of Essex, Vermont
TABLE OF CONTENTS
June 30, 2013

Page

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

Statement of Net Position	1
Statement of Activities	2

Fund Financial Statements:

Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5
Statement of Net Position -- Proprietary Funds	7
Statement of Revenues, Expenses and Changes in Net Position -- Proprietary Funds	8
Statement of Cash Flows -- Proprietary Funds	10
Statement of Net Position - Fiduciary Fund	11
Statement of Changes in Net Position -- Fiduciary Fund	12
Notes to Basic Financial Statements	13

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule -- General Fund	26
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Certified Public Accountants

Vermont License # 167

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Essex, Vermont as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Essex, Vermont, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



St. Albans, Vermont
November 11, 2013

Town of Essex, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
Required Supplementary Information
For the Year Ended June 30, 2013

The following is a discussion and analysis of the Town of Essex's financial performance, including an overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2013. Readers should consider this information in conjunction with the financial statements, which are located after this analysis. The Town implemented the new reporting standard, GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments during FY 2004. This discussion and analysis provides comparisons between FY 2013 and FY 2012.

FINANCIAL HIGHLIGHTS

Government-wide Highlights

The Town's assets exceeded its liabilities and deferred inflows at June 30, 2013, by \$30,865,696 compared to \$29,694,038 at June 30, 2012. This represents an increase of \$1,171,658 or 4%. The change in net position for fiscal year 2012 was \$1,197,069. The 2013 increase was \$25,411 more than the 2012 increase.

Fund Highlights

At the end of the fiscal year, the Town's governmental funds reported a combined ending fund balance of \$5,288,343, an increase of \$494,110 when compared with \$4,794,233 for the prior year. Of the total fund balance, \$3,799,756 represents amounts committed or restricted for specific purposes, such as reappraisal, prepaid expenses, and various capital projects. The remaining \$1,488,587 represents unassigned fund balance in the General Fund.

In the General Fund, the unassigned total of \$1,488,587 is an increase of \$748,941 from the June 30, 2012 unreserved balance of \$739,646. Included in the total Fund Balance increase in the General Fund of \$732,657, are amounts that are restricted and committed for specific purposes. There were increases in the amount restricted for reappraisal of \$65,722, an increase of \$6,400 in the amount committed for Selectboard Professional Services and in the amount committed for records preservation of \$37,011. There were also decreases in the amount committed to prepaid expenses of \$124,557, and a decrease in the amount committed for planning of \$860.

In the General Fund, the unassigned balance of \$1,488,587 represents 14% of the General Fund operating budget for FYE2013 or approximately seven weeks of operating expenses. Various organizations recommend from 5% to 15% or two months of operating expenses as an appropriate fund balance. The Town's Unassigned Fund Balance sits at the high end of the recommended range but is still short of two months of operating expenses.

Long-term Debt

The Town's total debt decreased during the fiscal year to \$1,360,962 a net decrease of \$182,170 or 11.8%. The main cause of the decrease was not adding any new debt while paying down balances on outstanding debt. Principal payments were made on outstanding debt for a fire truck and various sewer bonds. In FYE2011 there was the addition of 2 ARRA loans that were received to help fund a major upgrade to one of the Town sewer pump stations and the construction of two stormwater projects. The ARRA projects provided project funding in the form of grants equal to 50% of the project costs and loans for the remaining 50%. The combined total of the two loans was \$402,364 as of June 30, 2013. These loans carry no interest rate but are subject to a 2% administrative fee each year on the outstanding balance. In the case of the stormwater projects, the debt service costs will be shared between the Town and the private landowners whose properties benefited from the projects. More detailed information regarding this debt begins on page 19. (See Note 5)

Another component of the Town's long-term debt is accrued and compensated absences. The total balance of accrued and compensated balances was \$848,598, and \$875,714 as of June 30, 2013 and 2012 respectively. The total balance decreased by \$27,116 during the year. These amounts reflect accrued but unused vacation, comp, and sick time. During the year ended June 30, 2013, the Selectboard designated an additional \$70,000 of Fund Balance in recognition of the need to pay out this liability for retirement in the future. This designation increased to \$100,000 the amount designated for Retirement.

Town of Essex, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
Required Supplementary Information
For the Year Ended June 30, 2013

In November 2012 the voters approved (by a 2 to 1 margin) the issuance of bonds, for a period of 20 years, in an amount not to exceed \$6.9 million for the purchase and construction of a new Police facility. The bonds were issued on July 30, 2013 in the amount of \$6.9 million with a weighted average interest rate of 3.955% over the life of the bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide Statements

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the Town's funds can be divided into three categories: governmental, proprietary, and fiduciary. Each of these categories uses different accounting approaches. Fund financial statements begin on page 3 and provide detailed information about the major individual funds.

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

Town of Essex, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
Required Supplementary Information
For the Year Ended June 30, 2013

The Town reports two (2) individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund and the Capital Projects Fund.

- Proprietary funds – The Proprietary funds provide water and sewer service and recreation programs for which the Town charges customers a fee and operates like a commercial business. The Proprietary funds provide the same type of information as the Government-wide financial statements only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the full accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for the business-type activities and the proprietary fund financial statements.
- Fiduciary funds - These funds are used to account for resources held for the benefit of parties outside the government and use the full accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statement because the resources of these funds are restricted and cannot be used to finance the Town's operations. The Town's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position beginning on page 11. The Town's fiduciary funds are the Agency / Escheat / Developer's Escrow Fund, and the Cemetery Trust Fund.

Reconciliation of Government-wide Financial Statements to Fund Financial Statements

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

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

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

FINANCIAL ANALYSIS

Financial Analysis of Government-wide Financial Statements

The Town's combined assets exceeded its liabilities by \$30,865,696 at the end of the fiscal year.

Town of Essex, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
Required Supplementary Information
For the Year Ended June 30, 2013

Net Position as of June 30, 2013 & 2012

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2013	2012	2013	2012	2013
Current & other assets	\$ 6,370,662	\$ 6,896,986	\$ 846,736	\$ 1,405,783	\$ 7,217,398	\$ 8,302,769
Capital assets	18,478,659	19,058,243	6,445,691	6,160,708	24,924,350	25,218,951
Total Assets	\$24,849,321	\$25,955,229	\$ 7,292,427	\$ 7,566,491	\$32,141,748	\$33,521,720
Long-term liabilities outstanding	\$ 1,074,944	\$ 803,397	\$ 468,188	\$ 370,290	\$ 1,543,132	\$ 1,173,687
Other Liabilities	741,928	1,101,269	33,394	96,526	775,322	1,197,795
Total Liabilities	\$ 1,816,872	\$ 1,904,666	\$ 501,582	\$ 466,816	\$ 2,318,454	\$ 2,371,482
Deferred Inflows	\$ 116,977	\$ 273,888	\$ 12,280	\$ 10,654	\$ 129,257	\$ 284,542
Net Position						
Invested in capital assets, net of related debt	\$18,167,030	\$18,849,594	\$ 6,089,902	\$ 5,856,993	\$24,256,932	\$24,706,587
Restricted	740,150	740,150	-	-	740,150	740,150
Unrestricted	4,008,292	4,186,931	688,663	1,232,028	4,696,955	5,418,959
Total Net Position	\$22,915,472	\$23,776,675	\$ 6,778,565	\$ 7,089,021	\$29,694,037	\$30,865,696

The largest portion of the Town's net position (80 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, construction in progress, and infrastructure); less any related outstanding debt used to acquire those assets. These assets are recorded net of depreciation in the financial statements. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (2.7 percent or \$842,883) represents restricted net position. These resources are restricted for reappraisal and records preservation.

The remaining portion of the Town's net position (17.2 percent or \$5,316,226) represents unrestricted net position. These resources are neither restricted nor invested in capital assets.

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

Town of Essex, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
Required Supplementary Information
For the Year Ended June 30, 2013

Changes in Net Position for the Fiscal Year Ended June 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2013	2012	2013	2012	2013
Revenues						
Program revenues						
Charges for services	\$ 554,028	\$ 587,385	\$ 2,375,499	\$ 2,527,698	\$ 2,929,527	\$ 3,115,083
Operating grants & contributions	1,434,580	1,009,924	205,592	323,352	1,640,172	1,333,276
Capital grants & contr.	255,216	2,962	-	-	255,216	2,962
Property taxes (including penalty and interest)	9,384,240	9,794,807	-	-	9,384,240	9,794,807
IBM Payment for Services	180,878	90,321	-	-	180,878	90,321
Unrestricted investment earnings	15,685	11,481	740	487	16,425	11,968
Gain on Disposal of Assets	2,125	-	-	-	2,125	-
Other revenues	39,946	19,721	-	-	39,946	19,721
Total Revenues	<u>11,866,698</u>	<u>11,516,601</u>	<u>2,581,831</u>	<u>2,851,537</u>	<u>14,448,529</u>	<u>14,368,138</u>
Expenses						
Governmental activities						
General Government	2,317,585	2,391,993	-	-	2,317,585	2,391,993
Public Safety	4,062,775	4,161,126	-	-	4,062,775	4,161,126
Highway and Streets	2,254,348	2,549,963	-	-	2,254,348	2,549,963
Health and Welfare	656,767	145,757	-	-	656,767	145,757
Culture and Recreation	1,102,413	1,000,208	-	-	1,102,413	1,000,208
Interest on long-term debt	9,069	6,155	-	-	9,069	6,155
Intergovernmental	395,360	400,196	-	-	395,360	400,196
Business-type activities						
Water and Sewer	-	-	2,085,019	2,193,106	2,085,019	2,193,106
Recreation Programs	-	-	368,124	347,975	368,124	347,975
Total Expenses	<u>10,798,317</u>	<u>10,655,398</u>	<u>2,453,143</u>	<u>2,541,081</u>	<u>13,251,460</u>	<u>13,196,479</u>
Change in net position before transfers	1,068,381	861,203	128,688	310,456	1,197,069	1,171,659
Net position - July 1,	<u>21,847,091</u>	<u>22,915,472</u>	<u>6,649,877</u>	<u>6,778,565</u>	<u>28,496,968</u>	<u>29,694,037</u>
Net position - June 30,	<u>\$22,915,472</u>	<u>\$23,776,675</u>	<u>\$ 6,778,565</u>	<u>\$ 7,089,021</u>	<u>\$29,694,037</u>	<u>\$30,865,696</u>

Town of Essex, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
Required Supplementary Information
For the Year Ended June 30, 2013

Total Governmental activity expenses were \$10,655,398 and \$10,798,317 in fiscal years 2013 and 2012, respectively. The largest expenses were incurred for general government, public safety, and highways and streets. The expenses do not include capital outlays, which are now reflected in Town capital assets.

Per GASB 34, program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues. Total program revenue from governmental activities was \$1,600,271 in 2013 and \$2,243,824 in 2012. Governmental program revenues come from charges for services, which include licenses and permits, planning fees, developer fees, forfeitures, and several other revenues. Program revenues in the capital grants and contributions category include federal, state and local grants that are restricted specifically for use in specific programs, capital projects or acquisitions.

General Revenues are all other revenue not categorized as program revenues, and include property taxes, as well as unrestricted grants contributions and investment earnings. Total general revenues from governmental activities were \$9,916,330 in fiscal 2013 and \$9,622,874 in fiscal 2012. In 2012 approximately 99 percent of the Town's total general revenue came from taxes, in 2012 it was 97%.

Fund Financial Statements

The combined fund balance of the Fund Financial Statements was \$5,288,343 at June 30, 2013 and \$4,794,233 at June 30, 2012. Of the FYE 2013 fund balance, \$1,488,587 constitutes unassigned funds in the General Fund, which are available for spending at the government's discretion. An amount of \$348,678 of the fund balance is restricted for reappraisal and \$3,451,078 is committed for specific purposes. (See note 9 on pages 22 and 23 for a description of the restricted, committed, and designated funds.

The fund balance for the General Fund increased from \$1,821,212 in FYE 2013 to \$2,553,869 in FYE 2012. The total increase amounted to \$732,657 for the fiscal year ended June 30, 2013.

General Fund Budgetary Highlights

The fund balance of the Town's General Fund increased by \$732,657 during the current fiscal year. The restricted portion of fund balance increased by \$65,722 from \$282,956 to \$348,678. This restricted portion represents the amount restricted specifically for reappraisal. The amount of fund balance committed for specific purposes such as prepaid expenses, Economic Development, Planning, Retirement, and Selectboard professional services decreased by \$82,006 from a combined balance of \$798,610 to \$716,604 as of June 30, 2013. The unassigned portion of the fund balance increased from \$739,646 to \$1,488,587, an increase of \$748,941. Key factors in this change are as follows:

On the revenue side:

- Property tax revenues were significantly higher than anticipated due to increased tax collection efforts and the elimination of some larger delinquencies.
- Licenses and permits were slightly higher than expected, mainly due to increased building permits.
- Intergovernmental revenue exceeded expectations due to the receipt of FEMA funds for flood damage incurred during 2013. Revenue from the COPS grant was less than expected due to a patrol position being unfilled for a portion of the year.
- Charges for services were greater than expected in the area of recording of legal documents.
- Interest on delinquent taxes were slightly less than expected due to increased collections.
- Miscellaneous revenue was again less than expected in the area of interest revenue, due to historically low interest rates, and from proceeds from sale of assets bringing in less revenue than anticipated. Conversely, records preservation revenues were greater than expected as they were drawn to fund the conversion of land records into a digital format that will enhance the storage and preservation of municipal records.

Town of Essex, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
Required Supplementary Information
For the Year Ended June 30, 2013

On the expenditure side:

- Total expenditures were \$140,000 less than expected.
- Expenditures for General Governmental operations were 2% under budget. Unfilled positions in a number of departments helped keep total costs down in the Town Clerk, Community Development, Police, and Recreation Departments. These savings were partially offset by costs associated with the retirement of long standing employees in the Library. While saving total costs to the Town, a number of initiatives went unaddressed due to these vacancies.
- Changes to the Town's health care programs resulted in lower than anticipated increases in health insurance costs, thereby keeping benefits expenses under budget in a number of departments.
- Insurance and Legal costs were less than budget.
- Other Purchased Services in the Town Clerk's office was over budget as a result of digitization of land records. Dedicated Records Preservation funds were used to fund the on-going project.
- Building repairs were significantly over the original budget as a result of renovations to the Public Works office on Jericho Rd. These renovations were approved by the Selectboard with the use of funds available from the operating surplus in FYE 2012.
- IT costs in the Police Department were over budget as a result of increasing costs that were previously funded by asset seizure funds.
- In the Highway department savings from salaries and benefits, due to less than anticipated overtime, and winter salt costs being less than anticipated, allowed for greater expenditures in other areas that were over budget, including; Repairs and Maintenance, Communications, Machinery and Equipment, Supplies for Summer Construction, and Street Lights.
- Other expenditures that were unanticipated were for damages incurred during the year from a major flooding event in the spring that washed out many public and private roads. A large portion of the direct costs were covered by FEMA.
- Other expenditures were over budget in some areas including: Repairs to a Parks truck that were unanticipated.

Capital Assets

The following is a schedule of capital assets as of June 30, 2013 and 2012.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2013	2012	2013	2012	2013
Land	\$ 2,950,608	\$ 2,950,608	\$ -	\$ -	\$ 2,950,608	\$ 2,950,608
Buildings & Impr.	2,568,247	2,601,097	-	-	2,568,247	2,601,097
Equip. & Vehicles	5,534,752	5,916,008	347,614	347,614	5,882,366	6,263,622
Book Collection	459,726	459,726	-	-	459,726	459,726
Infrastructure	22,068,398	22,983,800	12,755,698	12,766,648	34,824,096	35,750,448
Constr. in progress	106,133	425,700	22,782	22,782	128,915	448,482
Total Assets	33,687,864	35,336,939	13,126,094	13,137,044	46,813,958	48,473,983
Less: Accum. Depr.	15,209,205	16,278,696	6,680,403	6,976,336	21,889,608	23,255,032
Net Assets	\$ 18,478,659	\$ 19,058,243	\$ 6,445,691	\$ 6,160,708	\$ 24,924,350	\$ 25,218,951

Town of Essex, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
Required Supplementary Information
For the Year Ended June 30, 2013

The Town had \$25,218,951 and \$24,924,350 invested in capital assets, net of depreciation, on June 30, 2013 and June 30, 2012, respectively. The net increase (including additions and deductions) between the two periods amounted to \$294,601.

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

- Various streets and sidewalks were resurfaced or reconstructed at a cost of over \$350,000. These improvements included resurfacing / reconstruction of portions of Bixby Hill at Rt 128, Alder Lane, Cindy Lane, New England Dr., Gauthier Dr., Essex Way, Chelsea, Cabot, Chapin, Hickory, and Sage.
- The Gentes Rd bridge was completed at a final cost of \$550,000. A State grant was received for \$175,000. The remaining cost will be funded with new Capital funds over the next four years.
- New vehicles purchased during the year included, 3 SUV's for use as Police cruisers, a heavy duty pick-up truck for the Highway department, and a new sidewalk plow. The total cost for these vehicles was \$250,423.
- A \$150,000 down payment was made towards the purchase of a new fire truck.
- Other improvements include a license plate reader for the Police Department funded through a grant.
- Trail construction was undertaken at Indian Brook reservoir with a combination of grant and local funds and a new bathroom was constructed at Sand Hill Park that will provide access to facilities during park hours instead of just during pool hours. The total cost of these improvements was \$43,000.
- A new plotter was purchased at a cost of \$18,000.
- The Town began design and permitting for a new 18,000 square foot Police facility on Park Street. The total cost is expected to be approximately \$7 million.

Debt

At the end of the fiscal year, the Town had \$512,364 in long-term debt outstanding compared to \$667,418 in the prior year, an approximate 23% decrease. The reason for the decrease was the continued pay down of sewer and storm water bonds and a note payable on a fire truck while not incurring any new debt. A summary of outstanding long-term debt follows:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2013	2012	2013	2012	2013
Notes Payable	\$ 311,629	\$ 208,649	\$ 275,789	\$ 263,715	\$ 587,418	\$ 472,364
Bonds Payable	-	-	80,000	40,000	80,000	40,000
TOTAL	\$ 311,629	\$ 208,649	\$ 355,789	\$ 303,715	\$ 667,418	\$ 512,364

In November 2012 voters approved the issuance of up to \$6.9 million in 20 year bonds for the purchase and construction of a new Police facility. On July 30, 2013, bonds were issued for \$6.9 million at a weighted average interest rate of 3.95% over the 20 year life of the bonds.

Economic Factors and Fiscal Year 2013 Budget

- The results of operations for the year were an increase in Fund Balance in the amount of \$732,657. Of that total \$65,722 was an increase in amount restricted for reappraisal. The amounts committed for other specific purposes such as, Prepaid Expenses (decreased \$124,557), Economic Development, Planning (decrease \$860), Retirement, Records Preservation (increase \$37,011), and Professional Services (increase \$6,400) totaled \$1,071,682. The increase in unassigned (formerly unreserved) Fund Balance amounted to \$748,941.

Town of Essex, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
Required Supplementary Information
For the Year Ended June 30, 2013

Economic Factors and Fiscal Year 2013 Budget

- The excess of revenues over expenditures was accomplished through a combination of increased delinquent tax collections, increased non-tax revenues and holding expenditures to less than budget when possible.
- FYE2013 was the last year of the agreement with IBM from when Machinery and Equipment taxes were phased out for all Town taxpayers. The annual loss of revenue has been \$87,000 per year through FY 2014 when the subsidy declines to zero.
- Delinquent taxes collections were a major factor in the operating surplus for FYE2013. Increased collection efforts and the successful pay down of some large delinquencies resulted in a large reduction of delinquent taxes. The Town will continue it collection efforts while remaining sympathetic to the economic issues faced by taxpayers.

All of these factors were considered in preparing the Town of Essex's budget for the 2014 fiscal year. At the 2013 Town meeting the voters increased the Selectboard recommended FYE 2014 budget, in the amount of \$10,629,286, by \$75,000 for the purpose of increasing the Town's contribution to the Memorial Day parade by \$10,000, the Town's contribution to the Village of Essex Junction for the joint purchase of a ladder truck for the Fire Departments by \$50,000 and for assistance in the development of a dog park by \$15,000. The total approved budget for FYE2014 was \$10,704,286, an increase of \$479,502 over the previous year. The approved budget resulted in a tax rate for FYE2014 of \$.3835, an increase of \$0.202 over FYE2013.

During FYE 2011 the Selectboard authorized the creation of an enterprise fund for Recreation programs beginning July 1, 2011. This proprietary fund operates like a business and expenses are covered by user fees charged for the programs. As a result of this change, these program expenses and the related revenues are reported separately from the General fund. For the year ended June 30, 2013 this fund realized net income from operations in the amount of \$32,268. This surplus will remain in the Fund and will be used to support future growth of the programs.

Rates for water and wastewater operations were increased in fiscal year 2013 in response to increased costs for water purchases and wastewater treatment. Other factors, such as fewer new connections than anticipated and reduced usage by large commercial customers contributed to a deficit cash position in the Water / Sewer Fund in prior years. This deficit position is being addressed in the preparation of operating budgets and rates for future periods and was again reduced significantly in FYE 2013. The new rates along with better metering of individual users as well as better metering of wastewater flows to the Village treatment plant helped reduce the fund's cash deficit at certain times during the year thereby reducing interest expense on borrowed funds. All of these factors will continue to be considered and monitored in the operation of the fund.

Requests for Information

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

Town of Essex
81 Main Street
Essex Jct., VT 05452

Town of Essex, Vermont
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
June 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 6,082,404	\$ 872,679	\$ 6,955,083
Taxes receivable, net of allowance	422,247	-	422,247
Accounts receivables - other	311,039	511,506	822,545
Prepaid expenses	81,296	7,426	88,722
TOTAL CURRENT ASSETS	<u>6,896,986</u>	<u>1,391,611</u>	<u>8,288,597</u>
NOTES RECEIVABLE	<u>-</u>	<u>14,172</u>	<u>14,172</u>
CAPITAL ASSETS, net	<u>19,058,243</u>	<u>6,160,708</u>	<u>25,218,951</u>
TOTAL ASSETS	<u>\$ 25,955,229</u>	<u>\$ 7,566,491</u>	<u>\$ 33,521,720</u>
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 723,959	\$ -	\$ 723,959
Accrued payroll	220,369	25,045	245,414
Exchange	19,675	12,836	32,511
Other accrued expenses	4,532	4,104	8,636
Current portion notes and bonds payable	103,640	52,316	155,956
Current portion of compensated absences	29,094	2,225	31,319
TOTAL CURRENT LIABILITIES	<u>1,101,269</u>	<u>96,526</u>	<u>1,197,795</u>
LONG-TERM LIABILITIES			
Accrued compensated absences	698,388	118,891	817,279
Notes and bonds payable	105,009	251,399	356,408
TOTAL LONG-TERM LIABILITIES	<u>803,397</u>	<u>370,290</u>	<u>1,173,687</u>
TOTAL LIABILITIES	<u>1,904,666</u>	<u>466,816</u>	<u>2,371,482</u>
DEFERRED INFLOWS			
Deferred revenue	<u>273,888</u>	<u>10,654</u>	<u>284,542</u>
NET POSITION			
Invested in capital assets, net of related debt	18,849,594	5,856,993	24,706,587
Restricted	842,883	-	842,883
Unrestricted	4,084,198	1,232,028	5,316,226
NET POSITION	<u>23,776,675</u>	<u>7,089,021</u>	<u>30,865,696</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 25,955,229</u>	<u>\$ 7,566,491</u>	<u>\$ 33,521,720</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Revenues	Capital Grants and Revenues	Governmental Activities	
<u>Functions/Programs</u>						
Governmental activities						
General government	\$ 2,391,993	\$ 394,239	\$ 284,721	\$ -	\$ (1,713,033)	\$ (1,713,033)
Public safety	4,161,126	63,103	311,867	-	(3,786,156)	(3,786,156)
Highways and Streets	2,549,963	51,925	317,627	-	(2,180,411)	(2,180,411)
Health and Welfare	145,757	1,555	4,947	-	(139,255)	(139,255)
Culture and Recreation	1,000,208	76,563	90,762	2,962	(829,921)	(829,921)
Intergovernmental	400,196	-	-	-	(400,196)	(400,196)
Interest on long-term debt	6,155	-	-	-	(6,155)	(6,155)
Total governmental activities	<u>10,655,398</u>	<u>587,385</u>	<u>1,009,924</u>	<u>2,962</u>	<u>(9,055,127)</u>	<u>(9,055,127)</u>
Business-type activities:						
Water and Sewer	2,193,106	2,147,455	323,352	-	-	277,701
Recreation	347,975	380,243	-	-	-	32,268
Total business-type activities	<u>2,541,081</u>	<u>2,527,698</u>	<u>323,352</u>	<u>-</u>	<u>-</u>	<u>309,969</u>
General Revenues:						
Property taxes, levied for general purposes					9,679,740	-
Penalties and interest on delinquent taxes					115,067	-
IBM payment for services					90,321	-
Unrestricted investment earnings					11,481	487
Miscellaneous					19,721	-
Total general revenues and transfers					<u>9,916,330</u>	<u>487</u>
Change in Net Position					861,203	310,456
Net position, beginning					<u>22,915,472</u>	<u>6,778,565</u>
Net position, ending					<u>\$ 23,776,675</u>	<u>\$ 7,089,021</u>
						<u>\$ 30,865,696</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2013

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash	\$ 3,349,311	\$ 2,733,093	\$ 6,082,404
Taxes receivable, net of allowance	51,495	-	51,495
Other receivables	309,658	1,381	311,039
Prepaid expenses	<u>81,296</u>	<u>-</u>	<u>81,296</u>
 TOTAL ASSETS	 <u>\$ 3,791,760</u>	 <u>\$ 2,734,474</u>	 <u>\$ 6,526,234</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
 LIABILITIES			
Accounts payable	\$ 723,959	\$ -	\$ 723,959
Accrued payroll	220,369	-	220,369
Exchange	19,675	-	19,675
Deferred revenue	<u>273,888</u>	<u>-</u>	<u>273,888</u>
 TOTAL LIABILITIES	 <u>1,237,891</u>	 <u>-</u>	 <u>1,237,891</u>
 FUND BALANCE			
Committed	716,604	2,734,474	3,451,078
Restricted	348,678	-	348,678
Unassigned	<u>1,488,587</u>	<u>-</u>	<u>1,488,587</u>
 TOTAL FUND BALANCE	 <u>2,553,869</u>	 <u>2,734,474</u>	 <u>5,288,343</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 3,791,760</u>	 <u>\$ 2,734,474</u>	 <u>\$ 6,526,234</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2013

Total fund balances - governmental funds **\$ 5,288,343**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. 19,058,243

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds 370,752
Reserve for non-current tax

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

Accrued compensated absences (727,482)

Accrued interest on long-term debt (4,532)

Notes payable (208,649)

Total net position - governmental activities **\$ 23,776,675**

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2013

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Property tax	\$ 9,557,382	\$ 476,231	\$ 10,033,613
Licenses and permits	58,546	-	58,546
Intergovernmental revenues	304,427	177,962	482,389
Charges for services	502,170	127,856	630,026
Fines and forfeits	115,067	-	115,067
Interest income	7,790	3,693	11,483
Miscellaneous income	106,727	-	106,727
Grant income	441,350	-	441,350
TOTAL REVENUES	<u>11,093,459</u>	<u>785,742</u>	<u>11,879,201</u>
EXPENDITURES			
General government	2,260,789	420,742	2,681,531
Public safety	4,068,816	-	4,068,816
Highways and Streets	1,800,374	953,205	2,753,579
Stormwater	179,003	-	179,003
Sanitation	8,132	-	8,132
Health and Welfare	143,326	-	143,326
Culture and Recreation	991,328	47,476	1,038,804
Intergovernmental	400,196	-	400,196
Debt service	102,980	-	102,980
Interest expense	8,724	-	8,724
TOTAL EXPENDITURES	<u>9,963,668</u>	<u>1,421,423</u>	<u>11,385,091</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,129,791</u>	<u>(635,681)</u>	<u>494,110</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers In	-	397,134	397,134
Operating transfers Out	(397,134)	-	(397,134)
TOTAL OTHER FINANCING SOURCES(USES)	<u>(397,134)</u>	<u>397,134</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>732,657</u>	<u>(238,547)</u>	<u>494,110</u>
FUND BALANCE - July 1, 2012	<u>1,821,212</u>	<u>2,973,021</u>	<u>4,794,233</u>
FUND BALANCE - June 30, 2013	<u>\$ 2,553,869</u>	<u>\$ 2,734,474</u>	<u>\$ 5,288,343</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2013

Net change in fund balances - governmental funds \$ 494,110

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

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

Depreciation Expense (1,076,564)

Capital Outlay 1,656,148

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

Decrease in the reserve for non-current taxes (353,873)

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

Long-term debt 102,980

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

Accrued interest on long-term debt 2,569

Accrued compensated absences 35,833

Change in net position of governmental activities \$ 861,203

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS
 June 30, 2013

	<u>Water & Sewer Fund</u>	<u>Recreation Fund</u>	<u>Total</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 776,432	\$ 96,247	\$ 872,679
Accounts receivable - net	511,506	-	511,506
Prepaid expenses	7,426	-	7,426
TOTAL CURRENT ASSETS	<u>1,295,364</u>	<u>96,247</u>	<u>1,391,611</u>
NOTE RECEIVABLE	<u>14,172</u>	<u>-</u>	<u>14,172</u>
CAPITAL ASSETS, net	<u>6,160,708</u>	<u>-</u>	<u>6,160,708</u>
TOTAL ASSETS	<u>\$ 7,470,244</u>	<u>\$ 96,247</u>	<u>\$ 7,566,491</u>
 <u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>			
CURRENT LIABILITIES			
Current portion compensated absences	\$ 2,225	\$ -	\$ 2,225
Current portion long-term debt	52,316	-	52,316
Accrued payroll	15,316	9,729	25,045
Exchange	-	12,836	12,836
Other accrued expenses	4,104	-	4,104
TOTAL CURRENT LIABILITIES	<u>73,961</u>	<u>22,565</u>	<u>96,526</u>
LONG-TERM LIABILITIES			
Accrued compensated absences	118,891	-	118,891
Notes and bonds payable	251,399	-	251,399
TOTAL LONG-TERM LIABILITIES	<u>370,290</u>	<u>-</u>	<u>370,290</u>
TOTAL LIABILITIES	<u>444,251</u>	<u>22,565</u>	<u>466,816</u>
DEFERRED INFLOWS			
Deferred revenue	<u>-</u>	<u>10,654</u>	<u>10,654</u>
NET POSITION			
Invested in capital assets, net of related debt	5,856,993	-	5,856,993
Unrestricted - designated	312,093	-	312,093
Unrestricted	856,907	63,028	919,935
TOTAL NET POSITION	<u>7,025,993</u>	<u>63,028</u>	<u>7,089,021</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 7,470,244</u>	<u>\$ 96,247</u>	<u>\$ 7,566,491</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION - PROPRIETARY FUNDS
 For the Year Ended June 30, 2013

	Water & Sewer Fund	Recreation Fund	Total
OPERATING REVENUES			
Charges for services	\$ 2,147,455	\$ 379,817	\$ 2,527,272
Hookup fees	298,698	-	298,698
Interest and penalties on delinquents	23,120	-	23,120
Assessments	1,205	-	1,205
Miscellaneous	329	426	755
	<u>2,470,807</u>	<u>380,243</u>	<u>2,851,050</u>
TOTAL OPERATING REVENUES			
OPERATING EXPENSES			
Regular salaries	372,561	77,890	450,451
Overtime salaries	32,954	1,812	34,766
Group health insurance	121,303	-	121,303
Social security	30,467	6,063	36,530
Employee retirement	30,490	1,770	32,260
Other employee benefits	11,588	-	11,588
Professional services	9,653	21,747	31,400
Repair and maintenance	115,835	-	115,835
Telephone/communications	1,729	96	1,825
Printing and postage	-	15,923	15,923
Purchased Services	-	212,220	212,220
Advertising	3,228	-	3,228
Travel	345	1,488	1,833
Small tools and equipment	4,360	-	4,360
Supplies	140	5,948	6,088
Utilities	51,508	-	51,508
Uniforms	2,143	-	2,143
Natural gas	1,166	-	1,166
CWD water purchases	515,290	-	515,290
Insurance	20,008	-	20,008
Dues and fees	3,602	-	3,602
Machinery	105,658	-	105,658
Depreciation expense	295,933	-	295,933
Recreation activities	-	3,018	3,018
Sewage treatment	455,225	-	455,225
	<u>2,185,186</u>	<u>347,975</u>	<u>2,533,161</u>
TOTAL OPERATING EXPENDITURES			
INCOME FROM OPERATIONS	<u>285,621</u>	<u>32,268</u>	<u>317,889</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION - PROPRIETARY FUNDS
 For the Year Ended June 30, 2013

	Water & Sewer Fund	Recreation Fund	Total
NON-OPERATING REVENUE (EXPENSE)			
Interest Income	487	-	487
Interest Expense	(7,920)	-	(7,920)
TOTAL NON-OPERATING REVENUE (EXPENSE)	(7,433)	-	(7,433)
INCREASE IN NET POSITION	278,188	32,268	310,456
NET POSITION BEGINNING OF YEAR	6,747,805	30,760	6,778,565
NET POSITION AT END OF YEAR	\$ 7,025,993	\$ 63,028	\$ 7,089,021

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
 For the Year Ended June 30, 2013

	Water & Sewer Fund	Recreation Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,479,776	\$ 378,617	\$ 2,858,393
Payments to suppliers	(1,269,556)	(258,444)	(1,528,000)
Payments for employees and benefits	(599,363)	(85,404)	(684,767)
	<u>610,857</u>	<u>34,769</u>	<u>645,626</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of property, plant and equipment	(10,950)	-	-
Interest payments on debt	(7,920)	-	(7,920)
Principal payments on debt	(52,074)	-	(52,074)
	<u>(70,944)</u>	<u>-</u>	<u>(59,994)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES			
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments received on notes receivable	14,172	-	14,172
Interest income	487	-	487
	<u>14,659</u>	<u>-</u>	<u>14,659</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES			
NET INCREASE IN CASH	554,572	34,769	589,341
CASH - BEGINNING OF YEAR	<u>221,860</u>	<u>61,478</u>	<u>283,338</u>
CASH - END OF YEAR	<u>\$ 776,432</u>	<u>\$ 96,247</u>	<u>\$ 872,679</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 285,621	\$ 32,268	\$ 317,889
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	295,933	-	295,933
Change in net assets and liabilities:			
Receivables, net	8,969	-	8,969
Prepaid expenses	7,153	-	7,153
Deferred revenue	-	(1,626)	(1,626)
Exchange	-	1,996	1,996
Accrued payroll and compensated absences	13,181	2,131	15,312
	<u>\$ 610,857</u>	<u>\$ 34,769</u>	<u>\$ 645,626</u>
Net cash provided (used) by operating activities			

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - FIDUCIARY FUND
 June 30, 2013

	<u>Cemetery Trust Fund</u>	<u>Agency Fund</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 30,895	\$ 144,795
TOTAL ASSETS	<u>\$ 30,895</u>	<u>\$ 144,795</u>
<u>LIABILITIES AND NET POSITION</u>		
LIABILITIES		
Deferred revenue	\$ -	\$ 144,795
TOTAL LIABILITIES	<u>-</u>	<u>144,795</u>
NET POSITION		
Restricted	<u>30,895</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 30,895</u>	<u>\$ 144,795</u>

See Accompanying Notes to Basic Financial Statements.

Town of Essex, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND
 For the Year Ended June 30, 2013

	<u>Cemetery Trust Fund</u>
ADDITIONS	
Sales of plots	\$ 4,250
Interest on deposits	<u>45</u>
TOTAL ADDITIONS	<u>4,295</u>
DEDUCTIONS	
Repairs and maintenance	<u>(296)</u>
CHANGES IN NET POSITION	3,999
NET POSITION AT BEGINNING OF YEAR	<u>26,896</u>
NET POSITION AT END OF YEAR	<u>\$ 30,895</u>

See Accompanying Notes to Basic Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus, basis of accounting, and financial statement presentation

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

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

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

The Town reports the following major governmental funds:

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

Amounts reported as program revenues include:

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

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and Investments

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

Receivables and Payables

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

Capital Assets

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

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

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

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

Long-term Obligations

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

Fund Equity

Effective July 1, 2010, the Town adopted the provisions of GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

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

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

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

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

Town of Essex, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unassigned – All amounts not included in other classifications.

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

Estimates

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

Allowance for Uncollectible Accounts

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

Operating Transfers

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

NOTE 2 DELINQUENT TAXES RECEIVABLE

Delinquent taxes receivable consist of:

	<u>General Fund</u>
Delinquent property taxes	\$ 353,631
Penalties on taxes receivable	24,755
Interest on taxes receivable	111,861
	490,247
Allowance for uncollectible delinquent taxes	(68,000)
	\$ 422,247

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, 2013 have been charged to the Reserve for Non-current Taxes with a corresponding decrease in current year tax revenues. The Reserve for Non-current Tax Revenues amounted to \$370,751 at June 30, 2013.

Town of Essex, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 3 CAPITAL ASSETS

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 2,950,608	\$ -	\$ -	\$ 2,950,608
Construction in progress	106,133	867,263	(547,696)	425,700
 Total capital assets not being depreciated	 <u>3,056,741</u>	 <u>867,263</u>	 <u>(547,696)</u>	 <u>3,376,308</u>
	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Other capital assets:				
Book Collection	459,726	-	-	459,726
Building and improvements	2,568,247	32,850	-	2,601,097
Equipment	5,534,752	388,329	(7,073)	5,916,008
Infrastructure	22,068,398	915,402	-	22,983,800
 Total other capital assets	 <u>30,631,123</u>	 <u>1,336,581</u>	 <u>(7,073)</u>	 <u>31,960,631</u>
Less accumulated depreciation for:				
Book collection	(447,836)	(5,918)	-	(453,754)
Building and improvements	(1,498,192)	(54,619)	-	(1,552,811)
Equipment	(3,456,423)	(438,136)	7,073	(3,887,486)
Infrastructure	(9,806,754)	(577,891)	-	(10,384,645)
 Total accumulated depreciation	 <u>(15,209,205)</u>	 <u>(1,076,564)</u>	 <u>7,073</u>	 <u>(16,278,696)</u>
 Total capital assets being depreciated, net	 <u>15,421,918</u>	 <u>260,017</u>	 <u>-</u>	 <u>15,681,935</u>
 Governmental Activities - Capital Assets, Net	 <u>\$ 18,478,659</u>	 <u>\$ 1,127,280</u>	 <u>\$ (547,696)</u>	 <u>\$ 19,058,243</u>

Depreciation expense was charged to functions as follows:

General Government	\$ 34,190
Public Safety	309,418
Highways and Streets	631,661
Storm Water	10,369
Culture and Recreation	<u>90,926</u>
TOTAL	<u>\$ 1,076,564</u>

Town of Essex, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 3 CAPITAL ASSETS (continued)

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ 22,782	\$ -	\$ -	\$ 22,782
Capital assets being depreciated:				
Water/sewer plant	12,755,698	10,950	-	12,766,648
Machinery and equipment	245,154	-	-	245,154
Vehicles	102,460	-	-	102,460
Total Capital assets being depreciated	<u>13,103,312</u>	<u>10,950</u>	<u>-</u>	<u>13,114,262</u>
Less accumulated depreciation for:				
Water/sewer plant	(6,390,584)	(279,677)	-	(6,670,261)
Machinery and equipment	(198,145)	(9,065)	-	(207,210)
Vehicles	(91,674)	(7,191)	-	(98,865)
Total accumulated depreciation	<u>(6,680,403)</u>	<u>(295,933)</u>	<u>-</u>	<u>(6,976,336)</u>
Total capital assets being depreciated, net	<u>6,422,909</u>	<u>(284,983)</u>	<u>-</u>	<u>6,137,926</u>
Business-Type Activities - Capital Assets, Net	<u>\$ 6,445,691</u>	<u>\$ (284,983)</u>	<u>\$ -</u>	<u>\$ 6,160,708</u>

Depreciation expense for the Business-type Activities was \$295,933 for the fiscal year ended June 30, 2013.

NOTE 4 ACCRUED COMPENSATION

At June 30, 2013, the Town had the following vested benefits earned by their employees:

	<u>General Fund</u>	<u>Water/Sewer Fund</u>
Vested Compensation	\$ 727,482	\$ 121,116
Less: Current Portion	<u>(29,094)</u>	<u>(2,225)</u>
TOTAL LONG-TERM PORTION	<u>\$ 698,388</u>	<u>\$ 118,891</u>

Town of Essex, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 5 NOTES AND BONDS PAYABLE

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Reduction</u>	<u>Ending Balance</u>	<u>Current Portion</u>
<u>Notes Payable</u>					
Note payable to TD Banknorth, fire truck note, interest at 3.79%, due October 7, 2013.	\$ 140,000	\$ -	\$ (70,000)	\$ 70,000	\$ 70,000
Note payable to State of Vermont, ARRA note, 2% administrative fee, due September 1, 2016	<u>171,629</u>	<u>-</u>	<u>(32,980)</u>	<u>138,649</u>	<u>33,640</u>
	<u>\$ 311,629</u>	<u>\$ -</u>	<u>\$ (102,980)</u>	<u>\$ 208,649</u>	<u>\$ 103,640</u>

The annual debt service requirements to maturity, including principle and interest, for long-term debt of Governmental Activities as of June 30, 2013, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 103,640	\$ 5,426	\$ 109,066
2015	34,312	2,100	36,412
2016	34,999	1,414	36,413
2017	35,698	714	36,412
2018	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 208,649</u>	<u>\$ 9,654</u>	<u>\$ 218,303</u>

<u>Business-Type Funds</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Reduction</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Vermont Municipal Bond Bank, 2003 Series II Bonds, interest varies from 1.19% to 3.73%. Annual principal payments of \$25,000 plus interest, due December 1, 2013	\$ 50,000	\$ -	\$ (25,000)	\$ 25,000	\$ 25,000

Town of Essex, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 5 NOTES AND BONDS PAYABLE (continued)

<u>Business-Type Funds</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Reduction</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Vermont Municipal Bond Bank, 1993 Series I Bonds, refunded March 27, 2003 with 2003 Series I Bonds, interest varies from 2.99% to 5.66%. Annual principal payments of \$10,000 through December 1, 2009 and \$15,000 thereafter, due December 1, 2013	30,000	-	(15,000)	15,000	15,000
Note payable to State of Vermont, ARRA note, 2% administrative fee, due October 1, 2032.	<u>275,789</u>	-	<u>(12,074)</u>	<u>263,715</u>	<u>12,316</u>
	<u>\$ 355,789</u>	<u>\$ -</u>	<u>\$ (52,074)</u>	<u>\$ 303,715</u>	<u>\$ 52,316</u>

The annual debt service requirements to maturity, including principle and interest, for long-term debt of Business-Type Funds as of June 30, 2013, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 52,316	\$ 6,162	\$ 58,478
2015	12,562	5,028	17,590
2016	12,814	4,777	17,591
2017	13,070	4,520	17,590
2018	13,331	4,259	17,590
2019-2023	70,764	17,187	87,951
2024-2028	78,129	9,823	87,952
2029-2032	<u>50,729</u>	<u>2,043</u>	<u>52,772</u>
	<u>\$ 303,715</u>	<u>\$ 51,756</u>	<u>\$ 304,742</u>

Town of Essex, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 6 CASH

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

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

Category 1 - Insured by the FDIC or collateralized with securities held by the Town or its agent in the Town's name.

Category 2 - Collateralized, with securities held by the counterparty's trust department or agent in the Town's name.

Category 3 - Uncollateralized

	Book Balance	Bank Balance
Insured by the FDIC	\$ 527,778	\$ 527,778
Insured by Deposit Surety Bond	6,599,749	6,842,389
Petty Cash	3,246	-
Total Deposits	\$ 7,130,773	\$ 7,370,167

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 two Irrevocable Standby Letters of Credit. The coverage with TD Bank is in the amount of \$5,400,000 and is for the period June 13, 2013 to July 24, 2013. The coverage with Merchants bank is in the amount of \$1,900,000 and is for the period of May 29, 2013 to May 28, 2014.

NOTE 7 BUDGETARY INFORMATION

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

NOTE 8 PENSION PLAN

Prior to January 1, 2004 all full-time employees were covered under the ICMA 401(A) Defined Contribution Plan. Under this plan the town contributes 8% and the employee contributes 3% of employee's salaries. Town contributions to the plan were \$82,284 and the employee contributions were \$30,856 for the year ended June 30, 2013.

Town of Essex, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2013

NOTE 8 PENSION PLAN (continued)

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

All full-time employees of the Town hired after January 1, 2004 are covered under Plan C, a defined benefit plan, of the State of Vermont Municipal Employee's Retirement Plan. The Town contributes 8% - 8.5% and employees contribute 7.25% - 7.75% of employee's salaries. Benefit and contribution provisions are established by State Law (VSA, Title 25, Chapter 125). The Town contributed \$267,976 and the employee contributions were \$192,737 to the plan for the year ended June 30, 2013. The State of Vermont issues an audited financial report that includes financial statements and required disclosures. This report may be obtained by writing the State Auditor of Accounts, 132 State Street, Montpelier, VT 05602.

Of the Town's total compensation of \$4,865,260, \$1,028,551 was covered under the ICMA retirement plan, \$3,294,379 was covered under the State of Vermont Municipal Employees Retirement Plan and \$542,330 was not covered for the year ended June 30, 2013.

NOTE 9 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, 2013 are as follows:

GENERAL FUND

Restricted for:	
Reappraisal	\$ <u>348,678</u>
Committed for:	
Prepaid expenses	\$ 81,296
Economic development	6,000
Planning	28,703
Retirement	100,000
Records preservation	494,205
BOS Professional services	<u>6,400</u>
Total Committed Fund Balance	\$ <u>716,604</u>

Town of Essex, Vermont
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2013

NOTE 9 FUND EQUITY (continued)

CAPITAL PROJECTS FUND

Committed for:

Future vehicle purchases	\$ 149,563
Future parks and recreation projects	532,926
Future highway projects	53,824
Future stormwater projects	159,676
Future water projects	52,088
Future building projects	1,295,812
Future capital projects	<u>490,585</u>

Total Committed Fund Balance	<u>\$ 2,734,474</u>
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WATER & SEWER FUND

Designated for:

Future capital expenses	\$ 303,839
Prepaid expenses	7,426
Future bond payments	<u>828</u>

Total Designated Fund Balance	<u>\$ 312,093</u>
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FIDUCIARY FUND

Restricted for Cemetery - These funds are accumulated for the maintenance of the cemetery.	<u>\$ 30,895</u>
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NOTE 10 RESTRICTED NET POSITION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

GENERAL FUND

Restricted for:

Reappraisal	\$ 348,678
Records Preservation	<u>494,205</u>

Total Restricted Net Position	<u>\$ 842,883</u>
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Town of Essex, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 11 ECONOMIC DEPENDENCIES

On December 3, 2001, the Town entered into a 12 year agreement with IBM. The agreement calls for the Town to cease taxing IBM on machinery and equipment which is consistent with the Town's policy of not taxing machinery and equipment in the Town. In return, IBM agreed to pay to the Town an annual declining subsidy for the term of the agreement. The amount received under this agreement in the year ended June 30, 2013 was \$90,321.

NOTE 12 INTERFUND TRANSFERS

Operating transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. The following table summarizes operating transfers for the year ended June 30, 2013.

<u>Amount</u>	<u>Transfer From</u>	<u>Transfer To</u>	<u>Purpose</u>
\$ 7,800	General Fund	Capital Projects	Stormwater Equipment
10,000	General Fund	Capital Projects	Fire Department
21,000	General Fund	Capital Projects	Parks Equipment
145,000	General Fund	Capital Projects	Highway Equipment
4,000	General Fund	Capital Projects	Senior Citizen Bus
<u>209,334</u>	General Fund	Capital Projects	Future Projects
 <u>\$ 397,134</u>			

NOTE 13 RISK MANAGEMENT

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

NOTE 14 DEFERRED LOAN RECEIVABLE

The Town received a \$490,000 Vermont Community Development Program Grant award during the fiscal year 2008. This grant was loaned to the Essex Senior Housing Limited Partnership to assist in the acquisition of land and construction of 48 new senior housing units. The loan is deferred for 30 years and bears no interest. As such, the Town has recorded an allowance for the entire amount.

Town of Essex, Vermont
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 14 DEFERRED LOAN RECEIVABLE (continued)

The Town received a \$515,500 Vermont Community Development Program Grant award during the fiscal year 2012. This grant was loaned to the Cedar's Edge Apartments Limited Partnership to assist in the acquisition of an affordable housing development located on 47 Susie Wilson Drive in Essex, Vermont. The loan is deferred for 30 years and bears no interest. As such, the Town has recorded an allowance for the entire amount.

NOTE 15 LANDFILL POST CLOSURE COSTS

Landfill post closure costs are necessitated by the closure of the Town landfill in 1992 and the continuing site maintenance and testing requirements of the State of Vermont as ordered in the Closure Order. Sufficient funds were not set aside in the tipping fee during the landfill's years of operation to cover these continuing expenses. The Town must budget on an annual basis for site maintenance and testing as set forth in the legal closure order. The Town's cost of the site maintenance and testing were \$8,132 for the year ended June 30, 2013.

NOTE 16 DISCLOSURE OF SUBSEQUENT EVENTS

In accordance with professional accounting standards, the Town has evaluated subsequent events through November 11, 2013, which is the date the financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2013, have been incorporated into the financial statements herein.

SUPPLEMENTARY INFORMATION

Town of Essex, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 BUDGETARY BASIS - GENERAL FUND
 For the Year Ended June 30, 2013

	Original Budget	Budget	Actual	Variance
REVENUES				
Property tax	\$ 9,209,478	\$ 9,209,478	\$ 9,557,383	\$ 347,905
Licenses and permits	50,200	50,200	58,546	8,346
Intergovernmental revenues	299,700	299,700	393,642	93,942
Charges for services	484,405	484,405	502,169	17,764
Fines and forfeits	122,000	122,000	115,067	(6,933)
Interest income	20,000	20,000	7,790	(12,210)
Miscellaneous income	34,001	34,001	69,513	35,512
Proceeds from sale of fixed assets	5,000	5,000	-	(5,000)
TOTAL REVENUES	10,224,784	10,224,784	10,704,110	479,326
EXPENDITURES				
General government	2,304,048	2,304,048	2,260,789	43,259
Public safety	3,981,894	3,981,894	3,802,277	179,617
Highways and Streets	1,802,867	1,802,867	1,945,374	(142,507)
Stormwater	223,021	223,021	186,803	36,218
Sanitation	12,500	12,500	8,132	4,368
Health and Welfare	148,351	148,351	143,326	5,025
Culture and Recreation	1,037,544	1,037,544	1,016,325	21,219
Debt service	315,811	315,811	321,038	(5,227)
Intergovernmental	398,748	398,748	400,196	(1,448)
TOTAL EXPENDITURES	10,224,784	10,224,784	10,084,260	140,524
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ 619,850	\$ 619,850
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (Deficiency) of Revenues over Expenditures - Budgetary Basis			\$ 619,850	
Adjustments for non-budget:				
Grant revenues			286,373	
Other revenues			102,974	
Grant expenditures			(276,540)	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES - GAAP BASIS			\$ 732,657	

See Accompanying Notes to Basic Financial Statements.