

City of Essex Junction, Vermont
BASIC FINANCIAL STATEMENTS
June 30, 2024

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Vermont License # 167

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Essex Junction, Vermont
Essex Junction, Vermont

Opinions

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 City of Essex Junction, Vermont as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Essex Junction, Vermont's basic financial statements as listed in the table of contents.

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 City of Essex Junction, Vermont, as of June 30, 2024, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Essex Junction, Vermont and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Essex Junction, Vermont's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Essex Junction, Vermont's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Essex Junction, Vermont's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of proportionate share of the net pension liability and the schedule of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Essex Junction, Vermont's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of the enterprise funds and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2025, on our consideration of City of Essex Junction, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Essex Junction, Vermont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Essex Junction, Vermont's internal control over financial reporting and compliance.



St. Albans, Vermont
January 20, 2025

City of Essex Junction, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

Management of the City of Essex Junction (the "City") herein sets forth an overview and analysis of its financial operations for the fiscal year ended June 30, 2024.

FINANCIAL HIGHLIGHTS

- Assets exceeded liabilities and deferred inflows of resources on June 30, 2024, by \$53,604,505 (*net position*). Of this amount, \$14,911,265 (*unrestricted net position*) may be used by the various funds of the City to meet the City's ongoing obligations. The balance of net position is made up of \$38,672,907 invested in capital assets net of related debt and \$20,333 restricted for specific purposes.
- The City's total net position increased by \$9,739,764. Of this amount, net position attributable to governmental activities increased by \$8,594,329. Net position attributable to business-type activities increased by \$1,145,435.
- Fund balances of total governmental funds increased by \$4,928,485 in FY24. The General Fund had \$865,112 of unassigned fund balance at June 30, 2024, which is equal to 7.18% of the approved FY25 General Fund Budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The *statement of net position* presents information on all of the City of Essex Junction's assets and liabilities with the difference between the two reported as net position.

The *statement of activities* presents information showing how the City's net position changed during the past fiscal year. The *statement of activities* is on the full accrual basis (i.e. all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows) whereas the *statement of revenues, expenditures and changes in fund balances of governmental funds* is on the modified accrual basis (i.e. revenue is recognized when it becomes measurable and available as net current position and expenditures are recognized when the related liability is incurred). Thus, in the *statement of activities* revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements combine information from governmental funds (which are supported primarily by tax dollars) with information from enterprise funds which are supported by user fees and charges (*business-type activities*). The governmental activities of the City of Essex Junction include general government, public works, community development, public safety, and culture and recreation. The business-type activities of the City include water operations, wastewater treatment, and sanitation lines maintenance. The government-wide financial statements can be found on pages 1 & 2 of the Financial Statements.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City has three types of funds: governmental funds, proprietary funds, and fiduciary funds. The proprietary funds of the City are all Enterprise Funds. Fund financial statements can be found on pages 3 through 9 of the Financial Statements.

City of Essex Junction, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Governmental Activities		Business-type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
Assets:						
Cash	\$ 13,616,845	\$ 11,424,961	\$ 1,086,234	\$ 3,070,000	\$ 14,703,079	\$ 14,494,961
Other Assets	3,025,126	3,116,643	8,886,565	7,313,685	11,911,691	10,430,328
Capital Assets	<u>32,658,821</u>	<u>28,242,952</u>	<u>20,075,371</u>	<u>18,604,679</u>	<u>52,734,192</u>	<u>46,847,632</u>
Total Assets	<u>49,300,792</u>	<u>42,784,556</u>	<u>30,048,170</u>	<u>28,988,364</u>	<u>79,348,962</u>	<u>71,772,921</u>
Deferred Outflows of Resources	<u>1,042,148</u>	<u>500,818</u>	<u>716,781</u>	<u>344,135</u>	<u>1,758,929</u>	<u>844,953</u>
Liabilities:						
Other Liabilities	8,192,521	10,450,558	2,673,621	2,084,604	10,866,142	12,535,162
Noncurrent Liabilities	<u>3,022,345</u>	<u>2,301,071</u>	<u>13,614,899</u>	<u>13,916,899</u>	<u>16,637,244</u>	<u>16,217,970</u>
Total Liabilities	<u>11,214,866</u>	<u>12,751,629</u>	<u>16,288,520</u>	<u>16,001,503</u>	<u>27,503,386</u>	<u>28,753,132</u>
Net Position:						
Net Investment in Capital Assets	31,172,335	26,621,166	7,500,572	7,502,253	38,672,907	34,123,419
Restricted	20,333	22,142	-	-	20,333	22,142
Unrestricted	<u>7,935,406</u>	<u>3,890,437</u>	<u>6,975,859</u>	<u>5,828,743</u>	<u>14,911,265</u>	<u>9,719,180</u>
Total Net Position	<u>\$ 39,128,074</u>	<u>\$ 30,533,745</u>	<u>\$14,476,431</u>	<u>\$ 13,330,996</u>	<u>\$ 53,604,505</u>	<u>\$ 43,864,741</u>

As stated in the chart titled Summary Statement of Net Position, assets exceeded liabilities by \$53,604,505 at the end of fiscal year 2024. Assets at the end of fiscal year 2023 exceeded liabilities by \$43,864,741.

The largest portion of the City's net position is in its net investment in capital assets (72.14%). These assets are used to provide services to its citizens (e.g. land, buildings, equipment, and infrastructure). Therefore, these assets are not available for future spending.

An amount of \$20,333 of the City's net position is subject to restrictions on how it may be used. These funds are restricted for Veterans Memorial Park and for the Senior Center. Unrestricted net assets of \$7,935,406 may be used to meet the government's ongoing obligations to citizens and creditors. Some of the amounts included in unrestricted net position are committed by the City or assigned by the City Council for particular purposes (e.g. capital projects).

City of Essex Junction, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

	Governmental Activities		Business-type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for Services	\$ 763,927	\$ 513,263	\$12,394,429	\$ 10,641,975	\$ 13,158,356	\$ 11,155,238
Operating Grants & Revenues	2,817,375	2,003,736	442,856	251,460	3,260,231	2,255,196
Capital Grants & Revenues	4,257,814	4,101,627	728,696	585,899	4,986,510	4,687,526
General Revenues:						
Property Taxes	10,705,904	4,004,312	-	-	10,705,904	4,004,312
Local Option Tax	960,597	655,824	-	-	960,597	655,824
Unrestricted investment earnings	203,997	66,841	163,275	70,634	367,272	137,475
Loss on disposal of equipment	(6,419)	(5,300)	-	(5,200)	(6,419)	(10,500)
Other	112,195	37,145	-	-	112,195	37,145
Total Revenues	<u>\$ 19,815,390</u>	<u>\$ 11,377,448</u>	<u>\$13,729,256</u>	<u>\$ 11,544,768</u>	<u>\$33,544,646</u>	<u>\$ 22,922,216</u>
Expenses:						
General Government	3,036,877	1,448,143	-	-	3,036,877	1,448,143
Public Safety	3,506,863	495,940	-	-	3,506,863	495,940
Highways and Streets	2,202,676	2,053,025	-	-	2,202,676	2,053,025
Culture and Recreation	2,434,256	2,164,649	-	-	2,434,256	2,164,649
Interest on Long-Term Debt	55,889	59,995	-	-	55,889	59,995
Water	-	-	4,491,617	4,176,004	4,491,617	4,176,004
Sanitation	-	-	801,978	677,934	801,978	677,934
Wastewater	-	-	3,710,124	3,300,728	3,710,124	3,300,728
Recreation	-	-	3,564,602	2,896,655	3,564,602	2,896,655
Total Expenses	11,236,561	6,221,752	12,568,321	11,051,321	23,804,882	17,273,073
Change in Net Position before Transf	<u>8,578,829</u>	<u>5,155,696</u>	<u>1,160,935</u>	<u>493,447</u>	<u>9,739,764</u>	<u>5,649,143</u>
Transfers	15,500	1,500	(15,500)	(1,500)	-	-
Increase (Decrease) in Net Position	8,594,329	5,157,196	1,145,435	491,947	9,739,764	5,649,143
Beginning Net Position	30,533,745	25,376,549	13,330,996	12,839,049	43,864,741	38,215,598
Ending Net Position	<u>\$ 39,128,074</u>	<u>\$ 30,533,745</u>	<u>\$14,476,431</u>	<u>\$ 13,330,996</u>	<u>\$ 53,604,505</u>	<u>\$ 43,864,741</u>

Governmental activities. Governmental activities increased the City's net position by \$8,594,329 in FY24. The City increased its investment in capital assets by \$4,551,169 and unrestricted net position increased by \$4,044,969. Restricted net position decreased by \$1,809.

Business-type activities. Business-type activities increased the City's net position by \$1,145,435.

Water Fund

The Water Fund had a budgetary net income of \$107,685 in FY24. Disregarding GlobalFoundries pass through revenues and expenses, Water Fund revenues were \$61,356 more than budget and expenses were \$31,989 under budget. The Water Fund continued construction on the Main St water line replacement and began work on the water service line inventory.

City of Essex Junction, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

Sanitation Fund

The Sanitation Fund had a budgetary net income of \$337,188 against a budget of \$207,500 in net income. Sanitation revenues were \$221,822 more than budgeted and expenses were \$92,134 more than budgeted. Hook-on fees were \$101,550 more than budgeted. City customer charges included \$207,500 for the WWTF Refurbishment Bond payment. The Sanitation Fund participates by paying 2/3 of the cost of the Meter Replacement Program as it funds the costs for both the Sanitation Fund (underground piping) and the Wastewater Treatment Fund (wastewater treatment). In FY24 meter replacement costs totaled \$38,100, the gas detection system at the high school pump station was replaced, and a pump at the Maple Street pump station was replaced.

Wastewater Treatment Fund

The Wastewater Treatment Fund had budgetary net income of \$241,998 in FY24. Revenues were over budget by \$278,127 while expenses were over budget by \$36,129. At year-end 2014, a reconciliation was done of revenues versus expenses, and it was found that each of the Tri-Town communities was responsible for a portion of the surplus. Each community in the Tri-town was designated a portion of the surplus to be a buffer against future losses. These funds have been set aside for each community. This reconciliation has continued annually, and the amounts designated to each community as of June 30, 2024 include Essex Junction \$139,823; Town of Essex \$151,387; and Town of Williston \$436,567. Each community determines how much it wants to leave in this rate stabilization fund. Work was completed in FY24 on digester maintenance, and work began on a 10-year engineer evaluation of the facility. Work continued on the PePhloe and energy conservation projects.

Recreation Programs Fund

On July 1, 2017 the Essex Junction Recreation and Parks (EJRP) became a department of the City. EJRP had previously been a department of the school district. EJRP operates the Recreation Programs enterprise fund. The Recreation Programs Fund ended the year with a net position of \$1,005,781. As an enterprise fund it is expected that program revenues generated will cover the costs of programming. Program revenues came in over budget by \$217,249. Program expenses were over budget by \$348,440. Youth programs, after school and day camps all exceeded budgeted revenue. There were significant increases in personnel related costs, supplies, repairs/maintenance, and professional services.

FINANCIAL ANALYSIS OF MAJOR GOVERNMENTAL FUNDS

The General Fund

The General Fund is the chief operating fund of the City. The General Fund had a net increase in fund balance of \$3,543,550 for the year ended June 30, 2024. The fund balance of the General Fund increased from \$1,471,610 at the end of FY23, to \$5,015,160 at the end of FY24. Of the \$5,015,160 fund balance, \$136,402 is nonspendable (inventories and prepaid expenses), \$2,955,465 is assigned (see Note 12 for additional detail), \$1,058,181 is committed (Local Option Taxes for capital projects), and \$865,112 is unassigned. The unassigned fund balance is equal to 7.21% of the FY25 Budget. To comply with the Governmental Accounting Standards Board Statement 54, the City has adopted a fund balance policy. Basically, this fund balance policy states that the fund balances of governmental funds are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the City Council intended use of the resources); and unassigned. As of June 30, 2024 the City General Fund has no restricted fund balance. In addition, the City has a policy limiting unassigned fund balance to 15% of the current budget.

City of Essex Junction, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

The City budget for the year ended June 30, 2024 passed on the first vote at Annual Meeting in April of 2023 and there were no amendments made to the budget during the year.

On the revenue side, the City recorded revenues greater than budget by \$137,918. The majority of this overage is a result of Local Option Tax revenue collected that was not budgeted for (\$215,597). The revenue from Local Option Taxes will be used to fund future capital projects.

- General government expenditures were under budget by \$2,920,653. General government departments include Finance, Administration and Buildings. This was a result of the ARPA funds being used to offset expenses thereby creating a budget surplus in FY24 that will be used for the 2 Lincoln Renovations.
- Public Safety expenditures were over budget by \$2,125. This was a result of unanticipated overages in the Police contract with the Town of Essex.
- Public works expenditures were over budget by \$51,826. The primary drivers for this were increased costs related to repairs and maintenance for aging equipment and additional paving (this was offset by LOT revenue transferred into the General Fund).
- Community and economic development expenditures were under budget by \$196,112. This was a result of staff transitions.
- Culture and recreation expenditures were under budget by \$86,239. This was a result in salary/benefit savings as well as repairs/maintenance and cleaning in both recreation and library budgets.

Capital Reserve Fund

The Capital Reserve Fund had a fund balance deficit of \$467,414 as of June 30, 2024 and a fund balance of \$839,491 as of June 30, 2023. The Crescent Connector Project progressed for a cost of \$4,005,057 with federal grant reimbursement in the year of \$4,633,497, the difference is a result of timing between expenditure recognition and when the City receives grant revenues. This project is funded by a grant from the US Department of Transportation through the State of Vermont Agency of Transportation and does not require matching funds. Additional major projects during the year included: Densmore Drive Culvert project was completed.

Whitcomb Terrace Loan Fund

In April of 2004, the City received a grant of up to \$270,000 from the Vermont Agency of Commerce and Community Development. This grant was used in FY05 to construct Whitcomb Terrace, 19 new barrier-free units of affordable housing at 128 West Street in Essex Junction. The grant money was used to provide a deferred loan to Whitcomb Terrace Housing Limited Partnership for the purpose of constructing Whitcomb Terrace. The interest free loan is due to be paid back to the City on December 17, 2034. The City has a note receivable that is not likely to be paid back and so is carrying a \$-0- balance for this note.

Rolling Stock Reserve Fund

The Rolling Stock Reserve Fund had a fund balance of \$948,424 as of June 30, 2024 and \$701,305 as of June 30, 2023. This fund received an appropriation from the general fund of \$269,700 and \$38,142 in other revenues.

City of Essex Junction, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

EJRP Capital Reserve Fund

The EJRP Capital Reserve Fund had a fund balance of \$64,581 as of June 30, 2024 and a deficit fund balance of \$88,342 as of June 30, 2023. There are planned annual transfers in the amount of \$55,000 per year through FY25 to reduce the deficit fund balanced as a result of the replacement of the playground equipment in FY21.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Essex Junction's investment in capital assets for its governmental and business-type activities as of June 30, 2024 totaled \$52,734,192 (net of accumulated depreciation). This is a net increase of \$5,886,561 from June 30, 2023 when the total was \$46,847,631. These assets include buildings, roads and bridges, land, machinery and equipment, library books, park facilities, vehicles and distribution and collection systems. Asset additions totaled \$8,199,182 and were concentrated in infrastructure and roads/curbs/sidewalks categories. These additions were offset by accumulated depreciation which increased by \$2,312,621, to cause the increase in capital assets net of accumulated depreciation.

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

- Paving on Cascade Street, Densmore Drive, Poplar Court, and Sugartree Lane areas
- West Street sidewalk repairs
- Public Works pickup truck and trailer replacement
- Library book drop
- Building and equipment upgrades at Maple Street Park
- Hydraulic cutters for the Fire Department

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

- Continued construction on Main St waterline replacement
- Digester maintenance at the wastewater treatment facility
- Began a 10-year engineer evaluation of the wastewater treatment facility
- Collection system capacity study for the sanitation system
- Emergency Lincoln Street sewer repair
- Water meter purchase and installation is ongoing

A table that shows the values of the City's capital assets net of depreciation is shown below. Additional information can be found in Note 7 of this report.

City of Essex Junction, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

	Governmental Activities		Business-type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
Capital Assets:						
Land	\$ 127,876	\$ 127,876	\$ 118,077	\$ 118,077	\$ 245,953	\$ 245,953
Construction in Progress	11,777,291	7,885,735	2,764,610	303,959	14,541,901	8,189,694
Antiques and Works of Art	7,550	7,550	-	-	7,550	7,550
Buildings and Improvements	4,810,060	4,704,912	15,171,806	15,171,806	19,981,866	19,876,718
Machinery, equipment, and vehicles	8,729,007	8,703,668	6,604,979	6,411,376	15,333,986	15,115,044
Library Books	798,804	808,424	-	-	798,804	808,424
Parks	2,094,962	2,078,606	-	-	2,094,962	2,078,606
Roads, Curbs, Sidewalks, and Storm Sewers	19,199,630	17,683,481	164,182	164,182	19,363,812	17,847,663
Water and Sewer infrastructure	-	-	22,442,964	22,442,964	22,442,964	22,442,964
	47,545,180	42,000,252	47,266,618	44,612,364	94,811,798	86,612,616
Less: Accumulated Depreciation	(14,886,359)	(13,757,300)	(27,191,247)	(26,007,685)	(42,077,606)	(39,764,985)
Total Assets, Net	\$ 32,658,821	\$ 28,242,952	\$20,075,371	\$ 18,604,679	\$ 52,734,192	\$ 46,847,631

LONG TERM DEBT

	June 30, 2023	Additions	Deletions	June 30, 2024
Governmental Activities				
General Obligation Bonds	\$ 1,621,786	\$ -	\$ 135,300	\$ 1,486,486
Notes Payable	-	-	-	-
Business-type Activities				
Water and Sewer Bonds	4,418,214	144,528	187,046	4,375,696
Notes Payable	9,754,212	-	679,821	9,074,391
Total Government	\$ 15,794,212	\$ 144,528	\$ 1,002,167	\$ 14,936,573

On April 8, 2014 the City voters agreed to issue general obligation bonds in an amount not to exceed \$3,300,000. In July 2015 \$3,300,000 was received from the Vermont Municipal Bond Bank for the purpose of performing five infrastructure projects. In FY15 the School St. south Roadway/Water/Sewer line project was completed. In FY16 the Hillcrest Drainage project, the Main St. Drainage, the Maple St. Culvert/Water line were completed, and the Briar Lane Roadway/Sidewalk/Water Line projects were continued. The last project, Briar Lane Roadway/Sidewalk and Water Line was completed in FY17. At June 30, 2024 the outstanding principal on this bond is \$1,815,000; with \$1,486,486 in governmental activities and \$328,514 in business-type activities.

In FY10 the City was awarded a loan of \$566,938 under the American Recovery and Reinvestment Act (ARRA) to fund two projects. The projects funded were for a high efficiency blower for the Wastewater Treatment Facility and a comprehensive rehabilitation of the City's sanitary sewers. Under the ARRA program half of the loan was forgiven in the form of a grant. Interest is 0% but there is a 2% administrative fee. The loan was for 20 years and the principal balance due on June 30, 2024 is \$112,199.

City of Essex Junction, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

In FY11 the City began two long-term projects in the Wastewater Treatment Fund and the Sanitation Fund. In a special meeting on April 12, 2011, the City voters authorized the City to issue bonds for \$15,230,000 for improvements to the Wastewater Treatment Facility and \$1,287,000 for the upgrade of City pump stations. As of June 30, 2016, the High School Pump Station project was complete, and the City had borrowed \$1,212,300 and received a subsidy of \$114,800 from the State Clean Water Revolving Fund in the Sanitation Fund. The principal due on the loan as of June 30, 2024 is \$602,907. As of June 30, 2015 the City had borrowed \$13,525,000 for the Wastewater Treatment Refurbishment Project from the State Clean Water Revolving Fund and received a subsidy of \$600,000 making the amount due \$12,925,000. The first payment on this loan was made in FY17 and the principal due on the loan as of June 30, 2024 is \$8,359,285. A bond payable for the Wastewater Treatment Refurbishment Project for \$1,705,000 was assumed from the Town of Bradford. Principal and interest payments were started in FY12. As of June 30, 2024, the principal outstanding on this bond was \$935,000. The Wastewater Treatment Facility, while owned by the City of Essex Junction, serves three towns, the City of Essex Junction, the Town of Essex and the Town of Williston. The debt payments for the Wastewater Treatment Facility are distributed to the Tri-town members according to capacity owned in the Facility.

On April 12, 2022 the City voters agreed to issue general obligations bonds in an amount not to exceed \$3,070,000. In July 2023 \$3,070,000 was received from the Vermont Bond Bank for the purpose of replacing the waterline on Main Street. Work on this project began in the summer of 2023. At June 30, 2024 the outstanding principal on this bond is \$2,967,654.

In FY24 the City was awarded a loan of \$430,000 for the purpose of performing an inventory of water service lines within the City. At June 30, 2024 the outstanding principal on this loan is \$144,528, with an additional \$285,472 to be drawn from the loan in the future.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Consolidation of Service Delivery Systems

- Starting in FY15, the Town of Essex entered into an agreement with the Village of Essex Junction and the Essex Junction School District to bill and collect their property taxes. This action was an effort to reduce the duplication of services that existed. As part of the agreement the Town assumed the delinquent taxes of the Village and Village School District. The Town of Essex will continue to do the school tax billing for the Essex Westford School District for all residents that reside in the Town of Essex.
- In FY14 the Village and Town entered into an agreement to share the services of the Town Manager as the Municipal Manager for both entities. This arrangement led to the Village sharing the salary costs of the Manager with the Town, thereby reducing the cost to all taxpayers. In FY15 it was determined that this cost-sharing was beneficial, and efforts should continue to find more areas to cooperate in the delivery of services to be more efficient. This arrangement has resulted in substantial savings for both the Village and Town. In FY18 the current Unified Municipal Manager, Pat Scheidel, who has been Town Manager for 27 years, retired. A new Unified Municipal Manager, Evan Teich, began employment on February 26, 2018. The decision to hire Mr. Teich was unanimous by both the Village of Essex Junction Trustees and the Town Selectboard.
- FY16 was the first of a three-year commitment to combine the Street budget with the Town of Essex. The Village Trustees adopted the Village Street budget, and the Town of Essex voters approved the funding for this budget as part of the Town budget. A Committee was formed in the spring of 2017 to evaluate how successful this arrangement has been so far and whether it should be continued. The Public Works Consolidation Committee came to the following conclusions:

City of Essex Junction, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

- Maintain the MOU until June 2018 and do the studies outlined in the report.
 - Extend the MOU from July 1, 2018 until the studies are complete or well underway. The goal is full consolidation eventually.
 - Benchmarks will be established as a result of the studies
 - Cross-train staff in the village and town and identify common best practices
 - Consolidate rolling stock and equipment budgets as well as capital planning.
 - Practice resources management with assets, administration, processes, services.
 - Both the Trustees and the Selectboard approved the report.
-
- In FY16 the Village and the Town combined accounts payable, accounts receivable, cash receipts and general ledger. Two Village employees were relocated to the Town offices to share this work.
 - In FY17 the Village Clerk/Treasurer became the combined Town and Village Clerk/Treasurer when the Town Clerk/Treasurer position became vacant through retirement.
 - In FY18 a Human Resources Director was hired as the combined Town and Village Human Resource Director.
 - In FY19 the pay rates and practices of both Fire Departments were aligned. A combined Assistant to the Manager position was established which is funded by both entities.
 - In FY20, EJRP and the Essex Parks and Recreation Department co-located at 75 Maple Street and began streamlining services at the front desk by co-supervising the Customer Service Specialist, the Program Director – Senior Services, and by contracting for joint Communications Services. The two departments have hosted joint events and have moved to producing one brochure.
 - In FY 20, the Village Trustees and Town Selectboard met jointly and worked to put together a merger plan for the two entities. The Village voted during the November 2020 election on a plan of merger, and it passed 3,453 to 1,205.
 - In FY21, The Village Highway and Streets Rolling Stock capital was added to the Highway operating budget, funding for this budget is part of the Town budget.
 - The Town of Essex (including Village residents) voted via Australian ballot in March 2021 on Article II, a plan of merger for the Town of Essex and Village of Essex Junction. The article did not pass, 3,737 Yes to 3,756 No. A Special Town Meeting was held in April for a vote to reconsider the plan for merger; that vote also did not pass 4,199 Yes to 4,225 No. The Village of Essex Junction also held an advisory vote in April, asking voters if the Village should pursue separation from the Town in the event the merger did not pass.
 - Village voters voted in a special election held November 2, 2021 on whether to adopt a proposed charter for the City of Essex Junction, VT which would effectively separate the Village from the Town of Essex. The vote passed 3,070 to 411.
 - The charter for the City of Essex Junction, VT was approved by the state legislature in May 2022, and became effective July 1, 2022. The City began working towards full separation from the Town throughout FY23, with the exception of police and assessing services which will remain under new agreements defined by the City and Town.

City of Essex Junction, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

- FY24 marked the first full fiscal year for the City of complete separation from the Town. All financial systems and IT infrastructure were fully migrated from the Town ahead of the originally agreed upon dates.

FY25 Budgets

The FY25 General Fund budget increased by \$582,953 or 5% from the FY24 budget, bringing total budgeted General Fund expenditures to \$12,004,124 from \$11,421,171. The increase is largely a result of wage, health insurance, vehicle repair/maintenance, gas/fuel, and IT service increases. The total tax rate increased 5.9% from \$0.9214 to \$0.9761. In addition to the General Fund rate, there is a 1 cent tax for Economic Development that was added in FY17.

The City Water, Wastewater and Sanitation Funds saw a budget increase in total of \$271,032 or 7.97% from an aggregate of \$5,276,966 for the three funds to \$5,547,998. This caused an overall rate increase for FY25 of 3.31% for the average user using 120 gallons per day.

REQUESTS FOR INFORMATION

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

City of Essex Junction, Vermont
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 13,616,845	\$ 1,086,234	\$ 14,703,079
Taxes receivable, net of allowance	127,241	-	127,241
Other accounts receivable	2,758,215	2,003,634	4,761,849
Due from other funds	-	6,738,249	6,738,249
Due from Town of Essex	3,268	-	3,268
Inventory	92,744	123,170	215,914
Prepaid expenses	43,658	21,512	65,170
Total Current Assets	16,641,971	9,972,799	26,614,770
Capital assets not being depreciated:			
Land	127,876	118,077	245,953
Construction in progress	11,777,291	2,764,610	14,541,901
Antiques and works of art	7,550	-	7,550
Capital assets, net of accumulated depreciation			
Buildings	2,807,427	7,456,933	10,264,360
Infrastructure	12,671,121	57,566	12,728,687
Machinery, equipment, and vehicles	5,267,556	2,612,360	7,879,916
Water and sewer infrastructure	-	7,065,825	7,065,825
Capital assets, net	32,658,821	20,075,371	52,734,192
Deferred outflows of resources			
Deferred outflows of resources related to the City's participation in VMERS	1,042,148	716,781	1,758,929
Total Assets and Deferred Outflows of Resources	50,342,940	30,764,951	81,107,891
CURRENT LIABILITIES			
Accounts payable	1,163,708	860,685	2,024,393
Due to other funds	6,738,249	-	6,738,249
Accrued payroll and benefits payable	117,213	209,007	326,220
Unearned revenue	12,608	681,516	694,124
Accrued interest	6,781	19,935	26,716
Current portion compensated absences	18,827	21,862	40,689
Current portion notes and bonds payable	135,135	880,616	1,015,751
Total Current Liabilities	8,192,521	2,673,621	10,866,142
NONCURRENT LIABILITIES			
Accrued compensated absences	370,256	144,139	514,395
Net pension liability	1,300,738	901,289	2,202,027
Notes and bonds payable	1,351,351	12,569,471	13,920,822
Total Noncurrent Liabilities	3,022,345	13,614,899	16,637,244
Total Liabilities	11,214,866	16,288,520	27,503,386
NET POSITION			
Net investment in capital assets	31,172,335	7,500,572	38,672,907
Restricted	20,333	-	20,333
Unrestricted - designated	-	6,975,859	6,975,859
Unrestricted	7,935,406	-	7,935,406
Total Net Position	\$ 39,128,074	\$ 14,476,431	\$ 53,604,505

See Accompanying Notes to Basic Financial Statements.

City of Essex Junction, Vermont
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 June 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities							
General government	\$ 3,036,877	\$ 613,147	\$ 2,807,831	\$ 16,236	\$ 400,337	\$ -	\$ 400,337
Public safety	3,506,863	-	-	-	(3,506,863)	-	(3,506,863)
Highways and Streets	2,202,676	3,623	-	4,231,836	2,032,783	-	2,032,783
Culture and Recreation	2,434,256	147,157	9,542	9,742	(2,267,813)	-	(2,267,813)
Interest on long-term debt	55,889	-	-	-	(55,889)	-	(55,889)
Total governmental activities	<u>11,236,561</u>	<u>763,927</u>	<u>2,817,375</u>	<u>4,257,814</u>	<u>(3,397,445)</u>	<u>-</u>	<u>(3,397,445)</u>
Business-type activities:							
Water	4,491,617	4,875,471	-	-	-	383,854	383,854
Sanitation	801,978	1,032,151	-	141,300	-	371,473	371,473
Wastewater	3,710,124	3,129,695	-	587,396	-	6,967	6,967
Recreation	3,564,602	3,357,112	442,856	-	-	235,366	235,366
Total business-type activities	<u>\$ 12,568,321</u>	<u>\$ 12,394,429</u>	<u>\$ 442,856</u>	<u>\$ 728,696</u>	<u>-</u>	<u>997,660</u>	<u>997,660</u>
General Revenues:							
Property taxes, levied for general purposes					10,634,493	-	10,634,493
Penalties and interest on delinquent taxes					71,410	-	71,410
Local option tax revenue					960,597	-	960,597
Unrestricted investment earnings					203,997	163,275	367,272
Transfers					15,500	(15,500)	-
Loss on disposal of equipment					(6,419)	-	(6,419)
Other revenues					112,195	-	112,195
Total general revenues and transfers					<u>11,991,774</u>	<u>147,775</u>	<u>12,139,549</u>
Change in Net Position					8,594,329	1,145,435	9,739,764
Net position, beginning					<u>30,533,745</u>	<u>13,330,996</u>	<u>43,864,741</u>
Net position, ending					<u>\$ 39,128,074</u>	<u>\$ 14,476,431</u>	<u>\$ 53,604,505</u>

See Accompanying Notes to Basic Financial Statements.

City of Essex Junction, Vermont
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2024

	General Fund	Capital Projects Fund	Rolling Stock Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 13,616,845	\$ -	\$ -	\$ -	\$ 13,616,845
Taxes receivable, net of allowance	151,723	-	-	-	151,723
Other receivables	269,066	2,464,667	-	-	2,733,733
Inventory	92,744	-	-	-	92,744
Due from Town of Essex	3,268	-	-	-	3,268
Due from other funds	-	-	948,424	1,747,575	2,695,999
Prepaid expenses	43,658	-	-	-	43,658
 Total Assets	\$ 14,177,304	\$ 2,464,667	\$ 948,424	\$ 1,747,575	\$ 19,337,970
LIABILITIES					
Accounts payable	\$ 230,601	\$ 918,440	\$ -	\$ 14,667	\$ 1,163,708
Accrued payroll and benefits	117,213	-	-	-	117,213
Due to other funds	8,682,722	751,526	-	-	9,434,248
Unavailable revenue - property taxes	119,000	-	-	-	119,000
Unavailable revenue - other	12,608	-	-	-	12,608
 Total Liabilities	9,162,144	1,669,966	-	14,667	10,846,777
DEFERRED INFLOWS OF RESOURCES					
Unavailable grant revenue	-	1,262,115	-	-	1,262,115
FUND BALANCE					
Nonspendable	136,402	-	-	-	136,402
Restricted	-	-	-	20,333	20,333
Committed	1,058,181	-	948,424	64,581	2,071,186
Assigned	2,955,465	-	-	1,647,994	4,603,459
Unassigned	865,112	(467,414)	-	-	397,698
 Total Fund Balances	5,015,160	(467,414)	948,424	1,732,908	7,229,078
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 14,177,304	\$ 2,464,667	\$ 948,424	\$ 1,747,575	\$ 19,337,970

See Accompanying Notes to Basic Financial Statements.

City of Essex Junction, Vermont
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2024

Total fund balances - governmental funds \$ 7,229,078

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. 32,658,821

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

Unavailable grant revenue 1,262,115

Unavailable property tax revenue 119,000

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 (389,083)

Accrued interest on long-term debt (6,781)

Notes payable (1,486,486)

Net pension liabilities (1,300,738)

Deferred outflows of resources represent the consumption of net position that is applicable to a future reporting period and therefore not reported as assets in the funds. 1,042,148

Total net position - governmental activities \$ 39,128,074

See Accompanying Notes to Basic Financial Statements.

City of Essex Junction, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
June 30, 2024

	General Fund	Capital Projects Fund	Rolling Stock Reserve Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Property tax	\$ 10,356,364	\$ -	\$ -	\$ 113,343	\$ 10,469,707
Local options sales tax	960,597	-	-	-	960,597
Licenses and permits	82,360	-	-	-	82,360
Intergovernmental revenues	88,179	-	-	-	88,179
Charges for services	467,780	-	-	1,414	469,194
Fines and forfeits	7,998	-	-	-	7,998
Interest income	60,493	30,922	37,446	81,908	210,769
Grant income	2,872,519	4,882,369	-	80,853	7,835,741
Donations	8,106	16,236	696	-	25,038
Miscellaneous income	150,049	-	-	100,313	250,362
Total Revenues	<u>15,054,445</u>	<u>4,929,527</u>	<u>38,142</u>	<u>377,831</u>	<u>20,399,945</u>
EXPENDITURES					
Current expenditures:					
General government	2,420,863	-	-	-	2,420,863
Public safety	3,395,182	-	-	-	3,395,182
Public works	1,277,871	-	-	-	1,277,871
Community development	326,701	-	-	9,113	335,814
Culture and recreation	2,098,499	-	-	38,639	2,137,138
Capital Outlay					
General government	-	-	-	174,345	174,345
Public safety	12,000	-	-	-	12,000
Public works	356,555	4,873,793	60,723	-	5,291,071
Culture and recreation	157,955	-	-	77,508	235,463
Debt Service					
Principal	135,300	-	-	-	135,300
Interest expense	56,413	-	-	-	56,413
Total Expenditures	<u>10,237,339</u>	<u>4,873,793</u>	<u>60,723</u>	<u>299,605</u>	<u>15,471,460</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,817,106</u>	<u>55,734</u>	<u>(22,581)</u>	<u>78,226</u>	<u>4,928,485</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	155,500	531,585	269,700	703,013	1,659,798
Operating transfers out	<u>(1,429,056)</u>	<u>(215,242)</u>	<u>-</u>	<u>-</u>	<u>(1,644,298)</u>
Total Other Financing Sources (Uses)	<u>(1,273,556)</u>	<u>316,343</u>	<u>269,700</u>	<u>703,013</u>	<u>15,500</u>
Net Change in Fund Balance	3,543,550	372,077	247,119	781,239	4,943,985
Fund Balance - July 1, 2023	<u>1,471,610</u>	<u>(839,491)</u>	<u>701,305</u>	<u>951,669</u>	<u>2,285,093</u>
Fund Balance - June 30, 2024	<u>\$ 5,015,160</u>	<u>\$ (467,414)</u>	<u>\$ 948,424</u>	<u>\$ 1,732,908</u>	<u>\$ 7,229,078</u>

See Accompanying Notes to Basic Financial Statements.

City of Essex Junction, Vermont
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 June 30, 2024

Net change in fund balances - governmental funds **\$ 4,943,985**

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	(1,290,592)
Capital Outlay	5,712,879
Loss on Disposal/Abandonment	(6,419)

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

Increase in the unavailable property taxes	72,400
Increase in unavailable grant revenue	(650,533)

Issuance and repayment of long-term debt are revenue and expenditures in
 the governmental funds, but the Issuance and repayment increase and
 decrease long-term liabilities in the statement of net assets.

Repayment of long-term debt	135,300
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Some expenses reported in the statement of activities do not require the use of
 current financial resources and therefore are not reported as expenditures in
 governmental funds.

Pension expense	(254,848)
Accrued interest on long-term debt	524
Accrued compensated absences	<u>(68,367)</u>

Change in net position of governmental activities **\$ 8,594,329**

See Accompanying Notes to Basic Financial Statements.

City of Essex Junction, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2024

	Water Fund	Sanitation Fund	Wastewater Fund	Rec Programs Fund	Total
ASSETS					
Current Assets:					
Cash	\$ 1,086,234	\$ -	\$ -	\$ -	\$ 1,086,234
Accounts receivable, net of allowance	884,764	306,254	694,280	118,336	2,003,634
Due from other funds	678,600	1,856,602	2,326,883	1,876,164	6,738,249
Inventory	-	-	123,170	-	123,170
Prepaid expenses	371	315	843	19,983	21,512
Total Current Assets	2,649,969	2,163,171	3,145,176	2,014,483	9,972,799
Noncurrent Assets:					
Capital assets not being depreciated:					
Land	-	-	118,077	-	118,077
Construction in progress	2,574,991	-	189,619	-	2,764,610
Capital assets					
Machinery, equipment, and vehicles	660,689	1,097,359	19,746,197	272,541	21,776,786
Water and sewer infrastructure	9,389,641	8,503,169	4,714,335	-	22,607,145
Accumulated depreciation	(7,673,349)	(6,629,781)	(12,734,496)	(153,621)	(27,191,247)
Capital assets, net	4,951,972	2,970,747	12,033,732	118,920	20,075,371
Total Assets	7,601,941	5,133,918	15,178,908	2,133,403	30,048,170
Deferred outflows of resources					
Deferred outflows of resources related to the City's participation in VMERS					
	64,048	64,121	213,040	375,572	716,781
Total Assets and Deferred Outflows of Resources	7,665,989	5,198,039	15,391,948	2,508,975	30,764,951
LIABILITIES					
Current Liabilities:					
Accounts payable	616,195	18,372	121,057	105,061	860,685
Accrued payroll	3,549	5,303	25,519	174,636	209,007
Accrued interest	17,178	-	2,757	-	19,935
Unearned Revenue	-	-	-	681,516	681,516
Current portion compensated absences	1,513	1,045	15,031	4,273	21,862
Current portion long-term debt	132,198	68,011	680,407	-	880,616
Total Current Liabilities	770,633	92,731	844,771	965,486	2,673,621
Noncurrent Liabilities:					
Accrued compensated absences	34,277	28,275	16,092	65,495	144,139
Net pension liabilities	80,487	80,607	267,982	472,213	901,289
Notes and bonds payable	3,308,500	631,748	8,629,223	-	12,569,471
Total Noncurrent Liabilities	3,423,264	740,630	8,913,297	537,708	13,614,899
Total Liabilities	4,193,897	833,361	9,758,068	1,503,194	16,288,520
NET POSITION					
Net investment in capital assets	2,386,562	2,270,988	2,724,102	118,920	7,500,572
Unrestricted - designated	1,085,530	2,093,690	2,909,778	886,861	6,975,859
Total Net Position	3,472,092	4,364,678	5,633,880	1,005,781	14,476,431
Total Liabilities and Net Position	\$ 7,665,989	\$ 5,198,039	\$ 15,391,948	\$ 2,508,975	\$ 30,764,951

See Accompanying Notes to Basic Financial Statements.

City of Essex Junction, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION - PROPRIETARY FUNDS
 June 30, 2024

	Water Fund	Sanitation Fund	Wastewater Fund	Rec Programs Fund	Total
OPERATING REVENUES					
Charges for services	\$ 4,875,193	\$ 1,031,244	\$ 3,101,184	\$ 3,354,012	\$ 12,361,633
Other income	<u>278</u>	<u>907</u>	<u>28,511</u>	<u>3,100</u>	<u>32,796</u>
Total Operating Revenues	<u>4,875,471</u>	<u>1,032,151</u>	<u>3,129,695</u>	<u>3,357,112</u>	<u>12,394,429</u>
OPERATING EXPENSES					
Operating, maintenance and general and administrative expenses	4,311,133	654,396	2,512,890	3,545,286	11,023,705
Depreciation	<u>50,014</u>	<u>132,364</u>	<u>981,868</u>	<u>19,316</u>	<u>1,183,562</u>
Total Operating Expenses	<u>4,361,147</u>	<u>786,760</u>	<u>3,494,758</u>	<u>3,564,602</u>	<u>12,207,267</u>
Operating Gain (Loss)	<u>514,324</u>	<u>245,391</u>	<u>(365,063)</u>	<u>(207,490)</u>	<u>187,162</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	3,347	54,433	65,193	40,302	163,275
Interest expense	(130,470)	(15,218)	(215,366)	-	(361,054)
Capital contributions	-	141,300	587,396	-	728,696
Federal grant revenue	-	-	-	113,071	113,071
State and other grant revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>329,785</u>	<u>329,785</u>
Total Nonoperating Revenues (Expenses)	<u>(127,123)</u>	<u>180,515</u>	<u>437,223</u>	<u>483,158</u>	<u>973,773</u>
Net Gain Before Transfers	387,201	425,906	72,160	275,668	1,160,935
Transfers	<u>-</u>	<u>(151,673)</u>	<u>136,173</u>	<u>-</u>	<u>(15,500)</u>
Change in Net Position	387,201	274,233	208,333	275,668	1,145,435
Net Position - July 1, 2023	<u>3,084,891</u>	<u>4,090,445</u>	<u>5,425,547</u>	<u>730,113</u>	<u>13,330,996</u>
Net Position - June 30, 2024	<u>\$ 3,472,092</u>	<u>\$ 4,364,678</u>	<u>\$ 5,633,880</u>	<u>\$ 1,005,781</u>	<u>\$ 14,476,431</u>

See Accompanying Notes to Basic Financial Statements.

City of Essex Junction, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
June 30, 2024

	Water Fund	Sanitation Fund	Wastewater Fund	Rec Programs Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 5,026,190	\$ 972,226	\$ 2,775,774	\$ 3,332,922	\$ 12,107,112
Payments to suppliers	(4,176,141)	(710,719)	(1,865,148)	(1,182,617)	(7,934,625)
Payments for employees and benefits	(246,019)	(208,099)	(693,544)	(2,590,513)	(3,738,175)
	<u>604,030</u>	<u>53,408</u>	<u>217,082</u>	<u>(440,208)</u>	<u>434,312</u>
Net Cash Provided/(Used) by Operating Activities					
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of property, plant and equipment	(2,473,540)	(16,150)	(121,614)	(42,950)	(2,654,254)
Capital Contributions	-	141,300	587,396	-	728,696
Interest payments on debt	(130,087)	(15,218)	(215,507)	-	(360,812)
Proceeds from state and federal grants	-	-	-	442,856	442,856
Proceeds from issuance of debt	144,528	-	-	-	144,528
Principal payments on debt	(132,044)	(66,100)	(668,723)	-	(866,867)
	<u>(2,591,143)</u>	<u>43,832</u>	<u>(418,448)</u>	<u>399,906</u>	<u>(2,565,853)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities					
CASH FLOWS FROM INVESTING ACTIVITIES					
Operating transfers in/(out)	-	(151,673)	136,173	-	(15,500)
Interest income	3,347	54,433	65,193	40,302	163,275
	<u>3,347</u>	<u>(97,240)</u>	<u>201,366</u>	<u>40,302</u>	<u>147,775</u>
Net Cash Provided (Used) by Investing Activities					
Net (Decrease) in Cash	(1,983,766)	-	-	-	(1,983,766)
Cash - July 1, 2023	3,070,000	-	-	-	3,070,000
Cash - June 30, 2024	<u>\$ 1,086,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,086,234</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating gain (loss)	\$ 514,324	\$ 245,391	\$ (365,063)	\$ (207,490)	\$ 187,162
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	50,014	132,364	981,868	19,316	1,183,562
Change in net assets and liabilities:					
Receivables, net	150,719	(59,925)	(353,921)	(117,733)	(380,860)
Inventory	-	-	(41,990)	-	(41,990)
Due from Town	-	30,372	-	-	30,372
Due from other funds	(372,379)	(325,374)	(75,239)	(445,257)	(1,218,249)
Prepaid expenses	2,152	2,080	16,290	17,325	37,847
Deferred outflows of resources	(38,499)	(35,448)	(99,722)	(198,977)	(372,646)
Accounts payable	239,842	6,029	11,666	47,421	304,958
Unearned revenue	-	-	-	93,543	93,543
Accrued payroll	(1,696)	(128)	(53)	54,360	52,483
Net pension liability	54,747	51,719	153,817	294,299	554,582
Accrued compensated absences	4,806	6,328	(10,571)	2,985	3,548
	<u>\$ 604,030</u>	<u>\$ 53,408</u>	<u>\$ 217,082</u>	<u>\$ (440,208)</u>	<u>\$ 434,312</u>
Net cash provided (used) by operating activities					

See Accompanying Notes to Basic Financial Statements.

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Reporting Entity

This report includes all of the funds of the City of Essex Junction, Vermont. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the City.

Basis of Presentation

The accounts of the City are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the City include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the City as a whole and presents a longer-term view of the City's finances. The focus of the fund financial statements is on reporting the operating results and financial position of the most significant funds of the City and presents a shorter-term view of how operations were financed and what remains available for future spending.

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information of the City as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City 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 City as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Measurement focus, basis of accounting, and financial statement presentation

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

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City 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 City reports the following major governmental funds:

General Fund - This is the City's main operating fund. It accounts for all financial resources of the City except those accounted for in another fund.

Capital Reserve Fund - This fund accounts for the general capital expenditures of the City.

Rolling Stock Reserve Fund - This fund accounts for general rolling stock (vehicles) purchases of the City.

The City reports on the following major enterprise funds:

Water Fund - This fund accounts for the operations of the Water Department.

Sanitation Fund - This fund accounts for the operations of the Sanitation Department.

Wastewater Fund - This fund accounts for the operations of the Wastewater Department.

Recreation Programs Fund – This fund accounts for the operations of the recreation programs.

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

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property taxes, licenses, ordinance violation fees and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within sixty (60) days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Deposits and Investments

The City'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 City utilizes one cash account to collect money and pay bills for all funds.

Receivables

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

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

Internal Balances

Activities between funds that is representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as Advances to/from Other Funds. All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Inventories and Prepaid Expenses

Inventory quantities are determined by physical count and are valued at the lower of cost or market. Inventories in the Proprietary Funds consist of chemicals and materials. Inventory in the General Fund consists of salt and calcium chloride.

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid expenses.

City of Essex Junction, Vermont
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories and prepaid expenses of governmental funds in the fund financial statements are offset by a nonspendable fund balance as these are not in spendable form.

Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest incurred during the construction phase for proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. The City has elected to report major general infrastructure assets constructed since 1990.

Capital assets reported in the government-wide and proprietary fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Service Life</u>
Land	\$ 1,000	Not Depreciated
Antiques and Works of Art	\$ 1,000	Not Depreciated
Buildings and Building Improvements	\$ 5,000	40 Years
Vehicles, Machinery, Equipment, Furniture and Traffic Signals	\$ 5,000	8-20 Years
Wastewater Treatment Facility Equipment	\$ 5,000	8-20 Years
Library Books	\$ 1	7 Years
Parks	\$ 5,000	20-100 Years
Infrastructure	\$ 5,000	30-50 Years
Water, Sanitation and Wastewater Distribution and Collection System	\$ 5,000	60-100 Years

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are incurred.

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and comp time benefits. Employees who leave employment in good standing shall have sick time paid out depending on age and length of service, a scale used for payment eligible is included in Note 11. The City evaluates all employees who have reached ten (10) years of service or age 57 and, depending on accrued leave time at that point, determines if they will likely meet the eligibility threshold. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide and proprietary fund financial statements. The liability for unused compensated absences is not reported in the governmental fund type financial statements.

Payments for unused compensated absences are recorded as expenditures in the year they are paid.

Long-term Obligations

Noncurrent liabilities are comprised of notes payable and compensated absences. Noncurrent liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund type financial statements do not include any noncurrent liabilities as those statements use the current financial resources measurement focus and only include current liabilities on their balance sheets.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, "deferred outflows of resources", represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The City did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources", represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one (1) type of item which qualifies under the modified accrual basis of accounting. The governmental funds report deferred inflows of resources from one (1) source: unavailable grant revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Government-Wide and Proprietary Fund Net Position

Government-wide and Proprietary Fund Net Position are divided into three components:

Net Investment in Capital Assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted – consists of net position that is restricted by the City's creditors, by enabling legislation, by grantors (both federal and state) and/or by contributors.

Unrestricted – all other net position reported in this category

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Balances

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

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

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

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

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

Unassigned – All amounts not included in other classifications.

Estimates

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

Operating Transfers

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

NOTE 2 EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND AND GOVERNMENT-WIDE STATEMENTS

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

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

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2 EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND AND GOVERNMENT-WIDE STATEMENTS (continued)

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds from the sale of capital assets as another financing source, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

Long-term debt transaction differences arise because governmental funds report proceeds of long-term debt as another financing source and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities.

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The General Fund Budget is approved at the annual City Meeting in April. Budget transfers between departments can be made upon the approval of the Council during the last three (3) months of the year without increasing the total appropriated amount.

Enterprise fund budgets are approved by the City Council.

Fund Balance Policy

At the April 2022 annual meeting, the Voters approved maintaining an unassigned fund balance of up to fifteen percent (15%) of the current year's budget.

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2024 consisted of the following:

	Book Balance	Bank Balance
Insured by the FDIC	\$ 501,002	\$ 501,002
Offset by debt with institution	836,234	836,234
Insured by Repurchase Agreement	13,365,543	13,365,594
Petty Cash	300	-
Total Deposits	\$ 14,703,079	\$ 14,702,830

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

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 CASH AND CASH EQUIVALENTS (continued)

Custodial Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has no investments subject to interest rate risk disclosure

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's policy does not allow investment in securities that are subject to credit risk unless issued by the Federal Government.

Concentration of Credit Risk

The City has no limit on the amount that they may invest with any one issuer. As of June 30, 2024, the City is not exposed to concentration of credit risk.

NOTE 5 RECEIVABLES

Receivables at June 30, 2024, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Delinquent Taxes	\$ 157,241	\$ -	\$ 157,241
Penalties and Interest	24,482	-	24,482
Allowance for Doubtful Accounts	(30,000)	-	(30,000)
Billed Services	-	1,863,696	1,863,696
Unbilled Services	-	139,938	139,938
Grants	1,262,115	-	1,262,115
Other	<u>1,471,618</u>	<u>-</u>	<u>1,471,618</u>
	<u>\$ 2,885,456</u>	<u>\$ 2,003,634</u>	<u>\$ 4,889,090</u>

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 RECEIVABLES (continued)

Property taxes are attached 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 City bills and collects its own taxes. City 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 sixty days after the close of the current period. Taxes receivable that remain uncollected as of August 31, 2024 have been recorded as unavailable property tax revenue, a deferred inflow of resources, with a corresponding decrease in current year tax revenues. Unavailable property tax revenue amounted to \$119,000 at June 30, 2024.

NOTE 6 NOTE RECEIVABLE

The City has a note receivable as follows:

Note Receivable- Whitcomb Terrace Housing Limited Partnership, Principal Deferred Until December 17, 2034, at which Time the Note is Due, Interest 0%, Secured by a 2nd Position on Building	\$ 260,000
Allowance for Doubtful Note Receivable	<u>(260,000)</u>
Net Note Receivable	<u><u>\$ -</u></u>

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 127,876	\$ -	\$ -	\$ 127,876
Construction in Progress	7,885,735	5,137,470	(1,245,914)	11,777,291
Antiques and Works of Art	<u>7,550</u>	<u>-</u>	<u>-</u>	<u>7,550</u>
Total capital assets not being depreciated	<u>8,021,161</u>	<u>5,137,470</u>	<u>(1,245,914)</u>	<u>11,912,717</u>
Other capital assets:				
Buildings and Improvements	4,704,912	105,148	-	4,810,060
Vehicles, Machinery, Equipment, Furniture and Traffic Signals	8,703,668	107,759	(82,420)	8,729,007

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7 CAPITAL ASSETS (continued)

<u>Governmental Activities (cont'd)</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Library Books	808,424	75,911	(85,531)	798,804
Parks	2,078,606	16,356	-	2,094,962
Roads, Curbs, Sidewalks, and Storm Sewers	<u>17,683,481</u>	<u>1,516,149</u>	<u>-</u>	<u>19,199,630</u>
 Total other capital assets	 <u>33,979,091</u>	 <u>1,821,323</u>	 <u>(167,951)</u>	 <u>35,632,463</u>
 Less accumulated depreciation for:				
Buildings and Improvements	(1,880,533)	(122,100)	-	(2,002,633)
Vehicles, Machinery, Equipment, Furniture and Traffic Signals	(4,081,961)	(397,992)	76,001	(4,403,952)
Library Books	(580,511)	(70,194)	85,531	(565,174)
Parks	(1,328,337)	(57,754)	-	(1,386,091)
Roads, Curbs, Sidewalks, and Storm Sewers	<u>(5,885,957)</u>	<u>(642,552)</u>	<u>-</u>	<u>(6,528,509)</u>
 Total accumulated depreciation	 <u>(13,757,299)</u>	 <u>(1,290,592)</u>	 <u>161,532</u>	 <u>(14,886,359)</u>
 Total capital assets being depreciated, net	 <u>20,221,792</u>	 <u>530,731</u>	 <u>(6,419)</u>	 <u>20,746,104</u>
 Governmental Activities - Capital Assets, Net	 <u>\$ 28,242,953</u>	 <u>\$ 5,668,201</u>	 <u>\$ (1,252,333)</u>	 <u>\$ 32,658,821</u>

Depreciation expense was charged to functions, as follows:

General Government	\$ 20,692
Public Safety	111,681
Highways and Streets	909,543
Culture and Recreation	248,262
Community Development	<u>414</u>
 TOTAL	 <u>\$ 1,290,592</u>

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7 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:				
Land	\$ 118,077	\$ -	\$ -	\$ 118,077
Construction in progress	<u>303,959</u>	<u>2,460,651</u>	<u>-</u>	<u>2,764,610</u>
Total capital assets not being depreciated	<u>422,036</u>	<u>2,460,651</u>	<u>-</u>	<u>2,882,687</u>
Capital assets being depreciated:				
Buildings and Improvements	15,171,806	-	-	15,171,806
Vehicles, Machinery, Equipment and Furniture	6,411,376	193,603	-	6,604,979
Infrastructure	164,182	-	-	164,182
Distribution and Collection Systems	<u>22,442,964</u>	<u>-</u>	<u>-</u>	<u>22,442,964</u>
Total Capital assets being depreciated	<u>44,190,328</u>	<u>193,603</u>	<u>-</u>	<u>44,383,931</u>
Less accumulated depreciation for:				
Buildings and Improvements	(7,203,094)	(511,779)	-	(7,714,873)
Vehicles, Machinery, Equipment and Furniture	(3,590,573)	(402,046)	-	(3,992,619)
Infrastructure	(98,407)	(8,209)	-	(106,616)
Distribution and Collection Systems	<u>(15,115,611)</u>	<u>(261,528)</u>	<u>-</u>	<u>(15,377,139)</u>
Total accumulated depreciation	<u>(26,007,685)</u>	<u>(1,183,562)</u>	<u>-</u>	<u>(27,191,247)</u>
Total capital assets being depreciated, net	<u>18,182,643</u>	<u>(989,959)</u>	<u>-</u>	<u>17,192,684</u>
Business-Type Activities - Capital Assets, Net	<u>\$ 18,604,679</u>	<u>\$ 1,470,692</u>	<u>\$ -</u>	<u>\$ 20,075,371</u>

Depreciation expense was charged as follows:

Water Fund	\$ 50,014
Sanitation Fund	132,364
Wastewater Fund	981,868
Recreation Fund	<u>19,316</u>
TOTAL	<u>\$ 1,183,562</u>

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 8 INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances at June 30, 2024 is as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$ 8,682,722
Capital Projects Fund	-	751,526
Rolling Stock Reserve Fund	948,424	-
Water Fund	678,600	-
Sanitation Fund	1,856,602	-
Wastewater Fund	2,326,883	-
Recreation Fund	1,876,164	-
Memorial Park Fund	3,810	-
Senior Center Fund	16,523	-
EJRP Capital Reserve Fund	67,631	-
Building Maintenance Fund	790,550	-
Economic Development Fund	869,061	-
	<u>\$ 9,434,248</u>	<u>\$ 9,434,248</u>

NOTE 9 TRANSFERS

The interfund transfers during the year ended June 30, 2024 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Rolling Stock Reserve Fund	\$ 269,700	Annual Appropriation
General Fund	Capital Reserve	531,585	Annual Appropriation
General Fund	Building Maintenance Fund	50,000	Annual Appropriation
General Fund	Building Maintenance Fund	540,242	2 Lincoln St. Renovation
Capital Reserve	General Fund	(215,242)	2 Lincoln St. Renovation
Wastewater Fund	General Fund	(1,500)	Mowing
Wastewater Fund	General Fund	(14,000)	Admin Services
EJRP	EJRP Capital Reserve Fund	<u>112,771</u>	Annual Appropriation
	Total Governmental Activities	<u>\$ 1,273,556</u>	

City of Essex Junction, Vermont
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2024

NOTE 9 TRANSFERS (continued)

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Sanitation Fund	Wastewater Fund	\$ 293,698	Bond Debt Service
Wastewater Fund	Sanitation Fund	(142,025)	Septage/Leachate
Wastewater Fund	General Fund	(14,000)	Admin Services
Wastewater Fund	General Fund	<u>(1,500)</u>	Mowing
Total Proprietary Funds		<u>\$ 136,173</u>	

NOTE 10 UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES

Unearned Revenue in the General Fund consists of \$5,325 in recreation fees paid in advance and \$7,283 in donation revenue received in advance. Unavailable Revenue in the General Fund consists of \$0 in grant receivables not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

The Capital Projects Fund has deferred inflows of resources in the amount of \$1,262,115. This consists of grant receivables not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Unearned Revenue in the Recreation Fund consists of \$681,516 for FY 2025 summer program fees that were received in advance.

NOTE 11 LONG-TERM LIABILITIES

General Obligation Bonds - The City issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds have been issued for proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type (proprietary) activities if the debt is expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. New bonds generally are issued as 10 to 30 year bonds. Refunding bonds are issued for various terms based on the debt service of the debt refunded.

Notes Payable - The City has notes payable to finance various capital projects and purchases through local banks.

No-Interest Revolving Loans - The State of Vermont offers a number of no and low interest revolving loan programs to utilize for predetermined purposes. The City has borrowed money from the Vermont Special Environmental Revolving Fund for sanitation and wastewater projects.

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 LONG -TERM LIABILITIES (continued)

Compensated Absences - Unused vacation time can be accumulated up to 240 hours as of an employee's anniversary date. Compensatory time for hourly employees can be accrued up to 200 hours. Employees who leave employment in good standing shall have sick time paid out in accordance to the following charts based on age at the time of termination and years of service:

Age 55+		No Age Requirement	
Years of Service	Max Hours	Years of Service	Max Hours
20	800	20	400
19	700	19	350
18	600	18	300
17	500	17	250
16	400	16	200
15	300	15	150
14	200	14	100
13	100	13	50
12	75	12	37.5
11	50	11	25
10	25	10	12.5

<u>Governmental Activities</u>	Beginning Balance	Additions	Principal Reduction	Ending Balance
<u>Notes Payable</u>				
Bond Payable - Vermont Municipal Bond				
Bank, Infrastructure Projects, Net Interest cost of 3.403% semi-annual Interest				
Payments Due June 1, and Dec 1, Due in full December 2035.	\$ 1,621,786	\$ -	\$ (135,300)	\$ 1,486,486
TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,621,786	\$ -	\$ (135,300)	\$ 1,486,486

Year Ending June 30,	Principal	Interest	Total
2025	\$ 135,135	\$ 52,070	\$ 187,205
2026	135,135	47,646	182,781
2027	135,135	43,082	178,217
2028	135,135	38,388	173,523
2029	135,135	33,581	168,716
2030-2034	675,675	92,313	767,988
2035	135,136	2,698	137,834
TOTAL	\$ 1,486,486	\$ 309,778	\$ 1,796,264

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 LONG-TERM LIABILITIES (continued)

<u>Business-Type Funds</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Reduction</u>	<u>Ending Balance</u>
Note Payable- State of Vermont Special Environmental Revolving Fund, Sanitation and Wastewater Improvements, Authorized to \$566,938 but was Eligible for 50% Forgiveness, Interest at 0% an Administration fee of 2% is Assessed Annually, Annual Payments of \$17,336, Due October 2030.	\$ 126,995	\$ -	\$ (14,796)	\$ 112,199
Note Payable- State of Vermont Special Environmental Revolving Fund, Wastewater Improvements, Authorized to \$13,525,000 but Eligible for \$600,000 Subsidy. Interest at 0%, Administration Fee of 2% is Assessed Annually; Payments of \$790,451, Due July 2035.	8,970,329	-	(611,044)	8,359,285
Note Payable- State of Vermont Special Environmental Revolving Fund, Sanitation Pump Station Improvements, Authorized \$1,212,300 but Eligible for \$114,800 Subsidy Leaving a Total Repayment Amount of \$1,097,500, Interest at 0%, an Administration fee of 2% is Assessed Annually, Payments of \$67,120 Due May 2034.	656,888	-	(53,981)	602,907
Bond Payable- Vermont Municipal Bond Bank, Water Improvements, Net Interest Cost of 3.403%, \$30,031 due Annually on November 1, Semi-Annual Interest Payments Due May and November 1, Due November 2034.	358,214	-	(29,700)	328,514
Bond Payable- Vermont Municipal Bond Bank Series 2010-5 New Money (Recovery Zone Economic Development Bond) Wastewater Improvements, Annual Principal Payments Ranging from \$55,000 to \$60,000 Due December 1, Semi-Annual Interest Payments Due June 1 and December 1, Net Interest Cost of 3.345% 30 Year Bond Assumed from the Town of Bradford Due December 2040	990,000	-	(55,000)	935,000

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 11 LONG-TERM LIABILITIES (continued)

<u>Business-Type Funds (continued)</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Principal Reduction</u>	<u>Ending Balance</u>
Bond Payable- Vermont Municipal Bond Bank, Main St. Waterline Replacement, Net Interest Cost of 3.899%, \$102,333 due Annually on November 1, Semi-Annual Interest Payments due May and November 1, Due November 2052.	3,070,000	-	(102,346)	2,967,654
Bond Payable- Vermont Municipal Bond Bank, Service Line inventory project, Net Interest Cost of 0.00%, \$86,000 due Annually on July 1, Due July, 2023. Amount available to be as of June 30, 2024 is \$285,472.	-	144,528	-	144,528
	<u>\$ 14,172,426</u>	<u>\$ 144,528</u>	<u>\$ (866,867)</u>	<u>\$ 13,450,087</u>

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 880,616	\$ 338,901	\$ 1,219,517
2026	894,485	318,268	1,212,753
2027	908,631	297,240	1,205,871
2028	923,060	275,833	1,198,893
2029	1,023,776	254,114	1,277,890
2030-2034	5,211,095	934,529	6,145,624
2035-2039	2,351,238	420,782	2,772,020
2040-2044	336,189	233,417	569,606
2045-2049	511,665	129,675	641,340
2050-2054	409,332	31,920	441,252
	<u>\$ 13,450,087</u>	<u>\$ 3,234,679</u>	<u>\$ 16,684,766</u>

NOTE 12 NET POSITION/FUND BALANCES

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the City Council's intended use of the resources); and unassigned.

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 12 NET POSITION/FUND BALANCES (continued)

Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

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

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. Because users are interested in information about those minimum fund balance policies and how governments comply with them, governments are required to explain their minimum fund balance policies, if they have them, in notes to the financial statements. The City does not have a minimum fund balance policy. The City does have a maximum fund balance policy which is to maintain an unassigned fund balance which is no greater than ten percent (10%) of the prior year's budget.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the City's policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

The purpose for each major special revenue fund - including which specific revenues and other resources are authorized to be reported in each are described in the following section.

Fund Balance and Net Position classifications at June 30, 2024 are as follows:

GENERAL FUND

Nonspendable for:

Inventories	\$ 92,744
Prepaid Expenses	<u>43,658</u>
 Total Nonspendable Fund Balance	 <u>\$ 136,402</u>

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 12 NET POSITION/FUND BALANCES (continued)

Assigned for:

Library Book Replacement	\$ 10,572
Termination Benefits	86,809
Health Reimbursement Arrangement Expenses	10,000
Records Preservation	20,570
Conservation	3,000
2 Lincoln Renovation	<u>2,824,514</u>

Total Assigned Fund Balance \$ 2,955,465

Committed for:

Local Option Tax	<u>\$ 1,058,181</u>
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ROLLING STOCK RESERVE FUND

Committed for:

Rolling Stock Reserve Fund Expenditures	<u>\$ 948,424</u>
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NON MAJOR FUNDS

Restricted for:

Veterans Memorial Park by Donation	\$ 3,810
Senior Center	<u>16,523</u>

Total Restricted Fund Balance \$ 20,333

Committed for:

EJRP Capital Reserve Fund	<u>\$ 64,581</u>
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Assigned for:

Economic Development	\$ 869,061
Building Maintenance	<u>778,933</u>

Total Assigned Fund Balance \$ 1,647,994

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 12 NET POSITION/FUND BALANCES (continued)

WATER, SANITATION, WASTEWATER AND RECREATION PROGRAMS FUNDS

Designated for:	
Water Fund Capital Expenses	<u>\$ 1,085,530</u>
Sanitation Fund Expenses	\$ 598,238
Sanitation Fund Capital Expenses	220,167
Sanitation Wastewater Treatment Facility Upgrades	<u>1,275,285</u>
Total Sanitation Designated Fund Balance	<u>\$ 2,093,690</u>
Wastewater Fund Capital Expenses	\$ 2,036,110
Wastewater Expenses- Attributable to the City of Essex Junction	139,823
Wastewater Expenses- Attributable to the Town of Essex	151,387
Wastewater Expenses- Attributable to the Town of Williston	436,567
Wastewater Fund Expenses- General	<u>145,891</u>
Total Wastewater Designated Fund Balance	<u>\$ 2,909,778</u>
Recreation Programs Fund - General	<u>\$ 886,861</u>

NOTE 13 PENSION PLAN

Information Required Under GASB Statement No. 68

Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions requires employers participating in a cost-sharing, multiple-employer defined benefit pension plan to recognize their proportional share of total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense.

The schedules below have been prepared to provide City of Newport, Vermont's proportional share of the overall amounts of the VMERS plan. City of Essex Junction, Vermont's portion has been allocated based on City of Essex Junction, Vermont's proportional share of employer contributions to the total contributions to VMERS during the fiscal year.

Reporting Date, Measurement Date, and Valuation Date

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the City of Essex Junction, Vermont's reporting date June 30, 2024 and for the City of Essex Junction, Vermont's reporting period (the year ended June 30, 2024). These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 68 requires that the current measurement date be no earlier than the end of the employer's prior fiscal year. For the reporting date of City of Essex Junction, Vermont, the State has chosen to use the end of the prior fiscal year (June 30, 2023) as the measurement date, and the year ended June 30, 2022, as the measurement period.

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 13 PENSION PLAN (continued)

The total pension liability is determined by an actuarial valuation performed as of the measurement date, or by the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. The State has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of June 30, 2023, to the measurement date of June 30, 2023.

Schedule A – Employer Allocations as of June 30, 2022

Fiscal Year Ended June 30, 2022						
Employer Contributions	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.00% Disc Rate)	Net Pension Liability 1% Decrease (8.00% Disc Rate)
\$ 70,206	0.28060%	\$ 851,264	\$ 657,062	\$ -	\$ 1,275,581	\$ 502,245

Schedule B – Employers' Allocation as of June 30, 2023

Fiscal Year Ended June 30, 2023						
Employer Contributions	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.00% Disc Rate)	Net Pension Liability 1% Decrease (8.00% Disc Rate)
\$ 195,963	0.68750%	\$ 2,202,027	\$ 1,427,609	\$ -	\$ 3,314,393	\$ 1,287,707

Schedule C – Employers' Allocation of Pension Amounts as of June 30, 2023

Deferred Outflows of Resources							
Employer Proportion	Net Pension Liability	Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows
0.6875%	\$ 2,202,027	\$ 138,100	\$ 71,774	\$ -	\$ 250,526	\$ 967,209	\$ 1,427,609

City of Essex Junction, Vermont
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2024

NOTE 13 PENSION PLAN (continued)

Deferred Inflows of Resources					
Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Pension Expense Recognized		
Proportionate Share of Pension Plan Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total
\$ 453,780	\$ 322,402	\$ 776,182

Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2023

Fiscal Year Ending					
June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028	Thereafter
\$ 489,158	\$ 391,234	\$ 552,401	\$ (5,184)	\$ -	\$ -

For entities with a reporting date in 2024, the amounts shown will be recognized in the expense for plan years ending in 2025, 2026, 2027 and 2028.

Schedule E – Contributions History for Fiscal Years 2021-2023

FY 2023	FY 2022	FY 2021
\$ 195,963	\$ 70,206	\$ -

The full report containing the schedules of all employers in the VMERS plan will be available on the State of Vermont Treasurer's website at:

<http://www.vermonttreasurer.gov/content/retirement/vmers/financial-reports>

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 13 PENSION PLAN (continued)

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of the Vermont Municipal Employees' Retirement System (VMERS) or its participating employers. VMERS does not issue stand-alone financial reports but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance & Management website at:

<http://finance.vermont.gov/reports-and-publications/annual-compenhensive-financial-report>

Plan Description

The Vermont Municipal Employees' Retirement System is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2022, the retirement system consisted of 359 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement System for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives—one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

Summary of System Provisions

Membership	Full time employees of participating municipalities. Municipality elect's coverage under Groups A, B, C or D provisions.
Creditable service	Service as a member plus purchased service.

City of Essex Junction, Vermont
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2024

NOTE 13 PENSION PLAN (continued)

Average Final Compensation (AFC) Group A – average annual compensation during highest 5 consecutive years.

Groups B and C – average annual compensation during highest 3 consecutive years.

Group D – average annual compensation during highest 2 consecutive years.

Service Retirement Allowance

Eligibility Group A – The earlier of age 65 with 5 years of service or age 55 with 35 years of service.

Group B – The earlier of age 62 with 5 years of service or age 55 with 30 years of service.

Groups C and D – Age 55 with 5 years of service.

Amount Group A – 1.4% of AFC x service

Group B – 1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC

Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC

Group D – 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B or C member x AFC

Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The above amounts include the portion of the allowance provided by member contributions

Early Retirement Allowance

Eligibility Age 55 with 5 years of service for Groups A and B; age 50 with 20 years of service for Group D.

Amount Normal retirement allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Group A and B member; payable without reduction to Group D members.

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 13 PENSION PLAN (continued)

Vested Retirement Allowance

Eligibility	5 years of service.
Amount	Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments" described below.

Disability Retirement Allowance

Eligibility	5 years of service and disability as determined by Retirement Board.
Amount	Immediate allowance based on AFC and service to date of disability; children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit

Eligibility	Death after 5 years of service.
Amount	For Groups A, B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as a date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.

Optional Benefit and Death
after Retirement

For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint or survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.

Refund of Contribution

Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.

Post-Retirement Adjustments

Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in consumer price index but not more than 2% for Group A and 3% for Groups B, C and D.

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 13 PENSION PLAN (continued)

Retirement Stipend	\$25 per month payable at the option of the Board of retirees.	
Member Contributions	For Fiscal Year Ended	
	June 30, 2022	Effective July 1, 2022
	Group A – 3.25%	3.50%
	Group B – 5.625%	5.875%
	Group C – 10.75%	11.00%
	Group D – 12.10%	12.35%
Employer Contributions	Group A – 4.75%	5.00%
	Group B – 6.25%	6.50%
	Group C – 8.00%	8.25%
	Group D – 10.60%	10.85%

Significant Actuarial Assumptions and Methods

Investment Rate of Return: 7%, net of pension plan investment expenses, including inflation

Salary Increases: Varying service-based rates from 0-10 years of service, then a single rate of 4.5% (individuals assumed an inflation rate of 2.3%) for all subsequent years.

Mortality: _

Pre-Retirement:

Groups A, B, C: 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, with generational projection using scale MP-2019.

Group D: PubG-2010 General Employee above-median, with generational projection using scale MP-2019.

Healthy Post-Retirement - Retirees:

Groups A, B, C: 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.

Group D: PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.

Healthy Post-Retirement – Beneficiaries:

Groups A, B, C – 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 13 PENSION PLAN (continued)

Group D – Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.

Disabled Post-Retirement:

All Groups- PubNS-2010 Non-Safety Disabled Retiree Mortality Table with generational projection using scale MP-2019.

Spouse's Age: Females three years younger than males

Cost-of-Living Adjustments: 1.10% for Group A members and 1.20% for Groups B, C and D members. The January 1, 2023, COLAs is assumed to be 2% for Group A and 3% for Groups B, C and D. The January 1, 2022, COLAs were 2% for Group A and 2.3% for Groups B, C and D members.

Actuarial Cost Method: Entry Age Actuarial Cost Method. Entry age is the age at date of employment or, if date is unknown, current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

Assets: The valuation is based on the market value of assets as of valuation date, as provided by the System. The System uses an “actuarial value of assets” that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.

Inflation: 2.30 per year%

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2022, is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	44.00%	5.35%
Private Equity	10.00%	7.50%
Emerging Markets Debt	2.00%	5.00%
Private & Alternate Credit	10.00%	5.50%
Non-Core Real Estate	4.00%	5.50%
Core Fixed Income	19.00%	1.50%
Core Real Estate	4.00%	3.25%
US TIPS	2.00%	1.50%
Infrastructure/Farmland	5.00%	4.25%

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 13 PENSION PLAN (continued)

Discount Rate: The long-term expected rate of return on pension plan assets is 7%. The high quality tax-exempt general obligation municipal bond rate (20-Bond GO Index) as of the closes date prior to the valuation date of June 30, 2022, is 3.54%, as published by The Bond Buyer.

The discount rate used to measure the total pension liability was 7% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). The Board voted to authorize employer contribution rate increases of 0.50% each year for a period of four years beginning July 1, 2022, to be offset by any increases in the employee contribution rates as negotiated with employee groups and approved by Legislature. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries. As well as projected contributions from future plan members, are not included.

Discount Rate (continued): Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%) than the current rate:

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
\$ 3,314,393	\$ 2,202,027	\$ 1,287,707

NOTE 14 BENEFIT PLANS

The City offers a 401(a) pension plan to all full time employees hired before October 2022 with 100% vesting after three (3) years of service. When a participant in a 401(a) plan has been separated from service for a period of at least three years or withdraws their entire account balance, whichever is earlier, any non-vested employer contributions are forfeited by the participant and transferred to the plan-level forfeiture account. This plan qualifies, according to the Internal Revenue Service, as a defined contribution pension plan for governmental organizations exempt from income taxes. The plan requires a 5% contribution of base pay from the employee with a 10% match of base pay by the City for all employees. Mission Square Retirement (formerly International City/County Management Association "ICMA" Retirement Corporation) administers the Plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All of the investments are self-directed by each employee. The total payroll for the year was \$3,745,035 while the covered payroll was \$868,452. Pension expenses for the years ended June 30, 2024, 2023 and 2022 were \$86,845, \$116,044 and \$191,648 respectively. No forfeiture funds were used in FY24.

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 14 BENEFIT PLANS (continued)

The City also offers its employees a deferred compensation plan through Mission Square Retirement (formerly International City/County Management Association "ICMA" Retirement Corporation) in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years.

Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self-directed by each employee. The balance of the assets in the plan, at fair market value, as of June 30, 2024 was \$936,578.

The city began participating in the Vermont Municipal Employees' Retirement System (VMERS) in October 2022 for all full-time employees hired October 2022 or after. For the year ended June 30, 2024, the covered payroll totaled \$2,889,316 and pension expense totaled \$245,592.

All full-time City employees receive a group life insurance policy for two and a half their annual salary up to a maximum of \$100,000.

NOTE 15 CONCENTRATION OF REVENUE/EXPENSES

The City receives a major portion of its revenue from GlobalFoundries. For the year ended June 30, 2024, the City received 7.0% of total property taxes from GlobalFoundries and received 82.5% of total water sales from GlobalFoundries.

The City purchased all of their water from Champlain Water District "CWD" for the year ended June 30, 2024. The City purchased \$3,759,121 in water from CWD.

NOTE 16 PROPERTY TAXES

The Town of Essex, through a service agreement with the City, is responsible for assessing City property values. The City is responsible for billing and collecting City property taxes, and education property taxes for the State. Property taxes are assessed based on property valuations as of April 1, the approved budgets and the State education property tax liability. Property tax delinquencies for FY23 are absorbed by the City; delinquencies for FY22 and prior were absorbed by the Town. The City tax rates for fiscal year 2024 included City General Fund \$0.9214 and City Economic Development \$0.0100.

NOTE 17 RISK MANAGEMENT

The City of Essex Junction, Vermont 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 City of Essex Junction, Vermont maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss.

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 17 RISK MANAGEMENT (continued)

Management believes such coverage is sufficient to preclude any significant uninsured losses to the City of Essex Junction, Vermont. Settled claims have not exceeded this coverage in any of the past three fiscal years. The City 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.

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

NOTE 18 CONTINGENT LIABILITIES

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

NOTE 19 OTHER INFORMATION

The City finished refurbishing its Wastewater Treatment Facility. The City owns the facility, however, the facility serves three municipalities; the City of Essex Junction, Vermont, the Town of Essex and the Town of Williston. The City has an agreement with the Towns to provide capacity and treatment rights in exchange for an annual fee and for their share of the improvements. The cost of the project was \$15,230,000 paid for with borrowed funds from the State of Vermont Special Environmental Revolving Fund, a general obligation bond and from capital reserves. The debt service cost is shared amongst all three municipalities based upon the capacity owned by each. At the end of fiscal year 2024, the City owns 33.34%, the Town of Essex owns 33.33% and the Town of Williston owns 33.33%.

NOTE 20 AUTHORIZED BORROWING

In June 2011, the City voters authorized the borrowing of up to \$3,200,000 contingent upon other Federal and State aid for the purpose of making public improvements to the City highways and sidewalks. The total estimated cost of such improvements is \$11,531,000. No action has taken place as of June 30, 2024.

City of Essex Junction, Vermont
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 22 TAX ABATEMENT

The City has one tax stabilization agreements that qualifies as tax abatement per GASB Statement no. 77 Tax Abatement Disclosures. The City, under the authority of the City Council, has agreed to exclude the value of two structures on a parcel of farmland in exchange for the land to continue to be open to residents for non-motorized recreational purposes. In FY2024 the amount of taxes abated totaled \$5,069.

These agreements apply to City taxes only and have no impact on educational property taxes.

NOTE 23 DISCLOSURE OF SUBSEQUENT EVENTS

In accordance with professional accounting standards, the City has evaluated subsequent events through January 20, 2025, which is the date the financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2024, have been incorporated into the financial statements herein.

REQUIRED SUPPLEMENTARY INFORMATION

City of Essex Junction, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 BUDGETARY BASIS - GENERAL FUND
 June 30, 2024

	<u>Original Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property tax	\$ 10,420,986	\$ 10,420,986	\$ 10,356,364	\$ (64,622)
Local options sales tax	745,000	745,000	960,597	215,597
Licenses and permits	44,999	44,999	82,360	37,361
Intergovernmental revenues	64,123	64,123	88,179	24,056
Charges for services	472,493	472,493	467,780	(4,713)
Fines and forfeits	2,000	2,000	7,998	5,998
Interest income	15,926	15,926	60,493	44,567
Grant revenues	2,954,514	2,954,514	2,872,519	(81,995)
Donations	4,000	4,000	8,106	4,106
Other income	<u>192,486</u>	<u>192,486</u>	<u>150,049</u>	<u>(42,437)</u>
 Total Revenues	 <u>14,916,527</u>	 <u>14,916,527</u>	 <u>15,054,445</u>	 <u>137,918</u>
 EXPENDITURES				
Current:				
General government	5,341,516	5,341,516	2,420,863	2,920,653
Public safety	3,405,057	3,405,057	3,407,182	(2,125)
Public works	1,582,600	1,582,600	1,634,426	(51,826)
Community development	522,813	522,813	326,701	196,112
Culture and recreation	2,342,693	2,342,693	2,256,454	86,239
Debt Service:				
Principal	135,135	135,135	135,300	(165)
Interest expense	<u>64,190</u>	<u>64,190</u>	<u>56,413</u>	<u>7,777</u>
 Total Expenditures	 <u>13,394,004</u>	 <u>13,394,004</u>	 <u>10,237,339</u>	 <u>3,156,665</u>
 Excess of Revenues Over Expenditures	 <u>1,522,523</u>	 <u>1,522,523</u>	 <u>4,817,106</u>	 <u>3,294,583</u>
 OTHER FINANCING SOURCES (USES)				
Operating transfers in	74,158	74,158	155,500	81,342
Operating transfers out	<u>(1,596,681)</u>	<u>(1,596,681)</u>	<u>(1,429,056)</u>	<u>167,625</u>
 Total Other Financing Sources (Uses)	 <u>(1,522,523)</u>	 <u>(1,522,523)</u>	 <u>(1,273,556)</u>	 <u>248,967</u>
 Net Change in Fund Balance	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 3,543,550</u>	 <u>\$ 3,543,550</u>

See Accompanying Notes to Basic Financial Statements.

City of Essex Junction, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 June 30, 2024

	<u>2023</u>	<u>2022</u>
City's proportion of the net pension liability (asset)	0.6875%	0.2806%
City's proportionate share of the net pension liability (asset)	<u>\$ 2,202,027</u>	<u>\$ 851,264</u>
City's covered-employee payroll	<u>\$ 2,372,300</u>	<u>\$ 877,575</u>
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	92.82%	97.00%
Plan fiduciary net position as a percentage of the total pension liability	74.01%	73.60%

Significant Actuarial Assumptions and methods are described in Note 13 to the financial statements.

Changes in Assumptions:

There were no changes in methods or assumptions since the last measurement date.

City of Essex Junction, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
June 30, 2024

	<u>2023</u>	<u>2022</u>
Contractually Required Contributions (Actuarially Determined)	\$ 195,963	\$ 70,206
Contributions in Relation to the Actuarially Determined Contributions	<u>195,963</u>	<u>70,206</u>
Contribution Excess/(Deficiency) Covered Employee Payroll	<u>\$ 2,372,300</u>	<u>\$ 877,575</u>
Contributions as a Percentage of Covered Employee Payroll	8.26%	8.00%

Significant Actuarial Assumptions and methods are described in Note 13 to the financial statements.

Changes in Assumptions:

There were no changes in methods or assumptions since the last measurement date.

OTHER SUPPLEMENTARY INFORMATION

City of Essex Junction, Vermont
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2024

	Special Revenue Fund					
	Veteran Memorial Park Fund	Senior Center Fund	Economic Development	EJRP Capital Reserve Fund	Building Maintenance	Total
ASSETS						
Due from other funds	3,810	16,523	869,061	67,631	790,550	1,747,575
Total Assets	<u>\$ 3,810</u>	<u>\$ 16,523</u>	<u>\$ 869,061</u>	<u>\$ 67,631</u>	<u>\$ 790,550</u>	<u>\$ 1,747,575</u>
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ -	\$ 3,050	\$ 11,617	\$ 14,667
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,050</u>	<u>11,617</u>	<u>14,667</u>
FUND BALANCE						
Restricted	3,810	16,523	-	-	-	20,333
Committed	-	-	-	64,581	-	64,581
Assigned	<u>-</u>	<u>-</u>	<u>869,061</u>	<u>-</u>	<u>778,933</u>	<u>1,647,994</u>
Total Fund Balances	<u>3,810</u>	<u>16,523</u>	<u>869,061</u>	<u>64,581</u>	<u>778,933</u>	<u>1,732,908</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,810</u>	<u>\$ 16,523</u>	<u>\$ 869,061</u>	<u>\$ 67,631</u>	<u>\$ 790,550</u>	<u>\$ 1,747,575</u>

City of Essex Junction, Vermont
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2024

	Special Revenue Fund					Total
	Veteran Memorial Park Fund	Senior Center Fund	Economic Development	EJRP Capital Reserve Fund	Building Maintenance	
REVENUES						
Charges for Service	\$ -	\$ 1,414	\$ -	\$ -	\$ -	\$ 1,414
Property Tax	-	-	113,343	-	-	113,343
State and Other Grant Revenue	-	-	-	7,500	73,353	80,853
Miscellaneous Income	-	435	-	72,259	27,619	100,313
Interest	106	494	23,490	(968)	58,786	81,908
Total Revenue	<u>106</u>	<u>2,343</u>	<u>136,833</u>	<u>78,791</u>	<u>159,758</u>	<u>377,831</u>
EXPENDITURES						
Program Expense	-	4,258	4,855	38,639	-	47,752
Capital Outlay	-	-	-	-	251,853	251,853
Total Expenditures	<u>-</u>	<u>4,258</u>	<u>4,855</u>	<u>38,639</u>	<u>251,853</u>	<u>299,605</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>106</u>	<u>(1,915)</u>	<u>131,978</u>	<u>40,152</u>	<u>(92,095)</u>	<u>78,226</u>
OTHER FINANCING SOURCES						
Transfer	-	-	-	112,771	590,242	703,013
Net Change in Fund Balance	106	(1,915)	131,978	152,923	498,147	781,239
Fund Balance - July 1, 2023	<u>3,704</u>	<u>18,438</u>	<u>737,083</u>	<u>(88,342)</u>	<u>280,786</u>	<u>951,669</u>
Fund Balance - June 30, 2024	<u>\$ 3,810</u>	<u>\$ 16,523</u>	<u>\$ 869,061</u>	<u>\$ 64,581</u>	<u>\$ 778,933</u>	<u>\$ 1,732,908</u>

City of Essex Junction, Vermont
STATEMENT OF REVENUE AND EXPENSES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Water Sales - City	\$ 1,550,730	\$ 1,591,265	\$ 40,535
Water Sales - GF	-	3,114,519	3,114,519
Water Sales - Large Users	139,263	156,068	16,805
Penalties	5,000	8,041	3,041
Hook on Fees	7,000	5,300	(1,700)
Interest Earnings	800	3,347	2,547
Miscellaneous	<u>150</u>	<u>278</u>	<u>128</u>
 Total Operating Revenues	 <u>1,702,943</u>	 <u>4,878,818</u>	 <u>3,175,875</u>
 OPERATING EXPENSES			
Salaries - Regular	143,158	133,251	9,907
Salaries - Overtime	19,970	7,359	12,611
Salaries - Part time	-	3,180	(3,180)
Social security	12,717	10,538	2,179
Act 76 Childcare Tax	-	16	(16)
Unemployment insurance	135	104	31
Workers compensation insurance	7,200	10,349	(3,149)
Health insurance	84,631	72,180	12,451
Retirement	14,778	28,400	(13,622)
Liability and property insurance	6,300	2,925	3,375
Safety Supplies	3,000	-	3,000
Supplies	7,000	5,797	1,203
Telephone	2,500	2,322	178
Postage	3,500	3,068	432
Gas, oil and grease	3,000	2,178	822
Meters and parts	6,000	28,291	(22,291)
Computer expenses	3,700	3,512	188
Water and sewer charges	200	153	47
Training and conferences	3,000	560	2,440
Electrical services	1,400	1,020	380
Heat	3,000	2,798	202
Maintenance	4,000	10,517	(6,517)
Water line maintenance - breaks	20,000	9,899	10,101
Uniforms and boots	1,755	1,740	15

City of Essex Junction, Vermont
STATEMENT OF REVENUE AND EXPENSES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OPERATING EXPENSES (CONTINUED)			
Contracted services	184,005	184,005	-
Other professional services	1,000	3,907	(2,907)
Audit services	4,806	5,698	(892)
Right of way agreements	150	100	50
Water purchases - City	631,688	658,943	(27,255)
Water purchases - GF	-	3,100,179	(3,100,179)
Printing and advertising	2,500	1,766	734
Accident claims	1,000	-	1,000
Machinery & Equipment	7,000	1,675	5,325
Transfer to capital reserve	460,000	460,000	-
Interest on long term debt	59,850	-	59,850
Capital outlay	-	<u>14,703</u>	<u>(14,703)</u>
 Total Operating Expenses	 <u>1,702,943</u>	 <u>4,771,133</u>	 <u>(3,068,190)</u>
 Operating Income	 <u>\$ -</u>	 <u>\$ 107,685</u>	 <u>\$ 107,685</u>

**RECONCILIATION OF BUDGETARY
BASIS TO GAAP BASIS**

Change in Net Position - Budgetary Basis	\$ <u>107,685</u>
Adjustments for non-budget:	
Bond Interest	(130,470)
Capital Contributions	460,000
Depreciation	<u>(50,014)</u>
 Change in Net Position - GAAP Basis	 \$ <u>387,201</u>

City of Essex Junction, Vermont
STATEMENT OF REVENUE AND EXPENSES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
SANITATION FUND
June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Sanitation billing	\$ 778,137	\$ 836,030	\$ 57,893
Sanitation penalty	3,000	4,305	1,305
Essex pump station fees	33,125	35,399	2,274
Two party agreement revenue	15,000	15,000	-
Hook on fees	30,000	131,550	101,550
Allocation Fees	-	8,960	8,960
Interest earnings	5,000	54,433	49,433
Miscellaneous	<u>500</u>	<u>907</u>	<u>407</u>
 Total Operating Revenues	 <u>864,762</u>	 <u>1,086,584</u>	 <u>221,822</u>
 OPERATING EXPENSES			
Salaries - Regular	126,885	128,119	(1,234)
Salaries - Overtime	19,369	14,553	4,816
Salaries - Part time	-	3,180	(3,180)
Social security	11,792	10,803	989
Act 76 Childcare Tax	-	21	(21)
Unemployment insurance	135	87	48
Workers compensation insurance	6,100	9,464	(3,364)
Health insurance	40,894	35,902	4,992
Retirement	13,798	28,441	(14,643)
Liability and property insurance	5,700	2,462	3,238
Insurance Deductibles	1,000	1,000	-
Safety Supplies	3,000	-	3,000
Supplies	1,000	625	375
Tech Subs & Licenses	750	4,314	(3,564)
Postage	5,750	6,229	(479)
Printing and Binding	1,500	95	1,405
Gas, oil and grease	4,500	5,341	(841)
Computer expenses	3,000	-	3,000
Water and sewer charges	500	403	97
Training and conferences	4,500	-	4,500
Electrical services	13,000	15,867	(2,867)
Heating/natural gas	2,000	1,331	669

City of Essex Junction, Vermont
STATEMENT OF REVENUE AND EXPENSES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
SANITATION FUND
June 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING EXPENSES (continued)			
Maintenance	2,000	-	2,000
Buildings & Grounds	6,000	2,579	3,421
Sanitation line maintenance	16,000	15,460	540
Meter Replacement Program	-	23,397	(23,397)
Pump station maintenance	-	978	(978)
Susie Wilson pump station costs	14,000	13,029	971
West St. pump station costs	15,000	17,969	(2,969)
Uniforms and boots	1,755	631	1,124
Contracted services	220,005	220,005	-
Right-Of-Way Agreements	1,800	1,988	(188)
Other professional services	13,000	12,057	943
Audit services	2,529	3,001	(472)
Machinery and Equipment	5,000	-	5,000
Capital reserve fund contributions	95,000	95,000	-
Capital outlay	-	75,065	(75,065)
	<u>657,262</u>	<u>749,396</u>	<u>(92,134)</u>
Total Operating Expenses	<u>657,262</u>	<u>749,396</u>	<u>(92,134)</u>
Operating Income	<u>\$ 207,500</u>	<u>\$ 337,188</u>	<u>\$ 129,688</u>

**RECONCILIATION OF BUDGETARY
BASIS TO GAAP BASIS**

Change in Net Position - Budgetary Basis	\$ 337,188
Adjustments for non-budget:	
Admin Fee on ARRA Loan	(2,080)
RF1-157 Loan Admin Fee	(13,138)
Sale of WWTF Capacity	141,300
Capital Reserve Fund Transfer	95,000
Transfers from WWTF Fund for Debt	142,025
Transfer to WWTF for Upgrade	(293,698)
Depreciation	(132,364)
Change in Net Position - GAAP Basis	<u>\$ 274,233</u>

City of Essex Junction, Vermont
STATEMENT OF REVENUE AND EXPENSES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
WASTEWATER FUND
June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING REVENUES			
City user charges	\$ 964,646	\$ 1,016,895	\$ 52,249
City user penalties	3,500	5,327	1,827
Wastewater charge - Essex	746,504	746,504	-
Wastewater charge - Williston	1,095,511	1,095,511	-
Pump station maintenance fee	36,000	36,000	-
City septage discharge income	50,000	136,079	86,079
Shared septage revenue	20,000	61,313	41,313
City leachate revenues	500	2,366	1,866
Share leachate revenues	100	1,189	1,089
Interest Earnings	-	65,193	65,193
Miscellaneous	-	28,511	28,511
	<u>2,916,761</u>	<u>3,194,888</u>	<u>278,127</u>
OPERATING EXPENSES			
Salaries - Regular	493,131	413,940	79,191
Salaries - Overtime	44,955	48,215	(3,260)
Salaries - Part-time	-	16,716	(16,716)
Social security	42,912	38,646	4,266
ACT 76 Childcare Tax	-	83	(83)
Workers comp insurance	25,400	29,771	(4,371)
Unemployment insurance	527	386	141
Health insurance	162,045	94,704	67,341
Retirement	46,817	94,554	(47,737)
Liability and property insurance	39,800	51,731	(11,931)
Supplies	12,000	8,313	3,687
Supplies - Laboratory	22,000	20,363	1,637
Chemicals	500,000	487,159	12,841
Safety	3,000	2,652	348
Gas, grease and oil	4,500	2,715	1,785
Tech Hardware and Software	6,396	-	6,396
Water and sewer charge	4,000	3,580	420
Training and conference	8,500	8,775	(275)
Techs, Subs and Licenses	3,000	38,336	(35,336)
Telephone services	12,675	16,383	(3,708)
Electrical service	170,000	169,424	576
Heating	25,650	18,985	6,665

City of Essex Junction, Vermont
STATEMENT OF REVENUE AND EXPENSES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
WASTEWATER FUND
June 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING EXPENSES (continued)			
Maintenance - other	195,000	190,214	4,786
Rental of Equipment	1,500	2,212	(712)
Vehicles maintenance - travel	4,000	904	3,096
Buildings	3,000	19,927	(16,927)
Uniforms, boots, etc.	7,897	4,660	3,237
Contract laboratory services	40,000	4,091	35,909
Lab Testing	-	10,546	(10,546)
Contract services	106,003	92,003	14,000
Legal services	3,000	855	2,145
Grit Disposal	16,500	14,773	1,727
Sludge dewatering	190,000	217,538	(27,538)
Sludge management	255,000	283,731	(28,731)
Other professional services	12,000	24,212	(12,212)
Audit	4,553	5,401	(848)
WWTF Annual permit fee	11,000	10,610	390
Capital Outlay	-	65,782	(65,782)
Capital reserve fund contributions	440,000	440,000	-
 Total Operating Expenses	 2,916,761	 2,952,890	 (36,129)
 Operating Income	 \$ -	 \$ 241,998	 \$ 241,998

**RECONCILIATION OF BUDGETARY
BASIS TO GAAP BASIS**

Change in Net Position - Budgetary Basis	\$ 241,998	
Adjustments for non-budget:		
Bond Interest	(35,501)	
Admin Fee on Bonds	(179,866)	
Capital Reserve Fund Transfer	440,000	
Town of Essex Bond Contribution	293,698	
Town of Williston Bond Contribution	293,698	
Essex Junction Debt Payment	293,698	
Transfer to General Fund	(15,500)	
Transfer to Sanitation Fund	(142,024)	
Depreciation	(981,868)	
 Change in Net Position - GAAP Basis	 \$ 208,333	

City of Essex Junction, Vermont
STATEMENT OF REVENUE AND EXPENSES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
ESSEX JUNCTION RECREATION AND PARKS
June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Pool day admission	\$ 68,444	\$ 65,900	\$ (2,544)
Pool memberships	40,843	45,992	5,149
Swim lessons	49,052	38,515	(10,537)
Facility and field rental	18,379	22,236	3,857
Youth programs	250,040	299,255	49,215
Adult programs	146,320	164,399	18,079
Childcare - AS	1,369,027	1,592,856	223,829
Childcare- PS	438,868	317,838	(121,030)
Childcare- DC	618,635	684,076	65,441
Shared staffing contract	141,707	115,769	(25,938)
Special Accommoation	-	526	526
Memorial day parade	-	6,650	6,650
Interest earnings	-	40,302	40,302
Sponsorship	<u>38,850</u>	<u>3,100</u>	<u>(35,750)</u>
 Total Operating Revenues	 <u>3,180,165</u>	 <u>3,397,414</u>	 <u>217,249</u>
OPERATING EXPENSES			
Administration			
Salaries - Regular	-	(1,634)	1,634
Health insurance and other benefits	4,282	2,599	1,683
Social security	-	(146)	146
Workers compensation insurance	50,000	37,741	12,259
Retirement	-	(162)	162
Other professional services	4,500	1,815	2,685
Equipment rentals	2,135	6,953	(4,818)
Training, conferences, dues	9,500	8,447	1,053
Tech Subs, Licenses	-	19,656	(19,656)
Postage	7,103	4,032	3,071
Printing and advertising	10,500	8,866	1,634
Credit card processing fees	-	66,358	(66,358)
Supplies	-	4,483	(4,483)
Recreation Programs			
Salaries - Regular	53,745	56,425	(2,680)
Salaries- Part-time	30,968	16,982	13,986
Social security	6,507	5,589	918
Health insurance and other benefits	350	-	350

City of Essex Junction, Vermont
STATEMENT OF REVENUE AND EXPENSES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
ESSEX JUNCTION RECREATION AND PARKS
June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING EXPENSES (continued)			
Retirement	4,434	4,821	(387)
Act 76 Childcare Tax	-	12	(12)
Insurance	25,158	350	24,808
Other professional services	329,262	372,076	(42,814)
Water and sewer charges	800	1,104	(304)
Maintenance- buildings/grounds	1,300	-	1,300
Equipment rentals	2,000	(2,365)	4,365
Training, conferences, dues	6,784	4,989	1,795
Communications	-	660	(660)
Supplies	34,761	37,075	(2,314)
Memorial Day parade	-	11,602	(11,602)
After School Care			
Salaries - Regular	561,969	413,774	148,195
Salaries- Part-time	379,133	516,141	(137,008)
Overtime wages	-	2,863	(2,863)
Health insurance and other benefits	139,285	102,150	37,135
Social security	72,289	71,926	363
Retirement	43,846	137,927	(94,081)
Act 76 Childcare Tax	-	54	(54)
Other professional services	51,917	50,379	1,538
Training, conferences, dues	25,045	25,936	(891)
Telephone	7,920	11,083	(3,163)
Travel	20,100	8,817	11,283
Supplies	57,792	81,993	(24,201)
Gas, grease, oil	5,500	1,164	4,336
Vehicle purchases	17,506	-	17,506
Preschool			
Salaries- Regular	249,948	253,034	(3,086)
Salaries- Part-time	12,186	11,987	199
Salaries - Overtime	-	759	(759)
Health insurance and other benefits	128,672	84,036	44,636
Social security	20,187	21,044	(857)
Retirement	23,098	24,030	(932)
Act 76 Childcare Tax	-	38	(38)
Other professional services	3,114	121,016	(117,902)
Buildings & Grounds	-	640	(640)

City of Essex Junction, Vermont
STATEMENT OF REVENUE AND EXPENSES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
ESSEX JUNCTION RECREATION AND PARKS
June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING EXPENSES (continued)			
Rental Vehicles/Equipment	-	713	(713)
Communications	-	335	(335)
Training, conferences, dues	7,500	5,932	1,568
Travel	1,728	-	1,728
Supplies	4,500	37,798	(33,298)
Summer Day Camps			
Salaries- Regular	73,501	49,958	23,543
Salaries- Part-time	355,071	384,337	(29,266)
Salaries - Overtime	-	19,624	(19,624)
Social security	32,786	33,865	(1,079)
Act 76 Childcare Tax	-	491	(491)
Other professional services	64,585	57,570	7,015
Travel	34,300	34,892	(592)
Supplies	26,692	89,968	(63,276)
Pool			
Salaries- Part-time	108,972	104,242	4,730
Social security	8,336	7,975	361
Maintenance- buildings/grounds	29,189	43,625	(14,436)
Supplies	4,362	4,186	176
Act 76 Childcare Tax	-	88	(88)
Other professional services	5,080	779	4,301
Parks & Facilities	-	2	(2)
Salaries- Part-time	7,922	2,835	5,087
Social security	606	217	389
Act 76 Childcare Tax	-	-	-
Other professional services	9,000	17,743	(8,743)
Equipment rental	13,800	10,830	2,970
Training, conferences, dues	4,000	4,647	(647)
Communications	1,320	1,320	-
Parks and facilities supplies	-	22,195	(22,195)
	<u>3,196,846</u>	<u>3,545,286</u>	<u>(348,440)</u>
Total Operating Expenses			
Operating loss	<u>\$ (16,681)</u>	<u>\$ (147,872)</u>	<u>\$ (131,191)</u>

City of Essex Junction, Vermont
 STATEMENT OF REVENUE AND EXPENSES
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 ESSEX JUNCTION RECREATION AND PARKS
 June 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS			
Change in Net Position - Budgetary Basis		\$ (147,872)	
Adjustments for non-budget:			
Federal Grant Revenue		113,071	
State and Other Grant Revenue		329,785	
Depreciation		(19,316)	
Change in Net Position - GAAP Basis		\$ 275,668	

City of Essex Junction, Vermont

ADDITIONAL REPORTS REQUIRED BY
THE SINGLE AUDIT ACT

June 30, 2024

City of Essex Junction, Vermont
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

<i>Award Information</i>	<i>AL/other #</i>	<i>Pass-Through Entity Name</i>	<i>Pass-Through Entity #</i>	<i>Federal Expenditures (\$)</i>
477 Cluster-Cluster				
Department of Health and Human Services				
Child Care and Development Block Grant(477 Cluster)				
Child Care and Development Block Grant(477 Cluster)	93.575	Vermont Agency of Human Services	03440-33983-24	\$ 526
Child Care and Development Block Grant(477 Cluster)	93.575	Vermont Agency of Human Services	2101VTCDC6	21,750
Total Child Care and Development Block Grant(477 Cluster)				<u>22,276</u>
Total Department of Health and Human Services				<u>22,276</u>
Total 477 Cluster-Cluster				<u>22,276</u>
Other Programs (Treated individually for major program determination)				
United States Department of Agriculture				
Cooperative Forestry Assistance				
Cooperative Forestry Assistance	10.664	Vermont Dept of Forests, Parks and Recreation	06130-UCF-GUF-24-01	1,585
Total Cooperative Forestry Assistance				<u>1,585</u>
Total United States Department of Agriculture				<u>1,585</u>
Department of Transportation				
Highway Planning and Construction				
Highway Planning and Construction	20.205	State of VT, Agency of Transportation	Essex Junction STP 5300(13)--CA0315	4,005,057
Total Highway Planning and Construction				<u>4,005,057</u>
Total Department of Transportation				<u>4,005,057</u>
Department of the Treasury				
Coronavirus State and Local Fiscal Recovery Funds (Alternative Compliance Examination)				
Coronavirus State and Local Fiscal Recovery Funds (Alternative Compliance Examination)	21.027			2,807,831
Total Coronavirus State and Local Fiscal Recovery Funds (Alternative Compliance Examination)				<u>2,807,831</u>
Total Department of the Treasury				<u>2,807,831</u>
National Endowment for the Humanities				
Grants to States				
Grants to States	45.310	State of VT, Dept of Libraries	01130.LSTA22.COURIER.FY24.014	636
Total Grants to States				<u>636</u>
Total National Endowment for the Humanities				<u>636</u>
Department of Education				
Education Stabilization Fund				
Education Stabilization Fund	84.425	State of VT, Dept of Education		91,321
Total Education Stabilization Fund				<u>91,321</u>
Total Department of Education				<u>91,321</u>
Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	State of VT, Dept of Homeland Security	Public Assistance-02140-84474-20	31,025
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)				<u>31,025</u>
Total Department of Homeland Security				<u>31,025</u>
Total Other Programs (Treated individually for major program determination)				<u>6,937,455</u>
Total Expenditures of Federal Awards				<u>\$ 6,959,731</u>

The accompanying notes are an integral part of this schedule

City of Essex Junction, Vermont
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2024

NOTE A BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City of Essex Junction, Vermont under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Essex Junction, Vermont.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) The City of Essex Junction, Vermont has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance because no indirect costs were allowed under the federal awards.



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the City Council
City of Essex Junction, Vermont
Essex Junction, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Essex Junction, Vermont, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Essex Junction, Vermont's basic financial statements, and have issued our report thereon dated January 20, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Essex Junction, Vermont's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Essex Junction, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Essex Junction, Vermont's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

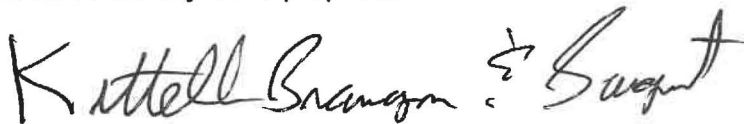
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Essex Junction, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Kristell Brannon" followed by a stylized flourish and the word "Supt".

St. Albans, Vermont
January 20, 2025



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the City Council
City of Essex Junction, Vermont
Essex Junction, Vermont

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Essex Junction, Vermont's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Essex Junction, Vermont's major federal programs for the year ended June 30, 2024. City of Essex Junction, Vermont's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Essex Junction, Vermont complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Essex Junction, Vermont and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Essex Junction, Vermont's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Essex Junction, Vermont's federal programs

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Essex Junction, Vermont's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Essex Junction, Vermont's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Essex Junction, Vermont's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Essex Junction, Vermont's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Essex Junction, Vermont's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



St. Albans, Vermont
January 20, 2025

City of Essex Junction, Vermont
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2024

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements City of Essex Junction, Vermont .
2. There were no significant deficiencies disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of City of Essex Junction, Vermont were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for City of Essex Junction, Vermont expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award programs for City of Essex Junction, Vermont.
7. The programs tested as major programs were:

AL #21.027 Coronavirus State and Local Fiscal Recovery Funds
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. City of Essex Junction, Vermont was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

- There were no findings related to the financial statements audit.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

- There were no findings or questioned costs related to the major federal award programs.