

City of St. Albans, Vermont  
BASIC FINANCIAL STATEMENTS  
June 30, 2007

City of St. Albans, Vermont  
TABLE OF CONTENTS  
June 30, 2007

Page

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

Statement of Net Assets 1

Statement of Activities 2

Fund Financial Statements:

Balance Sheet - Governmental Funds 3

Statement of Revenues, Expenditures and Changes in  
Fund Balances - Governmental Funds 4

Statement of Net Assets – Proprietary Funds 5

Statement of Revenues, Expenses and Changes in  
Net Assets – Proprietary Funds 6

Statement of Cash Flows – Proprietary Funds 7

Statement of Net Assets - Fiduciary Fund 8

Notes to Basic Financial Statements 9

REQUIRED SUPPLEMENTARY INFORMATION:

Budgetary Comparison Schedule – General Fund 22

OTHER SUPPLEMENTARY INFORMATION:

Statement of Expenditures – Budget and Actual – General Fund 23

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, Board of Aldermen  
and City Manager  
City of Saint Albans, Vermont

We have audited the accompanying basic financial statements of the City of St. Albans, Vermont as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the City of St. Albans, Vermont's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City of St. Albans, Vermont as of June 30, 2007, and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on page 22 are not a required part of the basic financial statements but are required supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the City of St. Albans, Vermont taken as a whole. The Statement of Expenditures – Budget and Actual – General Fund listed in the Table of Contents is presented for additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

St. Albans, Vermont  
December 12, 2007

City of St. Albans, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007

As management of the City of St. Albans, Vermont, we offer readers of the City's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with the audited report.

### **Financial Highlights**

The assets of the City of St. Albans exceeded its liabilities at the close of fiscal year 2007 by \$13,456,423. Of this amount, \$(331,162) (unrestricted net assets), may be used by the various funds of the City to meet the ongoing obligations to its citizens and creditors.

At the close of FY 2007, the City of St. Albans governmental funds (General and Community Development) reported combined balances, -\$215,241(-\$309,357 was unrestricted and \$94,116 was restricted for Public Works).

At the close of FY 2007, the net assets in the Proprietary Funds (Water and Wastewater) totaled \$11,371,102. The unreserved net assets in the Water Fund were \$27,678 and a balance of -\$175,899 showed in wastewater net assets. Combined Proprietary Fund Net Assets (unreserved) were -\$148,221.

### **Overview of the Financial Statements**

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

### **Government-wide Financial Statements**

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of St. Albans that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of St. Albans include general government, public safety, public works, recreation and parks, conservation and development, health and welfare and public improvements. The business-type activities of the City of St. Albans include water and wastewater operations.

City of St. Albans, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007

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

The government-wide financial statements can be found on pages 1 and 2.

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

### **Governmental Funds**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluation a government's near-term financing requirements.

The City of St. Albans maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund and the Community Development Fund which are considered to be major funds.

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

The basic governmental fund financial statements may be found on pages 3 and 4.

### **Proprietary Funds**

The City of St. Albans maintains two proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of St. Albans uses enterprise funds to account for its Water Fund and its Wastewater Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund and the Wastewater Fund, both of which are considered to be major funds of the City of St. Albans.

The basic proprietary fund financial statements may be found on pages 5 through 7.

City of St. Albans, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007

**Fiduciary Funds**

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

The City of St. Albans currently administers five fiduciary funds. All of these funds are Agency Funds. The financial statements for all five funds can be found on page 8.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information to provide additional financial information not included in the basic financial statements. This supplementary information includes combining statements for various funds, and budgetary comparison statements for funds other than the City's general fund, which is presented with the basic financial statements. The supplementary information can be found immediately following the notes to the financial statements in this report.

**Government-wide Financial Analysis**

**NET ASSETS**  
June 30, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current and other assets	\$ 918,138	\$ 1,089,251	\$ 2,007,389
Note receivable	144,546	-	144,546
Capital Assets	<u>2,871,186</u>	<u>16,999,139</u>	<u>1,9870,325</u>
TOTAL ASSETS	<u>\$ 3,933,870</u>	<u>\$ 18,088,390</u>	<u>\$ 22,022,260</u>
<b>LIABILITIES</b>			
Long-term liabilities outstanding	\$ 612,891	\$ 5,042,902	\$ 5,655,793
Other liabilities	<u>1,235,658</u>	<u>1,674,386</u>	<u>2,910,044</u>
TOTAL LIABILITIES	<u>\$ 1,848,549</u>	<u>\$ 6,717,288</u>	<u>\$ 8,565,837</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 2,174,146	\$ 11,519,323	\$ 13,693,469
Restricted	94,116	-	94,116
Unrestricted	<u>(182,941)</u>	<u>(148,221)</u>	<u>(331,162)</u>
TOTAL NET ASSETS	<u>\$ 2,085,321</u>	<u>\$ 11,371,102</u>	<u>\$ 13,456,423</u>

City of St. Albans, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007

**Government-wide Financial Analysis**

**NET ASSETS**  
June 30, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current and other assets	\$ 930,267	\$ 1,484,627	\$ 2,414,894
Note receivable	60,286	-	60,286
Capital Assets	<u>2,687,231</u>	<u>17,423,049</u>	<u>20,110,280</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,677,784</u>	<u>\$ 18,907,676</u>	<u>\$ 22,585,460</u>
<b>LIABILITIES</b>			
Long-term liabilities outstanding	\$ 702,438	\$ 5,472,292	\$ 6,174,730
Other liabilities	<u>982,321</u>	<u>1,592,092</u>	<u>2,574,413</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 1,684,759</u>	<u>\$ 7,064,384</u>	<u>\$ 8,749,143</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 1,901,247	\$ 11,487,899	\$ 13,389,146
Restricted	133,896	-	133,896
Unrestricted	<u>(42,118)</u>	<u>355,393</u>	<u>313,275</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 1,993,025</u>	<u>\$ 11,843,292</u>	<u>\$ 13,836,317</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of St. Albans, assets exceeded liabilities by \$13,456,423 at the close of the most recent fiscal year.

By far the largest portion of the City of St. Albans' net assets (102%) reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City of St. Albans uses these capital assets to provide services to its citizens: consequently, these assets are not available for future spending. Although the City of St. Albans' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the close of the fiscal year the City of St. Albans had net assets of (\$94,116) that were subject to restriction as part of a Public Works reserve fund. The remaining balance of unrestricted net assets (-\$331,162) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of St. Albans has positive balances in all categories of net assets for governmental type and business type activities. For further information, refer to the Statement of Net Assets on page 1.

**Financial Analysis of the Government's Funds**

The City of St. Albans uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

City of St. Albans, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007

**Governmental Funds**

**CHANGE IN NET ASSETS**

June 30, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
REVENUES			
PROGRAM REVENUES			
Charges for services	\$ 897,229	\$ 3,218,060	\$ 4,115,289
Operating grants and revenues	1,551,299	50,982	1,602,281
Property taxes, levied for general purposes	3,188,435	-	3,188,435
Property Sales	-	-	-
Unrestricted investment earnings	<u>22,951</u>	<u>-</u>	<u>22,951</u>
TOTAL REVENUES	<u>5,659,914</u>	<u>3,269,042</u>	<u>8,928,956</u>
EXPENSES			
GOVERNMENTAL ACTIVITIES			
General government	756,378	-	756,378
Public safety	2,749,792	-	2,749,792
Public works	434,770	-	434,770
Recreation, health, education and welfare	417,362	-	417,362
Community development	999,195	-	999,195
Depreciation, unallocated	132,526	-	132,526
Interest on long-term debt	47,594	-	47,594
BUSINESS-TYPE ACTIVITIES			
Water	-	1,604,767	1,604,767
Sewer	<u>-</u>	<u>2,100,465</u>	<u>2,100,465</u>
TOTAL EXPENSES	5,537,618	3,741,232	9,278,850
OPERATING TRANSFER	<u>(30,000)</u>	<u>-</u>	<u>(30,000)</u>
CHANGES IN NET ASSETS	92,296	(472,190)	(379,894)
NET ASSETS, beginning of year	1,993,025	11,843,292	\$ 13,836,317
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, end of year	<u>\$ 2,085,321</u>	<u>\$ 11,371,102</u>	<u>\$ 13,456,423</u>

City of St. Albans, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007

**Governmental Funds**

**CHANGE IN NET ASSETS**  
June 30, 2006

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
REVENUES			
PROGRAM REVENUES			
Charges for services	\$ 708,756	\$ 3,079,869	\$ 3,788,625
Operating grants and revenues	1,509,669	40,057	1,549,726
Property taxes, levied for general purposes	2,903,027	-	2,903,027
Property Sales	258,579	-	258,579
Unrestricted investment earnings	<u>16,620</u>	<u>-</u>	<u>16,620</u>
TOTAL REVENUES	<u>5,396,651</u>	<u>3,119,926</u>	<u>8,516,577</u>
EXPENSES			
GOVERNMENTAL ACTIVITIES			
General government	681,717	-	681,717
Public safety	2,875,416	-	2,875,416
Public works	489,674	-	489,674
Recreation, health, education and welfare	507,006	-	507,006
Community development	536,858	-	536,858
Depreciation, unallocated	132,881	-	132,881
Interest on long-term debt	44,954	-	44,954
BUSINESS-TYPE ACTIVITIES			
Water	-	1,508,809	1,508,809
Sewer	<u>-</u>	<u>1,975,846</u>	<u>1,975,846</u>
TOTAL EXPENSES	5,268,506	3,484,655	8,753,161
OPERATING TRANSFER	<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>
CHANGES IN NET ASSETS	103,145	(364,729)	(261,584)
NET ASSETS, beginning of year	1,926,046	12,208,021	14,134,067
PRIOR PERIOD ADJUSTMENT	<u>(36,166)</u>	<u>-</u>	<u>(36,166)</u>
NET ASSETS, end of year	<u>\$ 1,993,025</u>	<u>\$ 11,843,292</u>	<u>\$ 13,836,317</u>

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

At the end of the current fiscal year, the City of St. Albans' governmental funds reported combined ending fund balances of (\$215,241).

City of St. Albans, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007

**Capital Asset and Debt Administration**

**SUMMARY OF CAPITAL ASSETS & LONG-TERM DEBT**

June 30, 2007

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Land	\$ 758,337	\$ 155,000	\$ 913,337
Buildings & Improvements	2,338,106	22,404,765	24,742,871
Machinery and Equipment	1,217,529	3,495,086	4,712,615
Infrastructure	499,742	-	499,742
Construction in Progress	-	30,814	30,814
	<u>4,813,714</u>	<u>26,085,665</u>	<u>30,899,379</u>
Less: Accumulated Depreciation	<u>(1,942,528)</u>	<u>(9,086,526)</u>	<u>(11,029,054)</u>
 TOTAL ASSETS, net	 <u>\$ 2,871,186</u>	 <u>\$ 16,999,142</u>	 <u>\$ 19,870,325</u>
 LONG-TERM DEBT	 <u>\$ 697,040</u>	 <u>\$ 5,479,814</u>	 <u>\$ 6,176,854</u>

**SUMMARY OF CAPITAL ASSETS & LONG-TERM DEBT**

June 30, 2006

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Land	\$ 758,337	\$ 155,000	\$ 913,337
Buildings & Improvements	2,321,861	22,383,053	24,704,914
Machinery and Equipment	1,109,506	3,342,032	4,451,538
Infrastructure	268,530	-	268,530
Construction in Progress	39,000	-	39,000
	<u>4,497,234</u>	<u>25,880,085</u>	<u>30,377,319</u>
Less: Accumulated Depreciation	<u>(1,810,003)</u>	<u>(8,457,036)</u>	<u>(10,267,039)</u>
 TOTAL ASSETS, net	 <u>\$ 2,687,231</u>	 <u>\$ 17,423,049</u>	 <u>\$ 20,110,280</u>
 LONG-TERM DEBT	 <u>\$ 785,984</u>	 <u>\$ 5,935,150</u>	 <u>\$ 6,721,134</u>

**Capital Assets** - The City of St. Albans' investment in capital assets for its governmental activities is \$2,174,146. It is to be noted that we used the exemption allowed under GASB 34 to not include road and bridge investments prior to 1 July 2003. For our business-type activities as of 30 June 2007 our net capital investment is \$11,519,323.

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

- Investments in streets, roads and bridges totaled \$231,213.
- Capital investment in water and wastewater systems was \$205,580.

City of St. Albans, Vermont  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2007

**Long-term debt** - At the end of the current year, the City of St. Albans had total long-term debt outstanding of \$6,176,854. Of this amount, \$3,867,729 is bonded debt backed by the full faith and credit of the City of St. Albans for the water utility.

The City of St. Albans' total long-term debt decreased by \$544,280 during the year.

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

### **The Future**

Some of the planned events and trends that will affect the financial future of the City of St. Albans include:

- Continued growth outside the city, particularly in the areas covered by our water and wastewater utilities.
- Changing water and wastewater billing, including rates, billing process and billing forms.
- The impact large retail businesses located outside the city may have on our downtown
- Entering into a contract with the State of Vermont to self manage the St. Albans Multimodal Connector project as an effort to move the project along.
- Review of budgeting procedures and evaluate for improvements.
- Look for efficiencies, cost savings and additional revenue sources.
- Begin the process for capital improvement funds and contingency funds.

### **Requests for Information**

The financial report is designed to provide a general overview of the City of St. Albans, Vermont's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of City Manager, 100 North Main St., P.O. Box 867, St. Albans, VT 05478.

City of St. Albans, Vermont  
 GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 STATEMENT OF NET ASSETS  
 June 30, 2007

ASSETS

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>CURRENT ASSETS</b>			
Cash	\$ 179,478	\$ 680	\$ 180,158
Cash - restricted	146,261	-	146,261
Taxes receivable	272,731	-	272,731
Accounts receivable	124,843	681,001	805,844
Other receivables	-	287,412	287,412
Due from other funds	69,198	119,978	189,176
Prepaid expenses	1,211	180	1,391
Current portion notes receivable	124,416	-	124,416
<b>TOTAL CURRENT ASSETS</b>	<u>918,138</u>	<u>1,089,251</u>	<u>2,007,389</u>
 NOTES RECEIVABLE, net of current portion	 144,546	 -	 144,546
 CAPITAL ASSETS, net	 <u>2,871,186</u>	 <u>16,999,139</u>	 <u>19,870,325</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 3,933,870</u>	 <u>\$ 18,088,390</u>	 <u>\$ 22,022,260</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>			
Cash overdraft	\$ 146,452	\$ -	\$ 146,452
Current portion notes and bonds payable	84,149	436,914	521,063
Line of credit	-	683,000	683,000
Accounts payable	248,287	167,718	416,005
Accrued liabilities	442,021	317,882	759,903
Deferred revenue	123,032	-	123,032
Due to other funds	191,717	68,872	260,589
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,235,658</u>	<u>1,674,386</u>	<u>2,910,044</u>
 NOTES AND BONDS PAYABLE	 <u>612,891</u>	 <u>5,042,902</u>	 <u>5,655,793</u>
 <b>TOTAL LIABILITIES</b>	 <u>1,848,549</u>	 <u>6,717,288</u>	 <u>8,565,837</u>
 <b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,174,146	11,519,323	13,693,469
Restricted	94,116	-	94,116
Unrestricted	(182,941)	(148,221)	(331,162)
<b>NET ASSETS</b>	<u>2,085,321</u>	<u>11,371,102</u>	<u>13,456,423</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u>\$ 3,933,870</u>	 <u>\$ 18,088,390</u>	 <u>\$ 22,022,260</u>

See Accompanying Notes to Basic Financial Statements.

City of St. Albans, Vermont  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2007

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total	
	Expenses	Charges for Services	Operating Grants and Revenues	Capital Grants and Revenues	Governmental Activities		Business-Type Activities
Governmental activities							
General government	\$ 756,378	\$ 150,052	\$ 171,521	\$ -	\$ (434,805)	\$ -	\$ (434,805)
Public safety	2,749,792	273,181	184,096	-	(2,292,515)	-	(2,292,515)
Public works	434,770	307,699	145,262	-	18,191	-	18,191
Recreation, health, education and welfare	417,362	166,297	30,000	-	(221,065)	-	(221,065)
Community development	999,195	-	1,019,020	-	19,825	-	19,825
Depreciation, unallocated	132,526	-	-	-	(132,526)	-	(132,526)
Interest on long-term debt	47,594	-	1,400	-	(46,194)	-	(46,194)
Total governmental activities	5,537,618	897,229	1,551,299	-	(3,089,090)	-	(3,089,090)
Business-type activities:							
Water	1,640,767	1,529,324	44,311	-	-	(67,132)	(67,132)
Sewer	2,100,465	1,688,736	6,671	-	-	(405,058)	(405,058)
Total business-type activities	3,741,232	3,218,060	50,982	-	-	(472,190)	(472,190)
General Revenues:							
Property taxes, levied for general purposes					3,188,435	-	3,188,435
Unrestricted investment earnings					22,951	-	22,951
Operating transfer					(30,000)	-	(30,000)
Total general revenues and transfers					3,181,386	-	3,181,386
Change in Net Assets					92,296	(472,190)	(379,894)
Net assets, beginning					1,993,025	11,843,292	13,836,317
Net assets, ending					\$ 2,085,321	\$ 11,371,102	\$ 13,456,423

See Accompanying Notes to Basic Financial Statements.

City of St. Albans, Vermont  
 FUND FINANCIAL STATEMENTS  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 June 30, 2007

	Governmental Fund Types		
	General	Community Development	Totals (Memorandum Only)
<b>ASSETS</b>			
Cash	\$ 27,937	\$ 151,541	\$ 179,478
Cash - restricted	146,261	-	146,261
Receivables (net of allowances for uncollectibles)			
Taxes, including interest and penalties	272,731	44,802	317,533
Accounts	80,041	-	80,041
Due from other funds	35,483	33,715	69,198
Prepaid expenses	1,211	-	1,211
	<u>\$ 563,664</u>	<u>\$ 230,058</u>	<u>\$ 793,722</u>
<b>LIABILITIES</b>			
Cash overdraft	\$ 146,452	\$ -	\$ 146,452
Accounts payable	199,620	48,667	248,287
Deferred Revenue	119,416	3,616	123,032
Other Accrued Expenses	299,475	-	299,475
Due to other Funds	191,717	-	191,717
	<u>956,680</u>	<u>52,283</u>	<u>1,008,963</u>
<b>FUND BALANCE</b>			
Restricted	94,116	-	94,116
Unreserved	(487,132)	177,775	(309,357)
	<u>(393,016)</u>	<u>177,775</u>	<u>(215,241)</u>
<b>TOTAL FUND BALANCE</b>	<u>(393,016)</u>	<u>177,775</u>	<u>(215,241)</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 563,664</u>	<u>\$ 230,058</u>	<u>\$ 793,722</u>

See Accompanying Notes to Financial Statements.

City of St. Albans, Vermont  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
June 30, 2007

<b>Total fund balances - governmental funds</b>	\$ (215,241)
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.	2,871,186
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Community Development Notes Receivable	268,962
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 post retirement benefits	(5,633)
Accrued sick time	(86,748)
Accrued vacation	(43,186)
Accrued comp-time	(6,979)
Notes and bonds payable	<u>(697,039)</u>
<b>Total net assets - governmental activities</b>	<u>\$ 2,085,321</u>

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

	Governmental Fund Types		
	General	Community Development	Total Governmental Funds
<b>REVENUES</b>			
Taxes, interest and penalties	\$ 3,416,794	\$ -	\$ 3,416,794
Licenses and permits	50,187	-	50,187
Intergovernmental	161,191	905,700	1,066,891
Charges for services	330,593	-	330,593
Recreation Department	193,297	-	193,297
Fines	36,930	-	36,930
Interest on savings	22,951	2,122	25,073
Grant Revenue	177,533	-	177,533
Sale of Property	-	48,000	48,000
Miscellaneous	134,221	43,008	177,229
Rent	-	8,500	8,500
Loan repayments	-	33,786	33,786
TOTAL REVENUES	<u>4,523,697</u>	<u>1,041,116</u>	<u>5,564,813</u>
<b>EXPENDITURES</b>			
Current:			
General government	566,927	1,064,346	1,631,273
Public safety	2,863,852	-	2,863,852
Highways and streets	541,184	-	541,184
Sanitation	7,548	-	7,548
Parks and recreation	255,474	-	255,474
Miscellaneous	224,502	-	224,502
Grant expenditures	177,533	-	177,533
Debt Service	65,616	-	65,616
TOTAL EXPENDITURES	<u>4,702,636</u>	<u>1,064,346</u>	<u>5,766,982</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>(178,939)</u>	<u>(23,230)</u>	<u>(202,169)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfer in	-	15,000	15,000
Operating transfer out	(15,000)	(30,000)	(45,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,000)</u>	<u>(15,000)</u>	<u>(30,000)</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	(193,939)	(38,230)	(232,169)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>(199,077)</u>	<u>216,005</u>	<u>16,928</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ (393,016)</u>	<u>\$ 177,775</u>	<u>\$ (215,241)</u>

See Accompanying Notes to Basis Financial Statements.

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

**Net change in fund balances - governmental funds** \$ (232,169)

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

Governmental funds report capital outlays as expenditures while  
 governmental activities report depreciation expense to allocate  
 those expenditures over the life of the assets:

Depreciation (132,526)

Capital outlays 316,479

Repayment of bond principal is an expenditure in the governmental  
 funds, but the repayment reduces long-term liabilities in the statement  
 of net assets. 88,946

Payment of post retirement benefits are expenditures in the  
 governmental funds, but the repayment reduces long-term liabilities  
 in the statement of net assets. 866

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

Notes receivable collected (22,097)

Loans provided to outside organizations are expenditures in the  
 governmental funds, but issuing the debt increases assets in the  
 statement of net assets. Losses are recognized in the year that  
 it is determined that loans will not be collectible

New loans 10,000

Expenses in the statement of activities that do not require the use  
 of current financial resources and are not reported as  
 expenditures in the funds:

Accrued comptime 2,463

Accrued sick time 8,385

Accrued vacation time 51,948

**Change in net assets of governmental activities** \$ 92,296

City of St. Albans, Vermont  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 June 30, 2007

	Business-Type Activities		
	Water Fund	Wastewater Fund	Totals (Memorandum Only)
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 680	\$ -	\$ 680
Accounts receivable	302,377	378,624	681,001
Unbilled revenue	155,337	132,075	287,412
Due from other funds	84,663	35,315	119,978
Prepaid expenses	180	-	180
<b>TOTAL CURRENT ASSETS</b>	<u>543,237</u>	<u>546,014</u>	<u>1,089,251</u>
<b>CAPITAL ASSETS</b>			
Land	155,000	-	155,000
Building and improvements	7,301,214	15,103,551	22,404,765
Machinery and equipment	1,086,042	2,409,044	3,495,086
Construction in progress	-	30,814	30,814
Accumulated Depreciation	<u>(2,413,070)</u>	<u>(6,673,456)</u>	<u>(9,086,526)</u>
<b>CAPITAL ASSETS, net</b>	<u>6,129,186</u>	<u>10,869,953</u>	<u>16,999,139</u>
<b>TOTAL ASSETS</b>	<u>\$ 6,672,423</u>	<u>\$ 11,415,967</u>	<u>\$ 18,088,390</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 71,749	\$ 95,969	\$ 167,718
Other accrued expenses	174,938	142,944	317,882
Due to other funds	68,872	-	68,872
Line of credit	200,000	483,000	683,000
Current Portion to General Obligation Bonds	66,810	-	66,810
Current Portion General Obligation Notes Payable	<u>178,649</u>	<u>191,455</u>	<u>370,104</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>761,018</u>	<u>913,368</u>	<u>1,674,386</u>
<b>LONG-TERM LIABILITIES</b>			
General Obligation Bonds, net of current portion	3,800,919	-	3,800,919
General Obligation Notes Payable, net of current portion	<u>612,742</u>	<u>629,241</u>	<u>1,241,983</u>
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>4,413,661</u>	<u>629,241</u>	<u>5,042,902</u>
<b>TOTAL LIABILITIES</b>	<u>5,174,679</u>	<u>1,542,609</u>	<u>6,717,288</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of debt	1,470,066	10,049,257	11,519,323
Unreserved	<u>27,678</u>	<u>(175,899)</u>	<u>(148,221)</u>
<b>TOTAL NET ASSETS</b>	<u>1,497,744</u>	<u>9,873,358</u>	<u>11,371,102</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 6,672,423</u>	<u>\$ 11,415,967</u>	<u>\$ 18,088,390</u>

See Accompanying Notes to Basic Financial Statements

City of St. Albans, Vermont  
 FUND FINANCIAL STATEMENTS  
 STATEMENTS OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 For the Year Ended June 30, 2007

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Totals (Memorandum Only)</u>
<b>OPERATING REVENUE</b>			
Charges for Services	\$ 1,529,324	\$ 1,688,736	\$ 3,218,060
<b>OPERATING EXPENSES</b>			
Personal services	562,755	669,850	1,232,605
Other purchased services	131,261	130,935	262,196
Supplies	185,696	251,676	437,372
Repairs and maintenance	86,852	431,799	518,651
Utilities and telephone	168,724	178,503	347,227
Real estate taxes	52,968	4,368	57,336
Depreciation and amortization	<u>238,739</u>	<u>390,751</u>	<u>629,490</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>1,426,995</u>	<u>2,057,882</u>	<u>3,484,877</u>
<b>OPERATING INCOME/ (LOSS)</b>	<u>102,329</u>	<u>(369,146)</u>	<u>(266,817)</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>			
Interest Income	11,445	6,671	18,116
Grant Income	32,866	-	32,866
Interest Expense	<u>(213,772)</u>	<u>(42,583)</u>	<u>(256,355)</u>
<b>TOTAL NON-OPERATING REVENUE (EXPENSE)</b>	<u>(169,461)</u>	<u>(35,912)</u>	<u>(205,373)</u>
<b>NET LOSS</b>	(67,132)	(405,058)	(472,190)
<b>NET ASSETS BEGINNING OF YEAR</b>	<u>1,564,876</u>	<u>10,278,416</u>	<u>11,843,292</u>
<b>NET ASSETS END OF YEAR</b>	<u>\$ 1,497,744</u>	<u>\$ 9,873,358</u>	<u>\$ 11,371,102</u>

See Accompanying Notes to Basic Financial Statements.

City of St. Albans, Vermont  
FUND FINANCIAL STATEMENTS  
STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2007

	Water Fund	Wastewater Fund	Totals (Memorandum Only)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 1,530,186	\$ 1,704,187	\$ 3,234,373
Payments to suppliers	(536,291)	(968,435)	(1,504,726)
Payments for employees and benefits	(584,606)	(696,100)	(1,280,706)
Other receipts (payments)	(52,968)	(4,368)	(57,336)
NET CASH PROVIDED BY OPERATING ACTIVITIES	356,321	35,284	391,605
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Receipts from (payments to) other funds	(207,224)	170,297	(36,927)
Grants	32,866	-	32,866
NET CASH PROVIDED/(USED) BY NONCAPITAL FINANCING ACTIVITIES	(174,358)	170,297	(4,061)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(116,546)	(89,034)	(205,580)
Payments of interest	(213,772)	(42,583)	(256,355)
Principal reduction of notes and bonds payable	(256,699)	(202,297)	(458,996)
Proceeds from debt	100,000	121,662	221,662
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(487,017)	(212,252)	(699,269)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipt of interest	11,445	6,671	18,116
NET DECREASE IN CASH	(293,609)	-	(293,609)
CASH - BEGINNING OF YEAR	294,289	-	294,289
CASH - END OF YEAR	\$ 680	\$ -	\$ 680
<b>Reconciliation of operating income(loss) to net cash provided (used) by operating activities:</b>			
Operating (loss)	\$ 102,329	\$ (369,146)	\$ (266,817)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	238,739	390,751	629,490
Change in net assets and liabilities:			
Receivables, net	17,352	(16,758)	594
Prepaid expenses	(180)	-	(180)
Unbilled revenue	(16,490)	32,209	15,719
Accounts payable	36,422	24,478	60,900
Other accrued expenses	(21,851)	(26,250)	(48,101)
Net cash provided by operating activities	\$ 356,321	\$ 35,284	\$ 391,605

See Accompanying Notes to Basic Financial Statements.

City of St. Albans, Vermont  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF NET ASSETS  
 FIDUCIARY FUNDS  
 June 30, 2007

	Agency Fund					
	Downtown Designation	Veterans Memorial	Zoning Escrow	Rose Toutant Trust	State Fee/ Payroll	Total
<u>ASSETS</u>						
Cash	\$ 11,206	\$ 1,479	\$ 10,602	\$ 108,619	\$ (64,598)	\$ 67,308
Due from other funds	-	-	-	-	85,309	85,309
TOTAL ASSETS	\$ 11,206	\$ 1,479	\$ 10,602	\$ 108,619	\$ 20,711	\$ 152,617
 <u>LIABILITIES AND NET ASSETS</u>						
Due to others	\$ (2,690)	\$ 1,479	\$ 10,602	\$ 108,619	\$ 20,711	\$ 138,721
Due to other funds	13,896	-	-	-	-	13,896
TOTAL LIABILITIES AND NET ASSETS	\$ 11,206	\$ 1,479	\$ 10,602	\$ 108,619	\$ 20,711	\$ 152,617

See Accompanying Notes to Basic Financial Statements.

City of St. Albans, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City operates under a council-manager form of government and provides the following services: public safety (police, ambulance, fire and animal control), highways and streets, sanitation, parks and recreation, planning and zoning, and general administrative services.

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the City. 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 expense of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

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

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

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

Fiduciary Funds are used to account for assets held by the 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. Included in this fund is the Rose Toutant account totaling \$109,042 from an estate without any heirs. This money is due to the school after a period not to exceed seventeen years if the money is not claimed before that period.

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

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

City of St. Albans, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

- \* The special revenue fund accounts for special programs and grants that have restricted or designated fund balance.
- \* The general fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

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

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

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

D. 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 maintains one cash account in the general fund to collect money and pay bills for all funds. When money is collected and expended, the City records a corresponding payable or receivable to the appropriate fund. This helps manage cash and eases administrative burdens. As a result, no cash is reflected in the water or wastewater funds.

City of St. Albans, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Receivables and Payables

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

F. Capital Assets

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

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

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

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

G. Long-term Obligations

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

H. Fund Equity

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

I. Estimates

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

J. Allowance for Uncollectible Accounts

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

K. Operating Transfers

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

City of St. Albans, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007

NOTE 2 DELINQUENT TAXES RECEIVABLE

Delinquent taxes receivable consist of:

	<u>General Fund</u>
Delinquent property taxes	\$ 327,259
Penalties on taxes receivable	20,878
Interest on taxes receivable	20,991
Deferred Revenue	(81,397)
	287,731
Allowance for uncollectible delinquent taxes	(15,000)
	\$ 272,731

Property taxes are levied as of July 1 on property values assessed on April 1. The tax levy is divided into four installments. The equal installments are due August 31, November 30, February 28 and May 31. The bill becomes delinquent on June 1 and penalties of 8% may be assessed by the government. Interest is assessed monthly on all outstanding installments.

Deferred revenue consists of property taxes estimated not to be collected within the first 60 days of the fiscal year.

NOTE 3 INTERFUND RECEIVABLE AND PAYABLE BALANCES

Individual Fund Interfund Receivable and Payable balances are as follows at June 30, 2007:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 35,483	\$ 191,717
Water Fund	84,663	68,872
Wastewater Fund	35,315	-
Downtown Designation Fund	-	13,896
State Fee/Payroll	85,309	-
Community Development Fund	33,715	-
	\$ 274,485	\$ 274,485

NOTE 4 ACCRUED COMPENSATION

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

Vested Compensation – Water	\$ 102,377
Vested Compensation – Waste Water	132,957
Vested Compensation - General	416,037
TOTAL	\$ 651,370

City of St. Albans, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007

NOTE 5      NOTES AND BONDS PAYABLE

The following is a summary of changes in notes and bonds payable for the year ended June 30, 2007:

<u>Business-Type Funds</u>	<u>Beginning Balance 7/1/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 6/30/2007</u>
Note payable to the Peoples Trust Company, interest at 2.70%. Annual principal and interest payment of \$129,902 (This note is being serviced- principal and interest -50 percent by the Water Fund and 50 percent by the Wastewater Fund). Maturing January 23, 2009	\$ 369,721	\$ -	\$ 119,924	\$ 249,797
Note payable to Leo Benoit, interest at 8%, due February 1, 2007. (This note is being serviced - principal and interest - by the Water Fund)	5,182	-	5,182	-
Note payable to Peoples Trust Co. issued April 19, 2006, interest at 5.00%, due in monthly principal and interest installments of \$3,774.79 (This issue is being serviced-principal and interest-by the Water Enterprise Fund). Matures 2011	194,000	-	36,323	157,677
Lease payable to SunTrust Leasing Corp. issued August 17, 2005, interest at 4.89%, due in annual principal and interest installments of \$29,660.00 (This issue is being serviced- principal and interest-by the Wastewater Enterprise Fund). Matures 2008	40,470	-	14,830	25,640
Note payable to People Trust Co. issued April 19, 2006, interest at 5.00%, due in monthly principal and interest installments of \$3,774.79 (This issue is being serviced- principal and interest-by the Wastewater Enterprise Fund). Matures 2011	194,000	-	36,323	157,677
Note payable to Union Bank issued April 24, 2006, interest at 5.25% subject to adjustment in the event there is a change in the Federal Corporate Tax Rate applicable to Union Bank with respect to a period during which the note is outstanding. Due in annual principal and interest installments of \$210,780, payable to Union Bank (this issue is being serviced- principal and interest-by the Water & Wastewater Enterprise Funds). Matures 2011	1,200,000	-	182,368	1,017,632

City of St. Albans, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007

NOTE 5      NOTES AND BONDS PAYABLE (continued)

<u>Business-Type Funds</u> (continued)	<u>Beginning Balance 7/1/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 6/30/2007</u>
Note payable to State of Vermont, \$18,000 available, interest at 0%, \$3,600 due annually beginning December 1, 2011. Matures December 1, 2015	-	3,662	-	3,662
Water System Improvement bond issued February 14, 1996, interest at 4.50% due in varying annual install- ments payable to U.S. Department of Agriculture (This issue is being serviced-principal and interest by the Water Enterprise Fund). Matures February 14, 2036	<u>3,931,776</u>	<u>-</u>	<u>64,047</u>	<u>3,867,729</u>
<b>Total Business-Type Funds</b>	<b><u>\$ 5,935,149</u></b>	<b><u>\$ 3,662</u></b>	<b><u>\$ 458,997</u></b>	<b><u>\$ 5,479,814</u></b>

Anticipated maturities are as follows for the Business-Type Funds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 436,914	\$ 249,436	\$ 686,350
2009	455,843	229,523	685,366
2010	332,287	209,329	541,616
2011	337,484	192,525	530,009
2012	415,424	177,718	593,142
Thereafter	<u>3,501,862</u>	<u>2,263,504</u>	<u>5,765,366</u>
	<u>\$ 5,479,814</u>	<u>\$ 3,322,035</u>	<u>\$ 8,801,849</u>

<u>Governmental Activities</u>	<u>Beginning Balance 7/1/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 6/30/2007</u>
Note payable to the Peoples Trust Co., interest at 4.39%, due August 31, 2025. (This note is being serviced – principal and interest – by the General Fund)	\$ 151,162	\$ -	\$ 5,450	\$ 145,712
Lease payable to SunTrust Leasing Co. for a street sweeper, interest at 4.89% with annual principal and interest payments of \$29,660. Matures 2008.	40,470	-	14,830	25,640
Note payable to the Peoples Trust Company for the Nason Street property; interest at 5.25%, due in monthly payments of \$997.17. This note matures May 1, 2017.	99,351	-	7,644	91,707

City of St. Albans, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007

NOTE 5      NOTES AND BONDS PAYABLE (continued)

<u>Governmental Activities</u> (continued)	<u>Beginning Balance 7/1/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 6/30/2007</u>
Note payable to Banknorth, N.A. for the purchase of a fire truck; interest at 6.45% with monthly principal payments of \$1,389, plus interest. This note matures June 12, 2015.	150,000	-	21,019	128,981
Library bond issued July 22, 1999; interest at 5.0% with semi-annual payments of \$40,000 plus interest. This matures December 1, 2014.	<u>345,000</u>	<u>-</u>	<u>40,000</u>	<u>305,000</u>
Total Governmental Activities	<u>\$ 785,983</u>	<u>\$ -</u>	<u>\$ 88,943</u>	<u>\$ 697,040</u>

Anticipated maturities are as follows for the long-term debt of governmental activities:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 84,149	\$ 34,778	\$ 118,927
2009	80,762	30,479	111,241
2010	70,616	26,091	96,707
2011	71,314	22,340	93,654
2012	72,047	18,524	90,571
Thereafter	<u>318,152</u>	<u>60,339</u>	<u>378,491</u>
	<u>\$ 697,040</u>	<u>\$ 192,551</u>	<u>\$ 889,591</u>

NOTE 6      DEPOSITS AND INVESTMENTS

At June 30, 2007, the carrying amount of the government's deposits was \$247,278 and the bank balance was \$376,805 of which \$142,157 was covered by the federal depository insurance corporation, \$234,648 was covered by the right to offset mortgage loans with local banks.

NOTE 7      BUDGETARY INFORMATION

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

City of St. Albans, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007

NOTE 8 PENSION PLAN

Plan Description

The City of St. Albans Pension Plan is a single-employer defined benefit pension plan administered by the City of St. Albans. The City of St. Albans Pension Plan provides retirement, disability and death benefits to plan members and beneficiaries.

Funding Policy

Plan members are required to contribute 2.5% of annual base earnings, excluding overtime and any other additional compensation. Effective July 1, 2001, a participant may elect to make required contributions of 7.5% of Annual Base Earnings. The City is required to contribute at an actuarially determined rate; the current rate is 5.51% of annual covered payroll.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to The City of St. Albans Pension Plan for the current year were as follows:

Annual required contribution	\$	74,304
Normal Cost		97,985
Administrative expenses		15,659
Interest on net pension obligation		<u>12,922</u>
Annual pension cost		200,870
Contributions made		<u>(188,790)</u>
Increase (decrease) in net pension obligation		12,080
Net pension obligation beginning of year		<u>188,790</u>
Net pension obligation end of year	\$	<u>200,870</u>

The annual required contribution for the current year was determined as part of the December 31, 2006 actuarial valuation using the frozen entry age actuarial cost method. The actuarial assumptions include (a) 7.5% investment rate of return, (b) projected salary increases of 5% per year, compounded annually, attributable to inflation, (c) the assumption that benefits will not increase after retirement. The actuarial cost method used to calculate the plans normal cost and actuarial accrued liabilities is the Frozen Entity Age Actuarial Cost Method with actuarial accrued liabilities calculated by the Individual Entity Age Actuarial Cost Method.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/05	\$ 141,693	100.0%	\$ 0
6/30/06	188,790	100.0%	0
6/30/07	200,870	100.0%	0

City of St. Albans, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007

NOTE 8 PENSION PLAN (continued)

Schedules of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/05	2,707,177	3,374,220	667,043	80.3	1,976,059	33.8
1/1/06	2,852,705	3,473,388	620,683	82.1	1,945,793	31.9
1/1/07	3,085,351	3,655,845	570,494	84.4	2,135,480	26.7

NOTE 9 BUDGET EXCEPTIONS

General fund expenditures exceeded budgeted appropriations by \$366,829 for the year ended June 30, 2007. This was offset by actual revenues exceeding budget by \$172,890.

NOTE 10 RESTRICTED CASH

The City had \$146,261 restricted cash to be used for reappraisal purposes at June 30, 2007.

NOTE 11 RESTRICTED FUND BALANCE

The City had \$125,837 restricted for Public Works at June 30, 2007.

NOTE 12 CHANGE IN ACCOUNTING ESTIMATE

The City changed the estimate of short-term accrued time from 50% of the total liability to 67% of the total liability during the year ended June 30, 2007. The result of the change in estimate is an increase in general fund expenditures of \$78,085.

City of St. Albans, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007

NOTE 13 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 758,337	\$ -	\$ -	\$ 758,337
Construction in progress	39,000	132,054	(171,054)	-
Total capital assets, not being depreciated	797,337	132,054	(171,054)	758,337
Capital assets, being depreciated				
Buildings and improvements	2,321,861	16,245	-	2,338,106
Machinery and Equipment	1,109,506	108,023	-	1,217,529
Infrastructure	268,530	231,212	-	499,742
Total capital assets, being depreciated	3,699,897	355,480	-	4,055,377
Accumulated depreciation for				
Buildings and improvements	(1,231,666)	(41,056)	-	(1,272,722)
Machinery and Equipment	(565,709)	(81,203)	-	(646,912)
Infrastructure	(12,628)	(10,266)	-	(22,894)
Total accumulated depreciation	(1,810,003)	(132,525)	-	(1,942,528)
Total capital assets, being depreciated, net	1,889,894	222,955	-	2,112,849
Governmental activities, capital assets, net	\$ 2,687,231	\$ 355,009	\$ (171,054)	\$ 2,871,186
Business-type activities:				
Water utility:				
Capital assets, not being depreciated				
Land	\$ 155,000	\$ -	\$ -	\$ 155,000
Construction in progress	-	154	(154)	-
Total capital assets, not being depreciated	155,000	154	(154)	155,000
Capital assets, being depreciated				
Buildings and improvements	7,279,502	21,712	-	7,301,214
Machinery and equipment	991,208	94,834	-	1,086,042
Total capital assets, being depreciated	8,270,710	116,546	-	8,387,256

City of St. Albans, Vermont  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2007

NOTE 13 CAPITAL ASSETS (continued)

	Ending Balance	Increases	Decreases	Ending Balance
Accumulated depreciation for				
Buildings and improvements	(1,925,501)	(145,991)	-	(2,071,492)
Machinery and equipment	(248,830)	(92,748)	-	(341,578)
Total accumulated depreciation	(2,174,331)	(238,739)	-	(2,413,070)
Total capital assets, being depreciated, net	6,096,379	(122,193)	-	5,974,186
Water utility, capital assets, net	6,251,379	(122,039)	(154)	6,129,186
Wastewater utility:				
Construction in progress	-	30,968	(154)	30,814
Capital assets, being depreciated				
Buildings and improvements	15,103,551	-	-	15,103,551
Machinery and equipment	2,350,824	58,220	-	2,409,044
Total capital assets, being depreciated	17,454,375	58,220	-	17,512,595
Accumulated depreciation for				
Buildings and improvements	(4,894,892)	(263,134)	-	(5,158,026)
Machinery and equipment	(1,387,813)	(127,617)	-	(1,515,430)
Total accumulated depreciation	(6,282,705)	(390,751)	-	(6,673,456)
Total capital assets, being depreciated, net	11,171,670	(332,531)	-	10,839,139
Wastewater utility, capital assets, net	11,171,670	(301,563)	(154)	10,869,953
Business-type activities, capital assets, net	\$ 17,423,049	\$ (423,602)	\$ (308)	\$ 16,999,139

NOTE 14 COMMITMENTS

The City had committed \$12,500 of Community Development Revolving Funds to cover Saint Albans For the Future expenditures at June 30, 2007.

City of St. Albans, Vermont  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2007

NOTE 14      SHORT-TERM DEBT

The following is a summary of changes in short-term debt for the year ended June 30, 2007:

	<u>Ending Balance 6/30/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 6/30/06</u>
Tax Anticipation Note (General Fund)	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>
Line of Credit (Water Fund)	<u>\$ 100,000</u>	<u>\$ 300,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>
Line of Credit (Sewer Fund)	<u>\$ 365,000</u>	<u>\$ 483,000</u>	<u>\$ 365,000</u>	<u>\$ 483,000</u>

NOTE 16      SUBSEQUENT EVENT

On July 2, 2007, the City signed a tax anticipation note line of credit not to exceed \$400,000. Interest on the line is 3.84%. The line matures June 30, 2008.

NOTE 17      DEFICIT FUND BALANCE

The General Fund has a deficit fund balance of \$443,891 at June 30, 2007 which will be funded by future budgets.

City of St. Albans, Vermont  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes, interest and penalties	\$ 3,416,257	\$ 3,416,257	\$ 3,416,794	\$ 537
Licenses and permits	48,000	48,000	50,187	2,187
Intergovernmental	137,000	137,000	161,191	24,191
Charges for services	340,250	340,250	330,593	(9,657)
Recreation Department	207,000	207,000	193,297	(13,703)
Fines	55,000	55,000	36,930	(18,070)
Interest on savings	13,000	13,000	22,951	9,951
Grant Revenue	42,000	42,000	177,533	135,533
Miscellaneous	92,300	92,300	134,221	41,921
 TOTAL REVENUES	 4,350,807	 4,350,807	 4,523,697	 172,890
 <b>EXPENDITURES</b>				
Current:				
General government	513,633	513,633	566,927	(53,294)
Public safety	2,712,065	2,712,065	2,863,852	(151,787)
Highways and streets	541,890	541,890	541,184	706
Sanitation	7,548	7,548	7,548	-
Parks and recreation	262,458	262,458	255,474	6,984
Miscellaneous	200,333	200,333	224,502	(24,169)
Grant expenditures	35,000	35,000	177,533	(142,533)
Debt Service	62,880	62,880	65,616	(2,736)
 TOTAL EXPENDITURES	 4,335,807	 4,335,807	 4,702,636	 (366,829)
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 15,000	 15,000	 (178,939)	 (193,939)
 OTHER FINANCING SOURCES (USES)				
Operating transfer out	(15,000)	(15,000)	(15,000)	-
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	 -	 -	 (193,939)	 (193,939)
 FUND BALANCE AT BEGINNING OF YEAR	 (199,077)	 (199,077)	 (199,077)	 -
 FUND BALANCE AT END OF YEAR	 \$ (199,077)	 \$ (199,077)	 \$ (393,016)	 \$ (193,939)

See Accompanying Notes to Basic Financial Statements.

City of St. Albans, Vermont  
OTHER SUPPLEMENTARY INFORMATION  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
General Government				
City Manager				
Personal services	\$ 200,340	\$ 200,340	\$ 211,441	\$ (11,101)
Supplies	83,612	83,612	82,431	1,181
Other purchased services	4,000	4,000	7,897	(3,897)
Total City Manager	<u>287,952</u>	<u>287,952</u>	<u>301,769</u>	<u>(13,817)</u>
Senior Center	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Elections	<u>6,000</u>	<u>6,000</u>	<u>8,313</u>	<u>(2,313)</u>
Financial Administration				
Personal services	174,581	174,581	200,029	(25,448)
Supplies	12,200	12,200	11,701	499
Other purchased services	30,900	30,900	43,115	(12,215)
Total Financial Administration	<u>217,681</u>	<u>217,681</u>	<u>254,845</u>	<u>(37,164)</u>
Total General Government	<u>513,633</u>	<u>513,633</u>	<u>566,927</u>	<u>(53,294)</u>
Public Safety				
Police				
Personal services	1,241,700	1,241,700	1,218,319	23,381
Supplies	12,200	12,200	10,121	2,079
Other purchased services	34,100	34,100	41,363	(7,263)
Property	46,000	46,000	52,629	(6,629)
Total Police	<u>1,334,000</u>	<u>1,334,000</u>	<u>1,322,432</u>	<u>11,568</u>
Ambulance Services	<u>76,500</u>	<u>76,500</u>	<u>76,500</u>	<u>-</u>
Fire				
Personal services	860,200	860,200	1,018,097	(157,897)
Other purchased services	10,450	10,450	14,145	(3,695)
Property	24,000	24,000	17,589	6,411
Total Fire	<u>894,650</u>	<u>894,650</u>	<u>1,049,831</u>	<u>(155,181)</u>
Animal Control				
Supplies	3,350	3,350	1,551	1,799
Other purchased services	16,340	16,340	21,225	(4,885)
Total Animal Control	<u>19,690</u>	<u>19,690</u>	<u>22,776</u>	<u>(3,086)</u>

City of St. Albans, Vermont  
OTHER SUPPLEMENTARY INFORMATION  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Public Safety (cont'd)				
Dispatching				
Personal services	323,225	323,225	329,451	(6,226)
Supplies	5,000	5,000	6,141	(1,141)
Other purchased services	56,000	56,000	53,703	2,297
Property	<u>3,000</u>	<u>3,000</u>	<u>3,018</u>	<u>(18)</u>
Total Dispatching	<u>387,225</u>	<u>387,225</u>	<u>392,313</u>	<u>(5,088)</u>
Total Public Safety	<u>2,712,065</u>	<u>2,712,065</u>	<u>2,863,852</u>	<u>(151,787)</u>
Highways and Streets				
Administration				
Personal Services	38,040	38,040	51,148	(13,108)
Supplies	55,000	55,000	29,794	25,206
Other purchased services	900	900	1,864	(964)
Property	<u>23,000</u>	<u>23,000</u>	<u>25,784</u>	<u>(2,784)</u>
Total Administration	<u>116,940</u>	<u>116,940</u>	<u>108,590</u>	<u>8,350</u>
Streets				
Personal services	204,650	204,650	198,822	5,828
Supplies	47,000	47,000	38,363	8,637
Other purchased services	<u>173,300</u>	<u>173,300</u>	<u>195,409</u>	<u>(22,109)</u>
Total Streets	<u>424,950</u>	<u>424,950</u>	<u>432,594</u>	<u>(7,644)</u>
Total Highways and Streets	<u>541,890</u>	<u>541,890</u>	<u>541,184</u>	<u>706</u>
Sanitation				
Solid waste district	<u>7,548</u>	<u>7,548</u>	<u>7,548</u>	<u>-</u>
Parks and Recreation				
Personal services	195,708	195,708	188,361	7,347
Supplies	5,000	5,000	5,801	(801)
Other purchased services	55,750	55,750	60,625	(4,875)
Property	<u>6,000</u>	<u>6,000</u>	<u>687</u>	<u>5,313</u>
Total Parks and Recreation	<u>262,458</u>	<u>262,458</u>	<u>255,474</u>	<u>6,984</u>

City of St. Albans, Vermont  
OTHER SUPPLEMENTARY INFORMATION  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Miscellaneous				
Personal services - employee benefits	50,560	50,560	58,689	(8,129)
Insurance	30,000	30,000	34,077	(4,077)
Fuel	60,000	60,000	72,157	(12,157)
Other	1,000	1,000	3,402	(2,402)
Weed harvesting	2,500	2,500	2,000	500
Taxes	<u>56,273</u>	<u>56,273</u>	<u>54,177</u>	<u>2,096</u>
Total Miscellaneous	<u>200,333</u>	<u>200,333</u>	<u>224,502</u>	<u>(24,169)</u>
Grant Expenditures				
Police Block Grant	-	-	56,890	(56,890)
Public Works Grant	<u>35,000</u>	<u>35,000</u>	<u>120,643</u>	<u>(85,643)</u>
Total Grant Expenditures	<u>35,000</u>	<u>35,000</u>	<u>177,533</u>	<u>(142,533)</u>
Debt Service				
Principal	50,880	50,880	56,794	(5,914)
Interest	<u>12,000</u>	<u>12,000</u>	<u>8,822</u>	<u>3,178</u>
Total Debt Services	<u>62,880</u>	<u>62,880</u>	<u>65,616</u>	<u>(2,736)</u>
TOTAL EXPENDITURES	<u>\$ 4,335,807</u>	<u>\$ 4,335,807</u>	<u>\$ 4,702,636</u>	<u>\$ (366,829)</u>