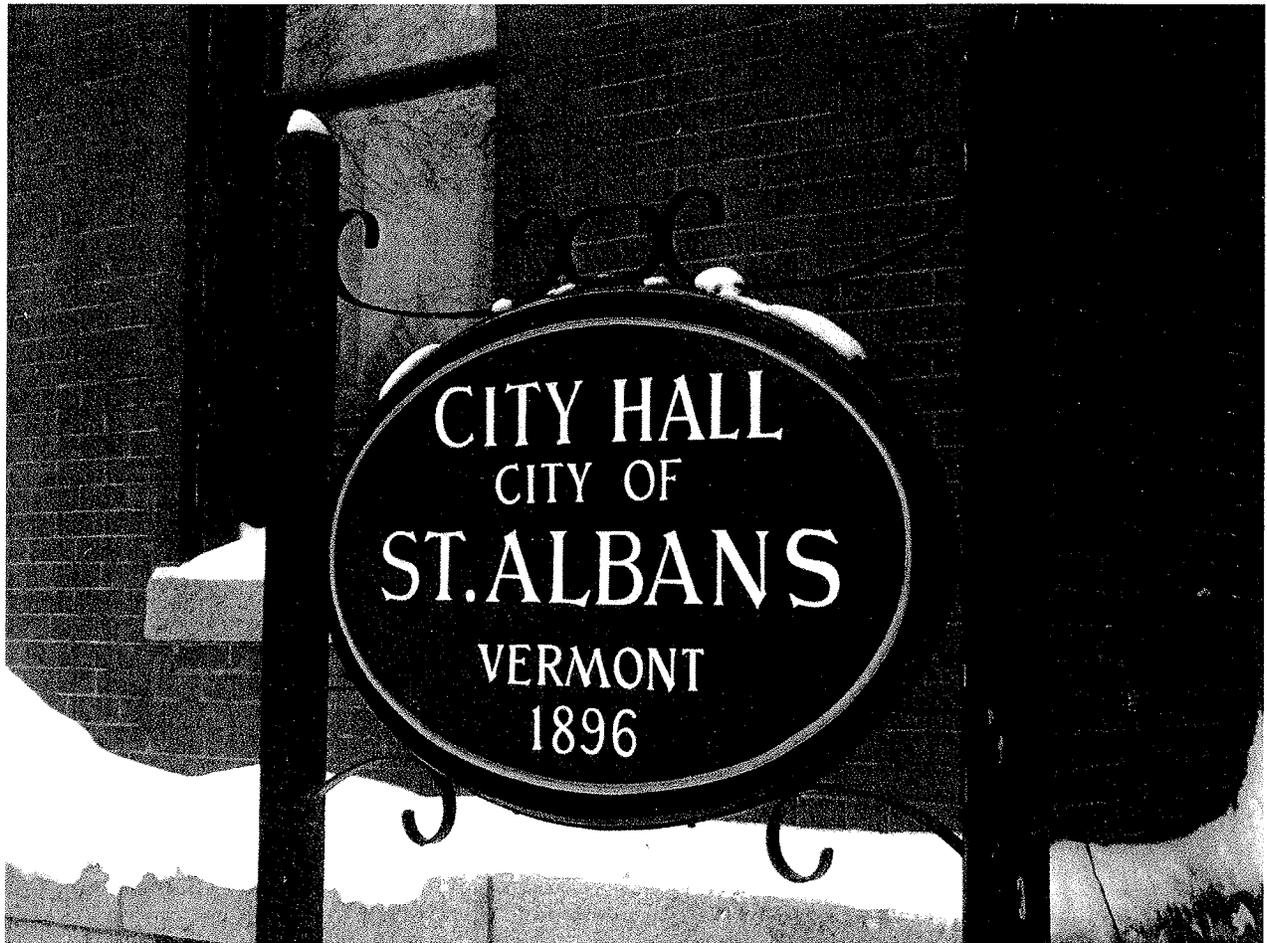


Annual Report

City of St. Albans, Vermont

July 1, 2010 to June 30, 2011



City Hall, 100 North Main Street, St. Albans, VT

CITY OF ST. ALBANS DIRECTORY

EMERGENCY NUMBERS:	
Fire--emergency	911
Fire--non-emergency	524-2132
Police--emergency	911
Police--non-emergency	524-2167
AmCare Ambulance Svc.-emergency	911
Northwestern Medical Center Hospital	524-5911
CITY CONTACT INFORMATION:	
Hours:	
City Hall:	
Municipal Complex (fire & police) 24 hours through dispatch	
Public Works Garage: 7:00 a.m. to 3:30 p.m.	
Address:	
PO Box 867, 100 North Main St., St. Albans, VT 05478	
City's Website: www.stalbansvt.com	
Departments:	
City Clerk & Treasurer	524-1500, ext. 261 & 264
City Manager	524-1500, ext. 253
Downtown Manager	524-1500, ext. 260
FAX	524-1505
Finance	524-1500, ext. 258
Listers	524-1500, ext. 263
Planning & Community Development	524-1500, ext. 262, & 265
Public Works Director	524-1500, ext. 267
Recreation Department	524-1500, ext. 266
Utility Billing	524-1500, ext. 257
Wastewater Treatment Plant	524-1509
Water Treatment Plant	524-2495
SCHOOLS:	
Franklin Central Supervisory Union	524-2600
St. Albans Elementary School	527-0565
Bellows Free Academy	527-6400
Collins-Perley Sports Complex	527-1202

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City of
SaintAlbans

P.O. Box 867, 100 North Main Street, St. Albans, Vermont 05478
802-524-1500 Fax 802-524-1505

As I pen my final State of the City report I am pleased to inform you that our city is in admirable shape and poised for the future. I look back with pride on how far we have come.

Mayor
Martin Manahan

Changes that were started over six years ago under the leadership of Mayor DesLauriers are finally coming to fruition. More specifically it was under his leadership that we attained the Downtown Designation criteria, which has allowed us to move ever closer to realize our downtown revitalizing initiative.

Ward 1
Timothy Hawkins

Ward 2
Richard Peters

A number of other projects are in full swing as well, including the Federal Street inter-model bypass and the Fonda redevelopment. Over the last year we finished the expansion at the wastewater plant. We have a contract with the Town to provide police services. We spent over \$175,000 paving city streets during the summer of 2011. Taylor Park has undergone some wonderful changes including the new pervious sidewalk on the east side of the park and planting of the green, which will allow space for community events to be held throughout the year.

Ward 3
Aaron O'Grady

Ward 4
Jeff Young

Although a majority of these projects are being completed with the assistance of grants and other funding, reality is, none of them could have been happened without the support of our taxpayers. You should be proud of the progress our community has made and continues to make.

Ward 5
Joseph Luneau

Ward 6
Chad Spooner

As in any service based organization we are only as good as our employees and we have the best!! We are fortunate to have devoted volunteers that serve on a variety of boards; I was fortunate enough to work with a talented group of individuals on the city Council over the past six years and want to thank them for their dedication and courage.

Clerk / Treasurer
Susan Krupp

City Manager
Dominic Cloud

I would like to take this opportunity to recognize and thank David Peirce, former Alderman of Ward III; he served the City for over twelve years on the Council ending his tenure last March. Mr. Peirce represented the City on the Regional Planning Commission, and a number of council sub-committee assignments as well. David was a dedicated Alderman and served our City faithfully.

I leave the Mayors office knowing we are in very capable hands. We have a brilliant City Manager, a solid Council and a new Mayor coming on board that will hit the ground running.

Thank you for the confidence you bestowed in me and the honor of serving as your Mayor.

Sincerely,

Martin Manahan

City of St. Albans
City Manager Report
2011

There are many ways to evaluate the health and vitality of a community. One could look at the balance sheet of the municipal corporation. By this measure, the City has a healthy ratio of debt to income and has managed to increase our investment in critical infrastructure such as paving. We have a ways to go to fully restore our streets and sidewalks, but we're now headed in the right direction.

One could look at the crime rate. By this measure, we have consistently reduced our crime rate by over 15 percent each of the last four years. We now have a stable and well managed police department with a strong investigative unit dedicated to eradicating drug and related property crime. This is a long-term effort, but most would agree that we're beginning to see the results of our investment.

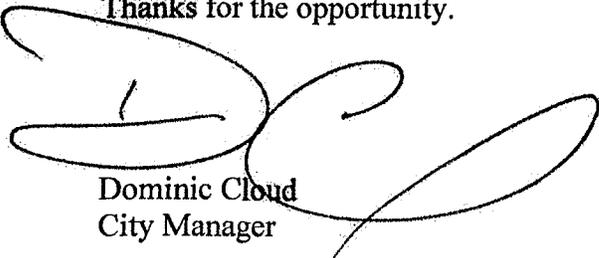
One could also look at the ability to attract outside grants and investment. The City is poised to complete a \$3.5 million improvement to Main Street consisting of new pavement, new wider sidewalks, new pedestrian street lights, and new amenities such as a large clock and benches. Only \$500,000 has come from local rate payers, who are asked to approve the water and wastewater portion of the project at this year's annual meeting. By this measure, the City is very healthy and is well regarded by external funding agencies.

One could also examine grassroots fund raising support for community initiatives. By this measure, our recreation department's ability to raise funds for the City pool is truly remarkable. The pool needs a new filter to operate in 2012 and the \$60,000 price tag was outside of the annual operating budget. In response, our recreation director has raised \$40,000 from the community and \$20,000 from a state grant to ensure the pool will open in 2012. Truly inspiring.

Finally, one could look at the willingness of others to take a chance and invest in our community. There are countless examples, but at the top of the list is developer Jim Cameron who has purchased the historic St. Albans House at the corner of Lake and Federal. Jim is planning a full scale renovation of the historic property and plans a mixed-use development consisting of retail, office, and residential units.

All told, the City is making significant progress towards achieving the City Council's vision of a thriving downtown surrounded by safe, healthy neighborhoods. There is much work to be done, but as the saying goes, nothing is more rewarding than working hard at work worth doing.

Thanks for the opportunity.



Dominic Cloud
City Manager

City of
SaintAlbans

P.O. Box 867, 100 North Main Street, St. Albans, Vermont 05478
802-524-1500 fax 802-524-1505

Mayor
Martin Manahan

Ward 1
Timothy Hawkins

Ward 2
Richard Peters

Ward 3
Aaron O'Grady

Ward 4
Jeff Young

Ward 5
Joseph Luneau

Ward 6
Chad Spooner

Clerk / Treasurer
Susan Krupp

City Manager
Dominic Cloud

**WARNING
ANNUAL CITY MEETING
CITY OF ST. ALBANS**

March 6, 2012

The legal voters of the City of St. Albans are hereby warned and notified to meet at the City Hall auditorium, located at 100 North Main Street, on Tuesday March 6, 2012, for the purpose of voting upon the articles as herein set forth. The polls will open at 7:00 a.m. and will remain open until 7:00 p.m. Articles will be voted upon by use of the voter checklist and official printed ballots.

Article 1: Elected Positions

To elect from the legal voters of said City, the following officers:

- One Mayor for a term of two years;
- One Clerk for a term of two years;
- One Treasurer for a term of two years;
- One City Council Member to represent Ward Five for a term of three years;
- One City Council Member to represent Ward Six for a term of three years;
- Two Trustees for the St. Albans Free Library, for a term of three years each;
- Any other officer or officers required by law to be elected at said meeting.

Article 2: City Budget

Shall the voters adopt the City Council's proposed budget for FY 2013 totaling \$6,946,958 with an estimated municipal tax rate of \$.7881 on the current Grand List?

Article 3: Fairfax South Reservoir Dam Reconstruction

Shall the City of St. Albans issue bonds or notes in an amount not to exceed \$1.2 million for the purpose of reconstructing the Fairfax South Reservoir Dam and upgrade the pump house?

Article 4: Main Street Water, Wastewater, and Stormwater Reconstruction

Shall the City of St. Albans issue bonds or notes in an amount not to exceed \$500,000 for the purpose of reconstructing water lines and wastewater lines, and constructing new stormwater lines in conjunction with the Main Street Streetscape Project from Stebbins Street to Hudson Street?

Article 5: Barlow Street Tennis and Basketball Court Reconstruction

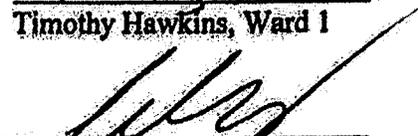
Shall the City of St. Albans issue bonds or notes in an amount not to exceed \$120,000 for reconstruction of the Tennis and Basketball Courts at the Barlow Street Community Center?

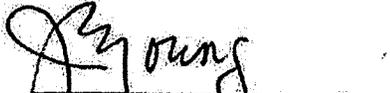
Adopted and approved at a Special Meeting of the St. Albans City Council, duly called, noticed, and held on January 23, 2012.

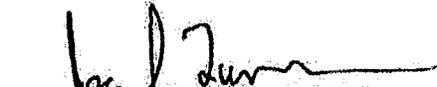

Martin Manahan, Mayor


Timothy Hawkins, Ward 1


Richard Peters, Ward 2


Aaron O'Grady, Ward 3


Jeff Young, Ward 4


Joseph Lunéau, Ward 5


Chad Spooner, Ward 6

ATTEST:

Susan Krupp, City Clerk

City of St. Albans General Fund
2012 Proposed Budget
As of February 1, 2011

Revenue	2011 Budget	2011 Actual	2012 Budget	2013 Proposed Budget
Property Taxes	3,716,688	3,723,391	3,716,816	3,728,198
Payments on Prior Years' Taxes	200,000	276,780	224,800	324,200
General Revenue Categories				
Penalty on Taxes	30,000	31,563	26,976	28,500
Interest on Taxes	42,000	50,232	35,968	40,000
State Payments, RR Taxes	8,000	8,571	8,500	8,500
Interest on Savings	12,000	6,447	7,500	6,500
G.W.R.	87,000	89,449	-	-
G.W.W.R.	87,000	96,953	-	-
Water/Wastewater Pro-rata Lease, PW Garage	-	-	30,000	30,750
Water/Wastewater Pro-rata Lease, City Hall	-	-	43,000	44,075
State PILOT Payment	52,000	76,864	55,000	75,000
Debt Proceeds	-	44,333	-	-
Insurance Reimbursements & Misc.	37,500	55,388	25,000	35,000
City Clerk	99,000	95,753	89,000	89,000
Planning & Development	76,500	20,542	56,500	44,500
Assessing	25,000	22,155	27,500	27,500
Fire Department	63,500	764,812	63,500	71,000
Police, Dispatch, Animal Control	1,015,355	993,984	1,486,696	1,431,461
Community Justice Center	109,519	289,896	373,110	453,394
Public Works	129,000	126,572	167,300	120,500
Recreation Programs, including Barlow	367,813	378,631	390,923	388,880
Common Ground	-	-	-	-
Total Revenue	6,157,875	7,152,316	6,828,089	6,946,958
Expenditures				
Administration	201,585	213,088	242,054	407,701
City Clerk	59,631	65,913	58,726	66,125
Finance	47,938	45,639	50,064	47,292
Planning & Development	237,236	227,717	232,890	245,031
Planning & Development Capital	95,000	-	53,250	37,500
County/District Functions	169,453	168,902	167,882	158,569
Audit & Audit Consults	5,000	11,256	15,000	10,000
Assessing	161,350	176,361	83,920	43,846
Debt Service, Principal	150,150	386,022	223,175	179,998
Debt Service, Interest	47,404	50,542	48,506	32,761
Professional Services: Legal	70,000	169,765	70,000	70,000
Information Management	5,835	12,599	6,500	6,500
Fire Department	666,267	727,211	531,651	546,417
Fire Department Capital	76,657	744,197	70,627	78,018
Police, Dispatch, Animal Control	2,957,721	2,924,400	3,310,471	3,212,803
Police Department Capital	84,167	68,683	107,916	86,250
Community Justice Center	109,519	294,896	353,265	438,549
Public Works, Highway, Parks	490,246	577,232	703,214	613,427
Public Works Capital	160,280	111,945	155,345	279,441
Recreation Programs, including Barlow	350,936	382,054	335,007	386,730
Recreation Capital	11,500	-	8,625	-
Common Ground	-	-	-	-
Total Expenditures	6,157,875	7,358,401	6,828,089	6,946,958

The City Clerk's Office experienced a busy year with the recording for 506 Births, 157 Deaths and 45 Marriages and 5 Civil Unions. Property sales for 2011 remained low, however, re-financing continues to increase.

Over the past year, the following changes have occurred:

- The hours for the Office have expanded and is now open Monday through Friday from 7:30 AM to 4:30 PM.
-
- A new computerized land records recording system, Cott Systems, was implemented. As of November 1, 2011, all City Land Records are now being recorded on the computer. Attorneys, researchers and the public are now able to view and print land records via a computer terminal located in the Clerk's Office. The system also provides a web site for attorneys and researchers to view land records from their office further assisting them with their research. Via the Cott System all land records will be preserved three- fold - a hard copy available within the Clerk's Office, copies available via computer and backup at the Cott Systems main storage facility.
- At the request of many St. Albans City residents, the Clerk's office is now sending out yearly dog license renewal notices to City dog owners notifying them of the April 1st licensing deadline.

Future plans for the office are:

- Implement a credit/debit card payment system allowing the public to pay water/sewer bills, tax payments and other clerk fees via their credit/debit card.
-
- Expand the use of the Cott Computerized Recording System to include all vital records such as births, marriages deaths, and military discharge papers and work toward recording the past 40 years of land records into the Cott Systems.
-
- Explore available options for the expansion of the vault within the Clerk's Office.
- Open the Clerk office one Saturday morning each month to provide the public additional access to services provided by the Clerk's Office.

I have enjoyed my first term as St. Albans City Clerk and Treasurer and look forward to a second term and accomplishing the goals I have planned for 2012.

Sincerely,
Susan Cadieux Krupp

The mission of the St. Albans Community Justice Center is to build a safe community where people are accountable to each other. The Justice Center listens to offenders, victims/survivors, and other affected parties; facilitates meaningful amends and change; and addresses conflict through community education, shared power, and respectful dialogue.

The Justice Center is governed by a 9-member Citizens Advisory Board (CAB) that is comprised of local residents and key stakeholders. The CAB meets monthly to discuss the Center's operations and make recommendations.

The St. Albans Community Justice Center continues to expand services and supports for St. Albans City residents and community.

The Justice Center recently expanded the **Reparative Board Program** to accommodate the growth of referrals, both from Probation and Parole and directly from Franklin County District Court. The five boards meet monthly and are led by 18 community volunteers. Last year, the boards saw a total of 118 reparative cases and volunteers contributed more than 700 hours of service to their community. Clients also completed more than 500 hours of community service as required by their reparative contracts. The goal of the reparative boards is to assist offenders in taking responsibility for their crimes, repair the harm caused, and ask offenders to make changes in order to not reoffend.

The Justice Center also coordinates two Offender Reentry Programs.

- **The Circles of Support and Accountability Program** works with reentering offenders who have caused serious harm to victims, families and community. The Justice Center recruits, trains, and supervises three volunteers to work with each program participant. The volunteers provide support and accountability in order to promote a safe community and successful offender reentry. The program currently serves 8 clients per year.
- **The One Stop Reentry Resource Center** provides a structured four-week curriculum to offenders who have been referred by Franklin/GI Probation and Parole. The participants learn employment and life skills, access services, and provide community service to partnering agencies. Clients are matched with Case-Managers, who provide ongoing assistance for at least 3-6 months after the client completes the "One Stop". The program served nearly 70 clients over the course of the past year. In addition to supporting successful reentry, preliminary outcomes results indicate that the program is having a net positive result on Vermont finances, saving the state well above the costs of the grant (due to lower recidivism).

Fourth, the Justice Center provides sliding-scale mediation services through the **Conflict Assistance Program**. The Justice Center accepts mediation referrals from City and State Police as well as service partners and St. Albans City residents. The program is led by the Restorative Justice Specialist, who has a master's degree in Mediation. The goal is to make sure that community disputes and conflicts do not rise to the level of a crime.

In the fall of 2011, the Justice Center launched the **Parallel Justice Program**. The program serves victims of crime from several Franklin County communities and is modeled after the Burlington Community Justice Center's Parallel Justice Program. Services include outreach and referral, property repair and replacement (income eligible), and support. The program is a collaboration between the Community Justice Center, the Vermont Center for Crime Victim Services, St. Albans City Police and the local barracks of the State Police. The goal is to ensure that victims of crime receive the support they need to get their lives back on track.

This winter, the Justice Center initiated a **Truancy Program** in collaboration with St. Albans City School and Franklin County United Way. Over the course of the academic year, the Justice Center will organize up to five *Family Group Conferences* for children who are persistently truant or tardy. The Justice Center receives referrals from St. Albans City School as an alternative to a legal process. The goal is to help families get their children to school on time, every day.

If you would like to learn more about any or all of these programs, please contact the Community Justice Center at 524-7006. The Center is located at 17 Lake Street, Suite 2 (entrance faces the Municipal Parking Lot). The Justice Center relies on local volunteers and concerned citizens to deliver its restorative programs.





[The City Fire Department's new Ladder #1 which was delivered on April 21, 2011]

ST. ALBANS CITY FIRE DEPARTMENT ANNUAL REPORT 2011

During the calendar year 2011 the St. Albans City Fire Department handled 457 calls. Of those calls 405 were False Alarms, or Hazardous Condition (no fire). These types of calls are often car accidents with fluids leaking in the roadway, gas leaks or spills, etc. 31 calls were for medical assists and 21 were actual Fire Calls.

Of the actual Fire Calls: 5 were Structure Fires, 2 were Chimney/Boiler Fires, 4 were Vehicle or Outside Equipment Fires, 4 were Dumpster Fires, 4 were Brush/Grass or Rubbish Fires, 1 Mutual Aid Call and 1 Controlled Fire inside a Building.

We have reinforced our full time Firefighters by aggressively growing our Volunteer Call-Force. At this writing we have 17 Interior Certified Firefighters on the Department including our full time personnel. We have 4 additional Firefighters that will soon complete their Vermont fire certification training and will be classified as Interior Firefighters. The Call-Force is further comprised of 4 Exterior Certified Firefighters, 4 Firefighter Trainees and 8 Fire Cadets. We are continuing to recruit and train new members. The organizational structure of the Fire Department has changed, but the city and the men and women who make up the City Fire Department have never been more serious about building and providing top quality fire service to the community and its citizens.

In addition to our own fire fighting capabilities we are part of a County wide Mutual Aid Group comprised of every Fire Department in Franklin County that we can call upon, and do when circumstances dictate. At the November 24, 2011 (Thanksgiving morning), structure fire on Lincoln Avenue we had 19 City Firefighters and 45 Mutual Aid Firefighters on-scene at the fire's peak for a total of 64 Firefighters.

At the Ferris Street structure fire on December 21, 2011 we had 77 firefighters on-scene or in an adjacent staging area at the fire's peak.

Gary L. Taylor, Interim Fire Chief

St. Albans City
PLANNING & DEVELOPMENT DEPARTMENT REPORT
Respectfully submitted by Chip Sawyer, Director of Planning & Development

Thank you for reviewing the St. Albans City Planning & Development Department's Annual Report for 2011. Regardless of a significant staff transition in 2011, our department played a hand in many major City accomplishments.

Community Development

Fonda-Solo Demolition Project – The City used up to \$900,000 in federal brownfield clean-up funds to successfully and safely demolish and remove the former Fonda and Solo manufacturing plant on Lower Newton St. This was the culmination of a multi-year project and leaves the project site in a marketable state for redevelopment. Our department stands ready to assist the City Administration in attracting development to the Fonda-Solo site and bringing something new to St. Albans

Downtown Streetscape Project – Our department developed the grant application that resulted in \$1.3 million in U.S. "TIGER" transportation funds for our Downtown Streetscape Project. Combined with other federal, state, and local funds, this grant award has made construction of the nearly \$3 million Streetscape Project a reality. Having nearly finished the public design phase of the project, we look forward to breaking ground in late summer 2012.

Taylor Park East Sidewalk – In collaboration with Public Works, our department oversaw the construction of the new pervious concrete sidewalk and handicapped access ramp on the eastern edge of Taylor Park. This project resulted in better access to the park and adds to St. Albans' reputation around the State as a community that engages in innovative ways of dealing with stormwater.

City Pool Filter Grant – It isn't only the large grants and projects that matter: our department worked with Recreation Director Kelly Viens on a successful \$20,000 grant toward replacement of the City's Pool Filter. We appreciate our part in making sure that our beloved City Pool is able to open for the season.

Downtown Development

Main Street Program – Downtown St. Albans has maintained its active designation with the Vermont Downtown Program. In 2011 Downtown St. Albans was recognized at the Annual Downtown Conference as a Nationally Accredited Main Street Program. St. Albans was one of the first downtown programs to achieve this in the state.

New Downtown Board – The City's downtown revitalization efforts were successfully merged with the nonprofit St. Albans for the Future (SAFF) by the creation of new Downtown Board, which is appointed by the City Council and also operates as the SAFF Board of Directors. The Downtown Board also incorporates the work of the former Downtown Master Plan Implementation Committee and is staffed by the City's Downtown Manager.

Downtown Investment – The City Downtown Manager reports that 2011 saw a net gain of 10 businesses opening in Downtown St. Albans (more than in 2010) and at least \$580,000 in private

investment for construction and rehabilitation. Approximately 3,500 people attended the events that the City Downtown Program was a part of in 2011.

Planning & Zoning

Permits and Development Review – The City’s Zoning Administration staff and the Development Review Board were busy in 2011. A total of 274 permits have been issued, which is down from 2010, but permit revenues are already 56% higher than the total of the previous year. This year as seen larger and more substantial projects being permitted, such as the St. Albans Co-operative Creamery expansion and the rehabilitation of the St. Albans House. The Development Review Board has heard 20 cases.

Municipal Plan Revision – The City Planning Commission, Planning & Development staff, and interested members of the public have proposed revisions to the City’s Municipal Plan to guide future planning and development activities. A Municipal Planning Grant was used to fund the Northwest Regional Planning Commission’s involvement in the project. The Plan reviews current conditions and trends, and establishes goals, recommendations and maps for the future use of land within the City. The revision process is anticipated to conclude with consideration of approval by the City Council in 2012.

The Form and Character of St. Albans – In 2011, the St. Albans City Planning Commission and Planning & Development Department convened *Create St. Albans*, a unique opportunity for City residents to discuss the form and character of our community, our vision of the future, and new ideas and initiatives to pursue. A grant-funded consultant was hired to advise the effort and compile the results. Northwest Regional Planning Commission and local company Mapmaker Photogrammetry Services were also involved. Many aspects of this effort will live on in new effort to draft a form-based code for the City core, funded by a new Municipal Planning Grant.

State Investment in Our Planning Program – It should also be noted that the quality of the City’s planning program and initiatives has resulted in Vermont Municipal Planning Grant awards every year for at least the past decade.



[National Night Out in Taylor Park, August 2, 2011]

ST. ALBANS CITY POLICE DEPARTMENT ANNUAL REPORT 2011

During the calendar year 2011 the St. Albans Police Department arrested 540 Adult Offenders, 47 Juveniles and took 258 Public Inebriates into protective custody. The total number of individuals taken into custody by the Police Department in the year 2011 was 845. This represents a 21% increase in one year. The St. Albans Police Department call volume increased by 16% overall, however that increase was directly attributable to the delivery of police services in the Town of St. Albans. We actually decreased the total number of law incidents from 2008 to 2009 by 9.01% in the City and we have realized an overall decrease in the total law incidents in the City of St. Albans between 2008 and 2010 of 15%. Between 2008 and 2010 we were able to achieve an overall 32.43% reduction in assaults. We saw a 26.12% reduction between 2008 and 2009 and another reduction between 2009 and 2010. In 2011 We actually saw a 25% increase in assaults over 2010, however we still remain 11% lower then in 2008. In 2011 we saw a 30% decrease in burglaries over 2010. DUI arrests increased by 16.12% between 2008 and 2009 and then increased by 67% between 2009 and 2010. In 2011 we experienced a 45% decrease in DUI arrest. Experts agree that this can often be attributed to stricter enforcement and public education. We experienced a 79% decrease in detected and documented drug violations between 2010 and 2011. In 2011 we experienced a 25% decrease in robberies over 2010. We realized a 40% decrease in Sex Offenses from 2010 to 2011. Over the past two years we have experienced an overall 20% decrease in vandalism incidents in the City of St. Albans. We experienced a 20% decrease between 2010 and 2011. This amounts to a 35% decrease between 2008 and 2011. We experienced a 75% increase in weapons offenses between 2010 and 2011. Search and Arrest Warrant activity decreased by 35% between 2010 and 2011

Gary L. Taylor, Police Chief

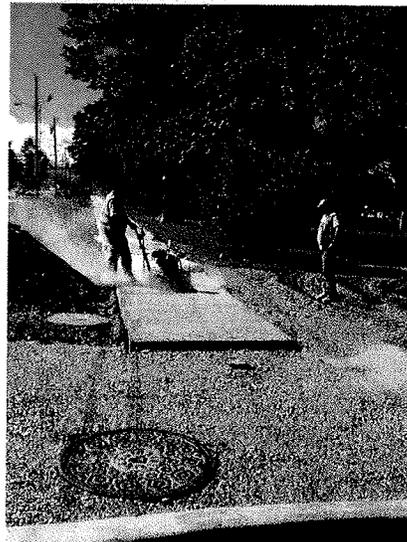
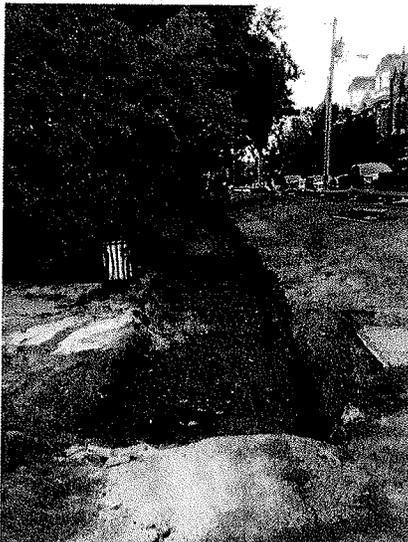
St. Albans City Public Works 2011 Annual Report

The Street Department replaced 2500 feet of sidewalk on the south side of Congress Street. The plan is to complete the sidewalk on the north side of Congress Street this coming summer. We also constructed 700 feet of "Pervious Concrete" sidewalk in Taylor Park. As a part of the Taylor Park project we also installed an ADA handicap accessible ramp. During the summer of 2011 we completed our most significant paving project in recent memory. This was made possible with a \$100,000.00 Class 2 Paving Grant from the State of Vermont.

Taylor Park has seen a variation of changes with the removal of the reflecting pool replaced by a very appealing flower garden, a fence which surrounded the Civil War monument has also been removed for safety reasons. There has been selected removal of trees which were diseased, removal of selected asphalt sidewalks and substantial work has been done on the electrical power to increase the capacity for future events to be held in the park.

The Water Department completed the annual Fire hydrant flushing program. The Phase 1 Water Study has been completed with Phase 2 75% complete. These studies will assist the City with recommendations for improvements in the water system as we move forward. Final design for the South Reservoir Dam project is at 90% completion. The plan is to be under construction for the new South Dam during the summer of 2012 with completion in late fall 2012.

The Wastewater Department which includes both Treatment & Collection has completed all annual maintenance of plant operations as well as cleaning of collection lines and pump stations. It appears that we are starting to realize some of the efficiencies of de-watering our own sludge on site at the Treatment Plant as a result of the new de-watering centrifuge installed during the recent upgrade.





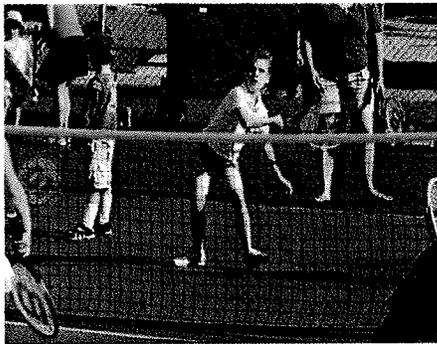
St. Albans Recreation Department Report

The St. Albans Recreation Department and Commission work to develop quality recreational programming for the members of our community. The goal is to provide fun, quality offerings that appeal to all members of our community. The Commission is made up of 7 members -four representatives from the City of St. Albans and three representatives

from the Town of St. Albans. Meetings are held on the first Wednesday of the month. If you're interested in serving on the commission, please contact your city or town office.

Many events and programming are made possible by the generous donations of our Premiere Sponsors:

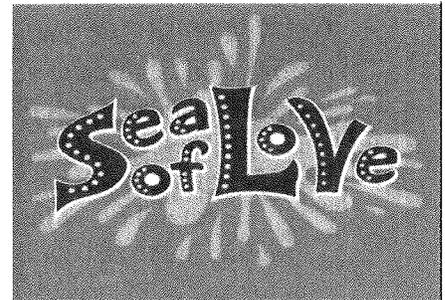
Mimmo's Restaurant ~ Heald Funeral Home ~ People's Trust Company ~ Clarence Brown, Cold Hollow Photography ~ Classic Imprints



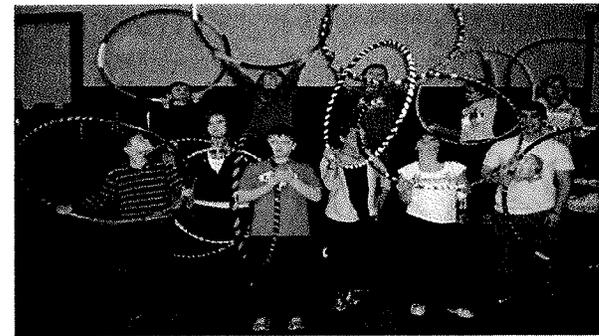
This past year saw the refinishing of the gym floor in City Hall. It looks wonderful and is the first step in making the room a true multi use facility. The tennis and basketball courts at Houghton Park were resurfaced. New nets were installed on both the tennis and basketball courts. The tennis courts were lined with new USTA Quickstart lines for our youth program. The Quickstart program creates a friendlier environment for kids to learn the game.

The Recreation Department with Leon Thompson and Jack Tremblay embarked on a significant fund raising campaign to help cover costs of

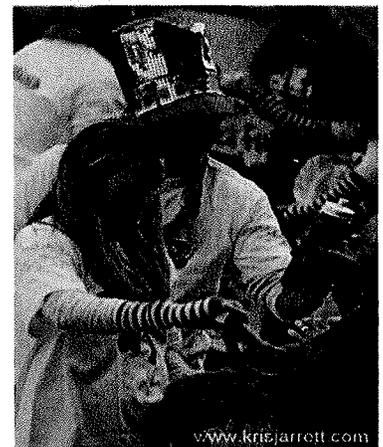
replacing the filter at the St. Albans City Pool by creating a video "Sea of Love" with local residents as stars in the film. As always, businesses and groups in the community were the first to commit to major donations for the project. Those early contributors include The St. Albans Rotary Club, The St. Albans Elk's Club, and SB Collins. The replacement cost is about \$60,000 and to date 2/3 of the funds have been raised. St. Albans has a very generous core of businesses, civic groups and volunteers.



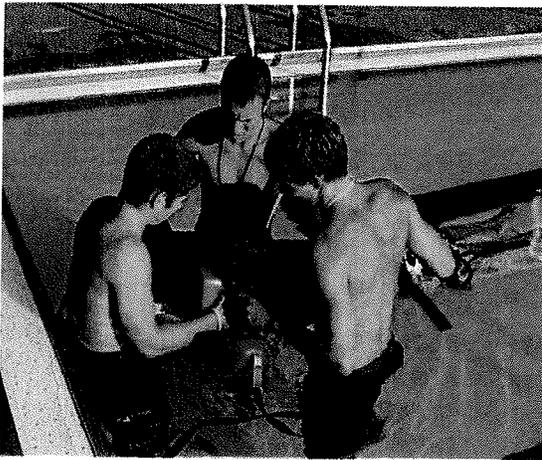
Some of our programming & activities include: St. Patrick's Day Parade, Chili Cook-off, Easter Egg Hunt, Summer Day Camp, Counselor in Training, Sports Camps, Meditation Classes, Fitness Dance Class, Weight Loss Challenges –over the last year participants have lost over 2,000 pounds! Youth Soccer, Youth Basketball, Vacation Day Camp, Bus Trips, Food & Cooking Demonstrations with local cooks and restaurants, Father Daughter Gala & Silent Auction, Pilates, Strength Class, Ski & Snowboard Lessons, Mountain Bike Camp, Tennis, Art offerings for children and adults, Yoga, the Sap Run, and more! Our programs can be given in the



form a gift certificate available in any amount. The Recreation Department offers Birthday parties run by recreation staff in City Hall Gym. Our list of programming changes constantly. You can see what's new or register and pay for programming on line at www.stalbansrec.com .



During the summer the St. Albans City Pool is buzzing with activity from early morning until evening as the home of The St. Albans Sharks Swim Team, American Red Cross Learn to Swim lessons for Children and Adults, Aqua Jogging, Public Swim, Lifeguard Training, Water Safety Instructor Training, Swim Camp, Summer Carnival, Movie Night, Family Fun Swim and Kids Night. The St. Albans Recreation Department has partnered with BFA St. Albans Physical Education Department to offer swimming as an option to students for P.E. class.



Many of the elementary classes celebrate the end of school and their first taste of summer at the pool each June. The St. Albans City pool is also a free lunch distribution site for the Federal Summer Lunch Program. Free, nutritious lunches are available for kids Monday through Friday at the pool house where they can be enjoyed in a safe, supervised and welcoming environment.

The Recreation Department in conjunction with Hard'ack Recreation Area offer a myriad of opportunities for outdoor recreation year round. Winter activities include the Ski & Ride lessons, Skiing, Snowboarding, Sledding, Skating, XC Skiing on a groomed 5 K Wooded Trail, snowshoeing (made even more accessible with the generous donation of snowshoes by the St. Albans Rotary Club) Horse drawn sleigh rides, Nordic Walking, Outdoor adventure treks, Wednesday Night 5K Community runs, mountain biking clinics and camps. Guided Mountain Bike Rides, Full Moon Hikes and hosts Winter Carnival. Hard'ack provides endless opportunities for all of us to get outside and enjoy this beautiful area.



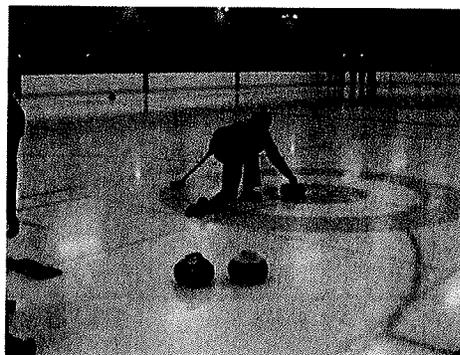
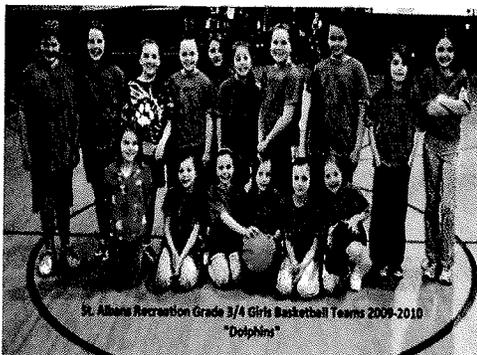
Many community organizations, businesses, as well as other St. Albans City Departments partner with and support the recreation department on a regular basis to make these programs and events both possible and affordable to all who participate.

Volunteer instructors and coaches are the backbone of the recreation program. If you have a skill or interest that you would be willing to share, please contact the recreation department. We are located in the City Hall Gym, to the left of the stage. We can be reached by phone 524-1500 X266, cell 309-1810 or by email at k.viens@stalbansvt.com. As always, the recreation commission is open to suggestions and values your comments.

Kelly Viens, Recreation Director

Mike Smith, Chairman – Recreation Commission

Dave DeBellis - Mike Zemianek - Megan Manahan - Joe Sinagra



Annual Report to the City of St. Albans
St. Albans Free Library
July 1, 2010- June 30, 2011

The St. Albans Free Library is supported by funds from both the City of St. Albans and the Town of St. Albans. Additional funds received through donations, grants and trust revenues help fund the overall operation of the Library. The Library serves residents of the City and Town of St. Albans as well as residents of nearby towns that are willing to pay a user fee. Our current user fee for non-residents is \$15/year.

The St. Albans Free Library's budget request from the City of St. Albans for 2012-2013 is \$195,096.00; this request is maintaining level funding from fiscal year 2011-2012.

St. Albans Free Library continued its ongoing commitment to excellence by providing traditional library services along with services requiring technology. Changing technology has allowed the Library to offer patrons an array of services both in the Library and from the patron's home. Having a library card is no longer a resource for checking out one of our 39,253 materials. Your library card can now get you access to databases where you can learn a language, read an online newspaper or find out travel information for an upcoming vacation.

The Library is also a physical place in the community to gather and meet new people. From storyhour to book group to our volunteer run book sale, over 75,645 community members came to the Library to form new friendships and exchange ideas. The Library provided programs and services through an outstanding staff, a supportive Library Board and a wonderful group of volunteers.

To find out more of what's going on at the Library, stop by and pick up a monthly calendar or visit us on the web at www.stalbans.lib.vt.us, you can also "friend" us on Facebook, just be sure to search for us as Saint Albans Free Library.

MaryPat Larrabee
Library Director

D. Joseph Davison
Chair, Board of Trustees

St. Albans Free Library		
Proposed Budget Request for 2012-2013		
	2011-2012	2012-2013
Operating Revenues		
City of St. Albans	\$195,096.00	\$195,096.00
Town of St. Albans	\$119,384.00	\$119,384.00
William Clark Trust	\$6,800.00	\$7,000.00
Ethel Peabody Trust	\$1,300.00	\$1,300.00
Fine/Desk Income	\$6,500.00	\$6,500.00
Gift Funds	\$3,000.00	\$3,500.00
TOTAL	\$332,080.00	\$332,780.00
Operating Expenditures		
Adult Materials	\$6,500.00	\$6,500.00
Adult Periodicals	\$2,500.00	\$2,000.00
Online References	\$3,500.00	\$3,500.00
Juv Materials	\$6,500.00	\$6,500.00
YA Materials	\$500.00	\$500.00
Juv Periodicals	\$900.00	\$500.00
Juv Programs	\$2,000.00	\$2,000.00
Gift Funds	\$3,000.00	\$3,500.00
Salaries	\$94,819.00	\$94,819.00
Wages	\$93,802.00	\$93,802.00
Wages-Cleaning	\$4,500.00	\$5,500.00
Soc Sec	\$14,500.00	\$15,066.00
Work Comp	\$1,500.00	\$1,500.00
Building Repairs	\$4,000.00	\$4,000.00
Building Reserve	\$1,500.00	\$1,500.00
Building Insurance (CSTA)*	\$9,300.00	\$9,600.00
Employee Benefits (CSTA)*	\$43,332.00	\$42,016.00
Telephone (CSTA)*	\$1,300.00	\$1,300.00
Water & Sewer (CSTA)*	\$650.00	\$650.00
VT GAS	\$5,427.00	\$5,427.00
CVPS	\$10,600.00	\$10,600.00
Finance Officer Bond	\$200.00	\$200.00
Maintenance contracts	\$5,250.00	\$5,250.00
Postage	\$2,000.00	\$2,000.00
Payroll Services	\$1,200.00	\$1,750.00
Supplies	\$5,500.00	\$5,500.00
Technology (support & upgrades)	\$5,500.00	\$5,500.00
Verizon DSL	\$1,800.00	\$1,800.00
TOTAL	\$332,080.00	\$332,780.00
*billing is done through the City of St. Albans		



2011 City Report

The Regional Commission is a multi-purpose governmental organization formed by and serving the municipalities of Franklin and Grand Isle Counties. All municipalities in the region are entitled to equal voting representation by two locally appointed members to the Board of Commissioners. Northwest Regional Planning Commission implements a variety of projects and programs tailored to local, regional and statewide needs.

Northwest Regional Planning Commission Projects & Programs:

Municipal plan and bylaw updates and related technical assistance: Focus on predictable and effective local permitting through education and training, bylaw modernization and plan updates.

Brownfields: Complete environmental site assessments and fund clean-ups so properties can be sold, developed or re-developed to benefit the economy, create or protect jobs and increase housing opportunities.

Transportation planning: Coordinate local involvement in transportation decisions through the Transportation Advisory Committee (TAC), and provide services such as intersection studies, corridor plans and traffic counts.

Emergency response planning: Better prepare our region and state for disasters by coordinating with local volunteers and VT Emergency Management on emergency response planning, exercises and training.

Energy conservation and development: Implement projects to support municipal energy conservation to save energy and tax dollars, support job training programs, and identify opportunities for renewable energy generation.

Watershed planning and project development: Implement water quality projects and programs to protect water resources, ensure safe water supplies, enhance recreational opportunities and address known sources of pollution.

Regional plans: Coordinate infrastructure, community development and growth at the regional level through the development, adoption, and administration of a comprehensive regional plan.

Geographic information services: Provide municipalities, state agencies and regional groups with mapping and data analysis in support of their projects.

Special projects: Complete special projects such as downtown revitalization, recreation paths, farmland preservation, economic development and affordable housing projects.

Grants: Provide assistance identifying appropriate grant sources, defining a project scope and writing grant applications.

In Saint Albans City the Northwest Regional Planning Commission:

- ☞ Answered technical assistance requests on planning and zoning issues.
- ☞ Provided maps for a Tax Increment Financing district application.
- ☞ Provided assistance in water quality improvements for Stevens and Rugg Brook, including project identification and implementation funding.
- ☞ Assisted with updating the City's Basic Emergency Operations Plan.
- ☞ Completed draft Municipal Plan, including maps, and provided assistance with "Create Saint Albans" Planning Charrette.
- ☞ Provided technical assistance for school playground improvement grants.
- ☞ Made \$200,000 Revolving Loan Fund Sub-Grant to conduct clean-up activities at the Fonda Brownfields site.
- ☞ Updated the E-911 poster map, road atlas and road map.
- ☞ Funded energy audits for City Hall, the Barlow Community Center, and the Police/Fire Station.
- ☞ Participated on the Federal Street project committee and completed two traffic counts on local roads.
- ☞ Supported the schools with Safe Routes to School programming. Conducted student travel surveys, completed a sign inventory, purchased signs and developed a School Travel Plan.
- ☞ Reviewed and recommended regional approval of the 2011 readopted Municipal Plan which was approved by the Board of Regional Commissioners.

**Saint Albans City
Regional Commissioners:**
Lazarus Scangas & Jeff Young

**Transportation Advisory
Committee:**
Joseph Luneau

In the coming year the Commission will continue our programs in local and regional planning and project implementation and will provide other needed services to our member municipalities. The Commission has no regulatory or taxing authority; however, each year we do request a per capita assessment from our members in support of local and regional activities and to provide matching funds needed for state and federal programs.

Your continued support for local and regional planning is greatly appreciated. NRPC is your resource -- please call on us for assistance with planning, zoning, transportation, mapping, or other needs.

Northwest Vermont Solid Waste Management District
Supervisor's Report

The Northwest Solid Waste District's (NWSWD) mission is to provide for the efficient, economical, and environmentally-sound disposal and reduction of solid waste. In 2011 we began to enact a number of improvements to our waste management planning, education, and direct services in order to make environmentally-sound management of your waste more efficient and economical. Some of these changes include:

- The re-establishment of our enforcement program and return of a NWSWD Enforcement Officer.
- Improved operations at District drop-off centers including: new cash registers, improved traffic patterns, uniform procedures
- Increase operations and material processing at the District's Georgia Recycling Facility
- Preparation for the opening of a permanent Household Hazardous Waste Collection site
- Free recycling of Televisions, Computers, Printers, and Computer Periphery
- Expanded food scrap collection and composting through our Close the Loop program
- Combined Hazardous Waste and Bulky Trash Collections
- Creation of new recycling program for Maple Sap Tubing

This report focuses on the accomplishments of District services and programs for the fiscal year that ran from July 2010 thru June 2011 and elaborates on the improvements we've made. While the list is not all-inclusive, it does provide a good overview of the District's work on behalf of Northwest residents. More info can be found on our website www.nswsd.org, and questions, comments and suggestions may be directed to District staff at (802)524-5986.

NWSWD By the Numbers

Overall in 2011, District communities generated a total of 27,869 tons of waste material. After recycling, reuse, and composting, the average District resident generated 3.48 pounds of waste per day.

In the NWSWD, 5 District run recycling Drop-off sites in Montgomery, Bakersfield, Fletcher, St. Albans and North Hero, 2 town run sites (Alburgh and Grand-Isle), and mandatory curbside recycling for haulers allows easy access to recycling for all residents. This year District sites and events disposed of 681.87 tons of trash and processed 483.63 tons of recyclables, setting the recycling rate for District Services at 42%. All of this effort meant that NWSWD residents and business recycled a grand total of more than 2,000 tons of material. The value of these materials to the District was \$31,889 in 2011. Goals we have for the future include doubling recycling volume that the District processes, increasing the participation of District Haulers in recycling, and reaching a District wide recycling rate of 50%.

Recycling and Trash Drop-off Sites

This year District Drop-off sites went solar. We installed new cash registers at three of our sites that are powered by solar panels. To accommodate the cash registers and to improve safety and efficiency we also improved traffic flow and signage at most of our sites this year. In the coming year we will be completing these improvements at our other sites. We also focused on informing site users of what materials are recyclable and how to prepare them in order to get more material out of the landfill and recycled.

In 2012 the Georgia Recycling Facility will open as the newest Saturday drop-off. Georgia will be selling home composters, accepting household waste and recyclables from 8:00 am to 1:00 pm each Saturday. In 2011 the NWSWD completely reworked the recycling operations at the Georgia Recycling Facility so that we now transport, market, and process all of the material from our Drop-off sites as well as some material from other sources.

As technology and market forces change the NWSWD will continue to add new materials to the list of recycling programs.

- Paper
- Plastic
- Cardboard
- Aluminum
- Metal cans
- Glass
- Scrap Metal
- Appliances
- Tires
- Electronics
- Maple Tubing
- Agricultural Plastic
- Oil
- Latex Paint
- Organics

Household Hazardous Waste Collections

In 2011, The Northwest Solid Waste District (NWSWD) held twelve Household Hazardous Waste and Special Collection events throughout Franklin and Grand Isle Counties. This year, the District chose to combine these events which in previous years were held on separate dates. The combination of the events made for a more effective use of the District resources thus allowing residents to make one trip to bring in an assortment of items. Five of those collections allowed businesses that fall in the Conditionally Exempt Hazardous Waste Generators status to participate.

There were roughly 1,069 households that brought in a range of materials to the collection events. The collection volumes were impressive. Items that could pose potential health and environmental risks were managed in a safe manner. At our events, the District is dedicated to recycling as much material as possible. The combined results from the collection events are as follows:

- 17,201 pounds of Hazardous Waste
- 1,059 florescent bulbs
- 32,860 pounds of electronics
- 82 Freon containing appliances
- 53,000 pounds of scrap metal
- 125 Propane tanks
- 25 Fire Extinguishers
- Over 3,000 pounds of batteries
- 813 tires
- 240 gallons of liquid latex paint
- 575 gallons of waste oil diverted
- 88,380 pounds of bulky trash

Electronics Recycling

Starting July 1, 2011 a new electronic waste law provides all Vermont households with free recycling of televisions, computers, printers and computer peripherals, and bans disposal of electronics in the landfill. The Vermont E-Cycle Program collection locations in the NWSWD are the Alburgh Transfer Station, North Hero Transfer Station and the Georgia Recycling Facility at 158 Morse Drive Georgia, Vermont. Starting July 1 2012, fluorescent bulbs will be in a similar free recycling program. The NWSWD will continue to accept these items at our office on an ongoing basis. During FY2011, the District helped residents recycle:

- 63,937 pounds of monitors, televisions, computers and other household electronics
- 2,171 pounds of fluorescent lights

Compost

In 2011, the District continued to build on its existing organic waste composting program. The District continued to work with BFA High school and helped bring on St. Albans

City Elementary and Sheldon Elementary School into the compost program. The three schools together diverted roughly 27,440 pounds of food scraps from entering the landfill. This is an increase of over 10,000 pounds compared to the previous school years volume. Ben and Jerry's in St. Albans joined the compost program this past July. The food waste was delivered to the Hudak Farm, which is a fully permitted compost facility. The food waste plus feed stock from the farm is mixed together to begin the process of making a nutrient rich compost material. The compost is then added to gardens to help grow vegetable crops. The District and Highfields Center for Composting are in discussion with a number of other businesses and institutions to expand the organic waste recycling program in the coming year.

Educational Outreach

District staff conducted educational workshops and presentations aimed primarily at food waste composting at three area schools. In addition the District worked with Sheldon School during their 'Green Week 'and conducting recycling workshops and a 'Trash on the Lawn Day'. NWSWD Staff also spent a day at the Coventry Landfill with BFA St. Albans High School students learning what is involved with landfill construction and daily operation.

The district has put considerable effort into expanding its presence on the internet. The website which is www.nswsd.org focuses on a range of topics from where to bring trash and recycling, how to build a backyard composter at home, to a list of the best way to recycle or dispose of an item that someone may be unsure what to do with next. The District is now on Facebook and we are now gathering e-mail addresses to distribute information through an E-newsletter.

Illegal Burning and Dumping

The District's illegal burning and dumping program has been ongoing for several years and is considered a model throughout the state. As the District promotes reuse whenever possible, Barry Domina has returned to the NWSWD as the Environmental Enforcement Officer (EEO). In this year the EEO responded to 52 reports of violations from 13 District communities. In most cases the person responsible for the violation is identified, provided educational materials and health related data as well as a warning if a first offence. A ticket and a fine may be utilized when a second violation is found. During FY2011 the EEO issued 23 warnings, 0 tickets, called for Police Services 3 times and had 6 fire assists from local fire departments. In many dumping cases the site is cleaned up by town staff before the investigation has been completed and one town in FY2011 was reimbursed for cleanup cost by the offender, often the offender is asked to clean up their mess if it hasn't been done already.

All of the activities and services outlined above were provided by a full-time staff of just 5 people, with 9 part-time workers. The assistance of workers from member communities and volunteers at collection events has been invaluable and greatly appreciated.

As the St. Albans City representative on the District Board of Supervisors, I am available to discuss District activities with town residents. I can be reached through the District office at (802)524-5986.

W.G. Cioffi

CITY OF ST. ALBANS, VERMONT

AUDIT REPORT

JUNE 30, 2011

CITY OF ST. ALBANS, VERMONT
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 AUDIT REPORT
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Sullivan, Powers & Co.

CERTIFIED PUBLIC ACCOUNTANTS

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VT Lic. #92-000180

Independent Auditor's Report

To the Honorable Mayor and City Council
City of St. Albans, Vermont

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of St. Albans, Vermont as of and for the year ended June 30, 2011, which collectively comprise the City of St. Albans, Vermont's basic financial statements 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not included the Pension Fund in the City's financial statements. Accounting principles generally accepted in the United States of America require the Pension Fund to be presented as a fiduciary fund which is part of the aggregate remaining fund information. The amount by which this departure would affect the assets, liabilities, revenues and expenses of the aggregate remaining fund information is not reasonably determinable.

In our opinion, because of the omission of the Pension Fund, as discussed previously, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate remaining fund information of the City of St. Albans, Vermont as of June 30, 2011 or the changes in the financial position thereof for the year then ended.

Members of The American Institute and Vermont Society of Certified Public Accountants

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of St. Albans, Vermont as of June 30, 2011 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

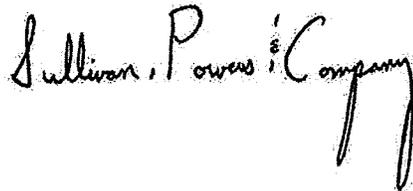
As described in Note IV.H. to the financial statements, the City of St. Albans, Vermont adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

Information included under Management's Discussion and Analysis and the budgetary comparison for the General Fund are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the City of St. Albans, Vermont's basic financial statements. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we have also issued our report dated March 7, 2012, on our consideration of the City of St. Albans, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

March 7, 2012
Montpelier, Vermont
Vt Lic. #92-000180



**CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Management of the City of St. Albans (the City) offers readers of the basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. Please note that this section of the *Basic Financial Statements* is unaudited.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities at the close of the fiscal year by \$17,384,047 (net assets). Of this amount, \$971,512 (unrestricted net assets) may be used to meet the City's ongoing obligations. The balance of net assets is made up of \$16,147,879 invested in capital assets, net of related debt and \$264,656 restricted for specific purposes.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$630,913.
- At the end of the current fiscal year, the City's proprietary funds reported combined ending net assets of \$13,251,673. Approximately 9% or \$1,198,191 of net assets is unrestricted. The balance is made up of \$12,053,482 invested in capital assets, net of related debt.
- The City's total debt decreased by \$216,917 (2.1%) during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements which are presented in three sections: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition to the basic financial statements, this report also contains other and required supplementary information such as a general fund budget to actual comparison and combining financial statements.

In the way of a brief introduction to governmental financial statements, the following table compares the two levels of financial statements. It is important for the reader to understand that, although governmental accounting resembles private sector accounting, there are significant differences between the two. For readers versed in private sector accounting, the government-wide financial statements will be the most familiar. In addition to the information in the following table, the readers should know that the financial activities of the government unit are recorded in funds. A fund, generally, is a separate set of books for each major activity. For example, the City of St. Albans operates a wastewater treatment facility and two water treatment plants. These operations are referred to as business-type activities, they are supported by user fees, and are recorded in enterprise funds separately from the general governmental activities which are accounted for primarily in the general fund and supported in large part by property tax revenues.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
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Major Features of the Government-Wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City (excluding any fiduciary funds)	The activities of the City that are not proprietary or fiduciary in nature and are supported primarily by tax revenues	Activities the City operates similar to private businesses: Water and Wastewater Utilities	Instances in which the City administers resources on behalf of someone else
Required Financial Statements	-Statement of net assets -Statement of activities	-Balance sheet -Statement of revenue, expenditures, and changes in fund balances	-Statement of net position -Statement of revenue, expenses, and changes in net position -Statement of cash flows	-Statement of fiduciary net assets -Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Assets expected to be used up and liabilities that are due during the year or shortly thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All revenue and expenses during the year, regardless of when cash is received or paid

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Government-Wide Financial Statements

The government-wide financial statements provide a general overview of the operations of the City presenting all data on the full accrual basis, similar to the way a private sector business would present its financial statements. There are two statements presented at the government-wide level: the Statement of Net Assets and the Statement of Activities. Within each of these statements, the governmental activities are presented separately from the business-type activities. The governmental activities reflect the City's basic services; including general government, public safety, public works, community development, parks and recreation, health and welfare, and public improvements. Property taxes finance the majority of these services supplemented by program fees, grant revenues, and other revenues. The business-type activities reflect private-sector-type operations for which user fees recover all or a significant portion of costs. The business-type activities of the City include both water and wastewater operations.

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

The Statement of Activities reports how the City's net assets changed during the most recent 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 leave).

The government-wide financial statements include not only the City itself (referred to as the primary government), but also other legally separate entities for which the City is financially accountable (referred to as component units). During the period under audit, the City was not responsible for entities that qualify as component units.

The government-wide financial statement can be found on pages 13 through 14 of this report.

Fund Financial Statements

A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives other than City operations as a whole. The City of St. Albans, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. The funds of the City are segregated into three categories: governmental funds, proprietary funds, and fiduciary funds.

**CITY OF ST. ALBANS, VERMONT
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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. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine the level of financial resources that are available to finance the City's programs in the near future. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided that reconciles the governmental fund financial statements to the government-wide statements explaining the relationship between the two.

The City maintains one major governmental fund; the General Fund. In addition to this, the City maintains a number of capital projects funds and grant funds none of which qualify as major funds. These funds are consolidated into the column labeled Other Governmental Funds in the Fund Financial Statements. Financial information on these funds may be found on pages 57 through 62 in the combining financial statements.

The basic governmental fund financial statements can be found on pages 15 through 17 of this report. The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement is provided on page 56 for the purpose of demonstrating compliance with the duly appropriated budget.

Proprietary funds are used to account for a government's business-type activities. There are two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains two enterprise funds; one to account for the Water Fund and one to account for the Wastewater Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. At this time, the City has no internal service funds.

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.

The proprietary fund financial statements of the City may be found on pages 18 through 20.

Fiduciary funds, also known as trust and agency funds, account for resources 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 programs of the City. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one fiduciary fund at this time.

Notes to the Financial Statements, in conjunction with the financial statements themselves, provide a more complete picture of the City's financial position and the results of its operations. The notes serve to explain, clarify, and expand upon the financial data presented in the financial statements, and provide some additional information as well. The notes can be found beginning on page 22 of this report, immediately following the basic financial statements.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
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In addition to the basic financial statements and accompanying notes, certain *Supplementary Information* is provided, including a budgetary comparison statement for the general fund. The supplementary information can be found immediately following the notes to the financial statements, beginning on page 56.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary Statement of Net Assets

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current & Other Assets	\$ 1,683,851	\$ 1,823,653	\$ 3,507,504
Capital Assets	<u>5,064,232</u>	<u>20,338,193</u>	<u>25,402,425</u>
Total Assets	<u>6,748,083</u>	<u>22,161,846</u>	<u>28,909,929</u>
Other Liabilities	407,928	433,073	841,001
Noncurrent Liabilities	<u>2,207,781</u>	<u>8,477,100</u>	<u>10,684,881</u>
Total Liabilities	<u>2,615,709</u>	<u>8,910,173</u>	<u>11,525,882</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	4,094,397	12,053,482	16,147,879
Restricted	264,656	0	264,656
Unrestricted/(Deficit)	<u>(226,679)</u>	<u>1,198,191</u>	<u>971,512</u>
Total Net Assets	<u>\$ 4,132,374</u>	<u>\$ 13,251,673</u>	<u>\$ 17,384,047</u>

Net assets may serve over time as a useful indicator of a government's financial position. At June 30, 2011 the City's assets exceeded liabilities by \$17,384,047. The City's total net assets are made up of \$4,132,374 of governmental activities net assets and \$13,251,673 of business-type activities net assets. Due to a number of restatements during the June 30, 2011 audit, management has chosen not to present comparative data as it would not be relevant.

It is important to note that the City's investment in capital assets (equipment, land, buildings and infrastructure) represents 92.89% of total net assets at June 30, 2011. Net assets invested in capital assets, net of related debt for the governmental activities is 99.08% of total governmental activities net assets. Net assets invested in capital assets, net of related debt for the business-type activities is 90.95% of total business-type activities net assets. These capital assets provide essential services to the residents and business owners of the City, but are not available for future spending. As many of these items have been purchased using debt proceeds, the City must allocate funds from other resources to repay the supporting debt. It is an ongoing goal of the City to build into future budgets monies to be set aside to pay debt and provide for financial contingencies, and reserves for a long-term capital plan. The 2011 operations achieved that goal.

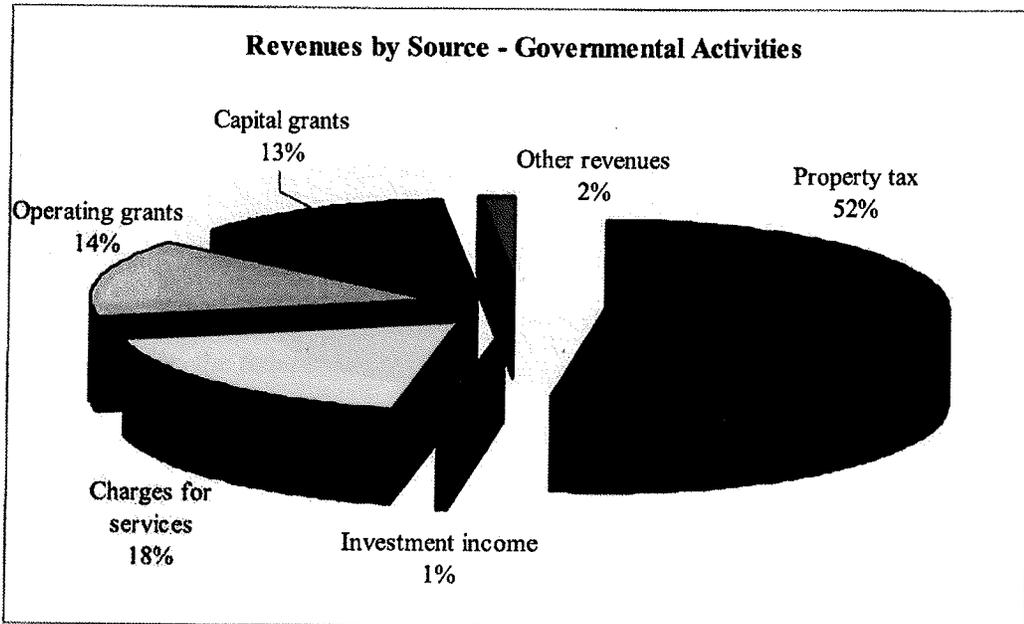
**CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Summary Statement of Activities

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ 1,348,621	\$ 4,256,307	\$ 5,604,928
Operating Grants & Contributions	1,050,574	0	1,050,574
Capital Grants & Contributions	920,671	1,000,000	1,920,671
General Revenues:			0
Property Taxes	3,765,017	0	3,765,017
Other	226,454	44,403	270,857
Total Revenues	<u>7,311,337</u>	<u>5,300,710</u>	<u>12,612,047</u>
Expenses:			
General Government	947,435	0	947,435
Public Safety	4,190,064	0	4,190,064
Public Works	571,072	0	571,072
Culture and Recreation	485,389	0	485,389
Community Development	2,356	0	2,356
Interest on Long-Term Debt	62,959	0	62,959
Water	0	1,714,023	1,714,023
Sewer	0	2,365,686	2,365,686
Total Expenses	<u>6,259,275</u>	<u>4,079,709</u>	<u>10,338,984</u>
Increase in Net Assets	1,052,062	1,221,001	2,273,063
Net Assets, July 1, 2010	<u>3,080,312</u>	<u>12,030,672</u>	<u>15,110,984</u>
Net Assets, June 30, 2011	<u>\$ 4,132,374</u>	<u>\$ 13,251,673</u>	<u>\$ 17,384,047</u>

The following graph is a visual representation of the revenue categories for the governmental activities. The majority of revenue supporting the governmental activities comes from property taxes including interest and penalties on delinquent taxes. Total governmental activities revenue for the year ended June 30, 2011 is \$7,311,337; 52% or \$3,860,810 of this was raised through property taxes including interest and penalties on delinquent taxes. The second largest category of revenue is charges for services coming in at 18% or \$1,348,621.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2011**



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

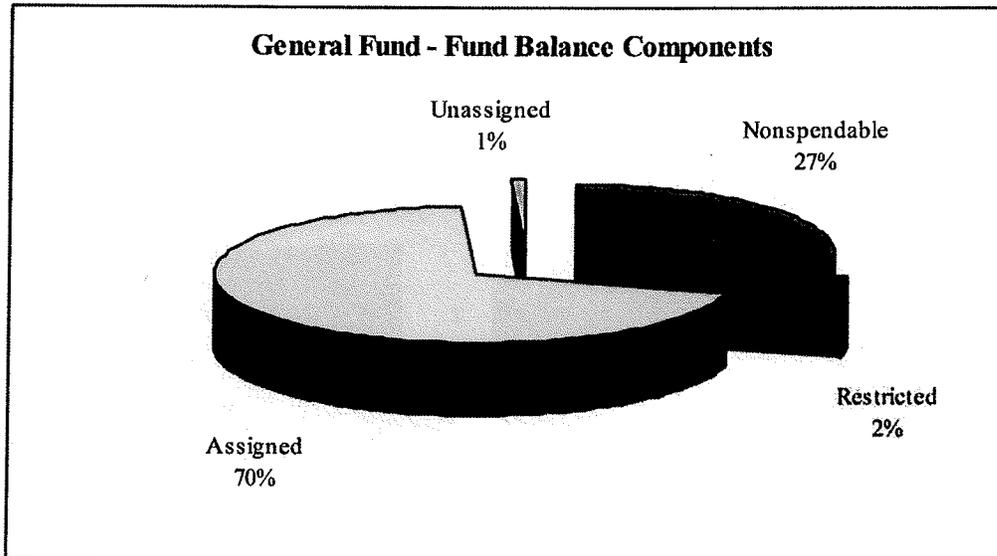
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Due to a number of restatements during the June 30, 2011 audit, management has chosen not to present comparative data as it would not be relevant to the analysis of the government's funds.

Governmental Funds

The focus of the City's governmental funds is to provide information on current year revenue, expenditures, and balance of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the city. As of June 30, 2011 total fund balance in the General Fund was \$740,522 and unassigned fund balance \$6,687. Assigned fund balance makes up the largest portion of General Fund fund balance coming in at \$517,393 or 70% of total fund balance. Detail on fund balances can be found starting on page 47 of this report with a list of assigned fund balance items detailed on page 50. The following graph is a visual representation of the components of the General Fund fund balance.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2011**



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2011 were \$25,402,425 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 8.08% (a 36.43% increase for governmental activities and a 2.76% increase for business-type activities).

Comparing the dollar amount of depreciable assets to accumulated depreciation provides readers with an idea of where the City's assets are in their useful lives. Total depreciable governmental activities capital assets were \$5,164,471 as of June 30, 2011 with related accumulated depreciation of \$1,564,933. Accumulated depreciation as a percentage of cost indicates that, as a whole, the depreciable assets are at 30.30% of their useful lives. When this information is broken down by category of asset buildings and building improvements; vehicles, machinery and equipment; and infrastructure are at 43.56%, 31.86%, and 10.33% of their useful lives, respectively. When this same ratio is applied to the business-type activities of the City, accumulated depreciation of \$11,347,798 as a percentage of total depreciable assets of \$26,304,021 indicates that the assets of the City's business-type activities are at 43.14% of their useful lives. When this information is broken down by category of asset, buildings, distribution and collection systems and improvements are at 42.91% of their useful lives and machinery and equipment is at 45.51% of their useful lives.

**CITY OF ST. ALBANS, VERMONT
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Major capital asset activity for the year ended June 30, 2011 included the following:

- Through a combination of grants funds, bond proceeds, and capital reserves the City purchased a new fire truck for a total of \$719,146.
- A variety of paving projects were completed, including various City streets and refurbishing the Court House Parking lot for a total cost of \$232,191.
- Deferred maintenance to the digester at the wastewater treatment plant was performed costing \$98,338.
- Additions to construction in progress include continued work on the wastewater treatment facility upgrade, the federal street bypass project, and the streetscape project.

Additional information on the City's capital assets can be found beginning on page 37 of this report.

Long-Term Debt

The City began the year with \$10,375,036 in long-term debt outstanding. As of June 30, 2011 this amount had decreased by \$216,917 or 2.09% to end the current year with \$10,158,119 in long-term debt outstanding.

Factors contributing to the change include the following:

- In the governmental activities section, the City paid off two debt items totaling \$248,413.
- The City retired two debt items in the business-type activities totaling \$76,142. In addition to this, the City recognized \$1,000,000 of bonds payable that were granted to the City.
- In addition to the previous items, \$620,966 in principal payments were made during the year.
- New long-term debt items include \$150,000 to finance improvements to the Court House Parking Lot; \$105,000 for the Federal Street Connector Project; \$133,000 for a Single Axle Truck; \$220,000 toward the purchase of a new fire truck; \$48,920 for the purchase of a new backhoe; and an additional \$1,071,684 in improvements to the Wastewater Treatment Facility.

Additional information about long-term debt can be found beginning on page 39 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors

City Management and elected officials continue to focus on reducing pressure on property taxes and increasing our investment in capital projects and infrastructure. We have attacked this problem from both the revenue and expense side. On the revenue side, the City has made greater use of fees and intergovernmental contracts for services, particularly public safety. On the expense side, the City has deployed an aggressive cost containment program in insurance, re-structured several positions for increased cross training, and realized economies of scale by regionalizing public safety services. This has allowed for a re-allocation of resources away from personnel and towards infrastructure.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Outlook and Future Development

The City is deeply engaged in several economic development, transportation, and public infrastructure initiatives designed to increase the tax base.

The Federal Street Multi-modal connector is a new road that will connect the Interstate Access with the City Industrial Park and improve access for Mylan Technologies, the St. Albans Co-op, and Amtrak, while creating several new development lots. This project will be shovel-ready in three years using mostly federal dollars. Construction will likely occur using tax increment financing or federal grants.

The Main Street Streetscaping project will complete a series of pedestrian and traffic enhancements using a complete streets methodology. New wider sidewalks, ornamental street lights with buried power lines, new street trees that help manage stormwater, and a new signage system will help make the downtown a more attractive location for business investment. This \$3 million project is presently in design and is likely to break ground in 2012, and be completed in 2013.

The City is pursuing an alternative energy development project for the Fonda site and is in discussions with developers over other development sites that could form the backbone of the City's Tax Increment Finance District. The City has filed an application for a T.I.F. with the Vermont Economic Progress Council.

Recently, Mylan Technologies announced the construction of a 90,000 square foot manufacturing building and the St. Albans Co-op has announced plans to construct a new farm store on several blighted housing lots. These are very positive signs that the private sector is increasing investment in the City and we are optimistic that the City will continue to be able to do the same.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances to all those with an interest in the government's finances. Questions concerning any of the information provided in this report of requests for additional financial information should be addressed the Finance Office at 100 North Main St., St. Albans, VT 05478. The report is available online at www.stalbansvt.com.

CITY OF ST. ALBANS, VERMONT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,192,922	\$ 231,223	\$ 1,424,145
Investments	155,039	0	155,039
Receivables (Net of Allowance for Uncollectibles)	764,967	1,042,382	1,807,349
Loans Receivable	98,887	0	98,887
Internal Balances	(550,048)	550,048	0
Prepaid Expenses	22,084	0	22,084
Capital Assets			
Land	940,932	197,000	1,137,932
Construction in Progress	523,762	5,184,970	5,708,732
Other Capital Assets, (Net of Accumulated Depreciation)	<u>3,599,538</u>	<u>14,956,223</u>	<u>18,555,761</u>
Total Assets	<u>6,748,083</u>	<u>22,161,846</u>	<u>28,909,929</u>
<u>LIABILITIES</u>			
Accounts Payable	261,520	362,239	623,759
Accrued Payroll and Benefits Payable	47,660	3,519	51,179
Deferred Revenue	92,293	2,698	94,991
Accrued Interest Payable	6,455	64,617	71,072
Noncurrent Liabilities:			
Due within One Year	285,649	473,762	759,411
Due in More than One Year	<u>1,922,132</u>	<u>8,003,338</u>	<u>9,925,470</u>
Total Liabilities	<u>2,615,709</u>	<u>8,910,173</u>	<u>11,525,882</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	4,094,397	12,053,482	16,147,879
Restricted	264,656	0	264,656
Unrestricted/(Deficit)	<u>(226,679)</u>	<u>1,198,191</u>	<u>971,512</u>
Total Net Assets	<u>\$ 4,132,374</u>	<u>\$ 13,251,673</u>	<u>\$ 17,384,047</u>

The accompanying notes are an integral part of this financial statement.

CITY OF ST. ALBANS, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 947,435	\$ 136,402	\$ 218,464	\$ 0	\$ (592,569)	\$ 0	\$ (592,569)
Public Safety	4,190,064	684,202	669,490	510,020	(2,326,352)	0	(2,326,352)
Public Works	571,072	28,111	158,620	410,651	26,310	0	26,310
Culture and Recreation	485,389	414,298	4,000	0	(67,091)	0	(67,091)
Community Development	2,356	85,608	0	0	83,252	0	83,252
Interest on Long-term Debt	62,959	0	0	0	(62,959)	0	(62,959)
Total Governmental Activities	6,259,275	1,348,621	1,050,574	920,671	(2,939,409)	0	(2,939,409)
Business-Type Activities:							
Water	1,714,023	1,988,380	0	0	0	274,357	274,357
Sewer	2,365,686	2,267,927	0	1,000,000	0	902,241	902,241
Total Business-Type Activities	4,079,709	4,256,307	0	1,000,000	0	1,176,598	1,176,598
Total Primary Government	\$ 10,338,984	\$ 5,604,928	\$ 1,050,574	\$ 1,920,671	(2,939,409)	1,176,598	(1,762,811)
General Revenues:							
Property Taxes					3,765,017	0	3,765,017
Interest and Penalties on Delinquent Taxes					95,793	0	95,793
Unrestricted Investment Earnings					7,934	42,313	50,247
General State Grants					85,435	0	85,435
Other Revenues					34,005	5,377	39,382
Transfers In/(Out)					3,287	(3,287)	0
Total General Revenues and Transfers In/(Out)					3,991,471	44,403	4,035,874
Change in Net Assets					1,052,062	1,221,001	2,273,063
Net Assets - July 1, 2010, As Restated					3,080,312	12,030,672	15,110,984
Net Assets - June 30, 2011					\$ 4,132,374	\$ 13,251,673	\$ 17,384,047

The accompanying notes are an integral part of this financial statement.

CITY OF ST. ALBANS, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash	\$ 1,169,058	\$ 23,864	\$ 1,192,922
Investments	59,400	95,639	155,039
Receivables (Net of Allowance for Uncollectibles)	458,170	306,797	764,967
Due from Other Funds	0	60,853	60,853
Advances to Other Funds	178,439	50,476	228,915
Loans Receivable	0	98,887	98,887
Prepaid Expenses	<u>22,084</u>	<u>0</u>	<u>22,084</u>
Total Assets	<u>\$ 1,887,151</u>	<u>\$ 636,516</u>	<u>\$ 2,523,667</u>
<u>LIABILITIES</u>			
Liabilities:			
Accounts Payable	\$ 135,749	\$ 125,771	\$ 261,520
Accrued Payroll and Benefits Payable	47,224	436	47,660
Due to Other Funds	563,893	47,008	610,901
Advances from Other Funds	0	228,915	228,915
Deferred Revenue	<u>399,763</u>	<u>343,995</u>	<u>743,758</u>
Total Liabilities	<u>1,146,629</u>	<u>746,125</u>	<u>1,892,754</u>
Fund Balances/(Deficit):			
Nonspendable	200,523	50,476	250,999
Restricted	15,919	115,293	131,212
Assigned	517,393	0	517,393
Unassigned	<u>6,687</u>	<u>(275,378)</u>	<u>(268,691)</u>
Total Fund Balances/(Deficit)	<u>740,522</u>	<u>(109,609)</u>	630,913
Total Liabilities and Fund Balances	<u>\$ 1,887,151</u>	<u>\$ 636,516</u>	
 Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:			
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.			5,064,232
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.			651,465
Long-Term and Accrued Liabilities are not Due or Payable in the Current Period and, Therefore, are Not Reported in the Funds.			<u>(2,214,236)</u>
Net Assets of Governmental Activities			<u>\$ 4,132,374</u>

The accompanying notes are an integral part of this financial statement.

CITY OF ST. ALBANS, VERMONT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property Taxes	\$ 3,707,017	\$ 0	\$ 3,707,017
Penalties and Interest	95,793	0	95,793
Intergovernmental Revenues	1,338,102	609,106	1,947,208
Charges for Services	1,295,571	16,017	1,311,588
Investment Income	6,447	1,487	7,934
Loan Repayments	0	3,662	3,662
Licenses and Permits	113,486	0	113,486
Other Revenue	58,346	4,766	63,112
Total Revenues	<u>6,614,762</u>	<u>635,038</u>	<u>7,249,800</u>
Expenditures:			
Current:			
General Government	1,006,819	231,858	1,238,677
Public Safety	3,982,773	73,100	4,055,873
Public Works	535,024	0	535,024
Culture and Recreation	452,563	12,979	465,542
Community Development	0	2,356	2,356
Capital Outlay:			
Public Safety	797,549	35,020	832,569
Highways and Streets	105,882	661,270	767,152
Debt Service:			
Principal	483,187	0	483,187
Interest	65,292	0	65,292
Total Expenditures	<u>7,429,089</u>	<u>1,016,583</u>	<u>8,445,672</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(814,327)</u>	<u>(381,545)</u>	<u>(1,195,872)</u>
Other Financing Sources/(Uses):			
Proceeds of Long-Term Debt	274,118	255,000	529,118
Proceeds from Sale of Equipment	4,350	0	4,350
Transfers In	16,017	78,028	94,045
Transfers Out	(74,741)	(16,017)	(90,758)
Total Other Financing Sources/(Uses)	<u>219,744</u>	<u>317,011</u>	<u>536,755</u>
Net Change in Fund Balances	(594,583)	(64,534)	(659,117)
Fund Balances/(Deficit) - July 1, 2010, As Restated	<u>1,335,105</u>	<u>(45,075)</u>	<u>1,290,030</u>
Fund Balances/(Deficit) - June 30, 2011	<u>\$ 740,522</u>	<u>\$ (109,609)</u>	<u>\$ 630,913</u>

The accompanying notes are an integral part of this financial statement.

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, 2011

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total government funds (Exhibit D)	\$	(659,117)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$1,599,721) is allocated over their estimated useful lives and reported as depreciation expense (\$187,577). This is the amount by which capital outlays exceeded depreciation in the current period.		1,412,144
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, loss on disposals and donations) is to decrease net assets.		(59,785)
The issuance of long-term debt (\$529,118) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$483,187) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(45,931)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount reflects the increase of deferred revenue over last year.		244,652
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.		<u>160,099</u>
Change in net assets of governmental activities (Exhibit B)	\$	<u>1,052,062</u>

The accompanying notes are an integral part of this financial statement.

CITY OF ST. ALBANS, VERMONT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Water Fund	Wastewater Fund	Total
ASSETS			
Current Assets:			
Cash	\$ 133,316	\$ 97,907	\$ 231,223
Receivables (Net of Allowance for Uncollectible Accounts)	448,152	594,230	1,042,382
Due from Other Funds	689,118	0	689,118
Total Current Assets	<u>1,270,586</u>	<u>692,137</u>	<u>1,962,723</u>
Noncurrent Assets:			
Capital Assets			
Land	155,000	42,000	197,000
Construction in Progress	57,166	5,127,804	5,184,970
Buildings, Distribution and Collection System and Improvements	7,318,389	16,647,232	23,965,621
Vehicles, Machinery and Equipment	1,010,708	1,327,692	2,338,400
Less Accumulated Depreciation	<u>(3,199,705)</u>	<u>(8,148,093)</u>	<u>(11,347,798)</u>
Total Noncurrent Assets	<u>5,341,558</u>	<u>14,996,635</u>	<u>20,338,193</u>
Total Assets	<u>\$ 6,612,144</u>	<u>\$ 15,688,772</u>	<u>\$ 22,300,916</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 84,564	\$ 277,675	\$ 362,239
Accrued Payroll	1,520	1,999	3,519
Due to Other Funds	0	139,070	139,070
Deferred Revenue	2,698	0	2,698
Accrued Interest Payable	61,953	2,664	64,617
Bonds Payable - Current Portion	79,963	0	79,963
Notes Payable - Current Portion	97,936	283,199	381,135
Capital Lease Payable - Current Portion	<u>6,332</u>	<u>6,332</u>	<u>12,664</u>
Total Current Liabilities	<u>334,966</u>	<u>710,939</u>	<u>1,045,905</u>
Noncurrent Liabilities			
Compensated Absences Payable	56,053	104,498	160,551
Bonds Payable - Noncurrent Portion	3,501,552	0	3,501,552
Notes Payable - Noncurrent Portion	127,884	4,200,311	4,328,195
Capital Lease Payable - Noncurrent Portion	<u>6,520</u>	<u>6,520</u>	<u>13,040</u>
Total Noncurrent Liabilities	<u>3,692,009</u>	<u>4,311,329</u>	<u>8,003,338</u>
Total Liabilities	<u>4,026,975</u>	<u>5,022,268</u>	<u>9,049,243</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt Unrestricted	<u>1,537,290</u> <u>1,047,879</u>	<u>10,516,192</u> <u>150,312</u>	<u>12,053,482</u> <u>1,198,191</u>
Total Net Assets	<u>2,585,169</u>	<u>10,666,504</u>	<u>13,251,673</u>
Total Liabilities and Net Assets	<u>\$ 6,612,144</u>	<u>\$ 15,688,772</u>	<u>\$ 22,300,916</u>

The accompanying notes are an integral part of this financial statement.

CITY OF ST. ALBANS, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Water Fund	Wastewater Fund	Total
Operating Revenues:			
Charges for Services	\$ 1,821,977	\$ 2,174,795	\$ 3,996,772
Penalties & Interest	14,245	19,018	33,263
Allocation Fees	129,755	64,477	194,232
Land Lease	15,000	0	15,000
Other Income	7,403	9,637	17,040
Total Operating Revenues	1,988,380	2,267,927	4,256,307
Operating Expenses:			
Salaries and Benefits	587,023	861,666	1,448,689
Other Purchased Services	104,949	214,684	319,633
Chemicals	131,923	374,982	506,905
Repairs and Maintenance	80,530	101,804	182,334
Insurances	54,478	55,638	110,116
Utilities	223,344	205,837	429,181
Supplies	32,571	45,426	77,997
Real Estate and State Water Taxes	38,991	4,637	43,628
Other Operating Costs	45,785	43,073	88,858
Depreciation	242,526	436,573	679,099
Total Operating Expenses	1,542,120	2,344,320	3,886,440
Operating Income/(Loss)	446,260	(76,393)	369,867
Nonoperating Revenues (Expenses):			
Timber Revenue	5,377	0	5,377
Investment Income	26,201	16,112	42,313
Interest Expense	(171,903)	(21,366)	(193,269)
Total Nonoperating Revenues (Expenses)	(140,325)	(5,254)	(145,579)
Net Income/(Loss) Before Capital Contributions and Transfers In/(Out)	305,935	(81,647)	224,288
Capital Contributions	0	1,000,000	1,000,000
Transfers Out	(1,643)	(1,644)	(3,287)
Change in Net Assets	304,292	916,709	1,221,001
Net Assets - July 1, 2010, As Restated	2,280,877	9,749,795	12,030,672
Net Assets - June 30, 2011	\$ 2,585,169	\$ 10,666,504	\$ 13,251,673

The accompanying notes are an integral part of this financial statement.

CITY OF ST. ALBANS, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Water Fund	Wastewater Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 1,954,796	\$ 2,228,122	\$ 4,182,918
Other Receipts	22,403	9,637	32,040
Timber Revenue	5,377	0	5,377
Payments to Suppliers	(643,871)	(995,256)	(1,639,127)
Payment of Taxes	(38,991)	(4,637)	(43,628)
Payments for Wages and Benefits	(583,213)	(861,194)	(1,444,407)
Net Cash Provided by Operating Activities	<u>716,501</u>	<u>376,672</u>	<u>1,093,173</u>
Cash Flows From Noncapital Financing Activities:			
Decrease/(Increase) in Due from Other Funds	(168,408)	62,619	(105,789)
Transfers Paid to Other Funds	(1,643)	(1,644)	(3,287)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(170,051)</u>	<u>60,975</u>	<u>(109,076)</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(98,594)	(878,427)	(977,021)
Proceeds of Long-Term Debt	44,333	1,116,017	1,160,350
Net Change in Line of Credit	0	(320,000)	(320,000)
Principal Paid on:			
General Obligation Bonds	(76,525)	0	(76,525)
Notes Payable	(128,354)	(244,023)	(372,377)
Capital Leases	(6,716)	(6,716)	(13,432)
Interest Paid on:			
General Obligation Bonds	(163,717)	0	(163,717)
Notes Payable	(9,762)	(22,703)	(32,465)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(439,335)</u>	<u>(355,852)</u>	<u>(795,187)</u>
Cash Flows From Investing Activities:			
Receipt of Interest & Dividends	26,201	16,112	42,313
Net Cash Provided by Investing Activities	<u>26,201</u>	<u>16,112</u>	<u>42,313</u>
Net Increase in Cash	133,316	97,907	231,223
Cash - July 1, 2010	0	0	0
Cash - June 30, 2011	<u>\$ 133,316</u>	<u>\$ 97,907</u>	<u>\$ 231,223</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	446,260	(76,393)	369,867
Depreciation	242,526	436,573	679,099
Timber Revenue	5,377	0	5,377
(Increase)/Decrease in Receivables	(13,879)	(30,168)	(44,047)
Increase/(Decrease) in Accounts Payable	29,709	46,188	75,897
Increase/(Decrease) in Accrued Payroll	1,520	1,999	3,519
Increase/(Decrease) in Deferred Revenue	2,698	0	2,698
Increase/(Decrease) in Compensated Absences Payable	2,290	(1,527)	763
Net Cash Provided by Operating Activities	<u>\$ 716,501</u>	<u>\$ 376,672</u>	<u>\$ 1,093,173</u>

Non-Cash/Supplemental Information:

\$1,000,000 of notes payable for the Wastewater Fund was paid off with a grant.
\$12,000 and \$197,911 of capital asset acquisitions for the Water and Wastewater Funds, respectively, are included in accounts payable as of June 30, 2011.
\$19,568 of capital assets were acquired with a capital lease in both the Water and Wastewater Funds.

The accompanying notes are an integral part of this financial statement

CITY OF ST. ALBANS, VERMONT
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2011

	Agency Fund Zoning Escrow Fund
<u>ASSETS</u>	
Cash	\$ <u>503</u>
Total Assets	<u>503</u>
<u>LIABILITIES</u>	
Due to Others	<u>503</u>
Total Liabilities	<u>503</u>
<u>NET ASSETS</u>	
Total Net Assets	\$ <u><u>0</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

The City of St. Albans, Vermont (herein the "City") is a municipal corporation operating under a council-manager form of government. It is governed by seven (7) elected officials – a mayor and six (6) council members. The City is made up of six (6) individual wards, each being represented by one of the six (6) elected council members. The City Council appoints a City Manager to oversee the general operations of the City.

The City provides the following services as authorized by its charter: public safety (police, ambulance, fire and animal control), highways and streets, sanitation, culture and recreation, community and economic development, planning and zoning, water, wastewater and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the City of St. Albans (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.

A. The Financial Reporting Entity

This report should include all of the funds of the City of St. Albans, 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 may be financially accountable if an organization is fiscally dependent on the primary government. Based on these criteria, there is one fund, the Pension Fund, that should be combined with the financial statements of the City, but is not.

B. 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, liabilities, 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.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government, the City. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each segment of the City's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function or program. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports on the following major governmental fund:

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

The City reports on the following major enterprise funds:

Water Fund – This fund accounts for the operations of the Water Department of the City.

Wastewater Fund – This fund accounts for the operations of the Wastewater Department of the City.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City also reports an Agency Fund for the monies held in escrow for a zoning issue.

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net assets). Equity (i.e., net total assets) is segregated into invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets and current liabilities are generally reported on their balance sheets. Their reported fund balances (net current assets) are considered a measure of available spendable resources, and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues reported in governmental funds to be available if the revenues are collected within sixty (60) days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

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 assets 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.

The government-wide and proprietary fund financial statements follow Financial Accounting Standards Board (FASB) Statements and Interpretations; Accounting Principles Board (APB) Opinions; and Accounting Research Bulletins, issued on or before November 30, 1989; unless those pronouncements conflict with GASB pronouncements. As permitted under Statement of Governmental Accounting Standards No. 20, the City has elected not to apply FASB Statements issued after November 30, 1989.

E. Use of Estimates

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