

Annual Report

City of St. Albans, Vermont

July 1, 2011 to June 30, 2012



SAINT ALBANS
Vermont

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 & Animal Control	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
Director of Business Development	524-1500, ext. 260
Director of Planning & Development	524-1500, ext. 259
FAX	524-1505
Finance	524-1500, ext. 258
Listers	524-1500, ext. 263
Planning & Zoning	524-1500, ext. 262 & 265
Public Works Director	524-1500, ext. 267
Recreation Department	524-1500, ext. 266 & 268
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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Mayor: Elizabeth Gamache
Ward 1: Timothy Hawkins
Ward 2: James Pelkey
Ward 3: Aaron O'Grady
Ward 4: Jeff Young



Ward 5: Ryan Doyle
Ward 6: Chad Spooner
Clerk/Treasurer: Susan Krupp
City Manager: Dominic Cloud

Signs of progress abound in St. Albans these days! Some are easy to see – like the Streetscape revitalization effort on Main Street. Other signs are less tangible, but equally important – like our community spirit and pride which continues to grow every day.

During the last year, the City has made an important shift. For many years, community members and City Hall staff have worked diligently to envision and plan for our future. In 2012 we made significant steps to begin implementing these plans that will help to foster economic development and improve our quality of life.

Much of this has taken place in our Downtown. From private to public development efforts, St. Albans is open for business. With more than 2 to 1 support, in November voters approved plans to utilize an important economic development tool – Tax Increment Financing (TIF) – to transform our business district. By investing in infrastructure improvements, we are creating a foundation that will attract businesses and good jobs without adding to current property tax burdens. It's already working – Mylan and the St. Albans Cooperative Creamery are expanding; the historic St. Albans House has been restored; and, we're filling vacant storefronts on Main Street once again.

Speaking of Main Street, Phase 1 of the multi-block Streetscape Project will be completed this fall. Plans are underway to design a parking garage that will support a proposed state office building and hotel. Ace Hardware is poised to expand operations, and when complete like many of the other developments, this will increase the value of our grand list.

We're also making strides in other areas that are important to our quality of life in St. Albans. In the public safety arena, the St. Albans Police Department reports positive shifts in crime trends and will continue to drive improvements, while our Community Justice Center continues to offer more services. And, the Fire Department staff and call force stand ready to assist us in times of need. Recreation programming for all ages has expanded. With voter support, Public Works expanded the street repair and maintenance program and will conduct an important study this year to develop plans for comprehensive sidewalk improvements throughout the City. Our administrative staff performs much of the important behind-the-scenes work and continues to keep us on track. For example, we passed our annual financial audit with flying colors.

While many signs of change are visible, progress in our community does not happen without community members who care deeply about St. Albans. We are fortunate to have dedicated and talented staff in City Hall. In the City of St. Albans, your Mayor and City Council serve as unpaid volunteers, as do dozens of board and commission members, along with the many community volunteers who support a wide variety of programs and efforts. I am grateful to so many people who donate their time and energy to St. Albans and put our community first. I encourage everyone to get involved!

At the halfway point of my first term as your Mayor, I thank you for this honor and look forward, with much optimism, to what we will undertake in the coming year. This is an exciting time in St. Albans, and *together* there is much more we can accomplish in our great community.

Sincerely,

Elizabeth M. Gamache

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

March 5, 2013

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 5, 2013, 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 City Council Member to represent Ward One for a term of three years;
- One City Council Member to represent Ward Two 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 2014 totaling \$7,104,971 with an estimated municipal tax rate of \$.8108 on the Grand List?

Article 3: TIF Brownfield Remediation

Shall the voters authorize the City of St. Albans to issue general obligation bonds or notes in an amount not to exceed \$1,700,000 for the purpose of Brownfield remediation and related site improvements on the so-called Ace Redevelopment sites located on Congress and Main Streets, with payments to be made from the City's tax increment financing program?

Voters are advised that if the tax increment is insufficient to pay the principal and interest on the debt, for whatever reason, including a decrease in property value or repeal of a state property tax source, unless determined otherwise at the time of such repeal, the municipality shall remain liable for full payment of the principal and interest for the term of indebtedness.

Article 4: TIF Professional Services

Shall the voters authorize the City of St. Albans to issue general obligation bonds or notes in an amount not to exceed \$400,000 for professional services and related costs necessary for development, implementation, and improvement of the Tax Increment Finance District, with payments to be made from the City's tax increment financing program?

Voters are advised that if the tax increment is insufficient to pay the principal and interest on the debt, for whatever reason, including a decrease in property value or repeal of a state property tax source, unless determined otherwise at the time of such repeal, the municipality shall remain liable for full payment of the principal and interest for the term of indebtedness.

Article 5: TIF Parking Garage Design and Site Improvements

Shall the voters authorize the City of St. Albans to issue general obligation bonds or notes in an amount not to exceed \$500,000 for professional services, site improvements, and other costs related to the design and permitting of a parking garage to serve new downtown office and commercial buildings, with payments to be made from the City's tax increment financing program?

Voters are advised that if the tax increment is insufficient to pay the principal and interest on the debt, for whatever reason, including a decrease in property value or repeal of a state property tax source, unless determined otherwise at the time of such repeal, the municipality shall remain liable for full payment of the principal and interest for the term of indebtedness.

Article 6: TIF Streetscape Improvements

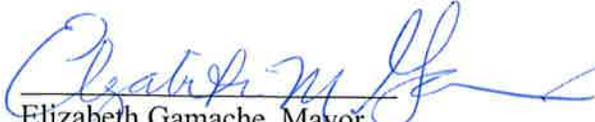
Shall the voters authorize the City of St. Albans to issue general obligation bonds or notes in an amount not to exceed \$400,000 for Streetscape improvements to Main Street, with payments to be made from the City's tax increment financing program?

Voters are advised that if the tax increment is insufficient to pay the principal and interest on the debt, for whatever reason, including a decrease in property value or repeal of a state property tax source, unless determined otherwise at the time of such repeal, the municipality shall remain liable for full payment of the principal and interest for the term of indebtedness.

Article 7: Sidewalk Engineering

Shall the voters authorize the City of St. Albans to borrow up to \$80,000 for the preparation of engineering plans, documents, and/or designs that are necessary for a citywide sidewalk rehabilitation and improvement program, with payments to be made from the City's General Fund?

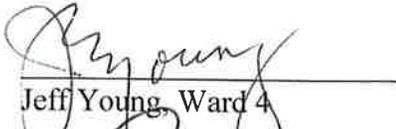
Adopted and approved at a Special Meeting of the St. Albans City Council, duly called, noticed, and held on January 26, 2013.


Elizabeth Gamache, Mayor


Timothy Hawkins, Ward 1


Richard Peters, Ward 2


Aaron O'Grady, Ward 3


Jeff Young, Ward 4


Ryan Doyle, Ward 5


Chad Spooner, Ward 6

ATTEST:

Susan Krupp, City Clerk

**City of St. Albans General Fund
2014 Budget**

	A	B	C	D	E	F	G	H	I	
	2011 Budget	2011 Actual	2012 Budget	6/30/12 unaudited	2013 Budget	Budget:Budget	2014 Budget	Budget:Budget	Page	Notes, 2014
General Fund, 2014, Revenue										
1 Property Taxes	3,716,688	3,384,035	3,716,816	3,850,436.44	3,728,198	0.31%	3,827,616	2.7%		
2 Payments on Prior Years' Taxes	200,000	340,886	224,800	0.00	324,200	44.22%	300,000	-7.5%		
3 General Revenue Categories										
4 Penalty on Taxes	30,000	31,562	26,976	42,125.90	28,500	5.65%	35,000	22.8%		
5 Interest on Taxes	42,000	50,232	35,968	54,665.37	40,000	11.21%	50,000	25.0%		
6 State Payments, RR Taxes	8,000	8,571	8,500	8,384.87	8,500	0.00%	8,385	-1.4%		
7 Interest on Savings	12,000	6,454	7,500	3,560.59	6,500	-13.33%	3,500	-46.2%		
8 G.W.R.	87,000	89,449	-	-	-	0.00%	-	-		
9 G.W.W.R.	87,000	96,953	-	-	-	0.00%	-	-		
10 W/WW Pro-rata Lease, PW Garage	-	-	30,000	30,000.00	30,750	2.50%	32,290	5.0%		
11 W/WW Pro-rata Lease, City Hall	-	-	43,000	43,000.00	44,075	2.50%	46,280	5.0%		
12 PILOT	52,000	76,864	55,000	81,449.00	75,000	36.36%	80,000	6.7%		
13 Insurance Reimbursements & Misc.	37,500	41,742	25,000	47,450.24	35,000	40.00%	45,000	28.6%		
14 City Clerk	99,000	95,752	89,000	107,795.11	89,000	0.00%	106,500	19.7%	2	
15 Planning & Development	76,500	20,542	56,500	127,721.33	44,500	-21.24%	44,500	0.0%	4	
16 Assessing	25,000	22,155	27,500	23,509.71	27,500	0.00%	23,000	-16.4%	6	
17 Fire Department	63,500	69,812	63,500	57,518.14	71,000	11.81%	76,500	7.7%	8	
18 Police, Dispatch, Animal Control	1,015,355	993,984	1,486,696	1,397,605.36	1,431,461	-3.72%	1,388,900	-3.0%	10	
19 Community Justice Center	109,519	289,896	373,110	448,270.61	453,394	21.52%	500,529	10.4%	14	
20 Public Works	129,000	116,789	167,300	343,415.30	120,500	-27.97%	130,000	7.9%	15	
21 Recreation Programs, including Barlow	367,813	378,631	390,923	442,697.21	388,880	-0.52%	406,882	4.6%	18	
22 Total Revenue	6,157,875	6,114,309	6,828,089	7,109,605.18	6,946,958	1.74%	7,104,971	2.3%		
Cost Centers	2011 Budget	2011 Actual	2012 Budget	6/30/12 unaudited	2013 Budget	Budget:Budget	2014 Budget	Budget:Budget		
23 Administration	201,585	218,946	242,054	228,405.06	407,701	68.43%	403,945	-0.9%	1	
24 City Clerk	59,631	67,025	58,726	49,885.23	66,125	12.60%	69,592	5.2%	2	
25 Finance	47,938	45,639	50,064	31,606.49	47,292	-5.54%	52,530	11.1%	3	
26 Planning & Development	237,236	228,222	232,890	341,506.50	245,031	5.21%	278,345	13.6%	4	
27 Planning & Development Capital	95,000	-	53,250	30,000.00	37,500	-29.58%	50,000	33.3%	4	
28 County/Regional Functions	169,453	168,902	167,882	166,932.84	158,569	-5.55%	161,285	1.7%	5	
29 Audit & Audit Consults	5,000	11,255	15,000	25,430.90	10,000	-33.33%	9,000	-10.0%	5	
30 Assessing	161,350	171,027	83,920	75,660.72	43,846	-47.75%	51,525	17.5%	6	
31 Debt Service, Principal and Interest	197,554	436,564	271,681	249,040.37	212,759	-21.69%	217,866	2.4%	7	
32 Professional Services: Legal	70,000	169,765	70,000	76,786.17	70,000	0.00%	70,000	0.0%	5	
33 Information Management	5,835	7,371	6,500	In Individual depts.	6,500	0.00%	In Individual depts.	-	-	
34 Fire Department	666,267	728,658	531,651	791,753.73	546,417	2.78%	452,150	-17.3%	8	
35 Fire Department Capital	76,657	25,051	70,627	10,937.38	78,018	10.46%	74,385	-4.7%	9	
36 Police, Dispatch, Animal Control	2,957,721	2,909,970	3,310,471	3,191,126.41	3,212,803	-2.95%	3,161,527	-1.6%	11	
37 Police Department Capital	84,167	85,657	107,916	82,319.90	86,250	-20.08%	96,792	12.2%	13	
38 Community Justice Center	109,519	294,896	353,265	409,131.54	438,549	24.14%	490,684	14.1%	14	
39 Public Works, Highway, Parks	490,246	577,235	703,214	609,665.91	613,427	-12.77%	592,175	-3.5%	15	
40 Public Works Capital	160,280	111,945	155,345	433,501.07	279,441	79.88%	414,415	48.3%	17	
41 Recreation Programs, including Barlow	350,936	382,053	335,007	411,429.14	386,730	15.44%	438,191	13.3%	19	
42 Recreation Capital	11,500	-	8,625	75,577.26	-	-100.00%	20,565	-	21	
43 Total Expenditures	6,157,875	6,640,181	6,828,089	7,290,696.62	6,946,958	1.74%	7,104,971	2.3%		

Dear St. Albans City Residents,

The year 2012 proved to be a challenging year for the Clerk's Office overseeing 4 elections (the Annual Meeting, Ward 5 Re-vote and the presidential primary and general elections). Also in 2012, the City Clerk's Office experienced an increase in the number of vital record recordings with 577 births (up 76 from 2011), 70 Marriages (up 25 from 2011) and 157 Deaths.

Changes that have occurred over the past year within the Clerk's Office include:

- Office hours were expanded again last year. The office is now open the last Saturday of each month from 8:00 AM to 12 Noon, providing the public with additional access to services.
- The City implemented a credit/debit card payment system which allows the public to pay water/sewer and tax payments as well as other clerk fees via their credit or debit card.
- GMTA (Green Mountain Transit Authority) Bus passes are now available for purchase at the Clerk's office. Maps and Guides are also available in the Clerk's Office.
- For residents age 62 and older, or totally disabled as a result of disease or injury suffered while serving in the Armed Forces, Green Mountain Passports are available at the Clerk's Office for a fee of \$2.00. This pass allows free admission to Vermont State Parks, Vermont State Historic Sites and events which are fully State sponsored.

Looking forward, the Office will continue to explore potential options for the expansion of the vault within the Clerk's Office. With the size and location of the City Hall, this endeavor continues to be a challenging but necessary process. Even with the Cott Computerized Recording System providing back up of records, hard copies of every vital record and land record still need to be housed in the Clerk's vault.

As your City Clerk, I continue to examine other possible services, above what is currently available, to the residents of St. Albans City and open to hear suggestions on how best to serve my community.

Sincerely,

Susan C. Krupp
City Clerk/Treasurer

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.

Over the course of the past year, the St. Albans Community Justice Center has continued to expand services and supports for St. Albans City residents. The Center has six core programs-

The Justice Center coordinates the **Reparative Board Program** and receives referrals from both Probation and Parole and 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 153 reparative cases (an increase of 30% from the previous year) and volunteers contributed more than 500 hours of service to their community. Clients also completed more than 475 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 (COSA) 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 7 clients per year. Clients in the COSA program are expected to serve at least 20 hrs of community service each week until they gain employment. Service is provided to Public Works, Recreation and local non-profits.
- **The One Stop Reentry Resource Center** provides a structured four-week curriculum every other month 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).

The Justice Center continues to develop 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. In the past year, the program has contacted more than 200 victims of crime and provided direct services to around 20%.

This winter, the Justice Center initiated a two-county **Truancy Program** in collaboration with schools, social service and state agencies. The two-year project includes added case-management, systems integration and consistency of response across diverse programs and agencies. The goal is to help

families get their children to school on time, every day.

Finally, 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 goal is to make sure that community disputes and conflicts do not rise to the level of a crime.

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 26 Catherine Street. The Justice Center relies on local volunteers and concerned citizens to deliver its restorative programs.

St. Albans City Fire Department

Annual Report 2012

For the calendar year 2012 the St. Albans City Fire Department responded to 686 emergency incidents. The types of incidents include: building fires, motor vehicle accidents, carbon monoxide alarms, fire alarms, chimney fires, mutual aid calls, various other “good Intent”, etc.

Department Personal:

July 1, 2012 the city fire department was restructured to reflect the reduction in call volume. There are currently 33 men and women who make up your department. The fulltime staff consists of the Chief, Captain, and Fire Marshall. We work Monday thru Friday and are here to assist you in any way we can. The remaining 30 men and woman are considered part-time on call firefighters. These members are a critical part of the fire department. If you are 18 years of age and would like to serve your community, with or without firefighting experience, stop by the fire station.

Training & Communication:

The department meets every Tuesday evening starting at 6:30pm. The first Tuesday is the department business meeting where members are getting up to date on issues, events, and an overview of the department. The remaining Tuesday nights are devoted to training. We constantly practice firefighting techniques for water supply, hose advancing, fire suppression, ladder operations, building pre-planning, search & rescue, plus many other state mandated sessions.

Station Coverage:

The majority of the nights we still have over night station coverage. One to two qualified Firefighters are in the station from 9:00pm until 6:00am.

On behalf of the fire department we would like to thank you for your support.

Stephen Miller, 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 2012. Our department has played a hand in many major City accomplishments and new initiatives throughout the year.

Community Development

Tax Increment Financing District

One of the City's biggest accomplishments in 2012 was the development and approval of our Tax Increment Financing (TIF) district. With this important tool, local and state taxes on new property values in the City's economic core can now be set aside to pay for special bonds on projects to bring more economic development than the community has seen in quite some time. Many exciting projects were included in the City's TIF proposal, and two of them, the hotel and State office building in the City core lot, were just recently announced. While the City will be able to use TIF over the next 20 years, we'll remember 2012 as the year that the City Council and Vermont Economic Progress Council approved the plan, which was then ratified by voters with a 2-to-1 margin.

Streetscape Projects

The largest public investment in Downtown St. Albans in decades broke ground in 2012. The Downtown Streetscape Project has been in the design stages since the 2009 Downtown Master Plan effort. The project will reconstruct sidewalks, install beautiful new streetlights and trees, improve crosswalks and safety, provide new street furniture, and use the opportunity to significantly extend the useful life of utilities in the ground. In 2012 this \$3 million project broke ground to construct the first improvements between Bank and Congress Street. That phase of the project was completed on time, and the community has spent the winter appreciating the results so far and looking forward to the completion of the project in 2013.

And the City's plans to improve streetscapes do not end with Main Street. In 2012, the City was awarded \$300,000 from the U.S. Dept. of Transportation and \$76,000 from the Vermont Downtown Transportation Fund to begin streetscape improvements to the upper block of Lake Street. Design work on that project will commence in 2013.

Federal Street Multi-Modal Connector

Reconfiguration of the Federal Street corridor from one end of the City to the other has been a priority for decades. The City recently began to pursue this project in earnest, and 2012 saw significant steps moving the project along through the federal Environmental Assessment process. The public comment period for the project was held in late 2012, and the Environmental Assessment has since been completed and approved in early 2013. This project continues to move along.

Taylor Park Fountain Restoration

During a busy 2012, the City Council and City Staff never forgot the calls we were hearing to address the state of the Taylor Park Fountain in earnest. In December the City released the request for proposals for comprehensive exploration of options for the Fountain and associated costs. That work has since continued into 2013, and the community is getting closer to a grand plan of action to give the Fountain another 125 years of life.

Planning & Zoning

New Zoning Administrator

The City benefits from a great team in the Planning and Zoning office downstairs in City Hall. In 2012, the City hired Brad Lanute as Zoning Administrator to join long-time Administrative Coordinator Michelle Boudreau. Brad and Michelle have provided excellent customer service and permitting and policy support during an increasingly exciting time in the City.

Permitting and Development Review

The City's Zoning staff and the Design Advisory and Development Review Boards were busy in 2012. A total of 267 permits were issued, which is down from previous years. However the scale and significance of projects was much larger, including the renovation of St. Albans House, the expansion of Mylan Technologies, and the new store and factory space at the Cooperative Creamery.

Renewal of the City Plan

On June 11, 2012, the City Council re-adopted the St. Albans City Municipal Plan. The revisions to the Plan were the result of hard work by the City Planning Commission, Planning & Development staff, and many members of the public involved. The City Plan has an important role in guiding 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 Form and Character of St. Albans

The City Planning Commission and staff continued to keep busy in 2012. Soon after the re-adoption of the City Plan, an effort began to create a new form-based zoning code for the core area of the community surrounding Downtown. The new code would be a clearer and more streamlined and prescriptive alternative to the City's current design review process. This effort has continued into 2013.

State Investment in Our Planning Program

The quality of the City's planning program and initiatives resulted in yet another Vermont Municipal Planning Grant award in late 2012. The City has attracted State planning grants every year for more than a decade now. The new grant will fund a project to update and re-write the City's zoning ordinance, beginning in 2013.

Downtown Development

Downtown Designation

In 2004 the City of St. Albans, St. Albans for the Future, and local community members saw their efforts to fruition when the Vermont Downtown Program extended designation to Downtown St. Albans. In 2012 the City's new Downtown Board and staff were able to communicate the success of the Downtown Program and achieve re-designation from the State.

New City Logo

The Downtown Board played a significant role in the development of the City's new logo in 2012. A subcommittee of the Board spent several meetings working with consultants on the options before the final choice was presented for the approval of the City Council.

A Time of Transition

The year 2012 was one of continuing transition for the City's Downtown Program, fresh from the new merger between the Downtown Board and St. Albans for the Future. Nevertheless it was as active a year of Downtown programs and events as we have ever enjoyed. The Program was moved along with contributions from multiple staff members, including Lindsey Bryant, Bonnie Lyons and Tamira Martel. At the end of the year, the idea for a new staff position with a focus on business recruitment and retention had formed. The City's first Director of Business Development, Marty Manahan, was then hired early in 2013.

Our City's Planning & Development Boards

The Planning & Development Staff have the enjoyment of working with three important City boards. With this year's annual report, we would like to extend a special thanks to the local community members who contributed significant amounts of time and energy into guiding our City through numerous challenges and opportunities in 2012:

Development Review Board

Megan Manahan, Chair
Dustin Degree
Heather Fontaine
Edward Klingler, Jr.
Marlys Lemnah
Owen Manahan
Gene McCray
Rebecca Pfeiffer
Michael Walsh

Planning Commission / Design Advisory Board

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David Barber
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Helen Short
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Jeff Young

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Stacie Callan
Jay Cummings
Mike Curtis
Henry Demar
Donna Howard
Sheri Moore
Jeff Morrill
Derek Notman
Jennifer Savage
Tim Smith



During the Calendar year 2012 the St. Albans Police Department responded to 7,199 calls for police service, arrested 367 adult offenders, 34 juvenile offenders and took 177 public inebriates into protective custody. The total number of individuals taken into custody by the Police Department in 2012 was 578. The Police Department also conducted 2,302 Motor Vehicle stops which resulted in the issuance of 537 (23%) traffic tickets. The Department also handled an additional 1,700 general services or citizen assistance calls in which no incident report was filed or mandated. Overall, the Police Department was once again successful in reducing overall crime in the City of St. Albans by approximately 25%. Friday's continue to be the busiest day of the week and the busiest time of the day is between 4:00 and 5:00 p.m. daily. St. Albans Police Officers issued 1,581 Parking Tickets, conducted 514 (documented) foot patrols in and around the downtown business district and conducted 21,120 Security Checks (I.E; Critical Infrastructure, Businesses and Requested Personal Properties).

The St. Albans Police Department did experience the departure of six Police Officers over the past year. One left to join the Grand Isle County Sheriff's Department, one left to join the South Burlington Police Department, one left to join the staff at the Vermont Police Academy, one was hired as a criminal investigator with the Secretary of State's Office, one resigned for personal reasons and one was terminated. The burden of covering the open shifts was met by utilizing remaining Officer's working additional shifts. At this writing the Department is again up to full staff and presently has a waiting list for interested candidates.

During the past twelve (12) months Central Dispatch (which is a component of the St. Albans Police Department) was responsible for alerting, and providing emergency communications for 25,037 Police, Fire and Rescue calls throughout Franklin and Grand Isle Counties and the Town of Westford, Vermont. Central Dispatch also handled 15,482 E-911 Calls and 74,911 informational and contact telephone calls. Collectively Central Dispatch handled 115,430 Police, Fire and EMS emergency and informational calls in calendar year 2012. Central Dispatch is now the largest Municipal (Regional) Dispatch Center in the State of Vermont. Central Dispatch is the E-911 PSAP (Public Safety Answering Point) for all of Franklin and Grand Isle Counties and handles overflow and rollover calls from around the State as well. Additionally, Central Dispatch provides emergency dispatch services to thirty-eight (38) Emergency Entities in Franklin and Grand Isle Counties as well as Westford (Chittenden County), Vermont.

Gary L. Taylor, Police Chief

The St. Albans City Public Works Department

2012 Annual Report

The Water Department completed the re-construction of the South Reservoir Dam at the Fairfax Water Treatment Facility. The annual fire hydrant flushing program was also completed. Installation of 500' of 12" water main will take place in the summer of 2013 as part of the "Streetscape Project".

The Wastewater Department has completed all of the annual maintenance requirements for the treatment facilities. As a part of the "Downtown Streetscape Project" the City will be replacing 800' of the sewer collection system.

The Public Works Street Department replaced 2,700' of sidewalk on the north side of Congress Street and north side of Diamond Street. We also completed the annual cleaning of the entire storm water collection system. Also, a substantial lighting upgrade was completed at the Public Works Garage.



St. Albans Recreation Department 2013

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. Meetings are held on the first Wednesday of the month. If you're interested in serving on the commission, please contact the office at 524-1500 X266.

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 ~ Dickinson Branon Dental ~ Elk's Club
St. Albans Rotary Club**



2013 was a year full of improvements for the St. Albans Recreation Department. St. Albans City Pool saw the replacement of it's aging filtration system with state of the art dual filters. The replacement was made possible, by a Vermont State Recreation Facilities Grant, Donations from Clubs, Businesses and Individuals. A automatic chemical controller was installed at the same time. Chemical usage was cut by nearly 50% in the first year of operation.

Recreation Coordinator Jessica Frost joined the Department in November 2012. Jessica works 20 hours per week and oversees the day to day operation of programming as well as develops new activities and programs.

In January 2013, the Recreation Office moved to the Barlow St. Community Center at 39 Barlow Street on the 2nd floor. The move enabled the department to implement after noon programming as well as day time, evening & weekend programs in the new program space available at Barlow. The St. Albans Recreation Department Summer Day Camp will be headquartered out of Barlow Street this summer. The facility includes 2 tennis courts, a basketball court, fields, ball field, playground, green space and indoor program space for cooking, art, movies and presentations. We're looking forward to a great summer here!



Shown above is the new dual pool filter replacing the failing and outdated single filter at left. Water quality improved immediately while chemical use and expense decreased drastically upon installation.

Kelly Viens – Director
Jessica Frost - Coordinator
Michael Smith – Chair
Members: Megan Manahan,
Dave Debellis, Kevin Lawler,
Mike Zemianek
The Recreation Commission is open to suggestions and values your input.



Left: The basketball and tennis courts at Barlow Street Community Center were removed and completely rebuilt. Fencing was replaced, the basketball goals are new, tennis standards and nets were replaced. The tennis courts are lined for Pickleball to accommodate a growing interest among adults in the game, and a new Pickleball program will start in May on the Barlow Street Courts.

Below: The new basketball court at Barlow Street Community Center.



During the summer the St. Albans City Pool is buzzing with activity from early morning until evening as the home of The State Champion Division II 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 and more! 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. 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. This year St. Albans Rotary Club has agreed to sponsor evening swim allowing all participants to swim for free each evening! **THANKS ROTARY!**



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.

Some of our programming: St. Patrick's Day Parade, Chili Cook-off, Easter Egg Hunt, Summer Day Camp, Counselor in Training, Sports Camps, Meditation Classes, 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, 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, register and pay for programming on line at www.stalbansrec.com

Annual Report to the City of St. Albans
St. Albans Free Library
July 1, 2011 June 30, 2012

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 2013-2014 is \$199,973; this request is a 2.5% increase from funding received in fiscal year 2012-2013.

Despite claims that public libraries are becoming obsolete with the advent of eBooks and the Internet, just the opposite is true as people are turning to the Library for access to public computers, programming for entertainment or education, meeting room space, leisure reading materials in a variety of formats and reliable information from purchased databases (sometimes from the comforts of their home).

In the past few years the St. Albans Free Library has continued to provide its users with traditional services (books) while following the growing trends of technology. This past year we were able to offer Kindles to our patrons for circulation as well as having a Kindle and Nook in the library for patrons to tryout and compare.

What the numbers say about the past year:

Collection: 39,296

Library visitors: 74,833

Circulation: 67,659

Program attendance: 5,422

Computer users: 8,552

You can access the online calendar on our website (<http://www.stalbansfreelibrary.org>) from home and we'd be happy to keep you up to date with our library news by email. Just email us at stalbansfreelibrary@myfairpoint.net to sign up.

MaryPat Larrabee
Library Director

D. Joseph Davison
Chair, Board of Trustees

St. Albans Free Library				
Budget for 2013-2014	2012-2013	2013-2014	% incr.	
Operating Revenues				
City of St. Albans	195,096	199,973	2.5%	
Town of St. Albans	119,384	122,369	2.5%	
William Clark Trust	7,000	7,000	0.0%	
Ethel Peabody Trust	1,300	1,300	0.0%	
Fine/Desk Income	6,500	6,500	0.0%	
Gift Funds	3,500	4,000	14.3%	
TOTAL	332,780	341,142	2.5%	
Operating Expenditures				
Adult Materials	6,500	6,500	0.0%	
Adult Periodicals	2,000	2,000	0.0%	
Online References	3,500	4,500	28.6%	
Juv Materials	6,500	6,500	0.0%	
YA Materials	500	500	0.0%	
Juv Periodicals	500	500	0.0%	
Juv Programs	2,000	2,000	0.0%	
Gift Funds	3,500	3,500	0.0%	
Salaries	94,819	98,000	3.4%	
Wages	93,802	96,606	3.0%	
Wages-Cleaning	5,500	6,100	10.9%	
Soc Sec	15,066	15,450	2.5%	
Work Comp	1,500	1,500	0.0%	
Building Repairs	4,000	4,500	12.5%	
Building Reserve	1,500	1,500	0.0%	
Building Insurance (CSTA)*	9,600	8,400	-12.5%	
Employee Benefits (CSTA)*	42,016	42,016	0.0%	
Telephone (CSTA)*	1,300	1,300	0.0%	
Water & Sewer (CSTA)*	650	740	13.8%	
VT GAS	5,427	5,875	8.3%	
CVPS	10,600	10,810	2.0%	
Finance Officer Bond	200	200	0.0%	
Maintenance contracts	5,250	5,825	11.0%	
Postage	2,000	2,200	10.0%	
Payroll Services	1,750	2,000	14.3%	
Supplies	5,500	5,500	0.0%	
Technology (support & upgrades)	5,500	5,000	-9.1%	
Verizon DSL	1,800	1,620	-10.0%	
TOTAL	332,780	341,142	2.5%	
*billing is done through the City of St. Albans				
Grand List 12-11-12		4,720,743		
Library budget as % grand list		0.0424		



2012 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:

- ☞ Conducted research on low impact development stormwater techniques and Form Based Codes.
- ☞ Provided over \$80,000 in environment assessment and clean up funds for the former Fonda site.
- ☞ Completed Regional Review and Approval of the Town Plan.
- ☞ Held a water quality workshop for municipal road crews and provided free erosion control materials.
- ☞ Assisted with updates to the Basic Emergency Operations Plan.
- ☞ Supported the City Emergency Management Committee in local/regional county EM activities.
- ☞ Updated the E-911 poster map, road atlas and road map.

Saint Albans City
Regional Commissioners:
Lazarus Scangas & Jeff Young

Transportation Advisory
Committee:
Ryan Doyle

In the coming year the Commission will further develop our new Healthy People, Strong Communities project to promote economic development and community health. We will also 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 2012 the NWSWD worked hard to make our operations more convenient, consistent, and cost effective for District residents. Some of this year's highlights include:

- Opened a new Drop-off point for household trash, bulky trash, and all recyclables at our Georgia Recycling Center
- Opened a permanent Household Hazardous Waste Collection site
- 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
- Free recycling of Televisions, Computers, Printers, and Computer Periphery
- Expanded food scrap collection and composting through our Close the Loop program
- Creation of new recycling programs for Maple Sap Tubing, plastic bags, and clothing

This report focuses on the accomplishments of District services and programs for the fiscal year that ran from July 2011 thru June 2012 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 Vermont 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 2012, District communities generated a total of 28,394 tons of waste material. After recycling, reuse and composting, the average District resident generated 3.85 pounds of waste per day.

In the NWSWD, 6 District run recycling Drop-off sites in Georgia, 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 operated sites and events disposed of 698.8 tons of trash and processed 646.8 tons of recyclables, setting the diversion rate for District Services at 48%. All of this effort meant that NWSWD residents and business recycled a grand total of more than 2,230 tons of material. The value of these materials to the District was \$40,191 in 2012. 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%. Check out this list of what we were able to divert from landfills this year in Northwest VT:

- 16,791 pounds of Hazardous Waste
- 117 Freon containing appliances
- 118,273 pounds of scrap metal
- 3,119 Propane tanks
- 4,279 pounds of batteries
- 857 tires
- 1,000 gallons of liquid latex paint
- 278,732 pounds of organic material
- 23,338 pound of maple sap tubing
- 25,000+ pound of clothing & goods reused
- 308 Tons of household recyclables
- 155,813 pounds of Electronics

Recycling and Trash Drop-off Sites

This year the District opened a new Drop-off point at our Georgia Recycling Center. This Drop-off Center is open for all District residents Saturday 8-1 and Monday 8-6. We are excited because since this Drop-off is at our Recycling Center we are able to accept almost anything you can think of, from household trash, to tires and from electronics to cardboard. We divert everything that is possible to recycle here and dispose of the rest. We also installed new cash registers at one of our sites that is powered by solar panels. At all of our sites we continue to improve traffic flow, signage, and infrastructure this year to improve safety. 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 NWSWD continued to improve the recycling operations at the Georgia Recycling Facility so that we now transport, market, and process more materials from district residents, drop-off sites and 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 materials that we are able to recycle.

Household Hazardous Waste Collections

In 2012, The Northwest Solid Waste District (NWSWD) held ten Household Hazardous Waste (HHW) and Special Collection events throughout Franklin and Grand Isle Counties. This year, we also opened our HazWaste Center at the Georgia Recycling Center. This facility accepted Hazardous wastes from households and business, by appointment, Monday – Friday from May thru October. This gave NWSWD residents around 180 days where collection services were available. There were roughly 681 households that brought in a range of materials to the collection events. The diversity and volume of items brought to NWSWD events is always impressive. Items that could pose potential health and environmental risks were managed in a safe manner.

Not only does having a permanent outlet for HHW allow for better participation but it allows us to find the best outlets for the material we collect. Because we can safely store and separate materials we were able to reuse or recycle 900 pounds of useable paints and cleaners, 700 gallons of used oil, and over 1000 gallons of latex paint!

Electronics Recycling

Starting July 1, 2011 a new electronic waste collection program provided 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 and wow did we collect a lot of electronics! **155,813 pounds** of monitors, televisions, computers and other household electronics were collected over this year almost double last year's total of 63,937 pounds.

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 FY2012, the District helped residents recycle 2,756 pounds of fluorescent lights.

Compost

In 2012, the Close the Loop community compost program continued to build on its successful organic waste composting program and had its best year ever. The District continued to work with Franklin county schools like BFA High school St. Albans City Elementary, Sheldon Elementary School while we were also able to bring other businesses and institutions like Ben

and Jerry's and the Northwest Medical Center into the compost program. The Close the Loop program totaled 8 regular generators as well as 3 special events this year that together diverted roughly 147,332 pounds of food scraps from entering the landfill. This amount tripled the food waste recovered over the previous school year's volume. All food waste collected through Close the Loop is mixed with carbon material to begin the process of making a nutrient rich compost material. 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.

Outside of Close the Loop the NWSWD continues to sell home composters and work with individuals and groups to set up their own composting systems.

Educational Outreach

District staff conducted educational workshops and presentations at six area schools. Presentations and demonstrations ranged from the District recycling workshops and a 'Trash on the Lawn Day' to compost education. 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. In addition to schools this year the District worked to reach out to the community by participation in community events like Maplefest, Dairy Days, Franklin County Field Days, and the I.C.E. Energy festival at the Champlain Islands Farmers Market.

The district has put considerable effort into expanding its presence on the internet. The website which is www.nwswd.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 has created an E-newsletter to distribute information, more regularly than our annual print 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. In this year the Environmental Enforcement Officer (EEO) responded to 83 reports of violations from 14 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. Then the offender is asked to clean up their mess if it hasn't been done already. If the site was cleaned up by the District or another group the offender pays for that cleanup. A ticket and a fine may be utilized when a second violation is found or in the case of gross negligence. During FY2012 the EEO issued 38 warnings. 41 sites were cleaned up by offenders. Five cases remain open and six were handed over to State Enforcement.

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.

William Cioffi

CITY OF ST. ALBANS, VERMONT

**AUDIT REPORT AND REPORTS ON
COMPLIANCE AND INTERNAL CONTROL**

JUNE 30, 2012

CITY OF ST. ALBANS, VERMONT
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CITY OF ST. ALBANS, VERMONT
 AUDIT REPORT
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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, 2012, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of St. Albans, Vermont as of June 30, 2012 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 III.C. to the financial statements, the City has included the Pension Trust Fund, which was not included in prior years, in the City's financial statements as is required by accounting principles generally accepted in the United States of America.

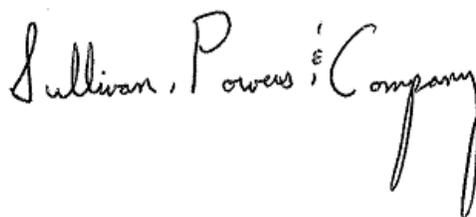
Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 13 and the schedule of funding progress for the Pension Trust Fund and the budgetary comparison information for the General Fund, presented in Schedules 1 and 2 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organizations" and is not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects in relation to the financial statements as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated January 30, 2013, 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.

January 30, 2013
Montpelier, Vermont
VT Lic. #92-000180



Sullivan, Powers & Company

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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, 2012. 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 \$19,403,519 (net assets). Of this amount, \$1,917,624 (unrestricted net assets) may be used to meet the City's ongoing obligations. The balance of net assets is made up of \$17,271,272 invested in capital assets, net of related debt and \$214,623 restricted for specific purposes.
- The City's total net assets increased by \$2,019,472 (11.6%). Of this amount, net assets attributable to governmental activities increased by \$1,435,455 (34.7%), and net assets attributable to business-type activities increased by \$584,017 (4.4%).
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$376,734, a decrease of \$254,179 in comparison with the prior year.
- The City's total debt decreased by \$342,948 (3.4%) during the current fiscal year. Outstanding debt supporting the City's governmental activities decreased by \$167,988 (9.1%) including two new debt items totaling \$123,480. Outstanding business-activities debt decreased by \$174,960 (2.1%) with no new debt issued.
- Upgrades to the wastewater treatment facility costing \$5.2 million were completed. This project was moved out of construction in progress and began depreciating halfway through the 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.

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. 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.

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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 a 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 statements can be found in Exhibits A and B 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.

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

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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. Combining financial statements containing more detailed information on these funds may be found in Schedules 3 through 8.

The basic governmental fund financial statements can be found in Exhibits C and D of this report. The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement is provided in Schedule 1 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 in Exhibits F through H.

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 two fiduciary funds at this time, detailed in Exhibits I and J.

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 immediately following the basic financial statements.

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 in this report.

**CITY OF ST. ALBANS, VERMONT
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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary Statement of Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>
	2012	2011	2012	2011	2012
Cash and Investments	\$ 1,432,110	\$ 1,347,961	\$ 750,113	\$ 231,223	\$ 2,182,223
Other Assets	251,240	335,890	1,829,862	1,592,430	2,081,102
Capital Assets	<u>6,625,394</u>	<u>5,064,232</u>	<u>19,725,233</u>	<u>20,338,193</u>	<u>26,350,627</u>
Total Assets	<u>8,308,744</u>	<u>6,748,083</u>	<u>22,305,208</u>	<u>22,161,846</u>	<u>30,613,952</u>
Other Liabilities	765,760	407,928	165,119	433,073	930,879
Noncurrent Liabilities	<u>1,975,155</u>	<u>2,207,781</u>	<u>8,304,399</u>	<u>8,477,100</u>	<u>10,279,554</u>
Total Liabilities	<u>2,740,915</u>	<u>2,615,709</u>	<u>8,469,518</u>	<u>8,910,173</u>	<u>11,210,433</u>
Net Assets:					
Invested in Capital Assets, Net of Related Debt	5,687,628	4,094,397	11,583,644	12,053,482	17,271,272
Restricted	214,623	264,656	-	-	214,623
Unrestricted/(Deficit)	<u>(334,422)</u>	<u>(226,679)</u>	<u>2,252,046</u>	<u>1,198,191</u>	<u>1,917,624</u>
Total Net Assets	<u>\$ 5,567,829</u>	<u>\$ 4,132,374</u>	<u>\$ 13,835,690</u>	<u>\$ 13,251,673</u>	<u>\$ 19,403,519</u>

As noted earlier, net assets serve as a useful indicator of a government's financial position over time. At the close of the most recent fiscal year, the City's assets exceeded liabilities by \$19,403,519. The City's total net assets are split between governmental activities net assets of \$5,567,829 and business-type activities net assets of \$13,835,690.

The largest portion of the City's total net assets (89%) reflects its investment in capital assets (equipment, land, buildings and infrastructure) net of any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City strives, on an ongoing basis, to work reserves into the annual budget to provide for financial contingencies and reserves for a long-term capital plan. As was the case in 2011, the 2012 operations achieved that goal.

The City's total net assets also include \$214,623 (1%) of restricted net assets. These are assets representing resources subject to external restrictions as to how they may be used. The remaining balance of unrestricted net assets (\$1,917,624) may be used to meet the government's ongoing financial obligations. Included in unrestricted net assets are amounts that management has assigned for particular purposes, such as capital reserve funds and reserves for expenditures in subsequent years.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Summary of the Statement of Activities

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>
	2012	2011	2012	2011	2012
Revenues:					
Program Revenues:					
Charges for Services	\$ 1,778,771	\$ 1,348,621	\$ 4,766,285	\$ 4,256,307	\$ 6,545,056
Operating Grants & Contributions	2,377,447	1,050,574	-	-	2,377,447
Capital Grants & Contributions	933,940	920,671	79,587	1,000,000	1,013,527
General Revenues:					
Property Taxes	3,780,436	3,765,017	-	-	3,780,436
Other	<u>237,911</u>	<u>226,454</u>	<u>50,395</u>	<u>44,403</u>	<u>288,306</u>
Total Revenues	<u>9,108,505</u>	<u>7,311,337</u>	<u>4,896,267</u>	<u>5,300,710</u>	<u>14,004,772</u>
Expenses:					
General Government	1,387,110	947,435	-	-	1,387,110
Public Safety	4,682,229	4,190,064	-	-	4,682,229
Public Works	581,886	571,072	-	-	581,886
Culture and Recreation	472,500	485,389	-	-	472,500
Community Development	498,887	2,356	-	-	498,887
Interest on Long-Term Debt	50,438	62,959	-	-	50,438
Water	-	-	1,807,120	1,714,023	1,807,120
Sewer	<u>-</u>	<u>-</u>	<u>2,505,130</u>	<u>2,365,686</u>	<u>2,505,130</u>
Total Expenses	<u>7,673,050</u>	<u>6,259,275</u>	<u>4,312,250</u>	<u>4,079,709</u>	<u>11,985,300</u>
Change in Net Assets	1,435,455	1,052,062	584,017	1,221,001	2,019,472
Beginning Net Assets	<u>4,132,374</u>	<u>3,080,312</u>	<u>13,251,673</u>	<u>12,030,672</u>	<u>17,384,047</u>
Ending Net Assets	<u>\$ 5,567,829</u>	<u>\$ 4,132,374</u>	<u>\$ 13,835,690</u>	<u>\$ 13,251,673</u>	<u>\$ 19,403,519</u>

Governmental Activities

Governmental activities increased the City's net assets by \$1,435,455 for the year ended June 30, 2012. This increase is \$383,393 (38.4%) higher than the previous year. Key elements of the increase are as follows:

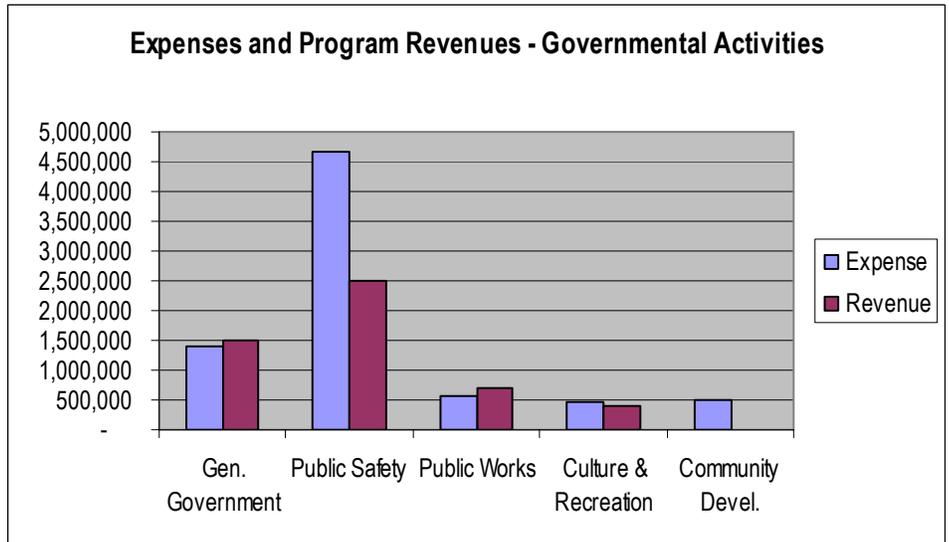
- Total governmental activities' revenues increased by 24.6% (\$1,797,168) from 2011 to 2012. The primary cause of this increase is a \$1.3 million boost to operating grants and contributions combined with a \$430,000 increase in charges for services.
- Although the dollar amount of property taxes remained stable (up \$15,419 or 0.4% from 2011), the City's reliance on property tax revenue decreased by 10% from 51.5% of total revenues in 2011 to 41.5% in 2012. This decrease is a direct cause of a stable tax rate combined with a drastic increase in operating grants and contributions and should not be considered an ongoing trend.
- Total governmental activities' expenses increased by 22.6% (\$1,413,775) from 2011 to 2012. This increase roughly offsets the increase in operating grants and contributions. Since the

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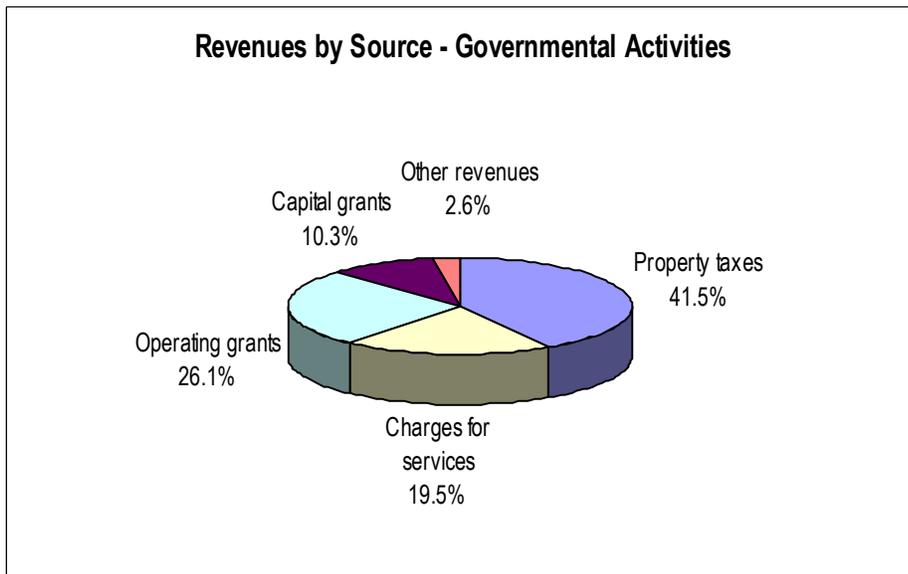
majority of the City's grants are reimbursable grants (the City incurs approved expenses up front and is subsequently reimbursed by the grantor) this offset is logical. This increase includes the large increase in Community Development expenses from 2011 to 2012. The City is the pass-through entity for a VCDP grant to the Samaritan House. The bulk of the work on this project was performed in 2012 and will be completed in 2013.

- Public safety expenses end the year at 61% (\$4,682,229) of total governmental activities' expenses. This is a slight decrease from the previous year when public safety expenses were 67% (\$4,190,064) of total governmental activities' expenses. Public safety remains the largest category of expenses from year to year.

The graph titled Expense and Program Revenues of Governmental Activities, gives the reader an idea of how each major program is funded. The revenues included in this graph are program specific revenues such as user fees, capital grants, and operating grants. General revenues such as property revenues and interest earnings are excluded. The supporting data may be found on Exhibit B, the Statement of Activities.



The graph titled Revenues by Source of Governmental Activities, summarizes revenues by source for the reader. The majority of revenue comes from property taxes, 41.5% or \$3,780,436. The second largest category of revenue is operating grants coming in at 26.1% (\$2,377,447) of total revenue. This is a change from the previous year when charges for services claimed the number two spot with 18% of total revenue. During the current year, charges for services remains stable at 19.5%, however, the increase in operating grants makes the former source third largest.



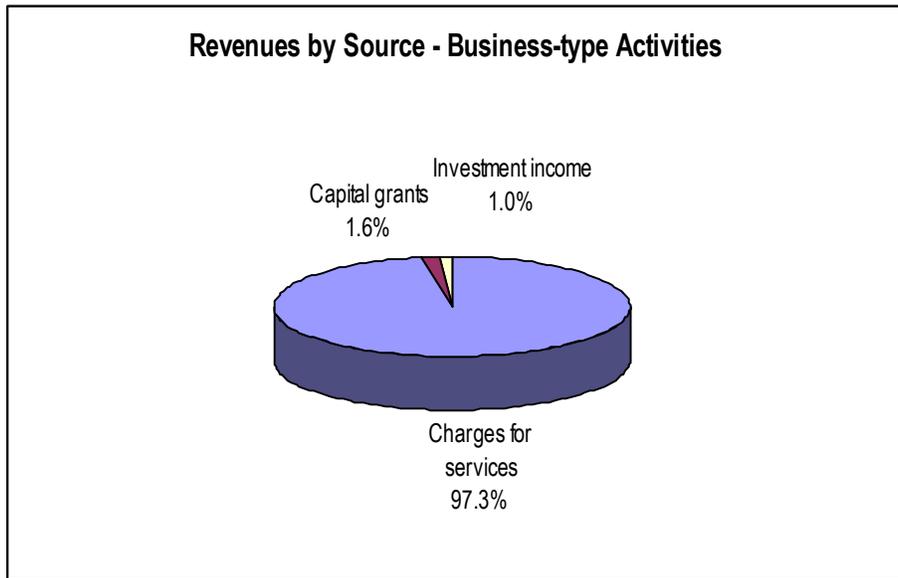
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Business-type Activities

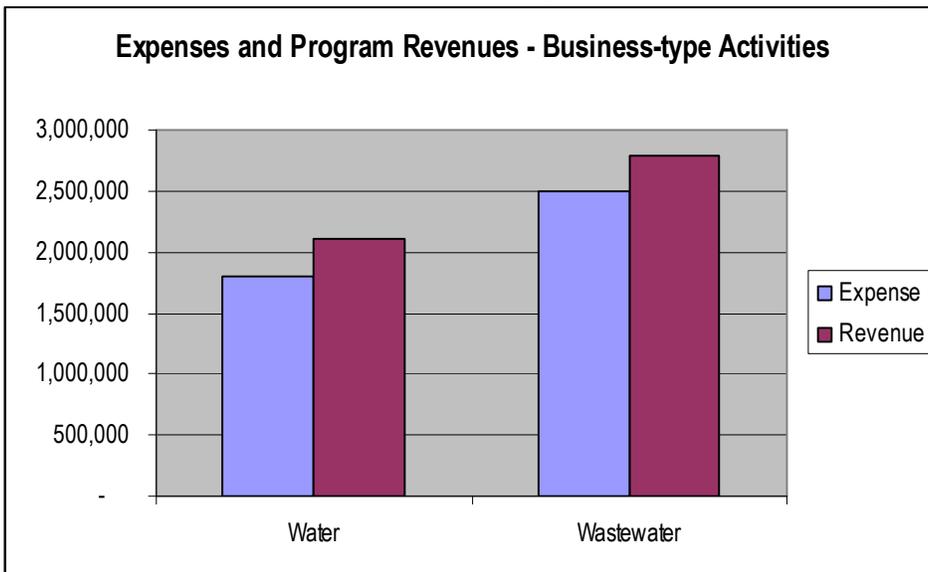
Business-type activities increase the City's net assets by \$584,017 during the current fiscal year. Key elements of this increase are as follows:

- Total revenues of \$4,896,267 were \$404,493 (7.7%) less than the previous year due primarily to one-time loan forgiveness in the wastewater fund of \$1,000,000 recognized during 2011.
- Total expenses of \$4,312,250 increased by \$232,541 (5.7%) when compared to the prior year. This slight increase in total expenses is split proportionately between the two funds.

The City's business-type activities are supported by user fees, also referred to as charges for services (\$4,766,285) with assistance from capital grants (\$79,587) and investment income (\$50,395). The breakdown of revenue sources is illustrated in the graph titled Revenues by Source of Business-type Activities. As the name suggests, business-type activities are accounted for in the same manner that businesses would account for



operations. This being said, it is necessary that revenues meet or exceed expenses in order to continue operating. The graph titled Expenses and Program Revenues of Business-type Activities, demonstrates that during the current fiscal year, revenues exceeded expenses for both the water fund and the wastewater fund. Revenues exceeded expenses in the water fund by \$296,548 or 14% of total revenue



and in the wastewater fund by \$287,469 or 10% of total revenue. In the water fund more than half of this surplus was designated for future water capital projects and in the wastewater fund the entire surplus was designated for future wastewater capital projects and repayment of debt. Additional detail can be found in Footnote IV.I Designated Net Assets.

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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.

Governmental Funds

The focus of the City's governmental funds is to provide information on current year revenue, expenditures, and balances 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.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$376,734, a decrease of \$254,179 in comparison with the prior year. Of this total amount, \$244,121 is non-spendable (advances to other funds and prepaid expenses) and \$83,568 is restricted to indicate that it is not available for discretionary spending, because it is otherwise restricted by grant agreements, statutes, or bond covenants. Of the remaining amount, \$318,203 has been assigned by the City for various purposes (detailed in Footnote IV. H. Net Assets/Fund Balance) and unassigned fund balance is a deficit of \$269,158. The deficit unassigned fund balance is caused by timing of grant proceeds.

The general fund is the chief operating fund of the City. At the end of the year, total fund balance in the general fund was \$531,848, a decrease of \$208,674 from the previous year. Of this amount, \$193,645 is non-spendable and \$20,000 is restricted (this amount is restricted debt proceeds). Of the remaining amount, \$318,203 has been assigned leaving a deficit in unassigned fund balance of \$-0-.

Certain notable items and trends in the general fund and other governmental funds include:

- Property taxes remained stable over the two years increasing 3.9% (\$143,419) from \$3,707,017 to \$3,850,436. For both 2011 and 2012 property tax revenues represent 56% of total revenues in the general fund.
- Transfers out from the general fund to other governmental funds increased from \$74,741 to \$132,672. This increase is directly correlated with the increase in work done on the City's capital projects including demolition of the Fonda/Solo building, construction of the previous concrete sidewalk on the east side of Taylor Park, and continued work on both the Federal Street Bypass project and the Streetscape project. All of these projects are funded with grants requiring a local match, when these projects are recorded in separate funds the local match is shown in the financial statements as a transfer in or out.
- All of the \$269,158 deficit for the total governmental funds comes from the other governmental funds. The City captures certain grant activity and capital projects within its other governmental funds. The deficit resulting from these funds is due primarily to grant proceeds that were not received within sixty days of the end of the fiscal year causing them to be deferred.

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Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net assets of the water fund are \$2,881,717, an 11.5% increase from the previous year. More than half of the water fund's net assets are invested in capital assets (net of related debt); 51.9% or \$1,495,442. In the wastewater fund, total net assets are \$10,953,973, a 2.7% increase from the previous year. The vast majority of net assets in the wastewater fund are in the form of capital assets (net of related debt); 92.1% or \$10,088,202. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2012 were \$26,350,627 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The City's combined investment in capital assets increased by \$948,201 from June 30, 2011 to June 30, 2012, or 3.73%. Of this, capital assets for governmental activities increased by \$1,561,161 or 30.83%, net of accumulated depreciation. Capital assets for business-type activities decreased by \$612,960 or 3.01%, net of accumulated depreciation.

Summary of Capital Assets and Long-Term Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total government</u>
	2012	2011	2012	2011	2012
Capital Assets:					
Land	\$ 940,932	\$ 940,932	\$ 202,012	\$ 202,012	\$ 1,142,944
Construction in Progress	1,039,425	523,762	127,792	5,184,970	1,167,217
Buildings and Improvements	1,658,439	1,647,635	29,128,241	23,960,609	30,786,680
Machinery and Equipment	2,999,978	2,247,429	2,425,954	2,338,400	5,425,932
Infrastructure	<u>1,807,335</u>	<u>1,269,407</u>	-	-	<u>1,807,335</u>
	8,446,109	6,629,165	31,883,999	31,685,991	40,330,108
Less: Accumulated Depreciation	<u>(1,820,715)</u>	<u>(1,564,933)</u>	<u>(12,158,766)</u>	<u>(11,347,798)</u>	<u>(13,979,481)</u>
Total Assets, Net	<u>\$ 6,625,394</u>	<u>\$ 5,064,232</u>	<u>\$ 19,725,233</u>	<u>\$ 20,338,193</u>	<u>\$ 26,350,627</u>
Long-Term Debt	<u>\$ 1,673,582</u>	<u>\$ 1,841,570</u>	<u>\$ 8,141,589</u>	<u>\$ 8,316,549</u>	<u>\$ 9,815,171</u>

Comparing the dollar amount of depreciable assets to accumulated depreciation provides readers with an idea of how old the City's assets are. Total depreciable governmental activities capital assets were \$6,465,752 as of June 30, 2012 with related accumulated depreciation of \$1,820,715. Accumulated depreciation as a percentage of cost indicates that, as a whole, the depreciable assets are at 28.2% of

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their useful lives. This is a decrease from the previous year when total depreciable governmental activities capital assets were at 30.0% of their useful lives. This supports the data above showing an increase in governmental activities capital assets from the previous year. The total increase, net of accumulated depreciation is 30.1% or \$1,561,161. However, one third of this increase is due to an increase in the construction in progress balance. As mentioned previously in this report, the City had a number of capital projects in process during the year including the Federal Street Bypass project and the Streetscape project.

When the ratio of accumulated depreciation to value of depreciable assets is applied to the City's business-type activities, accumulated depreciation of \$12,158,767 as a percentage of total depreciable assets of \$31,554,195 indicates that the assets of the City's business-type activities are at 38.5% of their useful lives. This is also a decrease from the previous year when business-type activities' depreciable capital assets were at 43.1% of their useful lives. Capital assets net of accumulated depreciation for the City's business-type activities decreased by 3.0% as a result of annual depreciation expense increasing the balance in accumulated depreciation.

Major capital asset activity for the year ended June 30, 2012 included the following:

- Completion of the Wastewater Treatment Facility Upgrade shifted approximately \$5.2 million from construction in progress to buildings and improvements, under business-type activities. Although this had a net zero effect on the balance of capital assets in the business-type activities funds, this upgrade will now be depreciated over 20 years causing annual depreciation expense to increase by approximately \$250,000.
- Paving projects totaling \$264,145 and sidewalk projects totaling \$220,035 were completed during the year.
- The Police Department received a donation of dispatch equipment from the State of Vermont valued at \$545,932.
- A second sidewalk plow costing \$102,480 was purchased after the 2011/2012 winter; residents should expect to see an increase in passable sidewalks during the upcoming winter.

Additional information on the City's capital assets can be found in Footnote IV. D. Capital Assets.

Long-Term Debt

The City began the year with \$10,158,119 in long-term debt outstanding. As of June 30, 2012 this amount had decreased by \$342,948 or 3.4% to end the current year with \$9,815,171 in long-term debt outstanding. Long-term debt outstanding decreased for both governmental activities (9.1% or \$167,988) and business-type activities (2.1% or \$174,960).

Factors contributing to the change include the following:

- The City's governmental activities debt increased by the addition of two new loans; \$82,480 for the purchase of a second sidewalk plow and \$41,000 to improve the Houghton Park tennis courts.

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- The City refinanced the water system improvements bond moving the balance of \$3,581,515 plus accrued interest from USDA to the Vermont Municipal Bond Bank. The new principal balance after incorporating accrued interest was \$3,594,525 at the end of the year. Although refinancing did not shorten the life of the bond, the interest rate decreased from 4.50% to 3.93% saving the City over \$200,000 in interest and decreasing the annual payments by \$9,047.
- Principal payments totaling \$291,468 were made on governmental activities debt and principal payments totaling \$406,913 were made on business-type activities debt (excluding principal paid when refinancing the USDA Rural Development bond).

Additional information about long-term debt can be found in Footnote IV.G. Long-term Liabilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors: Outlook and Future Development

The City is deeply engaged in several economic developments, transportation, and public infrastructure initiatives designed to increase the tax base and revitalize the City. The cornerstone of this effort is a Tax Increment Finance District (TIF) that was recently approved by the State of Vermont and local voters.

In brief, tax increment financing allows a municipality to issue bonds for public improvements and service those bonds using 75% of the incremental increase in property values in the district.

The St. Albans TIF plan calls for up to \$42 million in public improvement projects consisting of Brownfield remediation, a parking structure, the Federal Street Multi-modal improvement project, additional Streetscaping, and improvements to Taylor Park and the City's stormwater system.

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 or requests for additional financial information should be addressed to 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, 2012

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 1,375,873	\$ 750,113	\$ 2,125,986
Investments	56,237	0	56,237
Receivables (Net of Allowance for Uncollectibles)	822,982	1,126,220	1,949,202
Loans Receivable	100,579	0	100,579
Inventory	0	29,363	29,363
Internal Balances	(674,279)	674,279	0
Prepaid Expenses	1,958	0	1,958
Capital Assets			
Land	940,932	202,012	1,142,944
Construction in Progress	1,039,425	127,792	1,167,217
Other Capital Assets, (Net of Accumulated Depreciation)	<u>4,645,037</u>	<u>19,395,429</u>	<u>24,040,466</u>
Total Assets	<u>8,308,744</u>	<u>22,305,208</u>	<u>30,613,952</u>
 <u>LIABILITIES</u>			
Accounts Payable	433,005	130,760	563,765
Accrued Payroll and Benefits Payable	223,395	7,619	231,014
Deferred Revenue	106,473	4,430	110,903
Accrued Interest Payable	2,887	22,310	25,197
Noncurrent Liabilities:			
Due within One Year	301,242	593,922	895,164
Due in More than One Year	<u>1,673,913</u>	<u>7,710,477</u>	<u>9,384,390</u>
Total Liabilities	<u>2,740,915</u>	<u>8,469,518</u>	<u>11,210,433</u>
 <u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	5,687,628	11,583,644	17,271,272
Restricted	214,623	0	214,623
Unrestricted/(Deficit)	<u>(334,422)</u>	<u>2,252,046</u>	<u>1,917,624</u>
Total Net Assets	<u>\$ 5,567,829</u>	<u>\$ 13,835,690</u>	<u>\$ 19,403,519</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, 2012

	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	\$ 1,387,110	\$ 237,930	\$ 1,260,018	\$ 0	\$ 110,838	\$ 0	\$ 110,838
Public Safety	4,682,229	1,172,465	814,727	500,000	(2,195,037)	0	(2,195,037)
Public Works	581,886	42,756	232,225	433,940	127,035	0	127,035
Culture and Recreation	472,500	325,041	70,477	0	(76,982)	0	(76,982)
Community Development	498,887	579	0	0	(498,308)	0	(498,308)
Interest on Long-term Debt	50,438	0	0	0	(50,438)	0	(50,438)
Total Governmental Activities	7,673,050	1,778,771	2,377,447	933,940	(2,582,892)	0	(2,582,892)
Business-Type Activities:							
Water	1,807,120	2,085,442	0	0	0	278,322	278,322
Sewer	2,505,130	2,680,843	0	79,587	0	255,300	255,300
Total Business-Type Activities	4,312,250	4,766,285	0	79,587	0	533,622	533,622
Total Primary Government	\$ 11,985,300	\$ 6,545,056	\$ 2,377,447	\$ 1,013,527	(2,582,892)	533,622	(2,049,270)
General Revenues:							
Property Taxes					3,780,436	0	3,780,436
Interest and Penalties on Delinquent Taxes					96,792	0	96,792
Unrestricted Investment Earnings					4,884	50,395	55,279
General State Grants					89,834	0	89,834
Other Revenues					23,140	0	23,140
Gain on Sale of Land					23,261	0	23,261
Total General Revenues					4,018,347	50,395	4,068,742
Change in Net Assets					1,435,455	584,017	2,019,472
Net Assets - July 1, 2011					4,132,374	13,251,673	17,384,047
Net Assets - June 30, 2012					\$ 5,567,829	\$ 13,835,690	\$ 19,403,519

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

CITY OF ST. ALBANS, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 1,310,177	\$ 65,696	\$ 1,375,873
Investments	56,237	0	56,237
Receivables (Net of Allowance for Uncollectibles)	459,020	363,962	822,982
Due from Other Funds	0	33,257	33,257
Advances to Other Funds	191,687	50,476	242,163
Loans Receivable	0	100,579	100,579
Prepaid Expenses	1,958	0	1,958
Total Assets	\$ 2,019,079	\$ 613,970	\$ 2,633,049
<u>LIABILITIES</u>			
Liabilities:			
Accounts Payable	\$ 269,506	\$ 163,499	\$ 433,005
Accrued Payroll and Benefits Payable	222,666	729	223,395
Due to Other Funds	641,659	65,877	707,536
Advances from Other Funds	0	242,163	242,163
Deferred Revenue	353,400	296,816	650,216
Total Liabilities	1,487,231	769,084	2,256,315
Fund Balances/(Deficit):			
Nonspendable	193,645	50,476	244,121
Restricted	20,000	63,568	83,568
Assigned	318,203	0	318,203
Unassigned	0	(269,158)	(269,158)
Total Fund Balances/(Deficit)	531,848	(155,114)	376,734
Total Liabilities and Fund Balances	\$ 2,019,079	\$ 613,970	
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.			6,625,394
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.			543,743
Long-Term and Accrued Liabilities are not Due or Payable in the Current Period and, Therefore, are Not Reported in the Funds.			(1,978,042)
Net Assets of Governmental Activities			\$ 5,567,829

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, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Property Taxes	\$ 3,850,436	\$ 0	\$ 3,850,436
Penalties and Interest	96,791	0	96,791
Intergovernmental Revenues	1,053,424	1,878,184	2,931,608
Charges for Services	1,583,855	0	1,583,855
Investment Income	3,560	1,324	4,884
Loan Repayments	0	98,887	98,887
Licenses and Permits	202,758	0	202,758
Other Revenue	93,333	2,000	95,333
	<u>6,884,157</u>	<u>1,980,395</u>	<u>8,864,552</u>
Total Revenues			
Expenditures:			
Current:			
General Government	778,782	735,979	1,514,761
Public Safety	4,331,045	150,444	4,481,489
Public Works	513,179	0	513,179
Culture and Recreation	451,872	1,811	453,683
Community Development	0	598,887	598,887
Capital Outlay:			
Public Safety	132,604	0	132,604
Highways and Streets	472,968	671,451	1,144,419
Culture and Recreation	80,976	0	80,976
Debt Service:			
Principal	291,468	0	291,468
Interest	54,006	0	54,006
	<u>7,106,900</u>	<u>2,158,572</u>	<u>9,265,472</u>
Total Expenditures			
Excess/(Deficiency) of Revenues Over Expenditures	<u>(222,743)</u>	<u>(178,177)</u>	<u>(400,920)</u>
Other Financing Sources/(Uses):			
Proceeds of Long-Term Debt	123,480	0	123,480
Proceeds from Sale of Land	23,261	0	23,261
Transfers In	0	132,672	132,672
Transfers Out	(132,672)	0	(132,672)
	<u>14,069</u>	<u>132,672</u>	<u>146,741</u>
Total Other Financing Sources/(Uses)			
Net Change in Fund Balances	(208,674)	(45,505)	(254,179)
Fund Balances/(Deficit) - July 1, 2011	<u>740,522</u>	<u>(109,609)</u>	<u>630,913</u>
Fund Balances/(Deficit) - June 30, 2012	<u>\$ 531,848</u>	<u>\$ (155,114)</u>	<u>\$ 376,734</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, 2012

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)	\$	(254,179)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$1,357,999) is allocated over their estimated useful lives and reported as depreciation expense (\$297,751). This is the amount by which capital outlays exceeded depreciation in the current period.		1,060,248
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, loss on disposals and donations) is to increase net assets. The City received dispatch equipment with a value of \$500,000 which is the majority of this amount.		500,914
The issuance of long-term debt (\$123,480) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$291,468) 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.		167,988
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 decrease of deferred revenue over last year.		(107,722)
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>68,206</u>
Change in net assets of governmental activities (Exhibit B)	\$	<u><u>1,435,455</u></u>

The General Fund charges the Water and Sewer Funds for administrative expenses. These charges totaling \$73,000 have been eliminated from the Governmental Activities on the Statement of Activities.

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

<u>ASSETS</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Current Assets:			
Cash	\$ 416,114	\$ 333,999	\$ 750,113
Receivables (Net of Allowance for Uncollectible Accounts)	465,110	661,110	1,126,220
Inventory	15,395	13,968	29,363
Due from Other Funds	<u>623,263</u>	<u>51,016</u>	<u>674,279</u>
Total Current Assets	<u>1,519,882</u>	<u>1,060,093</u>	<u>2,579,975</u>
Noncurrent Assets:			
Capital Assets			
Land	155,000	47,012	202,012
Construction in Progress	127,792	0	127,792
Buildings, Distribution and Collection System and Improvements	7,318,389	21,809,852	29,128,241
Vehicles, Machinery and Equipment	1,060,865	1,365,089	2,425,954
Less Accumulated Depreciation	<u>(3,437,588)</u>	<u>(8,721,178)</u>	<u>(12,158,766)</u>
Total Noncurrent Assets	<u>5,224,458</u>	<u>14,500,775</u>	<u>19,725,233</u>
Total Assets	<u>\$ 6,744,340</u>	<u>\$ 15,560,868</u>	<u>\$ 22,305,208</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 49,355	\$ 81,405	\$ 130,760
Accrued Payroll	3,390	4,229	7,619
Deferred Revenue	4,430	0	4,430
Accrued Interest Payable	19,907	2,403	22,310
Bonds Payable - Current Portion	89,930	167,525	257,455
Notes Payable - Current Portion	100,578	222,847	323,425
Capital Lease Payable - Current Portion	<u>6,521</u>	<u>6,521</u>	<u>13,042</u>
Total Current Liabilities	<u>274,111</u>	<u>484,930</u>	<u>759,041</u>
Noncurrent Liabilities			
Compensated Absences Payable	56,525	106,285	162,810
Bonds Payable - Noncurrent Portion	3,504,595	3,872,109	7,376,704
Notes Payable - Noncurrent Portion	<u>27,392</u>	<u>143,571</u>	<u>170,963</u>
Total Noncurrent Liabilities	<u>3,588,512</u>	<u>4,121,965</u>	<u>7,710,477</u>
Total Liabilities	<u>3,862,623</u>	<u>4,606,895</u>	<u>8,469,518</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	1,495,442	10,088,202	11,583,644
Unrestricted	<u>1,386,275</u>	<u>865,771</u>	<u>2,252,046</u>
Total Net Assets	<u>2,881,717</u>	<u>10,953,973</u>	<u>13,835,690</u>
Total Liabilities and Net Assets	<u>\$ 6,744,340</u>	<u>\$ 15,560,868</u>	<u>\$ 22,305,208</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, 2012

	Water Fund	Wastewater Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues:			
Charges for Services	\$ 1,965,237	\$ 2,526,381	\$ 4,491,618
Penalties and Interest	13,276	17,667	30,943
Allocation Fees	80,334	136,546	216,880
Land Lease	15,000	0	15,000
Other Income	11,595	249	11,844
	<u> </u>	<u> </u>	<u> </u>
Total Operating Revenues	<u>2,085,442</u>	<u>2,680,843</u>	<u>4,766,285</u>
Operating Expenses:			
Salaries and Benefits	629,188	813,235	1,442,423
Other Purchased Services	112,474	261,026	373,500
Chemicals	134,689	342,544	477,233
Repairs and Maintenance	110,745	116,659	227,404
Insurances	47,699	50,699	98,398
Utilities	207,216	188,282	395,498
Supplies	13,976	36,732	50,708
Real Estate and State Water Taxes	46,464	4,594	51,058
Other Operating Costs	91,781	95,984	187,765
Depreciation	249,989	580,950	830,939
	<u> </u>	<u> </u>	<u> </u>
Total Operating Expenses	<u>1,644,221</u>	<u>2,490,705</u>	<u>4,134,926</u>
Operating Income	<u>441,221</u>	<u>190,138</u>	<u>631,359</u>
Nonoperating Revenues (Expenses):			
Investment Income	18,226	32,169	50,395
Interest Expense	(162,899)	(14,425)	(177,324)
	<u> </u>	<u> </u>	<u> </u>
Total Nonoperating Revenues (Expenses)	<u>(144,673)</u>	<u>17,744</u>	<u>(126,929)</u>
Net Income Before Capital Contributions	296,548	207,882	504,430
Capital Contributions	<u>0</u>	<u>79,587</u>	<u>79,587</u>
Change in Net Assets	296,548	287,469	584,017
Net Assets - July 1, 2011	<u>2,585,169</u>	<u>10,666,504</u>	<u>13,251,673</u>
Net Assets - June 30, 2012	<u>\$ 2,881,717</u>	<u>\$ 10,953,973</u>	<u>\$ 13,835,690</u>

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, 2012

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 2,043,621	\$ 2,613,714	\$ 4,657,335
Other Receipts	26,595	249	26,844
Payments to Suppliers	(757,184)	(1,104,253)	(1,861,437)
Payment of Taxes	(46,464)	(4,594)	(51,058)
Payments for Wages and Benefits	<u>(626,846)</u>	<u>(809,218)</u>	<u>(1,436,064)</u>
Net Cash Provided by Operating Activities	<u>639,722</u>	<u>695,898</u>	<u>1,335,620</u>
Cash Flows From Noncapital Financing Activities:			
Decrease/(Increase) in Due from Other Funds	<u>65,855</u>	<u>(190,086)</u>	<u>(124,231)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>65,855</u>	<u>(190,086)</u>	<u>(124,231)</u>
Cash Flows From Capital and Related Financing Activities:			
Capital Contributions	0	79,587	79,587
Acquisition and Construction of Capital Assets	(144,889)	(283,001)	(427,890)
Proceeds of Long-Term Debt	3,594,525	218,943	3,813,468
Principal Paid on:			
General Obligation Bonds	(3,581,515)	(79,588)	(3,661,103)
Notes Payable	(97,850)	(216,813)	(314,663)
Capital Leases	(6,331)	(6,331)	(12,662)
Interest Paid on:			
General Obligation Bonds	(198,270)	0	(198,270)
Notes Payable	<u>(6,675)</u>	<u>(14,686)</u>	<u>(21,361)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(441,005)</u>	<u>(301,889)</u>	<u>(742,894)</u>
Cash Flows From Investing Activities:			
Receipt of Interest & Dividends	<u>18,226</u>	<u>32,169</u>	<u>50,395</u>
Net Cash Provided by Investing Activities	<u>18,226</u>	<u>32,169</u>	<u>50,395</u>
Net Increase in Cash	282,798	236,092	518,890
Cash - July 1, 2011	<u>133,316</u>	<u>97,907</u>	<u>231,223</u>
Cash - June 30, 2012	<u>\$ 416,114</u>	<u>\$ 333,999</u>	<u>\$ 750,113</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	441,221	190,138	631,359
Depreciation	249,989	580,950	830,939
(Increase)/Decrease in Receivables	(16,958)	(66,880)	(83,838)
(Increase)/Decrease in Inventory	(15,395)	(13,968)	(29,363)
Increase/(Decrease) in Accounts Payable	(23,209)	1,641	(21,568)
Increase/(Decrease) in Accrued Payroll	1,870	2,230	4,100
Increase/(Decrease) in Deferred Revenue	1,732	0	1,732
Increase/(Decrease) in Compensated Absences Payable	<u>472</u>	<u>1,787</u>	<u>2,259</u>
Net Cash Provided by Operating Activities	<u>\$ 639,722</u>	<u>\$ 695,898</u>	<u>\$ 1,335,620</u>

Non-Cash Supplemental Information:

\$12,000 and \$197,911 of capital acquisitions for the Water and Wastewater Funds, respectively, are included in accounts payable as of June 30, 2011.

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Pension Trust Fund	Agency Fund <hr/> SAFF Fund	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 0	\$ 11,829	\$ 11,829
Investments	<u>3,877,443</u>	<u>0</u>	<u>3,877,443</u>
Total Assets	<u>3,877,443</u>	<u>11,829</u>	<u>3,889,272</u>
<u>LIABILITIES</u>			
Due to Other Organizations	<u>0</u>	<u>11,829</u>	<u>11,829</u>
Total Liabilities	<u>0</u>	<u>11,829</u>	<u>11,829</u>
<u>NET ASSETS</u>			
Held in Trust For:			
Employees' Pension Benefits	<u>3,877,443</u>	<u>0</u>	<u>3,877,443</u>
Total Net Assets	<u>\$ 3,877,443</u>	<u>\$ 0</u>	<u>\$ 3,877,443</u>

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Pension Trust Fund</u>
<u>ADDITIONS:</u>	
Contributions:	
Employer	\$ 200,000
Plan Members	<u>48,379</u>
Total Contributions	248,379
Net Investment Earnings	<u>207,214</u>
Total Additions	<u>455,593</u>
<u>DEDUCTIONS:</u>	
Benefits - Pension	344,433
Administrative Expenses	25,002
Refund of Contributions	<u>16,040</u>
Total Deductions	<u>385,475</u>
Change in Net Assets	70,118
Net Assets - July 1, 2011	<u>3,807,325</u>
Net Assets- June 30, 2012	<u>\$ 3,877,443</u>

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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 ó 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 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 includes all of the funds of the City. 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 are no entities that should be combined with the financial statements of the City.

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, 2012

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.

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.

CITY OF ST. ALBANS, VERMONT
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Additionally, the City reports the following fund types:

Pension Trust Fund ó This fund accounts for monies contributed by the City and its employees and the income on investments expended for the pensions of retired City employees.

Agency Fund ó This fund accounts for monies maintained for a local group called Saint Albans for the Future.

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide, proprietary fund and fiduciary 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, proprietary fund and fiduciary 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.

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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.

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F. Assets, Liabilities and Equity

1. Cash

Cash balances of most City funds are deposited with and invested by the City Treasurer. The City considers all short-term investments of ninety (90) days or less to be cash equivalents.

2. Investments

The City invests in investments as allowed by State Statute. Investments with readily determinable fair values are reported at their fair values on the balance sheet. Unrealized gains and losses are included in revenue.

3. Receivables

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

4. Internal Balances

Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as either "Due to/from Other Funds" (i.e., the current portion) or "Advances to/from Other Funds" (i.e., the non-current portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Cash balances deposited and invested by the Treasurer in a combined cash account are reported as "Due to/from Other Funds".

Advances between funds, as reported in the fund financial statements, are offset by a fund reserve account (nonspendable fund balance) in the applicable funds to indicate that they are not available for appropriation and are not expendable available financial resources.

5. Inventories and Prepaid Expenses

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

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

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

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6. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest incurred during the construction phase for proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Infrastructure assets are reported starting with fiscal year June 30, 2004. The City has elected to not report major general infrastructure assets retroactively. The City has not capitalized any interest costs.

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

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

	<u>Capitalization Threshold</u>	<u>Estimated Service Life</u>
Land	\$ 5,000	Not Depreciated
Buildings and Building Improvements	5,000	40 Years
Vehicles	5,000	4-15 Years
Machinery, Equipment and Furniture	5,000	8-20 Years
Roads, Bridges, and Sidewalks	5,000	30-50 Years
Water and Wastewater Distribution and and Collection Systems	5,000	60 - 100 Years

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

7. Compensated Absences

It is the policy of the City to permit employees to accumulate earned but unused vacation time up to two hundred forty (240) hours. Public safety employees may accumulate earned but unused comp time up to two hundred forty (240) hours and all other employees may accumulate earned but unused comp time up to one hundred sixty (160) hours. The value of this leave time will be paid at the employee's current rate of pay upon retirement, termination or death. In addition to this, employees hired before July 1, 2008 can accrue up to six hundred forty (640) hours of sick leave, and will be paid the value of this leave time at their current rate of pay upon retirement, termination or death. Employees hired after July 1, 2008 can accrue up to two hundred forty (240) hours with one hundred sixty (160) hours vested for payment upon retirement, termination, or death. Payments for unused compensated absences in the governmental funds are recorded as expenditures in the year they are paid.

CITY OF ST. ALBANS, VERMONT
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8. Long-term Liabilities

Long-term liabilities include bonds, notes and capital lease payable and other obligations such as compensated absences and the net pension obligation. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those funds use the current financial resources measurement focus and only include current liabilities on their balance sheets.

9. Fund Equity

Fund Balances and Retained Earnings are classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net assets in the government-wide and proprietary fund type financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund Balances of governmental funds are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the City Council's intended use of the resources); and unassigned.

**II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND
AND GOVERNMENT-WIDE STATEMENTS**

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

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

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

CITY OF ST. ALBANS, VERMONT
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Long-term debt transaction differences arise because governmental funds report bond proceeds as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities, respectively.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are approved at the annual City Meeting in March. Any budget changes require voter approval. There were no budget changes during the year.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2012, expenditures exceeded appropriations in the General Fund by \$400,410. These were partially funded by available fund balance, unanticipated grant income and proceeds of long-term debt.

C. Pension Trust Fund

In prior years, the City had not included the Pension Trust Fund in the City's financial statements as is required by accounting principles generally accepted in the United States of America. The City has included this fund in these financial statements. The effect of this inclusion is that beginning net assets/fund balances of the aggregate remaining fund information increased by \$3,807,325, the beginning net assets of the Pension Trust Fund.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The City's cash and investments as of June 30, 2012 consisted of the following:

Cash:	
Cash on Hand	\$ 500
Cash with Financial Institutions	<u>2,137,315</u>
Total Cash	<u>2,137,815</u>
Investments:	
Mutual Funds ó Cash Equivalents	56,237
Annuity Contracts	<u>3,877,443</u>
Total Investments	<u>3,933,680</u>
Total Cash and Investments	<u>\$6,071,495</u>

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Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The City does not have any policy to limit the exposure to custodial credit risk. The mutual funds are in the name of the City and are not exposed to custodial credit risk. The annuity contract is a group annuity contract issued by Prudential Retirement Insurance and Annuity Company (PRIAC). The following table shows the custodial credit risk of the City's deposits.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC/SIPC Insured	\$ 328,470	\$ 328,905
Uninsured, Uncollateralized, However \$1,568,035 is Offset By Debt to the Respective Bank	<u>1,865,082</u>	<u>2,001,530</u>
Total Cash Deposits	<u>\$ 2,193,552</u>	<u>\$ 2,330,435</u>

The difference between the book and the bank balance is due to reconciling items such as deposits in transit and outstanding checks. Due to higher cash flows at certain times during the year, the amounts of uninsured, uncollateralized cash was much higher than at year end.

Deposits are comprised of the following:

Cash with Financial Institutions	\$2,137,815
Mutual Funds ó Cash Equivalents	<u>56,237</u>
	<u>\$2,194,052</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have any policy to limit the exposure to interest rate risk.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City does not have any policy to limit the exposure to credit risk.

CITY OF ST. ALBANS, VERMONT
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Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the City's investments are held within one security. The City does not have any limitations on the amount that can be invested in any one issuer. The City has 100% of their mutual funds invested in Federated Treasury Cash Equivalents and 100% of their retirement investments invested in annuity contracts with PRIAC.

B. Receivables

Receivables at June 30, 2012, as reported in the statement of net assets, net of applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities	Total
Delinquent Taxes	\$ 353,007	\$ 0	\$ 353,007
Penalties and Interest	44,084	0	44,084
Billed Services	0	726,850	726,850
Unbilled Services	0	261,676	261,676
Grants	399,244	0	399,244
Allocation Fees and Interest	0	94,410	94,410
Other	40,221	57,784	98,005
Reimbursements	7,426	0	7,426
Allowance for Doubtful Accounts	(21,000)	(14,500)	(35,500)
	\$ 822,982	\$ 1,126,220	\$ 1,949,202

C. Loans Receivable

Loans Receivable at June 30, 2012 consists of two (2) loans for community development as follows:

Loan Receivable, Local Business, Interest at 1%, Balloon Payment Plus Interest Due October 27, 2016, Secured by a Mortgage on Real Estate	\$ 65,000
Loan Receivable, Local Business, Interest at 1%, Balloon Payment Plus Interest Due February 3, 2017, Secured By a Mortgage on Real Estate	<u>35,000</u>
Total	100,000
Plus: Accrued Interest on Note	<u>579</u>
Reported Value at June 30, 2012	<u>\$ 100,579</u>

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An analysis of the change in loans receivable is as follows:

<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Payments</u>	<u>Amounts</u> <u>Written Off</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>\$102,975</u>	<u>\$100,000</u>	<u>\$98,887</u>	<u>\$4,088</u>	<u>\$100,000</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 940,932	\$ 0	\$ 0	\$ 940,932
Construction in Progress	<u>523,762</u>	<u>515,663</u>	<u>0</u>	<u>1,039,425</u>
Total Capital Assets, Not Being Depreciated	<u>1,464,694</u>	<u>515,663</u>	<u>0</u>	<u>1,980,357</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,604,069	54,370	0	1,658,439
Vehicles, Machinery and Equipment	2,258,454	806,675	65,151	2,999,978
Infrastructure	<u>1,301,948</u>	<u>505,387</u>	<u>0</u>	<u>1,807,335</u>
	<u>5,164,471</u>	<u>1,366,432</u>	<u>65,151</u>	<u>6,465,752</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	717,742	27,785	0	745,527
Vehicles, Machinery and Equipment	716,013	247,514	61,214	902,313
Infrastructure	<u>131,178</u>	<u>41,697</u>	<u>0</u>	<u>172,875</u>
Totals	<u>1,564,933</u>	<u>316,996</u>	<u>61,214</u>	<u>1,820,715</u>
Total Capital Assets, Being Depreciated	<u>3,599,538</u>	<u>1,049,436</u>	<u>3,937</u>	<u>4,645,037</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,064,232</u>	<u>\$ 1,565,099</u>	<u>\$ 3,937</u>	<u>\$ 6,625,394</u>
	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 202,012	\$ 0	\$ 0	\$ 202,012
Construction in Progress	<u>5,184,970</u>	<u>70,626</u>	<u>5,127,804</u>	<u>127,792</u>
Total Capital Assets, Not Being Depreciated	<u>5,386,982</u>	<u>70,626</u>	<u>5,127,804</u>	<u>329,804</u>
Capital Assets, Being Depreciated:				
Buildings, Distribution and Collection				
Systems & Improvements	23,960,609	5,167,632	0	29,128,241
Machinery and Equipment	<u>2,338,400</u>	<u>107,525</u>	<u>19,971</u>	<u>2,425,954</u>
Totals	<u>26,299,009</u>	<u>5,275,157</u>	<u>19,971</u>	<u>31,554,195</u>
Less Accumulated Depreciation for:				
Buildings, Distribution and Collection				
Systems & Improvements	10,283,523	608,657	0	10,892,180
Machinery and Equipment	<u>1,064,275</u>	<u>222,282</u>	<u>19,971</u>	<u>1,266,586</u>
Totals	<u>11,347,798</u>	<u>830,939</u>	<u>19,971</u>	<u>12,158,766</u>
Total Capital Assets, Being Depreciated	<u>14,951,211</u>	<u>4,444,218</u>	<u>0</u>	<u>19,395,429</u>
Business-Type Activities Capital Assets, Net	<u>\$ 20,338,193</u>	<u>\$ 4,514,844</u>	<u>\$ 5,127,804</u>	<u>\$ 19,725,233</u>

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Property, plant and equipment with a cost and accumulated depreciation of \$19,245 were added to the Governmental Activities balance in 2012 as these were omitted in prior years. These are reflected in the increases for the year.

Depreciation was charged as follows:

Governmental Activities:		Business - Type Activities:	
General Government	\$ 5,786	Water	\$ 249,989
Public Safety	204,676	Sewer	<u>580,950</u>
Public Works	74,308		
Culture and Recreation	<u>12,981</u>		
 Total Depreciation Expense - Governmental Activities	 \$ <u>297,751</u>	 Total Depreciation Expense - Business- Type Activities	 \$ <u>830,939</u>

The City purchased a building known as the Fonda/Solo Building in 2007. This building, along with its 5.1 acre site, had pollution remediation obligations. The City has outstanding debt on this property totaling \$325,816. This building is being held for resale, however, in 2009, the City recognized an impairment loss due to the remediation liability. These remediation costs, however, were funded with grants. In 2011, the City demolished the building.

E. Interfund Balances and Activity

The composition of Due From/(To) Other Funds at June 30, 2012 is as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 641,659
Other Governmental Funds	33,257	65,877
Water Fund	623,263	0
Wastewater Fund	<u>51,016</u>	<u>0</u>
 Total	 \$ <u>707,536</u>	 \$ <u>707,536</u>

The composition of Advances To/(From) Other Funds at June 30, 2012 is as follows:

General Fund	\$191,687	\$ 0
Revolving Loan Fund	50,476	0
Solo Building Fund	0	54,548
Fonda Remediation Fund	0	25,909
Federal Street Bypass Fund	<u>0</u>	<u>161,706</u>
 Total	 \$ <u>242,163</u>	 \$ <u>242,163</u>

CITY OF ST. ALBANS, VERMONT
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Interfund transfers during the year ended June 30, 2012 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	VCDP Grants Fund	\$ 483	Fund local match on grants
General Fund	Clean & Clear Fund	8,882	Fund local match on grants
General Fund	EPA Grant Fund	59,083	Fund local match on grants
General Fund	TIF Fund	1,350	For training expenses not eligible for TIF District
General Fund	Federal Street Bypass Fund	48,610	Fund local match on grants
General Fund	Central Lot Fund	203	Fund project deficit
General Fund	Streetscape Improvement Fund	<u>14,061</u>	Fund local match on grant
Total		<u>\$ 132,672</u>	

F. Deferred Revenue

Deferred Revenue in the General Fund consists of \$228,000 of delinquent property taxes and penalty and interest on those taxes and \$27,427 of other receivables not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities, \$20,050 of fiscal year 2013 taxes received in advance, \$10,667 of parking fees received in advance, \$38,724 of payments for recreation programs for fiscal year 2013, \$21,901 of grant revenue received in advance, \$850 of rental payments received for fiscal year 2013, and \$5,781 of fiscal year 2013 services paid in advance by the library. The revenue will be recognized as delinquent taxes and other receivables are collected, fiscal year 2013 taxes are billed, parking and other services are provided and as expenses are incurred for the grants. Total Deferred Revenue in the General Fund is \$353,400.

Deferred Revenue in the Other Governmental Funds consists of \$100,579 of net loans receivable and \$187,737 grant receivables not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$3,000 of grant revenue received in advance and \$5,500 of contributions from the reconstitution committee received in advance. The revenue will be recognized as the loans are repaid, receivables are collected and expenses are incurred on the projects. Total deferred revenue in the Other Governmental Funds is \$296,816.

Deferred Revenue in the Water Fund of \$4,430 consists of water fees received in advance. This revenue will be earned in 2013 as water fees are billed.

G. Long-term Liabilities

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

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General obligation bonds are direct obligations and pledge the full faith and credit of the City. New bonds generally are issued as 10 to 20 year bonds.

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

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

Capital Lease Obligations - The City enters into lease agreements as the lessee for the purpose of financing the acquisition of major pieces of equipment. These lease agreements qualify as capital lease obligations for accounting purposes (even though they may include clauses that allow for cancellation of the lease in the event the City does not appropriate funds in future years) and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception of the leases. Leases are reported in governmental activities if the debt is expected to be repaid from general governmental revenue and in the business-type activities if the debt is expected to be repaid from proprietary fund revenue.

Compensated Absences - It is the policy of the City to permit employees to accumulate vacation, comp-time and sick leave time, the value of which will be paid at their current rate of pay upon retirement, termination or death as discussed in Note I.F.7. The accrual for compensated absences, based on current rates, is recorded in the government-wide financial statements and proprietary fund financial statements.

Net Pension Obligation - The City had previously recorded a liability in its Government-Wide Governmental Activities financial statements related to underfunding its annual required contribution to the City of St. Albans pension plan as described in Note V.B. This was funded during the current year.

Long-term liabilities outstanding as of June 30, 2012 were as follows:

Bonds, Notes and Capital Leases Payable:

Governmental Activities:

	Beginning Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2012</u>
Note Payable ó Peoples Trust Company; Blouin Parking Lot; Interest at 3.50%; Monthly Principal and Interest Payments of \$1,252; Due November 4, 2020	\$ 120,303	\$ 0	\$ 11,873	\$ 108,430

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

	Beginning Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2012</u>
Note Payable ó Peoples Trust Company; 32 Nason Street Property; Interest at 3.75%; Monthly Principal and Interest Payments of \$997; Due December 25, 2016	\$ 58,306	\$ 0	\$ 9,961	\$ 48,345
Note Payable ó Peoples Trust Company; Fonda Building Purchase; Interest at 2.25%; Due July 23, 2012; The City is Making Interest Only Payments and Renewing Each Year Until the Property is Sold. The Note was Renewed until July 23, 2013 with Interest at 1.75%	325,816	0	0	325,816
Note Payable ó Peoples Trust Company; Fire Truck Purchase; Interest at 2.75%; Monthly Principal and Interest Payments of \$1,764; Due April 28, 2014	55,588	0	19,882	35,706
Bond Payable ó Vermont Municipal Bond Bank; Retirement of the Fund Balance Deficit in the General Fund; Interest Varies from 1.90% to 4.87%; Annual Principal Payments Ranging from \$95,000 to \$100,000 Due Each November; Semi-Annual Interest Payments Due Each May and November, Due November 15, 2014	385,000	0	100,000	285,000
Note Payable ó Peoples Trust Company; Purchase of Little League Fields; Interest at 2.75%; Monthly Principal and Interest Payments of \$1,563; Due July 23, 2014	55,370	0	17,437	37,933
Note Payable ó Peoples Trust Company; Purchase of 27-33 Federal Street; Interest at 3.75%; Monthly Principal and Interest Payments of \$1,665; Due September 4, 2023	196,022	0	12,756	183,266

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

	Beginning Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2012</u>
Bond Payable ó Vermont Municipal Bond Bank; Library Improvements; Interest at 5.00%; Annual Principal Payments Ranging from \$35,000 to \$40,000 Due Each December; Semi-Annual Interest Payments Due Each June and December; Due December 1, 2014	\$ 145,000	\$ 0	\$ 40,000	\$105,000
Note Payable ó Peoples Trust Company; Court House Parking Lot; Interest at 3.75%; Monthly Principal and Interest Payments of \$1,501; Due July 14, 2020	138,453	0	13,041	125,412
Note Payable ó Peoples Trust Company; One Third (33.34%) of Single Axle Truck; Interest at 3.00%; Monthly Principal and Interest Payments of \$797; Due June 30, 2016	44,334	0	8,342	35,992
Note Payable ó Peoples Trust Company; Federal Street Project Local Match; Interest at 2.00%; Monthly Principal and Interest Payments of \$2,222; Due June 30, 2012 at Which Time the City Refinanced the Note. The New Terms Require Interest at 1.75%, with the Same Payment Terms and a Due Date of June 30, 2013	90,952	0	22,952	68,000
Note Payable ó Peoples Trust Company; Sidewalk Plow Purchase; Interest at 2.75%; Monthly Principal and Interest Payments of \$1,473; Due March 21, 2017	0	82,480	3,856	78,624
Note Payable ó Peoples Trust Company; Tennis Court Upgrades; Interest at 2.75%; Monthly Principal and Interest Payments of \$732; Due January 12, 2017	0	41,000	3,202	37,798

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

	Beginning Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2012</u>
Bond Payable ó Vermont Municipal Bond Bank; Fire Truck Purchase; Interest Varies from 0.777% to 2.731%; Annual Principal Payments Ranging From \$20,000 to \$25,000 Due Each December, Semi-Annual Interest Payments, Due Each June and December; Due December 1, 2020	\$ 220,000	\$ 0	\$ 25,000	\$ 195,000
Capital Lease Payable ó Sun Trust Equipment Financing and Leasing Corporation; Twenty Percent (20%) of Backhoe Purchase; Interest at 2.99%; Due in Three (3) Payments of \$3,358; Due November 9, 2012	<u>6,426</u>	<u>0</u>	<u>3,166</u>	<u>3,260</u>
Total Governmental Activities	<u>\$1,841,570</u>	<u>\$ 123,480</u>	<u>\$ 291,468</u>	<u>\$1,673,582</u>
<u>Business-Type Activities</u>				
Water Fund				
Bond Payable ó USDA Rural Development; Water Improvements; Interest at 4.50%; Annual Principal and Interest Payments of \$240,242; Due February 4, 2036, However, this Bond was Refunded in 2012.	\$ 3,581,515	\$ 0	\$ 3,581,515	\$ 0
Bond Payable ó Vermont Municipal Bond Bank, USDA Refunding Bond; Water Improvements; Interest at 3.93%; Annual Payments of \$231,195 Beginning November 2012, Due November 15, 2036	0	3,594,525	0	3,594,525
Note Payable ó Peoples Trust Company; Fifty Percent (50%) Water Meter Loan; Interest at 2.75%; Annual Principal and Interest Payments of \$94,582; Due and Paid September 1, 2012	181,487	0	89,508	91,979

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

	Beginning Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2012</u>
Note Payable ó Peoples Trust Company; One Third (33.33%) of Single Axle Truck; Interest at 3.00%; Monthly Principal and Interest Payments of \$797; Due June 30, 2016	\$ 44,333	\$ 0	\$ 8,342	\$ 35,991
Capital Lease Payable ó Sun Trust Equipment Financing and Leasing Corporation; Forty Percent (40%) of Backhoe Purchase; Interest at 2.99%; Due in Three (3) Payments of \$6,716; Due November 9, 2012	<u>12,852</u>	<u>0</u>	<u>6,331</u>	<u>6,521</u>
Total Water Fund	<u>3,820,187</u>	<u>3,594,525</u>	<u>3,685,696</u>	<u>3,729,016</u>
Wastewater Fund:				
Note Payable ó Peoples Trust Company; Fifty Percent (50%) Water Meter Loan; Interest at 2.75%; Annual Principal and Interest Payments of \$94,582; Due and Paid September 1, 2012	\$ 181,487	\$ 0	\$ 89,508	\$ 91,979
Note Payable ó Peoples Trust Company; Wastewater Line of Credit Refinancing; Interest at 2.75%; Monthly Principal and Interest Payments of \$10,581; Due April, 2014	345,735	0	118,963	226,772
Bond Payable ó State of Vermont Special Environmental Revolving Loan Fund; Wastewater Treatment Facility Improvements; Interest at 0.00% Administrative Fee of 2.00%; Annual Principal and Administrative Fee Payments of \$88,677 Beginning September, 2012; \$1,000,000 of the Bond was Granted to the City in 2011; Due September 1, 2031	1,419,221	0	0	1,419,221

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

	<u>Beginning Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2012</u>
Bond Payable ó State of Vermont Special Environmental Revolving Loan Fund; Wastewater Treatment Facility Improvements; Interest at 0.00%; Administrative Fee of 2.00%; Annual Principal and Administrative Fee Payments of \$142,607 Beginning July 1, 2012; \$79,588 of the Bond was Granted to the City in 2012; Due July 1, 2031	\$2,319,976	\$ 218,943	\$ 79,588	\$2,459,331
Bond Payable ó State of Vermont Special Environmental Revolving Loan Fund; Wastewater Treatment Facility Improvements; \$276,000 Authorized; Interest at 0.00%; Administrative Fee of 2.00%; Annual Principal and Administrative Fee Payments of \$9,851 Beginning September 1, 2012; Due September 1, 2031	161,082	0	0	161,082
Note Payable ó State of Vermont Special Environmental Revolving Loan Fund; Wastewater Planning Loan; Interest at 0.00%; \$12,500 Authorized; Annual Payments of \$2,500 Beginning October 1, 2014; Due October 1, 2018	11,676	0	0	11,676
Note Payable ó Peoples Trust Company; One Third (33.33%) of Single Axle Truck; Interest at 3.00%; Monthly Principal and Interest Payments of \$797; Due June 30, 2016	44,333	0	8,342	35,991

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

	<u>Beginning Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2012</u>
Capital Lease Payable ó Sun Trust Equipment Financing and Leasing Corporation; Forty Percent (40%) of Backhoe Purchase; Interest at 2.99%; Due in Three (3) Payments of \$6,716; Due November 9, 2012	\$ <u>12,852</u>	\$ <u>0</u>	\$ <u>6,331</u>	\$ <u>6,521</u>
Total Wastewater Fund	<u>4,496,362</u>	<u>218,943</u>	<u>302,732</u>	<u>4,412,573</u>
Total Business-Type Activities	<u>\$ 8,316,549</u>	<u>\$ 3,813,468</u>	<u>\$ 3,988,428</u>	<u>\$ 8,141,589</u>

Changes in all long-term liabilities during the year were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable	\$ 750,000	\$ 0	\$ 165,000	\$ 585,000	\$ 155,000
Notes Payable	1,085,144	123,480	123,302	1,085,322	142,982
Capital Leases Payable	6,426	0	3,166	3,260	3,260
Compensated Absences	306,422	0	4,849	301,573	0
Net Pension Obligation	<u>59,789</u>	<u>0</u>	<u>59,789</u>	<u>0</u>	<u>0</u>
Total Governmental Activities Long-Term Liabilities	<u>2,207,781</u>	<u>123,480</u>	<u>356,106</u>	<u>1,975,155</u>	<u>301,242</u>
Business-type Activities					
Bonds Payable	7,481,794	3,813,468	3,661,103	7,634,159	257,455
Notes Payable	809,051	0	314,663	494,388	323,425
Capital Leases Payable	25,704	0	12,662	13,042	13,042
Compensated Absences	<u>160,551</u>	<u>2,259</u>	<u>0</u>	<u>162,810</u>	<u>0</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 8,477,100</u>	<u>\$ 3,815,727</u>	<u>\$ 3,988,428</u>	<u>\$ 8,304,399</u>	<u>\$ 593,922</u>

Compensated Absences are paid by the applicable fund where the employee is charged.

CITY OF ST. ALBANS, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

Maturities of notes, bonds and capital leases payable based on the City's intentions are as follows:

Year Ending June 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Capital Leases	Principal	Interest	Capital Leases
2013	\$ 297,982	\$ 39,108	\$ 3,358	\$ 580,880	\$ 232,587	\$ 13,431
2014	301,600	29,611	0	386,562	216,676	0
2015	257,668	20,310	0	292,191	207,651	0
2016	109,273	14,343	0	300,039	199,442	0
2017	87,279	11,117	0	288,759	191,809	0
2018-2022	266,428	23,316	0	1,556,528	836,703	0
2023-2027	24,276	604	0	1,777,895	608,686	0
2028-2032	0	0	0	2,009,757	342,453	0
2033-2037	0	0	0	935,936	86,053	0
Unknown	325,816	0	0	0	0	0
Total	1,670,322	138,409	3,358	8,128,547	2,922,060	13,431
Less: Imputed Interest	0	0	(98)	0	0	(389)
Total	\$ 1,670,322	\$ 138,409	\$ 3,260	\$ 8,128,547	\$ 2,922,060	\$ 13,042

The short-term debt activity during the year was as follows:

Beginning Balance	\$ 0
Proceeds of Line of Credit ó Wastewater Fund	284,997
Repayments of Line of Credit ó Wastewater Fund	<u>(284,997)</u>
Ending Balance	<u>\$ 0</u>

The City has an available line of credit of \$1,000,000 with Peoples Trust Company. Interest is at 1.75% and matures February 1, 2013. The balance outstanding as of June 30, 2012 was \$-0-.

H. Net Assets/Fund Balances

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

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

CITY OF ST. ALBANS, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

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

Amounts constrained to stabilization will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The City does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The City does not have any minimum fund balance policies.

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

The purpose for each major Special Revenue Fund, including which specific revenues and other resources are authorized to be reported in each, are described in the following section.

The restricted net assets of the City as of June 30, 2012 consisted of the following:

Governmental Activities:

Restricted for Revolving Loan Fund by Grant Agreement	\$ 212,780
Restricted for Taylor Park By Donations	<u>1,843</u>
Total Governmental Activities	<u>214,623</u>
Total Restricted Net Assets	<u>\$ 214,623</u>

The fund balances in the following funds are nonspendable as follows:

General Fund:

Nonspendable General Fund Prepaid Expenses	\$ 1,958
Nonspendable Advances to Other Funds	<u>191,687</u>
Total General Fund	<u>193,645</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Revolving Loan Fund:

Nonspendable Advances to Other Funds	\$ <u>50,476</u>
Total Nonspendable Fund Balances	\$ <u>244,121</u>

The fund balances in the following funds are restricted as follows:

Major Funds

General Fund:

Restricted for Tennis Courts by Unspent Debt Proceeds	\$ <u>20,000</u>
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Non-Major Funds

Restricted for Community Development by Grant Agreements (Source of Revenue is Grant Revenue)	61,725
Restricted for Taylor Park Expenses by Donations (Source of Revenue is Donations)	<u>1,843</u>
Total Non-Major Funds	<u>63,568</u>
Total Restricted Fund Balances	\$ <u>83,568</u>

The fund balances in the following funds are assigned as follows:

Major Funds:

General Fund:

Assigned for Downtown Redevelopment ó (JLD Proceeds)	\$ 51,889
Assigned for Downtown Development (Lemnah Proceeds)	213,859
Assigned for Stormwater Permitting (Lemnah Proceeds)	63,126
Assigned for Tennis Court Rehabilitation	5,000
Assigned for General Parking Improvements	22,017
Assigned for Fire Department Reserves	1,667
Assigned for Public Health and Safety Ordinances	31,200
Assigned for Sidewalks	13,025
Assigned for Public Works Reserves	13,900
Assigned for Record Preservation	50,580
Assigned for Reappraisal	22,251
Assigned for Police Department Expenses	355
Amounts Assigned in Excess of Available Fund Balance	<u>(170,666)</u>
Total	\$ <u>318,203</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

The unassigned deficits in the EPA Grant Fund and Federal Street ByPass Fund will be funded as grant receivables are collected.

The unassigned deficits in the SOLO Building Fund and in the Fonda Remediation Fund will be funded with either the sale proceeds of the former Fonda building site or from a transfer from the General Fund.

The unassigned deficit in the TIF Fund will be funded as TIF District taxes are billed in future years.

I. Designated Net Assets

The designated net assets of the City as of June 30, 2012 consisted of the following:

Proprietary Fund:

Designated for Water Capital	\$502,921
Designated for Wastewater Capital	348,704
Designated for Wastewater Debt Service	<u>133,550</u>
 Total Designated Net Assets	 <u>\$985,175</u>

V. OTHER INFORMATION

A. PENSION PLANS

All applicable employees of the City of St. Albans are covered under the State of Vermont Municipal Employees' Retirement Plan. Certain other employees who were participants prior to January 1, 2010 are members of the City of St. Albans defined benefit pension plan, as discussed in Note V.B. Employees in Plan B contribute 4.5% of their gross salary and the City contributes 5%. Employees in Plan C contribute 9.25% of their gross salary and the City contributes 6.5%. Employees in Group C are limited to police officers and certain firefighters. All other employees must be in Group B.

The City of St. Albans pays all costs accrued each year for the plans. The premise of the plans is to provide a retirement plan covering municipal employees at a uniform state-wide contribution rate based upon an actuarial valuation of all State of Vermont municipal employees. Activity in this plan is done in the aggregate, not by municipality. Due to the nature of this pension plan, net assets available for benefits as well as present value of vested and nonvested plan benefits by municipality are not determinable.

Total payroll for the year was \$4,162,489 while covered payroll was \$2,756,066. Pension expense for the year ended June 30, 2012 was \$161,228.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Additional information regarding the State of Vermont Municipal Employees Retirement System is available upon request from the State of Vermont.

The City also offers its employees a deferred compensation plan through the International City/County Management Association's Retirement Corporation (ICMA-RC) in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City has no liability for losses under this plan but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self directed by each employee. For each employee not currently participating in the City's defined benefit plan or VMERS, the City will match the employee's contribution to the plan up to 5%. The City also provides the City Manager a 2.1% contribution of base pay without a required employee contribution amount. Employees remaining in the City's defined benefit plan may open a 457 account without a City match. Total employer contributions to the 457 Plan for the year were \$10,315.

B. DEFINED BENEFIT PENSION PLAN

Plan Description

The City of St. Albans Pension Plan is a single employer defined benefit pension plan administered by the City of St. Albans. The City of St. Albans Pension Plan provides retirement, disability and death benefits to plan members and beneficiaries. The City of St. Albans established and may amend benefit provisions of the plan. The plan does not issue stand alone financial statements. The plan covers all employees of the City who work at least 1,000 hours on a twelve (12) month consecutive period and who agree to make minimum contributions. Effective January 1, 2010, the City stopped allowing new participants to enter the plan.

Funding Policy

The Plan requires members to contribute either 2.5% or 7.5% of Annual Base Earnings, excluding overtime and any other additional compensation, depending on the benefit level elected. The total annual required contribution (ARC) to the system for 2012 was \$182,998 which was computed through an actuarial valuation performed as of June 30, 2012.

The system uses the level dollar closed method to amortize the unfunded accrued liability over a thirty (30) year period from date of establishment. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are as follows:

Valuation Method	Five year expected average market value method
Actuarial Cost Method	Frozen Entry Age
Asset Valuation	Market Value
Remaining Amortization	
Period: Initial Unfunded	.5 Years
Interest rate of Return	7.5%
Salary increases	5%
COLA Adjustment	None

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

There are 31 active members and 49 retirees and beneficiaries. Additionally, there are 7 former employees with vested rights.

The balance in the investment account maintained at Prudential Investments is \$3,877,443.

SCHEDULE OF EMPLOYER CONTRIBUTION

<u>Year Ended</u>	<u>Annual Pension Cost</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
12/31/2008	159,632	201,136	126%
12/31/2009	213,524	153,737	72%
12/31/2010	201,866	209,825	104%
6/30/2011	119,325	161,606	136%
6/30/2012	187,482	248,379	132%

NET PENSION OBLIGATION

	<u>2012</u>
Annual Required Contribution (ARC)	\$ 182,998
Interest on NPO	<u>4,484</u>
Annual Pension Cost (APC)	187,482
Employer/Employee Contributions Made	<u>248,379</u>
Increase/(Decrease) in NPO	(60,897)
Excess Contribution	1,108
NPO - June 30, 2011	<u>59,789</u>
NPO - June 30, 2012	<u><u>\$ 0</u></u>
Percentage of APC Contributed	<u><u>132%</u></u>

CITY OF ST. ALBANS, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

C. RISK MANAGEMENT

The City of St. Albans is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City of St. Albans maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City of St. Albans. Settled claims have not exceeded this coverage in any of the past three fiscal years. The City must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty (60) days notice. Fund underwriting and ratesetting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

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

D. PROPERTY TAXES

The City is responsible for assessing and collecting its own property taxes, as well as education taxes for the State of Vermont. Property taxes are assessed based on property valuation as of April 1, the approved budgets and the State education property tax liability. Taxes are due and payable on August 29, November 30, February 27 and May 29, and become delinquent on June 1. The City assesses an 8% penalty on delinquent taxes and interest is assessed at 1% per month after each installment date for the first twelve months and 1.5% per month thereafter. Unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale. The tax rates for 2012 are as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Education	1.3330	1.4688
General City	.7881	.7881
Library	.0414	.0414
Library Bond	.0098	.0098
Veterans Exemption	<u>.0017</u>	<u>.0017</u>
Total Tax Rate/per \$100 of Assessed Valuation	<u>2.1740</u>	<u>2.3098</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

E. POLLUTION REMEDIATION

On August 2, 2010, a Corrective Action Plan was prepared for the City of St. Albans, Vermont. Remedial actions were necessary at a property owned (Fonda/Solo Building) by the City. The remedial actions were undertaken by the City voluntarily. The clean-up was completed in December of 2011 at a total cost of \$840,744, of which \$750,327 was funded through federal grants.

F. CONTINGENT LIABILITIES

The City is a participating member in the Northwest Vermont Solid Waste Management District. The City could be subject to a portion of the District's debt if the District experiences financial problems.

The City participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

There is an ongoing lawsuit with the Town of St. Albans, Vermont. The Town is the plaintiff and they have filed a breach of contract suit. The suit asserts that the City is in breach because the City failed to equalize water and sewer rates following the purchase of 1 equivalent unit at a cost of \$5,000. The City counters that the agreement calls for purchase of at least 88 equivalent units at a cost of \$440,000 in return for equalizing rates. It is unclear as to the likelihood or amount of damages that could result from a successful suit by the Town as they have not demanded a specific amount in their filings.

G. TAX INCREMENT FINANCING DISTRICT

The City Council approved the establishment of a Tax Increment Financing (TIF) District on April 30, 2012 which was later approved by the Vermont Economic Progress Council (VEPC) in August, 2012. The TIF District will allow the City to undertake and pay for infrastructure improvements that will allow for increased economic and community development. The City cannot incur any new TIF District debt until the voters authorize an overall debt level. This level of \$43 million was approved on November 6, 2012. All TIF District debt will be secured only by the TIF District revenues. With a TIF District, the value of properties within the District are frozen at the time the District is created. All property taxes generated by the original base continue to go to the municipal General Fund and the State Education Fund. For twenty (20) years, the municipal and education property taxes generated by any new development are shared, with 75% going to finance TIF District infrastructure debt and 25% going to the municipal General Fund and State Education Fund.

CITY OF ST. ALBANS, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Property Taxes	\$ 3,763,252	\$ 3,850,436	\$ 87,184
Payments on Prior Year Taxes	224,800	0	(224,800)
Penalty on Taxes	26,976	34,951	7,975
Interest on Taxes	35,968	61,840	25,872
State Payments/RR Taxes	8,500	8,385	(115)
Interest on Savings	7,500	3,561	(3,939)
Public Works Garage Lease	30,000	30,000	0
City Hall Lease	43,000	43,000	0
Barlow Street School Rents	40,800	33,299	(7,501)
PILOT	55,000	81,449	26,449
Insurance Reimbursements/Miscellaneous	25,000	59,553	34,553
City Clerk	89,000	107,795	18,795
Planning and Development	56,500	127,721	71,221
Assessing	27,500	23,510	(3,990)
Fire Department	63,500	57,518	(5,982)
Police, Dispatch & Animal Control	1,486,696	1,339,592	(147,104)
Community Justice Center	373,110	427,577	54,467
Public Works/Parks	167,300	343,415	176,115
Recreation Programs	350,123	409,398	59,275
Sale of Property	0	23,261	23,261
Total Revenue	6,874,525	7,066,261	191,736
Expenditures:			
Administration	218,977	230,179	(11,202)
City Clerk	58,726	49,885	8,841
Finance	50,064	31,606	18,458
Planning and Development	221,890	209,038	12,852
Planning and Development Capital	53,250	0	53,250
County/District Functions	167,882	166,933	949
Audit and Audit Consultants	15,000	25,431	(10,431)
Assessing	83,920	75,661	8,259
Debt Service - Principal	223,175	206,586	16,589
Debt Service - Interest	48,506	42,454	6,052
Professional Services - Legal	70,000	71,153	(1,153)
Information Management	6,500	3,656	2,844
Fire Department	531,650	791,754	(260,104)
Fire Department Capital	70,627	10,937	59,690
Police, Dispatch and Animal Control	3,310,470	3,109,144	201,326
Police Department Capital	107,916	107,916	0
Community Justice Center	353,266	409,132	(55,866)
Public Works, Highway, Parks	618,214	609,666	8,548
Public Works Capital	240,345	419,601	(179,256)
Recreation Programs	358,082	455,536	(97,454)
Recreation Capital	8,625	31,470	(22,845)
Library Bond and Expenses	46,440	84,525	(38,085)
Transfers Out	11,000	132,672	(121,672)
Total Expenditures	6,874,525	7,274,935	(400,410)
Excess/(Deficiency) of Revenue Over Expenditures	<u>\$ 0</u>	(208,674)	<u>\$ (208,674)</u>
Fund Balance - July 1, 2011		<u>740,522</u>	
Fund Balance - June 30, 2012		<u>\$ 531,848</u>	

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 PENSION TRUST FUND
 JUNE 30, 2012

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess/ (Deficiency) of Assets Over AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess/ (Deficiency) as a Percentage of Covered Payroll (a-b/c)
1/1/2008	3,484,396	4,938,561	(1,454,165)	71%	1,194,105	-122%
1/1/2009	3,661,826	4,962,749	(1,300,923)	74%	1,290,469	-101%
1/1/2010	3,861,404	5,000,719	(1,139,315)	77%	628,509	-181%
1/1/2011	3,933,672	5,168,463	(1,234,791)	76%	571,413	-216%
6/30/2011	3,807,325	5,210,067	(1,402,742)	73%	571,413	-245%
6/30/2012	3,877,443	5,441,160	(1,563,717)	71%	714,519	-219%

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CITY OF ST. ALBANS, VERMONT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 65,696	\$ 0	\$ 65,696
Receivables	123,354	240,608	363,962
Due from Other Funds	5,500	27,757	33,257
Advances to Other Funds	50,476	0	50,476
Loans Receivable (Net of Allowance for Doubtful Accounts)	<u>100,579</u>	<u>0</u>	<u>100,579</u>
Total Assets	<u>\$ 345,605</u>	<u>\$ 268,365</u>	<u>\$ 613,970</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	\$ 86,941	\$ 76,558	\$ 163,499
Accrued Payroll	729	0	729
Due to Other Funds	58,655	7,222	65,877
Advances from Other Funds	80,457	161,706	242,163
Deferred Revenue	<u>112,231</u>	<u>184,585</u>	<u>296,816</u>
Total Liabilities	<u>339,013</u>	<u>430,071</u>	<u>769,084</u>
Fund Balances/(Deficit):			
Nonspendable	50,476	0	50,476
Restricted	63,568	0	63,568
Unassigned	<u>(107,452)</u>	<u>(161,706)</u>	<u>(269,158)</u>
Total Fund Balances/(Deficits)	<u>6,592</u>	<u>(161,706)</u>	<u>(155,114)</u>
Total Liabilities and Fund Balances	<u>\$ 345,605</u>	<u>\$ 268,365</u>	<u>\$ 613,970</u>

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CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds	Capital Projects Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 1,404,494	\$ 473,690	\$ 1,878,184
Investment Income	1,324	0	1,324
Loan Repayments	98,887	0	98,887
Donations	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Total Revenues	<u>1,506,705</u>	<u>473,690</u>	<u>1,980,395</u>
Expenditures:			
General Government	735,979	0	735,979
Public Safety	150,444	0	150,444
Culture and Recreation	1,811	0	1,811
Community Development	598,887	0	598,887
Capital Outlay - Highways and Streets	<u>155,788</u>	<u>515,663</u>	<u>671,451</u>
Total Expenditures	<u>1,642,909</u>	<u>515,663</u>	<u>2,158,572</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(136,204)</u>	<u>(41,973)</u>	<u>(178,177)</u>
Other Financing Sources:			
Transfers In	<u>69,798</u>	<u>62,874</u>	<u>132,672</u>
Total Other Financing Sources	<u>69,798</u>	<u>62,874</u>	<u>132,672</u>
Net Change in Fund Balances	(66,406)	20,901	(45,505)
Fund Balances/(Deficit) - July 1, 2011	<u>72,998</u>	<u>(182,607)</u>	<u>(109,609)</u>
Fund Balances/(Deficit) - June 30, 2012	<u>\$ 6,592</u>	<u>\$ (161,706)</u>	<u>\$ (155,114)</u>

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CITY OF ST. ALBANS, VERMONT
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Revolving Loan Fund	OJP and Police Grants Fund	VCDP Grants Fund	Clean & Clear Fund	SOLO Building Fund	EPA Grant Fund	Fonda Remediation Fund	Taylor Park Trust Fund	Reconstitution Donations Fund	TIF Fund	Total
ASSETS											
Cash	\$ 63,850	\$ 3	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,843	\$ 0	\$ 0	\$ 65,696
Receivables	0	31,939	65,445	0	0	25,970	0	0	0	0	123,354
Due from Other Funds	0	0	0	0	0	0	0	0	5,500	0	5,500
Advances to Other Funds	50,476	0	0	0	0	0	0	0	0	0	50,476
Loans Receivable (Net of Allowance for Doubtful Accounts)	100,579	0	0	0	0	0	0	0	0	0	100,579
Total Assets	<u>\$ 214,905</u>	<u>\$ 31,942</u>	<u>\$ 65,445</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,970</u>	<u>\$ 0</u>	<u>\$ 1,843</u>	<u>\$ 5,500</u>	<u>\$ 0</u>	<u>\$ 345,605</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts Payable	\$ 0	\$ 18,344	\$ 65,445	\$ 0	\$ 0	\$ 3,152	\$ 0	\$ 0	\$ 0	\$ 0	\$ 86,941
Accrued Payroll	0	729	0	0	0	0	0	0	0	0	729
Due to Other Funds	2,125	12,869	0	0	0	19,817	0	0	0	23,844	58,655
Advances from Other Funds	0	0	0	0	54,548	0	25,909	0	0	0	80,457
Deferred Revenue	100,579	0	0	0	0	6,152	0	0	5,500	0	112,231
Total Liabilities	<u>102,704</u>	<u>31,942</u>	<u>65,445</u>	<u>0</u>	<u>54,548</u>	<u>29,121</u>	<u>25,909</u>	<u>0</u>	<u>5,500</u>	<u>23,844</u>	<u>339,013</u>
Fund Balances/(Deficit):											
Nonspendable	50,476	0	0	0	0	0	0	0	0	0	50,476
Restricted	61,725	0	0	0	0	0	0	1,843	0	0	63,568
Unassigned	0	0	0	0	(54,548)	(3,151)	(25,909)	0	0	(23,844)	(107,452)
Total Fund Balances/(Deficit)	<u>112,201</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(54,548)</u>	<u>(3,151)</u>	<u>(25,909)</u>	<u>1,843</u>	<u>0</u>	<u>(23,844)</u>	<u>6,592</u>
Total Liabilities and Fund Balances	<u>\$ 214,905</u>	<u>\$ 31,942</u>	<u>\$ 65,445</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,970</u>	<u>\$ 0</u>	<u>\$ 1,843</u>	<u>\$ 5,500</u>	<u>\$ 0</u>	<u>\$ 345,605</u>

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CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Revolving Loan Fund	OJP and Police Grants Fund	VCDP Grants Fund	Clean & Clear Fund	SOLO Building Fund	EPA Grant Fund	Fonda Remediation Fund	Taylor Park Trust Fund	Reconstitution Donations Fund	TIF Fund	Total
Revenues:											
Intergovernmental	\$ 0	\$ 150,444	\$ 459,942	\$ 149,373	\$ 0	\$ 632,676	\$ 12,059	\$ 0	\$ 0	\$ 0	\$ 1,404,494
Investment Income	1,324	0	0	0	0	0	0	0	0	0	1,324
Loan Repayments	98,887	0	0	0	0	0	0	0	0	0	98,887
Donations	0	0	0	0	0	0	0	2,000	0	0	2,000
Total Revenues	100,211	150,444	459,942	149,373	0	632,676	12,059	2,000	0	0	1,506,705
Expenditures:											
General Government	0	0	6,163	0	1,337	694,382	8,903	0	0	25,194	735,979
Public Safety	0	150,444	0	0	0	0	0	0	0	0	150,444
Culture and Recreation	0	0	0	0	0	0	0	1,811	0	0	1,811
Community Development	152,125	0	446,762	0	0	0	0	0	0	0	598,887
Capital Outlay	0	0	0	155,788	0	0	0	0	0	0	155,788
Total Expenditures	152,125	150,444	452,925	155,788	1,337	694,382	8,903	1,811	0	25,194	1,642,909
Excess/(Deficiency) of Revenue Over Expenditures	(51,914)	0	7,017	(6,415)	(1,337)	(61,706)	3,156	189	0	(25,194)	(136,204)
Other Financing Sources:											
Transfer In	0	0	483	8,882	0	59,083	0	0	0	1,350	69,798
Total Other Financing Sources	0	0	483	8,882	0	59,083	0	0	0	1,350	69,798
Net Change in Fund Balances	(51,914)	0	7,500	2,467	(1,337)	(2,623)	3,156	189	0	(23,844)	(66,406)
Fund Balances/(Deficit) - July 1, 2011	164,115	0	(7,500)	(2,467)	(53,211)	(528)	(29,065)	1,654	0	0	72,998
Fund Balances/(Deficit) - June 30, 2012	\$ 112,201	\$ 0	\$ 0	\$ 0	\$ (54,548)	\$ (3,151)	\$ (25,909)	\$ 1,843	\$ 0	\$ (23,844)	\$ 6,592

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2012

	Federal Street Bypass Fund	Central Lot Fund	Streetscape Improvement Fund	Total
<u>ASSETS</u>				
Receivables	\$ 196,285	\$ 0	\$ 44,323	\$ 240,608
Due from Other Funds	<u>27,757</u>	<u>0</u>	<u>0</u>	<u>27,757</u>
 TOTAL ASSETS	 <u>\$ 224,042</u>	 <u>\$ 0</u>	 <u>\$ 44,323</u>	 <u>\$ 268,365</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ 39,457	\$ 0	\$ 37,101	\$ 76,558
Due to Other Funds	0	0	7,222	7,222
Advances from Other Funds	161,706	0	0	161,706
Deferred Revenue	<u>184,585</u>	<u>0</u>	<u>0</u>	<u>184,585</u>
 Total Liabilities	 <u>385,748</u>	 <u>0</u>	 <u>44,323</u>	 <u>430,071</u>
Fund Balances/(Deficit):				
Unassigned	<u>(161,706)</u>	<u>0</u>	<u>0</u>	<u>(161,706)</u>
 Total Fund Balances/(Deficit)	 <u>(161,706)</u>	 <u>0</u>	 <u>0</u>	 <u>(161,706)</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 224,042</u>	 <u>\$ 0</u>	 <u>\$ 44,323</u>	 <u>\$ 268,365</u>

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CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Federal Street Bypass Fund	Central Lot Fund	Streetscape Improvement Fund	Total
Revenues:				
Intergovernmental	\$ 297,765	\$ 0	\$ 175,925	\$ 473,690
Total Revenues	<u>297,765</u>	<u>0</u>	<u>175,925</u>	<u>473,690</u>
Expenditures:				
Capital Outlay	338,528	203	176,932	515,663
Total Expenditures	<u>338,528</u>	<u>203</u>	<u>176,932</u>	<u>515,663</u>
Excess/(Deficiency) of Revenue Over Expenditures	<u>(40,763)</u>	<u>(203)</u>	<u>(1,007)</u>	<u>(41,973)</u>
Other Financing Sources/(Uses):				
Transfers In	48,610	203	14,061	62,874
Total Other Financing Sources/(Uses)	<u>48,610</u>	<u>203</u>	<u>14,061</u>	<u>62,874</u>
Net Change in Fund Balances	7,847	0	13,054	20,901
Fund Balance/(Deficit) - July 1, 2011	<u>(169,553)</u>	<u>0</u>	<u>(13,054)</u>	<u>(182,607)</u>
Fund Balance/(Deficit) - June 30, 2012	<u>\$ (161,706)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (161,706)</u>

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CITY OF ST. ALBANS, VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Grant Title Pass-Through Grantor/ Federal Grant/Program Title	CFDA Number	Grant Number	Grant Amount	Expenditures
<u>U.S. Environmental Protection Agency</u>				
Direct Program				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-96113301-0	400,000	\$ 298,592
Passed through State of Vermont Department of Environmental Conservation				
Brownfields Assessment and Cleanup Cooperative Agreements - ARRA	66.818	2B96120201-0, 07100- 2BEPA-2010-02	303,000	288,961
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF11-136	2,388,918	24,148
Passed through the Northwest Regional Planning Commission				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-9613401-2	200,000	<u>48,275</u>
Total U.S. Environmental Protection Agency				<u>659,976</u>
<u>U.S. Department of Agriculture</u>				
Passed through State of Vermont Department of Forests, Parks and Recreation				
Cooperative Forestry Assistance	10.664	08-DG-11420004-210, 06130-TCA- ST.ALBANS-11	24,670	<u>5,762</u>
Total for U.S. Department of Agriculture				<u>5,762</u>
<u>National Highway Traffic Safety Administration</u>				
Passed through State of Vermont Department of Public Safety				
Minimum Penalties for Repeat Offenders of Driving While Intoxicated	20.608	02140-1112-2132	6,000	2,805
Minimum Penalties for Repeat Offenders of Driving While Intoxicated	20.608	02140-1111-9233	6,000	2,273
Safety Belt Performance Grants	20.609	02140-0912-3543	2,500	<u>2,500</u>
Total for National Highway Traffic Safety Administration				<u>7,578</u>
<u>U.S. Department of Energy</u>				
Passed through State of Vermont Department of Public Service				
Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA	81.128	DE-EE0000859, 02240-AEECBG-CED 009	25,000	<u>7,703</u>
Total for U.S. Department of Energy				<u>7,703</u>
<u>U.S. Department of Homeland Security</u>				
Passed through State of Vermont Department of Public Safety				
Homeland Security Grant Program	97.067	2008-GE-T8-0045, 02140-78252-032	19,000	1,063
Homeland Security Grant Program	97.067	2007-GE-T7-0049, 77152-605	39,222	<u>39,222</u>
Total of U.S. Department of Homeland Security				<u>40,285</u>

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Grant Title Pass-Through Grantor/ Federal Grant/Program Title	CFDA Number	Grant Number	Grant Amount	Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Passed through State of Vermont Agency of Commerce & Community Development				
Community Development Block Grants	14.228	07110-PG-I-09-00001	600,000	\$ 446,443
Total for U.S. Department Housing and Urban Development				<u>446,443</u>
<u>U.S. Department of Justice</u>				
Direct Programs				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2010-WE-AX-0060	400,000	174,830
Bulletproof Vest Partnership Program	16.607	2009BUBX08045029	7,045	2,314
Public Safety Partnership and Community Policing Grants - ARRA	16.710	2009-RK-WX-0861	228,684	61,139
Passed through State of Vermont Department of Public Safety				
Edward Byrne Memorial Justice Assistance Grant (JAG) Program Grants to Units of Local Government - ARRA	16.804	2009-DJ-BX-0225	90,000	10,851
Passed through State of Vermont Department of Corrections				
Second Chance Act Prisoner Reentry Initiative	16.812	2010-CZ-BX-0028	37,500	25,014
Passed through Vermont Department of Children & Families Recreation				
Developing, Testing and Demonstrating Promising New Programs	16.541	EAR10-2010-FX-0604	5,700	<u>5,700</u>
Total for U.S. Department of Justice				<u>279,848</u>
<u>U.S. Department of Transportation</u>				
Passed through State of Vermont Agency of Transportation				
Highway Planning and Construction	20.205	EH0008	138,000	134,997
Highway Planning and Construction	20.205	08126-CA0277	355,680	60,094
Highway Planning and Construction	20.205	EA 8000017-100; CA0194	700,000	248,392
National Infrastructure Investments	20.933	P-36	204,000	<u>115,831</u>
Total U.S. Department of Transportation				<u>559,314</u>
Total				<u>\$ 2,006,909</u>

Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the Federal grant activity of the City of St. Albans, Vermont and was prepared using the significant accounting policies outlined in Note 1 to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

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

We have audited the 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, 2012, which collectively comprise the City of St. Albans, Vermont's basic financial statements and have issued our report thereon dated January 30, 2013. 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.

Internal Control Over Financial Reporting

Management of the City of St. Albans, Vermont is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing the audit, we considered the City of St. Albans, Vermont's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of St. Albans, Vermont's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of St. Albans, Vermont's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City of St. Albans, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

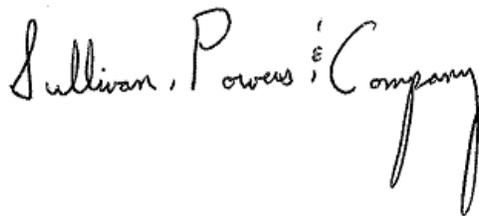
Compliance and Other Matters

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

We noted certain other matters that we reported to the management of the City of St. Albans, Vermont in a separate letter dated January 30, 2013.

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

January 30, 2013
Montpelier, Vermont
Vt Lic. #92-000180

A handwritten signature in cursive script that reads "Sullivan, Powers & Company". The signature is written in dark ink and is positioned to the right of the typed address information.

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Report on Compliance with Requirements
That Could Have a Direct and Material Effect on
Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the compliance of the City of St. Albans, Vermont with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the City of St. Albans, Vermont's major federal programs for the year ended June 30, 2012. The City of St. Albans, Vermont's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Deficiencies in Internal Control. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the City of St. Albans, Vermont's management. Our responsibility is to express an opinion on the City of St. Albans, Vermont's compliance based on our audit.

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

In our opinion the City of St. Albans, Vermont complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

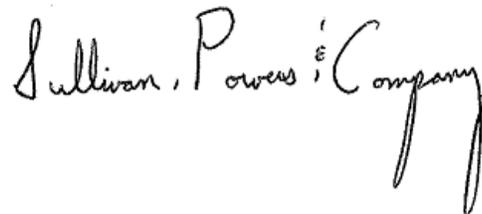
The management of the City of St. Albans, Vermont is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of St. Albans, Vermont's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of St. Albans, Vermont's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined previously.

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

January 30, 2013
Montpelier, Vermont
Vt Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive style with a large, stylized initial 'S' and a long, sweeping underline.

CITY OF ST. ALBANS, VERMONT
SCHEDULE OF PRIOR FINDINGS AND
DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2012

Deficiencies in Internal Control:

Material Weaknesses:

11-1 Reconciliation of Balance Sheet Accounts

Criteria:

Internal controls should be in place to provide for the reconciliation of all balance sheet accounts to supporting documentation on a monthly basis in order to detect and correct errors in account balances.

Condition:

A number of balance sheet accounts such as receivables, due from/(to) other funds, accounts payable, compensated absences, notes and loans payable, deferred revenue and other liabilities were not reconciled to the actual balances at year end which resulted in various adjustments to revenue and expenses.

Cause:

Unknown.

Effect:

The City's account balances were incorrect.

Recommendation:

We recommend that all balance sheet accounts be reconciled to supporting documentation at least monthly in order to detect and correct errors.

Corrective Action Taken:

Corrective action was taken.

CITY OF ST. ALBANS, VERMONT
SCHEDULE OF PRIOR FINDINGS AND
DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2012

11-2 Financial Reporting ó Pension Plan

Criteria:

The City should have internal controls in place to ensure that all of the City's funds are included in the City's general ledger and financial statements in order to comply with generally accepted accounting principles.

Condition:

The City has a defined benefit pension plan for its employees that has not been included in the City's general ledger or financial statements.

Cause:

Unknown.

Effect:

The City's financial statements are not in full conformance with generally accepted accounting principles. In addition, the financial position and activity of the Pension Fund is not disclosed.

Recommendation:

We recommend that the City implement controls to ensure that all of the City's funds are included in its general ledgers and financial statements.

Corrective Action Taken:

Corrective action was taken.

CITY OF ST. ALBANS, VERMONT
SCHEDULE OF PRIOR FINDINGS AND
DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2012

Significant Deficiencies:

11-3 Segregation of Duties ó Police Department

Criteria:

An important factor in developing good internal control procedures is to divide responsibilities so that no individual can both perpetrate and conceal errors or irregularities. One of the most common division of duties is the division between the custody of cash and the accounting functions.

Condition:

At the Police Department, the same person that has access to the data base for billings and collections of parking tickets also does the cash ups and deposits. Those duties are considered incompatible functions for accounting control purposes.

Cause:

Unknown.

Effect:

The Department has inadvertently made its assets susceptible to misappropriation.

Recommendation:

We recommend that, at a minimum, the access to the data base function be removed from those who conduct cash ups and deposits and be delegated to another individual.

Corrective Action Taken:

Corrective action was taken.

11-4 Accounting and Procedures Manual

Criteria:

An accounting and procedures manual should be in place for the City. This manual should define duties and responsibilities for current personnel. Written procedures, instructions and assignment of duties will prevent or reduce misunderstandings, errors; inefficient or wasted effort duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. It can also help to ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by management, and to ensure compliance with OMB and grantor requirements.

CITY OF ST. ALBANS, VERMONT
SCHEDULE OF PRIOR FINDINGS AND
DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2012

Condition:

The City does not have a complete accounting and procedures manual in place.

Cause:

The City has not developed a complete manual due to time constraints.

Effect:

The City does not have a manual to turn to when questions arise regarding accounting and procedures.

Recommendation:

We recommend that the City develop an accounting and procedures manual as soon as possible. Each individual should document their duties and how to perform them. We also recommend that the City make sure that there are no jobs related to accounting and finance that only one person knows how to perform. The procedures manual would also be useful in determining whether this situation exists.

Corrective Action Taken:

Corrective action was taken.

FEDERAL AWARDS:

Deficiencies in Internal Control:

Material Weaknesses:

None noted.

CITY OF ST. ALBANS, VERMONT
SCHEDULE OF PRIOR FINDINGS AND
DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2012

Significant Deficiencies:

11-5 Equipment and Real Property Management

Criteria:

Any entity that receives Federal funds to purchase property, plant and equipment is required to conduct a physical inventory at least once every two years. Internal controls should be in place to ensure that a physical inventory of property, plant and equipment is performed at least once every two years. Also, internal controls should be in place to ensure that the City is maintaining a list of equipment that was purchased with Federal awards.

Condition:

Internal controls over maintaining a list of property, plant and equipment purchased with Federal awards and the performance of a physical inventory of property, plant and equipment are inadequately designed. There are no procedures in place to ensure that the City conducts a physical inventory of its property, plant and equipment. Furthermore, as part of this process, the City should be maintaining a list of equipment that was purchased with Federal awards.

Cause:

Unknown.

Effect:

The City may not be in compliance with Federal regulations.

Recommendation:

We recommend that the City establish a list of property, plant and equipment purchased with Federal awards and control procedures to ensure that they conduct a physical inventory of its property, plant and equipment at least once every two (2) years.

Corrective Action Taken:

Corrective action was taken.

CITY OF ST. ALBANS, VERMONT
SCHEDULE OF FINDINGS AND
DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2012

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:
Unqualified.

Internal Control Over Financial Reporting:
Material Weaknesses identified:
No.
Significant Deficiencies identified not considered to be material weaknesses:
No.

Noncompliance material to financial statements:
None noted.

Federal Awards

Internal Control Over Major Programs:
Material Weaknesses identified:
No.
Significant Deficiencies identified not considered to be material weaknesses:
No.

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

There are no audit findings that are required to be reported in accordance with OMB Circular A-133, Section 510(a).

Major Programs:

<u>CFDA #</u>	<u>Program</u>	<u>Agency</u>
66.818	Brownfields Assessment and Clean-Up Cooperative Agreements	U.S. Environmental Protection Agency
66.818	Brownfields Assessment and Clean-up Cooperative Agreements - ARRA	U.S. Environmental Protection Agency
14.228	Community Development Block Grants	U.S. Department of Housing and Urban Development

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

The auditee did not qualify as a low risk auditee.

CITY OF ST. ALBANS

ANNUAL SCHOOL REPORT

For Fiscal Year

July 1, 2011 to June 30, 2012

FRANKLIN CENTRAL SUPERVISORY UNION SUPERINTENDENT'S REPORT

It is with great hope and gratitude to the City of St. Albans, the Town of St. Albans, and the Town of Fairfield that I write this report on the state of the Franklin Central Supervisory Union (FCSU) and its member schools: Bellows Free Academy Union High School District #48, Northwest Technical Center, Fairfield Center School, St. Albans City School, and St. Albans Town Educational Center. It is my honor to serve you.

The greater Saint Albans community continues to experience strong economic growth. Our schools are proud to be working with government, business, and industry to support this community development. Our work continues to be to align curriculum, instruction, and learning opportunities that ensure students in this community are ready for college and career opportunities when they leave public school. We are dedicated to improving learning outcomes for students so that our community has workers with the 21st century skills required for success in this knowledge-based economy. We are dedicated to ensuring that each child in this community has opportunities for rigorous and relevant educational experiences to assure success for every learner. We are also dedicated to our schools continuing to engage and support families and community partners. In supporting our local schools, you demonstrate your support for our children and the future prosperity of this community. I personally want to thank the community for its continued generous support of our schools and the children they serve.

While I cannot thank everyone who contributes to the success of our schools, there are some whom I need to thank publicly. First, to the Executive Committee of the FCSU – Michael Malone, Chair; Paul Bourbeau; Jim Mercier; and Jim Farr: Your leadership and support are critical to our continued success. To the Central Office Administrative Team – Stefanie Blouin, Curriculum Director; Joanne Wells, Special Education Administrator; Martha Gagner, Business Manager; and Karen Dantzcher, Human Resources Director: Thank you for your patience, dedication, and vision. To the Principals and Directors – Angela Stebbins of the Town School, Joan Cavallo of the City School, Jennifer Wood of Fairfield Center School, Dennis Hill of BFA, Leeann Wright of NWTC, Michelle Spence of the Early Education Program, and David Kimel of the Collins Perley Sports Center: Thank you for all you and your administrative teams do to support learning.

To all of you whom I have not mentioned – the dedicated professional staff; the support professionals; the many volunteers, parents, and community – I say thank you, as well. Educating and preparing our children for their future, our future, is perhaps our most important job. We could not do it without you.

Respectfully,

Julie Regimbal
Acting Superintendent of Schools

ST. ALBANS CITY SCHOOL BOARD ANNUAL REPORT

St. Albans City School is focused on building and maintaining relationships and relevant learning environments that empower students, parents, and teachers to make decisions about learning. In our constantly changing world, it is imperative that students are taught to learn, so that they may confidently meet and conquer the new challenges that they are certain to face. This is all happening through the hard work and dedication of all school employees, the students' commitment, and the parental and community support. It is not just the children's future at stake, but the community's as well.

There have been some significant highlights at the school this year. Congratulations to our School Principal, Joan Cavallo, for winning the Vermont Middle School Principal of the Year Award. This award validates the incredible job that Joan has done for the school over the last four years since she has taken over the helm. During this same period, reading and writing scores for our graduates have increased dramatically. A concerted effort towards raising math and science scores will be the focus moving forward. Always looking toward the future, new programs have been started that include a course for elementary students to learn beginning programming for mobile devices and a composting program for the cafeteria. City School has scored the highest in the state for the Green Ribbon School competition, which is a national competition that rewards schools for being environmentally friendly. Staff is currently working on their national application.

There are many, many programs that are going on at the school; some are new, some have been established for years. The school band performed at Liberty Island Park in New York City last summer; the entire school celebrated Veterans' Day with the Veterans at Taylor Park; a rope course is being constructed to teach fitness and team building; the school has sponsored virtual field trips to faraway places like Seward, Alaska and Garden City, Kansas; the students will once again represent City School at Engineering Day and Mathcounts, where they have brought home awards in previous years; the *Fuel Up For 60* program is once again teaching our children the value of nutrition and exercise; there have been numerous online academic competitions with schools around the country; the school now has student teachers from Johnson State College in the classrooms fulfilling their student teaching requirements; and after school activities and tutoring are still offered and very popular.

City School has one of the best autism centers in the area. The school has trained personnel, which allows it to educate students who would have otherwise needed to be schooled off-site at greater costs. The school has prioritized 21st Century Learning, teaching children how to learn so that they can dynamically adjust to the changing workplace that they will soon have to enter.

Virtual High School (VHS) courses are offered to middle school students so that they may better be prepared for the move to high school, and even gain some high school credits before they arrive. The team concept that City School has been using for the past four years is proving to be effective. Since teachers have the same students over the course of two or three years, they can understand the individual needs of those students much better. This allows for teachers to better challenge the accelerated students as well as bring those that are behind closer to grade level.

Any school is only as good as the teachers and paraeducators that work there. This is where the rubber meets the road, in the classroom. In this regard, the teaching staff at St. Albans City School takes a backseat to none. They have continually shown a level of commitment and dedication that is truly remarkable, while always keeping the children in the foreground. The community should be thankful and proud to have them at our school. The City School now has five teachers who are currently attending or are graduates from the Vermont Mathematics Initiative (VMI), a prestigious program developed to support highly effective mathematics instruction. In addition the school has set up a program with Goddard College that will provide its teachers with a convenient means to continue their formal education. In this first year of the program, 13 teachers have signed on. Everyone is expected to learn at City School.

A couple of years ago, the community acknowledged the need for building improvements at the school by passing a bond measure to upgrade its electrical and mechanical systems. Work on this has been proceeding on schedule, and on budget, over the past two summers. This summer the final work will be completed. The improvements in lighting, air exchange, and support for technology have made an incredible difference in providing a safe and comfortable place to work and learn. As this school is the city's largest asset, it should be, and is, something of which the community can be proud.

In addition to the building upgrades, City School has spent several years focused on improving the technology available throughout the school, preparing students for their new world. With the support of several grants funds, technology is utilized at every turn. WiFi is open and available throughout the building. Desktop computers, laptops, and tablets are readily available to students and staff. Classrooms are equipped with ceiling-mounted projectors, and many also have SmartBoards. The school is privileged to have this technology and proud of its ability to use it to effectively support learning.

No report on a school during these times would be complete without a mention about security. The horrific event that occurred in Connecticut last December serves as a tragic reminder that the guard can never be relaxed. At City School, safety and security are always top priorities. Drills are frequently practiced so that students and staff are aware of what procedures they need to follow for different types of emergencies. The school is in contact with local police and fire

departments to fine-tune these procedures. Some of the facility work to be performed this summer will address some security issues that have been identified.

The City School administrators, with the help of the Franklin Central Supervisory Union, have spent many hours drafting a budget that balances the needs of the school with what the community can afford. This budget has been reviewed and adopted by the City School Board of Commissioners at its January regular meeting. This budget, as in the four previous years' budgets, has drawn a hard, responsible line on spending. The budget adopted by the Board, and up for voter approval this year, has a zero percent increase in the cost per student spending. Since there are a few additional students this year, this will equate to a modest 2.21% increase from last year's budget for a total budget of \$11,729,352. In addition to the annual budget, the Board of Commissioners is also requesting that the voters approve the spending of an additional \$150,000 from the school's capital improvement fund to finish off additional expenditures that may come from this summer's completion of the facility improvement project. This money is already in a special account slated for this type of expenditure and approval will not impact taxes.

In the 2013-14 school year, St. Albans City School is budgeting to spend 6.2% less per student than the state average for 2012-13. Creating a budget that can accommodate employee salary increases, hikes in health care, higher energy costs, and the increases in day-to-day operations while holding the line on budget increases has been challenging. This is especially true since City School has produced budgets that are very close to level funded for the past number of years. The City School Board invites all to a budget information presentation to be held Thursday, February 28 at 6:00 p.m. at the St. Albans City School Library. Please cast your vote at City Hall on Tuesday, March 5, 2013.

In conclusion, the outlook for St. Albans City School is bright. It is starting to gain recognition by driving change in the state, and often other schools will visit to view the changes it has implemented. It has a talented and driven administrative staff led by Principal Joan Cavallo and Assistant Principal Georgie Andrews, and it is very fortunate to have the support of the Franklin Central Supervisory Union office led by Acting Superintendent Julie Regimbal. Most of all, however, this school flourishes due to the support from you, the community that it serves.

Respectfully submitted,

James C. Farr, Chairman
St. Albans City School Board of Commissioners

**WARNING
FOR THE CITY OF ST. ALBANS SCHOOL DISTRICT
ANNUAL MEETING: March 5, 2013**

The inhabitants of the City of St. Albans who are legal voters in the School District are hereby warned and notified to meet at the City Auditorium, 100 North Main Street in said City of St. Albans on Tuesday, the 5th day of March, 2013, for the purpose of voting upon Articles I to IV, hereinafter set forth. Said articles are to be voted upon by use of the voter checklist and official printed ballots. The polls will be open at seven o'clock (7:00 a.m.) in the morning and close at seven o'clock (7:00 p.m.) in the evening.

ARTICLE I

To elect from the legal voters of the City of St. Albans, two (2) School Board Commissioners for a term of three (3) years.

ARTICLE II

Shall the legal voters of the City of St. Albans School District authorize the School Board Commissioners to borrow money in anticipation of payment from the education fund, as necessary, for the next fiscal year pursuant to Title 16 § 562(9)? (The approval of this item will have no effect on the tax rate.)

ARTICLE III

Shall the legal voters of the City of St. Albans School District appropriate \$11,729,352, which is necessary for the support of the PreK-8 school for the year beginning July 1, 2013?

ARTICLE IV

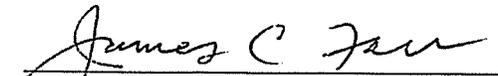
Shall the legal voters of the City of St. Albans School District approve the use of \$150,000 of the current (June 30, 2012) Fund Balance reserved for Capital Improvements for various building and grounds improvements, etc.? (The approval of this item will have no effect on the tax rate; the funds are presently set aside for this type of use.)

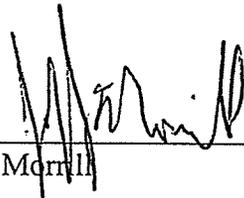
Informational Hearing

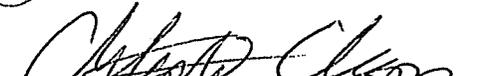
The legal voters of the St. Albans City School District are hereby warned and notified to meet in the St. Albans City School Library, 29 Bellows Street, St. Albans, VT, on **Thursday, February 28, 2013, at 6:00 p.m.**, to conduct an informational meeting on the budget.

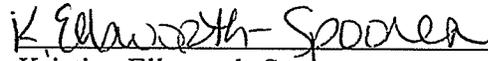
Dated at St. Albans City, Vermont, the 10th day of January, 2013.

St Albans City School Board of Commissioners

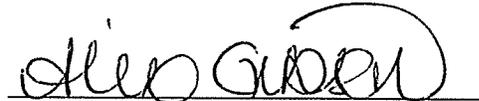

James Farr, Chairperson

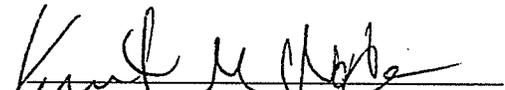

Jeff Morrill


Chris Chagnon


Kristina Ellsworth-Spobner


Steve Messier


Alix Gibson


Ken Wade

Estimated Tax Rate FY14

City School Budget	11,476,209	0.797	11,729,352	0.823
BFA Union - City Share	5,624,189	<u>0.499</u>	5,614,654	<u>0.498</u>
		1.296		1.320
CLA		98.38%		99.36%
Total Tax rate		1.317		1.329

The base education homestead tax rate of \$0.92 and non-homestead tax rate of \$1.41 is based on the recommendation of the Governor's Office and subject to Legislative approval. Using these tax rates and the current City CLA of 99.36% the projected 2014 Homestead School Tax Rate is \$1.329

Proposed FY14 Education Budgets

St. Albans City Elementary School	11,476,209	11,729,352	2.21%
Bellows Free Academy Union High School- City share of Budget	<u>5,624,189</u>	<u>5,614,654</u>	-0.17%

Categorical Grants, Federal Grants, Interest, etc.

St. Albans City Education Tax Rate (based on CLA of 99.36%)			
Homestead	1.3172	1.3288	0.88%

General Operating	8,949,372	9,136,872	9,425,649
Food Service	25,000	20,000	20,000
Special Education	1,491,151	1,510,461	1,568,632
Other Grant Funding	<u>1,020,108</u>	<u>808,876</u>	<u>715,071</u>
Instruction-General	5,253,355	5,414,125	5,607,063
Special Education	2,731,562	2,808,564	2,856,018
Other Expenses	2,232,161	2,444,644	2,551,075
Grant Expenses	<u>872,360</u>	<u>808,876</u>	<u>715,196</u>
BFA Total Budget	19,794,318	19,705,254	20,493,411
City Share	5,378,375	5,624,189	5,614,654
Based on City/Town student FTE's	56.20%	55.01%	51.40%

BELLOWS FREE ACADEMY UHSD#48

BOARD REPORT

Bellows Free Academy Union High School District #48 is pleased to share its performance with the St. Albans community through its annual report. The Board of Directors, the staff, and the administration of the school take our role of providing a sound educational institution and outstanding community resource very seriously. We believe that our success is directly reflected in the quality of our graduates and in the community access to our resources.

Bellows Free Academy, along with the Northwest Technical Center, is keenly focused on its mission to provide a quality education to the high school students in St. Albans City, St. Albans Town, and our surrounding communities in Franklin County. The Academy has invested in establishing a balanced curriculum that provides the framework for instructional guidance in order to raise the educational awareness of our students. The staff, along with our administrative team, has relied on quantitative measurements to gauge the effectiveness of our programs. Each year, we continue to fine-tune our delivery of instruction by adapting to the learning needs of our students and maximizing the curriculum at BFA and NWTC. Our goal is to ensure that reflective data is used as a catalyst to drive improvement in both content and delivery of instruction. We recognize our responsibility to prepare our students to be lifelong learners and to flourish in their careers after they graduate.

In addition to the programs within BFA, our curriculum teams have continued to reach out to the various sending schools to share our vision for success and stress how important alignment of curriculum is to the students as they enter BFA. We believe BFA is a clear School of Choice to families in our sending communities, and we thank them for continuing to place their trust in the Academy. BFA and the NWTC annually host our 8th-grade parents from many local communities, allowing us to emphasize all that the Academy has to offer to these future students. Our staff and, more importantly, our students share what it means to be part of the BFA experience. We are committed to growing our academics and co-curricular offerings to meet the needs of 21st Century students. As statewide enrollments decline, our goal of providing educational excellence becomes a significant differentiator to new students choosing where to attend high school. Our ability to be successful provides the tuition revenue to support our costs. This has a direct benefit to St. Albans City and St. Albans Town residents by allowing BFA to manage its costs proportionally. This is reflected in the fact that the FY14 combined tuition and grant funding provides 47% of the revenue to our district, effectively supporting half the cost of operating the Academy.

The Board believes it is our task to present the community of St. Albans and other sending schools with a responsible budget that supports a quality educational program for your children. The Board also feels that it has a fiduciary responsibility to safeguard the fiscal

capabilities of the community. This is especially true in the economic times we face today. We are not immune to the subtle effects of declining enrollments that are modulated by population shifts in our larger St. Albans community. The Board feels that this year's high school budget development reflects that commitment to the community. BFA constructs its budget using intensive interaction with staff, administrators, and Board members in order to examine all proposed expenditures and revenues. The FY14 budget was directly affected by a reduction in the number of students entering the Academy and therefore required a balancing of our expenses while ensuring that we provide educational content that aligns with State and Federal requirements. The Board believes it has accomplished this challenging goal in a manner that will support delivery, yet meet the need to maintain a cost structure the community can bear. Our increase in the proposed budget for FY14 is 4%, which we believe provides financial stability for our residents during this current economy. The Board firmly believes that this proposed budget will continue to strengthen education excellence and, through grants and tuition revenue, support the financial resource of our community.

Lastly, the Board of Directors is also pleased to report that our Technical Center continues to thrive, with demand often greater than available capacity. The Tech Center provides a course of study that can prepare many students for direct employment opportunities or serve as a solid preparation for a technical college upon graduation. The Technical Center has been able to add new programs to reflect what businesses are looking for in graduates and often partners with local industries to create a learning environment that teaches real-world solutions to problems. The collaboration between our local businesses and the Technical Center is a key tool in addressing the importance of education aligning with the needs of business and industry. The Technical Center staff is able to provide all of this, along with being fully integrated with the Academy, thus ensuring seamless delivery of instruction for our students. Finally, the Technical Center is the hub for Adult Learning for our community. We provide numerous classes and space for our adult learners and serve one of the highest number of adult classes in the State of Vermont. All of these facts reflect tremendously well on the resource that BFA is to our community.

On behalf of the Board of School Directors, I want to thank the community, the faculty, and staff for supporting our youth. The Board looks forward to serving the school community during the 2013-14 school year. Please attend the Bellows Free Academy Union High School District informational meeting in the Library at Bellows Free Academy, 71 South Main Street, St. Albans, VT, on February 26, 2013, at 6:30 p.m.

We encourage and remind the community to vote on the budget March 5, 2013 from 7:00 a.m. to 7:00 p.m. at your local polling places.

Sincerely,

James R. Mercier, Chair
Board of School Directors

BELLOWS FREE ACADEMY UHSD #48 PRINCIPAL'S REPORT

Bellows Free Academy, St. Albans continues to move forward into the future. Students are challenged daily, and the opportunities for individual growth are immense and amazing. This year has seen BFA receive national recognition for the growth and improvement in our Advanced Placement program. BFA was one of only five schools in Vermont to receive this honor. We are proud of our students and the teachers that support this fine program. In other academic news, BFA students are delving into science, technology, engineering, and math with a renewed focus and energy. This STEM connection is a big part of the future of education and identified clearly in Governor Shumlin's educational plan. BFA is committed to preparing students for a career in the 21st century. Other academic areas are also part of the fabric of BFA and students here receive the best educational opportunities in the State of Vermont.

BFA continues to be a school of choice in Vermont through a combination of tradition and innovation. Combining the rich history of "The Academy" with research-based best practices and learning opportunities for all students, we are continuously improving learning for all students. In the course of the past year, we have seen significant changes in technology-enabled learning opportunities. BFA now offers up to 400 different online classes. These classes range from algebra to Mandarin Chinese and include Advanced Placement (AP) courses that are available to our students. Several of our classrooms are now "paperless," meaning both teachers and students utilize available technology for teaching and learning. Team teaching and utilizing co-teaching are both part of the experiences that incoming students can expect at BFA. Creating more opportunities for teachers to collaborate around individual student performance has already created improvements in both social and academic outcomes. BFA remains committed to the traditions of academic excellence that has defined the school.

As you review the summary of the revenues and expenditures in our proposed FY14 school budget, you can see that we have worked hard to hold the line on costs for next year. The proposed budget of \$20,493,411 represents a 4% increase over the FY13 budget. As school funding continues to be a major area of discussion and interest across the state, BFA remains committed to presenting a thoughtful and responsible budget that actualizes efficiencies without compromising the amazing opportunities available for our students. This proposed budget supports our programs and initiatives, which continue to be the primary focus of our efforts. With the support of this wonderful community, we are confident our dedicated faculty, administration, and staff can maintain our high standards of academic excellence and prepare our students for all of the challenges they will face in their lives after high school.

Every day, our faculty and staff provide the best learning opportunities for every student here at BFA. BFA continues to be a fantastic place for students to learn, grow, and participate in a variety of co- and extra-curricular activities. Our academics, athletics, and all of the student-centered activities available continue to make BFA the school of choice in this part of the state. We look forward to your continued support and will continue to solicit your input as we move BFA through the exciting opportunities of the 21st century.

After reviewing this report and reflecting on the budget proposal, feel free to contact me at your convenience to share your thoughts or suggestions. My office is always open to our students, their parents, and all community members.

Respectfully,

Dennis M. Hill
Principal

WARNING
FOR THE BELLOWS FREE ACADEMY UNION HIGH SCHOOL DISTRICT #48
ANNUAL MEETING: March 5, 2013

The legal voters of the Bellows Free Academy Union High School District #48, consisting of the City of St. Albans and the Town of St. Albans, Vermont, are hereby notified and warned to meet in the respective polling places and times hereinafter named for each of the above referenced towns on **Tuesday, March 5, 2013**, to vote on the articles herein set forth. Articles I to VI to be voted by the Australian Ballot system. The polls open at seven o'clock (7:00 a.m.) in the morning and close at seven o'clock (7:00 p.m.) in the evening.

ARTICLE I

To elect a clerk.

ARTICLE II

To elect a treasurer.

ARTICLE III

To elect from the legal voters of the City of St. Albans, one (1) School Board Director for a term of three (3) years.

ARTICLE IV

To elect from the legal voters of the Town of St. Albans, one (1) School Board Director for a term of three (3) years.

ARTICLE V

Shall the legal voters of the Bellows Free Academy Union High School District #48 authorize the School Board Directors to borrow money in anticipation of payment from the education fund, as necessary, for the next fiscal year pursuant to Title 16 § 562(9)?

ARTICLE VI

Shall the legal voters of the Bellows Free Academy Union High School District #48 consisting of the City of St. Albans and the Town of St. Albans, Vermont, appropriate \$20,493,411, which is necessary for the support of the 9-12 school system for the year beginning July 1, 2013?

Informational Hearing

The legal voters of the Bellows Free Academy Union High School District #48 consisting of the City of St. Albans and the Town of St. Albans, Vermont, are hereby notified and warned to meet in the Library at Bellows Free Academy, 71 South Main Street, St. Albans, Vermont, on **February 26, 2013, at 6:30 p.m.**, to conduct an informational meeting on the budget.

The budget will be voted on by Australian Ballot on **Tuesday, March 5, 2013.**

Polling Places and Times

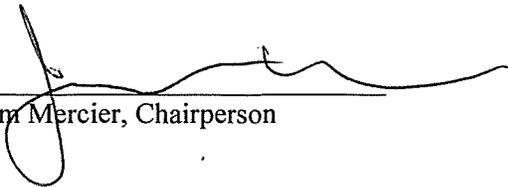
St. Albans City Residents - St. Albans City Hall, 100 North Main Street; polls open at 7:00 a.m. and close at 7:00 p.m.

St. Albans Town Residents – Collins Perley Sports Complex, 890 Fairfax Road; polls open at 7:00 a.m. and close at 7:00 p.m.

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Dated at St. Albans, Vermont, this 22nd day of January, 2013.

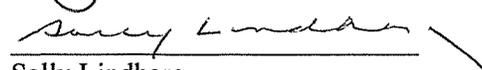
BELLOWS FREE ACADEMY UNION HIGH SCHOOL DISTRICT #48 SCHOOL BOARD



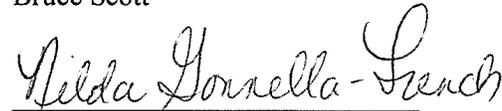
Jim Mercier, Chairperson



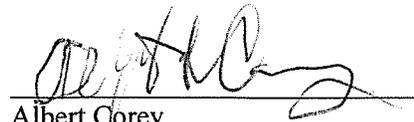
Bruce Scott



Sally Lindberg

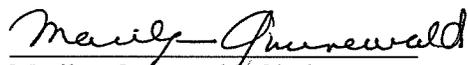


Nilda Gonnella-French



Albert Corey

Received for record and recorded prior to the posting this 28th day of January, 2013.



Marilyn Grunewald, Clerk

Bellows Free Academy Union High School District #48

**NORTHWEST TECHNICAL CENTER
DIRECTOR'S REPORT
HIGHLIGHTS OF THE 2012-2013 SCHOOL YEAR**

The Northwest Technical Center provides quality career and technical education to area high school students and adults. At the Northwest Technical Center, students from Bellows Free Academy and Missisquoi Valley Union High School have the opportunity to choose from eleven different full-time technical programs and nine pre-tech programs. Many of our programs allow students to take advantage of dual enrollment opportunities to earn college credit while in their program. In addition, all programs offer the opportunity to earn recognized industry certification, which prepares them for college and careers.

The Northwest Technical Center has been offering technical education since 1977 and, though many things have changed in technical education and the programs we offer, we strive to meet the needs of our regional economy. NWTC works closely with the Franklin County Industrial Development Corporation, listening to the needs of the local employers. Students come from a wide variety of backgrounds, with personal goals ranging from college to immediate employment or apprenticeship. In addition, our vibrant adult education programs offer adults a wide variety of opportunities to meet their unique individual needs.

Highlights of the year include:

Strategic Planning

At the start of this school year, faculty and staff engaged in strategic planning. Our purpose was to look ahead and plan for the success of our school and ultimately our students. During in-service days and independent committee work, the faculty and staff agreed upon and created three goals with strategies and success indicators to implement over the next three years. The goals for our school are:

- Create a Life and Learning Plan for Every Student
- Prepare our Students to be Responsible Citizens and Employees
- Create the Identity of NWTC

Portfolio Project

Several programs are prototyping digital portfolios in their program. The goal is to have a collection of student work and align the state competencies showing evidence of proficiency. At the end of their two-year program, students will present their portfolio to an advisory group consisting of peers, instructors, parents, and local business and industry members.

Cooperative Education

Cooperative Education, or Co-op, is a unique plan of education which integrates classroom study with planned and supervised work experience. This educational pattern allows students to acquire practical skills as well as to be exposed to the reality of the world of work beyond the school campus. This year, it is our objective to provide every

NWTC student with a work experience opportunity, be it job shadows, site visits, internships, or paid, supervised work. We are on our way to achieving this goal.

Public Safety & Fire Services

Our Emergency & Fire Services program will be going through a name change in the 2013/2014 school year. The curriculum of the program will expand next year to satisfy the growing popularity of the public safety employment sector. Aided by Officer Jason Wetherby, our new Public Safety & Fire Services class will be designed to meet the needs of students who are interested in becoming career or volunteer Firefighters, Emergency Medical Technicians, Paramedics, Fire Inspectors, Police Officers, and Border Patrol Officers.

Adult and Continuing Education

Our adult program continues to be very successful for area adult and high school learners. We have offered more than 100 courses this year with 2,100 adult and high school students participating. New courses this year included: Clinical Medical Assisting, Phlebotomy II, and a free workshop series presented by Vermont Small Business Development Center.

Middle School Outreach

In an attempt to expand our presence in local middle schools as well as expose younger students to different career options, the NWTC has partnered with St. Albans City School and Missisquoi Valley Middle School to pilot a NWTC Experience Day. Students from the two schools will be asked to reflect on their career options and desires, and will be given an opportunity to have a hands-on learning experience at our center, in the career field of their choice. We plan to roll out a version of this program to all interested sending middle schools by the end of the 2013/2014 school year.

Academic Skill Development

This school year, we began administering the Accuplacer, a basic skills assessment, to all students enrolled in NWTC programs. If needed, individualized support is given to students to help them become proficient. The Accuplacer is the assessment tool used by many area colleges to assess a student's basic skills as they apply for admission. It is the intent of the NWTC that all program completers and/or graduating students pass the Accuplacer before they head off to their respective college, technical school, or work endeavors.

English Integration

NWTC students may earn their required high school English credit during their program meeting time. The programs that integrate English for credit include Human Services, Emergency & Fire Services, Medical Professions, Digital Arts, and Marketing. Instructors review curriculum and standards, and work together to find the inherent English component in the programs and align the curriculum to identify where English standards fit to make it rigorous and relevant. Our teachers familiarize themselves with the BFA Power Standards, select materials to be used in their programs, and discuss units to be presented.

Dual Enrollment

We continue to offer college credit in many of our programs through dual enrollment. With successful completion of the course work, students will have the transcribed-college credit that can transfer to any college.

I would like to thank the parents and community members who provide ongoing support to the Northwest Technical Center. These community partners include program advisory committees, co-op and program placement sites, industry partners, and youth leadership organizations. With this tremendous support, we will continue to provide quality career and technical education programs that enable our students to be successful in their post-secondary future. I encourage you to visit our center any time to see the great learning that is happening here.

Respectfully submitted,

Leeann Wright, Director
Northwest Technical Center



Collins Perley Sports & Fitness Center

ANNUAL REPORT COLLINS PERLEY SPORTS & FITNESS CENTER FY 2012

The Collins Perley Sports & Fitness Center has had an outstanding year. We have seen a significant increase in use by both the community and the school. We feel this is as a result of increased emphasis on wellness and facility improvements.

During the past year we were able to utilize Grants and Incentives to complete the last phase of upgrades identified by the Opportunities For Growth Committee. This work added locker room space, upgraded the trainers room, expanded the coaches room, and upgraded the laundry facility.

We were pleased to work with the Agency of Natural Resources and the Franklin County Industrial Development Corporation to remove a 300 foot culvert and convert a channel back to the original meandering brook. This is a demonstration project that will show the effects that this type of stream can have on decreasing the flow of sediment and pollutants down stream. The project also includes wildlife buffers.

Collins Perley is owned by BFA. It is BFA's primary facility for physical education and athletics. It hosts other, non-athletic BFA activity. The goal of its independent Board of Directors is to meet the needs of BFA while also serving as a community center for the greater St. Albans region. Toward that end, we offer our facilities for Fitness, Athletics, Expositions, Shows, Fairs, Conventions, Concerts, Business Meetings, Parties, Health Clinics, Voting, and more.

This combination of school ownership along with community use and commitment result in excellent facilities at a low cost. The Collins and Perley Trusts paid the debt for the original construction of the facility. They continue to pay part of the operating costs of the facility while the balance in the Trusts increase to meet future demands. Collins Perley operates as a non profit entity (501 c 3) and sets fees sufficient to cover costs of operation. Operating costs are kept at essential levels without frills.

As stewards for one of Franklin County's greatest assets we work hard to insure the facility is properly maintained – inside and out. With 52 total acres and 40 acres of sports and support fields, maintaining a balance of use, care and environmental impact is challenging but vitally important.

Fitness is critically important to people of all ages. While we are proud of our world champion weight lifters, we are just as proud of those who take a regular walk around the Rotary Fitness Path that surrounds the 52 acre site or those who walk inside during inclement weather. We encourage all of our neighbors to do some kind of aerobic exercise for at least one hour three times per week. In addition to walking, jogging and running on our outdoor path and track we offer tennis, racquetball, wallyball, skating, aerobics, martial arts and a complete fitness gym with highly skilled trainers. Exercise programs include Tai Chi, Zumba, Aerobics, Belly Dancing, Boot Camp , and more. We are excited about our new free indoor walking/jogging program.

Athletics is for more than the athletes. We encourage everyone to either participate in or watch any number of sports events. We host a wide number of athletic camps in the summer. Fall, winter, and spring bring both youth and adult teams to the ice or to the tennis courts/field house where they can participate in youth or adult tennis, soccer or lacrosse. Newcomers to every sport are welcome. Of course a highlight of every summer are the Vermont Voltage semi-professional men's and women's soccer games.

As a Community Center, Collins Perley is flexible and active. Our location and our facility work well for business meetings, expositions, and conventions.

We invite you to check our web site for more information: www.collinsperley.com

On behalf of the staff and the Board of Directors of Collins Perley, it is my pleasure to invite everyone to stop in to see what we have to offer. Please let us know how we can serve you better.

Sincerely,

Harold Hebert, President
Collins Perley Sports Center, Inc.

David Kimel, Manager

Franklin County Early Childhood Programs

Who We Are: We are a public school early education program serving children from birth to school age and their families.

Who We Serve: The program's target population is children from birth to school age, with an emphasis on three- to five-year-old children who are developmentally at risk or developmentally delayed and their families. We also offer an early learning opportunity for all four year olds for ten hours a week in the towns of Fairfield, St. Albans City, and St. Albans Town. We are currently serving 162 children in the Supervisory Union, mostly three to five year olds.

What We Do: The program takes referrals from families with young children, relatives, neighbors, community members, and other service providers. Referrals often result in the scheduling of a developmental screening, which is done in homes, preschool classrooms, childcare programs, and the elementary schools. Screenings may result in a recommendation for a comprehensive evaluation, which is used to determine eligibility for enrollment in the early childhood special education programs. If a child and family are determined eligible for services, a program plan is developed with the child's family that results in home and/or center-based services. Center-based services may include placement in a playgroup, childcare program and/or a preschool. An important component of services by the program is consultation services to families with young children, community members, and other service providers.

The program operates an office at the American House (2 North Main Street) in St. Albans and has classrooms in the Fairfield, St. Albans City and Town Elementary Schools and the Barlow Street Community Center. We partner with Blooming Minds Child Care, Main Street School, and The Y's Time Childcare program to provide a ten-hour a week preschool experience for eligible children. The program also provides consultative services at other preschool and childcare programs in the district.

How We Are Funded: The program is operated with funds from a variety of federal, state, and local sources. The federal government provides funds to the State of Vermont, which provides the federal money to the local school district in the form of block and incentive grants. The State Legislature appropriates an additional amount of money for the public schools each year, and part of these funds is designated for early childhood education services. The Supervisory Union combines the block grant and local share for early childhood education from each participating school district. The total operating budget for the program's activities for the 2013/2014 school year is expected to be \$1,126,536, which is \$44,372 more than last year – a 4.06% increase. These funds will be acquired from a combination of the revenues mentioned above.

For More Information: Contact Michelle Spence, Coordinator, 524-3613 or mspence@fcsuvt.org

You may also visit our website <http://earlychildhoodsuccess.org> and find us on facebook by looking for the Franklin County Early Childhood Programs.

	FY12	FY13	FY14
Revenues	Actual	Adopted	Proposed
Interest	52,826	40,000	40,000
Basic Education Grant	8,770,414	8,995,222	9,276,649
Transportation Aid	103,667	99,150	104,000
Miscellaneous Revenue	22,465	2,500	5,000
General Operating	8,949,372	9,136,872	9,425,649
Food Service Contract	25,000	20,000	20,000
Food Service	25,000	20,000	20,000
Mainstream Block Grant	252,754	237,142	246,679
Expenditure Reimbursement	1,179,035	1,199,357	1,242,930
Extraordinary Reimbursement	59,362	73,962	79,023
Special Education	1,491,151	1,510,461	1,568,632
Grant Funding:			
IEP Medicaid Grant	43,113	45,792	41,591
EPSDT Medicaid Grant	53,510	51,666	24,627
Student Ass't Program Grant	9,770	0	0
Tobacco Grant	7,500	7,500	7,728
IDEAB Grant	190,312	179,282	149,526
Consolidated Federal Grant	715,903	524,636	491,599
Grant Funding	1,020,108	808,876	715,071
Total Revenues	11,485,631	11,476,209	11,729,352

2.21%

Franklin Central Supervisory Union FY12 Audit was incomplete at the time of this printing. Complete copy of the FY12 Audit may be obtained by calling the Supervisory Union Office at 524-2600

1051	Instruction General	236,259	238,189
Various	Instruction K-8	2,784,378	2,785,112
1058	Assessment & Testing	3,132	8,882
1071	Curriculum Initiatives	11,920	10,000
1102	Art	218,941	230,041
1104	Computers	293,093	304,156
1106	French	19,595	20,280
1107	Technology Education	46,522	50,981
1109	Practical Arts	37,205	41,227
1112	Music	223,813	227,779
1118	Physical Education	221,701	231,832
1400	Co-Curricular Activities	23,785	34,899
1411	Outdoor Wellness	0	0
1410	Summer School	0	2,000
1412	21st Century - Open Doors	10,000	10,000
2110	English Language Learners	27,386	28,447
2120	Guidance Services	162,850	176,220
2122	HUB (SSC)	137,314	144,833
2130	Health Services	140,091	142,398
2210	Action Planning	0	3,730
2214	Home School Coordinator	14,875	13,640
2222	Media (Library)	157,115	88,896
1551	Compensatory Education	74,849	130,314
3020	Early Retirement	136,813	204,969
1053	Early Childhood Program	271,718	285,300
1240,1241	Spec. Ed. Direct Instruction	2,097,317	2,145,298
1215	Spec. Ed. EEE Local Assmnt	170,043	178,545
Various	Spec. Ed. Other Support Services	98,633	101,945
2150	Spec. Ed. SLP	324,879	354,641
2710	Spec. Ed. Transportation	40,690	28,135
2311, 2313	Board of Education/School Treasurer	40,280	63,503
Various	Franklin Central Supervisory Union	283,201	307,663
2523	Short Term Debt / Bank Charges	34,437	35,300
5161	Long Term Debt	534,197	546,925
2600	Operations & Maintenance	667,545	761,529
2710, 2720	Transportation	260,077	257,232
2410	Principal's Office	374,792	434,412
3100	Food Service	37,632	38,080
2214	IEP Medicaid Grant	43,113	45,792
2214	EPSDT Medicaid Grant	53,510	51,666
2214	SAP Grant	9,770	0
2214	Tobacco Grant	7,500	7,500
1054,1551	School Wide Program (CFG)	568,155	524,636
1240,2213	IDEA B Grants	190,312	179,282

St. Albans City School
SPECIAL EDUCATION FUNDING BREAKDOWN

<u>REVENUES</u>	<u>FY12 ACTUAL</u>	<u>FY13 ADOPTED</u>	<u>FY14 PROPOSED</u>
Mainstream Block Grant	\$ 252,754	\$ 237,142	\$ 246,679
Expenditure Reimbursement	1,179,035	1,199,357	1,242,930
Extraordinary Reimbursement	59,362	73,962	79,023
IDEA-B Subgrant	190,312	179,282	149,526
Total Revenues	<u>\$ 1,681,463</u>	<u>\$ 1,689,743</u>	<u>\$ 1,718,158</u>
<u>EXPENSES</u>	<u>FY12 ACTUAL</u>	<u>FY13 ADOPTED</u>	<u>FY14 PROPOSED</u>
Special Education & IDEAB	\$ 2,287,629	\$ 2,324,580	\$ 2,457,696
Spec. Ed. - Preschool	170,043	178,545	128,861
Spec. Ed. - Other Support Services	98,633	101,945	66,495
Spec. Ed. - Speech & Language	324,879	354,641	312,022
Spec. Ed. - Transportation	40,690	28,135	40,470
Total Expenses	<u>\$ 2,921,874</u>	<u>\$ 2,987,846</u>	<u>\$ 3,005,544</u>

Enter your choice for FY14 base education amount. See note at bottom of page.

Enter your choice for estimated homestead base rate for FY2014. See note at bottom of page.

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1.	(local budget, including special programs, full technical center expenditures, and any Act 144 expenditures)	\$11,062,797	\$11,294,570	\$11,476,209	\$11,729,352	1.
2.	plus Sum of separately warned articles passed at town meeting	-	-	-		2.
3.	minus Act 144 Expenditures, to be excluded from Education Spending	-	-	-		3.
4.						4.
5.	plus Obligation to a Regional Technical Center School District if any	-	-	-		5.
6.	plus Prior year deficit reduction if included in expenditure budget					6.
7.						7.
8.	S.U. assessment (included in local budget) - informational data	-	-	-		8.
9.	Prior year deficit reduction (if included in expenditure budget) - informational data	-	-	-		9.
10.	Local revenues (categorical grants, donations, tuitions, surplus, etc., including local Act 144 tax revenues)	\$2,492,904	\$2,524,158	\$2,480,987	\$2,452,703	10.
11.	plus Capital debt aid for eligible projects pre-existing Act 60	-	-	-		11.
12.	plus Prior year deficit reduction if included in revenues (negative revenue instead of expenditures)	-	-	NA	NA	12.
13.	minus All Act 144 revenues, including local Act 144 tax revenues	-	-	-		13.
14.						14.
15.						15.
16.	Equalized Pupils (Act 130 count is by school district)	773.94	757.42	748.04	771.46	16.
17.						17.
18.	minus Less ALL net eligible construction costs (or P&I) per equalized pupil	\$154.41	\$661.51	\$731.14	\$707	18.
19.	minus Less share of SpEd costs in excess of \$50,000 for an individual	\$27.66	\$23.16	\$6.40	\$9	19.
20.	minus Less amount of deficit if deficit is SOLELY attributable to tuitions paid to public schools for grades the district does not operate for new students who moved to the district after the budget was passed	-	-	-		20.
21.	minus Less SpEd costs if excess is solely attributable to new SpEd spending if district has 20 or fewer equalized pupils	-	-	-		21.
22.	minus Estimated costs of new students after census period	NA	-	-		22.
23.	minus Total tuitions if tuitioning ALL K-12 unless electorate has approved tuitions greater than average announced tuition	NA	NA	NA	NA	23.
24.	minus Less planning costs for merger of small schools	-	-	-		24.
25.	plus Excess Spending per Equalized Pupil over threshold (if any)	threshold = \$14,549	threshold = \$14,733	threshold = \$14,841	threshold = \$15,456	25.
26.	Per pupil figure used for calculating District Adjustment	\$11,073	\$11,579	\$12,025		26.
27.		129.601%	135.526%	137.855%	134.883%	27.
		based on \$8,544	based on \$8,544	based on \$8,723	based on \$8,915	
28.	Anticipated district equalized homestead tax rate to be prorated (134.883% x \$0.920)	\$1.1146	\$1.1791	\$1.2269		28.
		based on \$0.86	based on \$0.87	based on \$0.89	based on \$0.920	
29.	Percent of St. Albans City equalized pupils not in a union school district	65.850%	64.850%	64.990%	66.28%	29.
30.	Portion of district eq homestead rate to be assessed by town (66.280% x \$1.24)	\$0.7340	\$0.7646	\$0.7974		30.
31.		71.83%	92.59%	98.38%	99.36%	31.
32.	Portion of actual district homestead rate to be assessed by town (\$0.823 / 99.36%)	\$1.0219	\$0.8258	\$0.8105		32.
		based on \$0.860	based on \$0.87	based on \$0.89	based on \$0.92	
33.	Anticipated income cap percent to be prorated (134.883% x 1.80%)	2.33%	2.44%	2.48%		33.
		based on 1.80%	based on 1.80%	based on 1.80%	based on 1.80%	
34.	Portion of district income cap percent applied by State (66.280% x 2.43%)	1.53%	1.58%	1.61%		34.
		based on 1.80%	based on 1.80%	based on 1.80%	based on 1.80%	
35.	Percent of equalized pupils at Bellows Free Academy UHSD	34.15%	35.15%	35.01%	33.72%	35.
36.		-	-	-		36.

If the district belongs to a union school district, this is only a homestead tax rate. The tax rate shown represents the estimated portion of the final homestead tax rate due to spending for students who do not belong to a union school district. The same holds true for the income cap percentage.

- Following current statute, the base education amount would be \$9,151 That would require base education tax rates of \$0.94 and \$1.43. The tax commissioner has suggested allowing one year of inflation, resulting in a base amount of \$8,915 and base tax rates of \$0.92 and \$1.41. The administration also has stated that tax rates could remain flat at \$0.89 and \$1.38 if statewide education spending is level and the base education amount is set at \$8,915. Final figures will be set by the Legislature during the legislative session and approved by the Governor.

- The base income percentage cap is 1.80%.

St Albans City School
Franklin Central S.U.

A list of schools and school districts in each cohort may be found on the DOE website under "School Data and Reports":
<http://www.state.vt.us/educ/>

K - 8, enrollment ≥ 200
(26 schools in cohort)

6 out of 26

(1 is largest)

	Grades Offered	Enrollment	Total Teachers	Total Administrators	Stu / Tchr Ratio	Stu / Admin Ratio	Tchr / Admin Ratio	
Smaller ->	Bellocs Free Academy (Fairfax)	PK - 8	582	46.80	2.00	12.44	291.00	23.40
	Georgia Elementary/Middle School	PK - 8	629	65.00	2.00	9.68	314.50	32.50
	St Johnsbury Schools	PK - 8	660	58.00	3.00	11.38	220.00	19.33
<- Larger	St Albans Town Education Center	K - 8	713	58.60	2.00	12.17	356.50	29.30
	Shelburne Community School	PK - 8	750	54.66	3.00	13.72	250.00	18.22
	Barre Town Elementary School	PK - 8	841	69.00	4.00	12.19	210.25	17.25

St. Albans City
T176

Special education expenditures vary substantially from district to district and year to year. Therefore, they have been excluded from these figures.

The portion of current expenditures made by supervisory unions on behalf of districts varies greatly. These data include district assessments to SUs. Doing so makes districts more comparable to each other.

K - 8 school district, FY2011 FTE ≥ 200
(28 school districts in cohort)

	Grades offered in School District	Student FTE enrolled in school district	Current expenditures per student FTE special education costs	(1 is largest) 8 out of 28
Smaller ->	Georgia	PK-8	612.62	\$9,830
	Duxbury/Waterbury Union #45	PK-8	662.32	\$10,511
	St. Johnsbury	PK-8	664.70	\$11,804
<- Larger	St. Albans Town	K-8	710.25	\$10,019
	Shelburne	K-8	754.97	\$11,096
	Barre City	PK-8	855.41	\$9,133

Current expenditures are an effort to calculate an amount per FTE spent by a district on students enrolled in that district. This figure excludes tuitions and assessments paid to other providers, construction and equipment costs, debt service, adult education, and community service.

	Grades offered in School District	School district tax rate			Total municipal tax rate, K-12, consisting of prorated member district rates			
		SchIDist Equalized Pupils	SchIDist Education Spending per Equalized Pupil	SchIDist Homestead Ed tax rate	MUN Equalized Homestead Ed tax rate	MUN Common Level of Appraisal	MUN Actual Homestead Ed tax rate	
Smaller ->	T177 St. Albans Town	K-8	711.67	11,058.40	1.1283	1.2219	103.34%	1.1824
	T186 Shelburne	K-8	741.51	13,052.23	1.3317	1.3228	98.70%	1.3402
	T117 Lyndon	K-8	741.81	12,622.55	1.2879	1.2879	97.27%	1.3240
	T176 St. Albans City	K-8	748.04	12,025.05	1.2269	1.2960	98.38%	1.3173
<- Larger	T012 Barre Town	PK-8	799.49	10,610.68	1.0826	1.1172	85.84%	1.3014
	T011 Barre City	PK-8	860.58	10,959.55	1.1182	1.1389	96.38%	1.1817
	T079 Georgia	PK-8	884.22	11,859.41	1.2100	1.2100	104.01%	1.1633

Use these tax rates to compare towns rates.

These tax rates are not comparable due to CLA's.

The Legislature has required the Department of Education to provide this information per the following statute:

16 V.S.A. § 165(a)(2) The school, at least annually, reports student performance results to community members in a format selected by the school board. . . . The school report shall include:

(K) data provided by the commissioner which enable a comparison with other schools, or school districts if school level data are not available, for cost-effectiveness. The commissioner shall establish which data are to be included pursuant to this subdivision and, notwithstanding that the other elements of the report are to be presented in a format selected by the school board, shall develop a common format to be used by each school in presenting the data to community members. The commissioner shall provide the most recent data available to each school no later than October 1 of each year. Data to be presented may include student-to-teacher ratio, administrator-to-student ratio, administrator-to-teacher ratio, and cost per pupil.

City of Saint Albans, Department of Public Schools

BASIC FINANCIAL STATEMENTS

June 30, 2012

City of Saint Albans, Department of Public Schools
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Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

INDEPENDENT AUDITOR'S REPORT

Board of School Commissioners
City of St. Albans, Department of Public Schools
St. Albans, Vermont

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of St. Albans, Department of Public Schools, as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of St. Albans, Department of Public Schools' 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 the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of City of St. Albans, Department of Public Schools, as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2012, on our consideration of the City of St. Albans, Department of Public Schools' 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 18-19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Albans, Department of Public Schools' financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "K. Stoll Branagan & Sargent". The signature is written in dark ink and is positioned above the typed text of the firm's name.

St. Albans, Vermont
October 25, 2012

City of St. Albans, Department of Public Schools
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

Our discussion and analysis of the St. Albans City School District's financial performance is intended to provide a narrative introduction and overview of the District's financial activities for the fiscal year ended June 30, 2012. Please use it in conjunction with the District's financial statements.

Brief Explanation of the Basic Financial Statements

This annual report consists of financial presentations on all the various activities of the District. The District-Wide Financial Statements include presentations on the Statement of Net Assets and a Statement of Activities. These statements provide a perspective of the District as whole and present information on a longer-term basis. The District-Wide Financials are followed by Fund Financial Statements for governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the District-Wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefits of activities within the District.

Reporting the District-Wide Financials

One of the most important questions asked about the District's finances is, "is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. The Statements are prepared similar to private sector companies including all the assets and liabilities using the accrual basis of accounting. Under this basis of accounting all of the current year's revenues and expenses are reported when earned or incurred regardless of when cash is paid or received.

The Statement of Net Assets is used to report all that the entity owns (assets) and owes (liabilities). The difference between assets and liabilities is reported as Net Assets. This classification of Net Assets is broken into three categories, the first being the portion invested in capital assets nets of the related debt to indicate that this amount is not really accessible for other purposes. A second portion of Net Assets reflects resources not accessible for general use because their use is subject to restrictions enforceable by third parties. Any remaining Net Assets are classified as unrestricted. The Statement of Activities is used to report all changes in a District's net assets from one year to another. The Statement is presented using a net cost format designed to highlight the portion of each functional activity that must be financed from the District's own resources. The Statement first reports all direct costs associated with each functional activity, then reports dedicated outside resources (program revenues) as a direct reduction to arrive at the programs net cost to the District.

Reporting the District's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established, by State Law and by bond covenants. The District's Board of Directors may establish other funds to help them control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. This District uses only one type of fund – Governmental Funds.

Governmental Funds - Most of our operations are reported in the section on Governmental Funds, these funds place their focus on near-term financing needs. The Balance Sheet only reports financial assets associated with governmental activities. Financial Assets include cash as well as other assets that will convert to cash in the course of their ordinary lives. Governmental Funds do not report capital assets; because such assets will be used in operations rather than converted to cash and therefore are not spendable.

City of St. Albans, Department of Public Schools
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

District as Trustee

The District serves as trustee or fiduciary for various Scholarship Accounts. These activities are reported in separate Statements of Net Assets – Fiduciary Funds and Statement of Changes in Net Assets – Fiduciary Funds. These activities are excluded from the District’s other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Condensed Financial Information

District-Wide Statement of Net Assets

The following analysis focuses on the Net Assets, and the changes in Net Assets of the District as a whole. The total assets of the District increased \$409,952 from \$2,719,035 to \$3,128,987.

Unrestricted Net Assets, the portion of net assets that can be used to finance day-to-day operation without constraints established by debt covenants, enabling legislation or other legal requirements, was zero at June 30, 2012. This is due to a vote to reserve any Net Assets for future capital improvements to be used upon approval of the electorate.

The following is a schedule of our District-Wide Net Assets:

	<u>2012</u>	<u>2011</u>
ASSETS		
Current and Other Assets	\$ 4,939,363	\$ 7,237,216
Capital Assets	5,815,038	4,076,085
	<u>216,442</u>	<u>38,157</u>
Bond Issuance cost, net of amortization		
TOTAL ASSETS	<u>\$ 10,970,843</u>	<u>\$ 11,351,458</u>
LIABILITIES		
Current Liabilities	\$ 1,919,790	\$ 2,190,511
Long-term Debt Outstanding	<u>5,922,066</u>	<u>6,441,912</u>
TOTAL LIABILITIES	<u>\$ 7,841,856</u>	<u>\$ 8,632,423</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	\$ (626,873)	\$ 1,886,426
Restricted	2,760,909	4,588,885
Unrestricted	<u>994,951</u>	<u>(3,756,276)</u>
TOTAL NET ASSETS	<u>\$ 3,128,987</u>	<u>\$ 2,719,035</u>

District-Wide Statement of Activities

Governmental Activities Expenses	\$ 11,601,395	\$ 11,560,492
Charges for Services	(126,424)	(134,771)
Operating Grants and Revenues	<u>(11,814,705)</u>	<u>(11,580,954)</u>
Net (Expense) Revenue and Changes in Net Assets	<u>339,734</u>	<u>155,233</u>

City of St. Albans, Department of Public Schools
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

<u>District-Wide Statement of Activities (cont'd)</u>	<u>2012</u>	<u>2011</u>
General Revenues		
Unrestricted investment earnings	52,826	54,898
Miscellaneous	17,392	10,469
Total General Revenues	<u>70,218</u>	<u>65,367</u>
Change in Net Assets	409,952	220,600
Net Assets, Beginning	<u>2,719,035</u>	<u>2,498,435</u>
Net Assets, Ending	<u>\$ 3,128,987</u>	<u>\$ 2,719,035</u>

Governmental Fund Balances and Transactions

Most decisions involving governmental (education grant supported) activities are made in the context of the annual appropriated operating budget, where the focus is on meeting the near-term financing needs of a government. Governmental funds, with their distinctive emphasis on inflows and outflows of expendable resources provide information useful for making decisions in a budgetary context. The original budgeted amount was not amended during the year; however, transfers were made between individual line items.

The result of the audited Revenues and Expenditures for the year resulted in a surplus of \$248,509. In fiscal year 2011-2012, the district used Reserved Capital Project Funds totaling \$167,057 as approved by voters, for capital improvement at no additional expense to the taxpayers.

Budgeted expenditures for the District as a whole increased 0.84% for the year while budgeted revenues increased 0.26% over the previous year. A comparison of individual Budget and Actual Revenues and Expenditures including any variances can be found under Required Supplementary Information on page 19 of these Financial Statements.

Committed General Fund fund balance is \$1,053,092 at June 30, 2012. Of this amount, \$86,397 is yet to be spent from the amount of \$250,000 that was voted on March 1, 2011, \$147,752 for Technology Access, and the remaining amount of \$818,943 for future capital projects. This is due to a vote to reserve any Net Assets for future capital improvements to be used upon approval of the electorate.

FUND FINANCIAL STATEMENTS
BALANCE SHEET – GOVERNMENTAL FUNDS

<u>ASSETS</u>	<u>General & Capital Projects Fund</u>	
	<u>2012</u>	<u>2011</u>
TOTAL ASSETS	<u>\$ 5,366,669</u>	<u>\$ 8,551,565</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
TOTAL LIABILITIES	<u>\$ 1,552,668</u>	<u>\$ 3,146,926</u>
TOTAL FUND BALANCES - Restricted	2,760,909	4,588,855
- Committed	1,053,092	815,754
- Assigned	<u>0</u>	<u>3,147</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,366,669</u>	<u>\$ 8,551,565</u>

City of St. Albans, Department of Public Schools
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS

	<u>General and Capital Projects Fund</u>	
	<u>2012</u>	<u>2011</u>
REVENUES	\$ 12,011,346	\$ 11,783,070
EXPENDITURES	<u>13,601,984</u>	<u>13,063,517</u>
EXCESS OF REVENUES OVER EXPENDITURES	(1,590,638)	(1,280,447)
OTHER FINANCING SOURCES, Proceeds from Bond	<u>0</u>	<u>5,900,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,590,638)	4,619,553
FUND BALANCE – Beginning of year	<u>5,404,639</u>	<u>785,086</u>
FUND BALANCE – End of year	<u>\$ 3,814,001</u>	<u>\$ 5,404,639</u>

Capital Assets

In compliance with the Governmental Financial Reporting Model (GASB 34) the District is reporting its Capital Assets as part of the Financial Statements. We have researched and documented the estimated historical costs of the various assets owned by the district, and applied appropriate charges against the cost to record depreciation. This information is presented below. As of June 30th the outstanding obligations against our Capital Assets are a Vermont Municipal Bond with a balance of \$70,000, a Qualified School Construction Bond with a balance of \$5,667,911, and a Qualified Zone Academy Bond with a balance of \$704,000. You may view a schedule of payments and rates in Note 6 to the financial statements.

The following is a schedule of our Capital Assets:

<u>Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
29 Bellows Street			
Construction in Progress	\$ 709,790	\$ 0	\$ 709,790
Land & Land Improvements	667,221	72,364	594,857
Buildings	7,555,625	3,304,367	4,251,258
Furniture, Fixtures & Equipment	<u>1,181,131</u>	<u>921,998</u>	<u>259,133</u>
TOTAL	<u>\$ 10,113,767</u>	<u>\$ 4,298,729</u>	<u>\$ 5,815,038</u>

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all of its citizens, taxpayers, customers and creditors. Questions concerning any of the information provided in the report or requests for additional information should be sent to Franklin Central Supervisory Union, 28 Catherine St., St. Albans, VT 05478.

City of St. Albans, Department of Public Schools
DISTRICT - WIDE FINANCIAL STATEMENTS
STATEMENT OF NET ASSETS
June 30, 2012

ASSETS

	<u>Governmental Activities</u>
CURRENT ASSETS	
Cash	\$ 4,733,937
Accounts receivable	28,945
Due from State of Vermont	83,582
Due from Franklin Central Supervisory Union	85,889
Prepaid expenses	<u>7,010</u>
TOTAL CURRENT ASSETS	4,939,363
CAPITAL ASSETS, net of depreciation	5,815,038
BOND ISSUANCE COST, net of amortization	<u>216,442</u>
TOTAL ASSETS	<u>\$ 10,970,843</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 536,260
Due to other funds	4,924
Accrued salaries and taxes	570,915
Accrued interest	9,913
Unearned income	3,350
Severance payable	274,583
Current portion bonds and notes payable	<u>519,845</u>
TOTAL CURRENT LIABILITIES	1,919,790
BONDS AND NOTES PAYABLE	<u>5,922,066</u>
TOTAL LIABILITIES	<u>7,841,856</u>
NET ASSETS	
Invested in capital assets, net of related debt	(626,873)
Restricted	2,760,909
Unrestricted	<u>994,951</u>
TOTAL NET ASSETS	<u>3,128,987</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,970,843</u>

See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools
DISTRICT - WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
			Operating Grants and Revenues	Capital Grants and Revenues	Governmental Activities
Governmental activities:					
Instruction	\$ 5,584,960	\$ -	\$ 9,493,814	\$ -	\$ 3,908,854
Special Education	2,886,418	-	1,681,463	-	(1,204,955)
Student Support Services	544,635	-	106,393	-	(438,242)
Staff Support Services	38,762	-	-	-	(38,762)
Board of Education	40,280	-	-	-	(40,280)
Human Resources	18,522	-	-	-	(18,522)
Superintendent's Office	81,282	-	-	-	(81,282)
Fiscal Services	139,376	-	-	-	(139,376)
Curriculum Coordinator	22,143	-	-	-	(22,143)
IT (WAN)	21,878	-	-	-	(21,878)
Debt Service	53,702	-	-	-	(53,702)
Operation and Maintenance	667,545	5,076	-	-	(662,469)
Transportation	295,532	-	103,667	-	(191,865)
Early Retirement	390,550	-	-	-	(390,550)
Food Service	530,380	121,348	404,040	-	(4,992)
Other Grants	1,148	-	25,328	-	24,180
Non-Budgeted Expenses	28,300	-	-	-	(28,300)
Unallocated:					
Depreciation	246,510	-	-	-	(246,510)
Amortization	9,472	-	-	-	(9,472)
 Total governmental activities	 <u>\$ 11,601,395</u>	 <u>\$ 126,424</u>	 <u>\$ 11,814,705</u>	 <u>\$ -</u>	 <u>339,734</u>
 General revenues:					
Unrestricted investment earnings					52,826
Miscellaneous Revenue					<u>17,392</u>
 Total general revenues					 <u>70,218</u>
 Change in net assets					 409,952
 Net assets, beginning					 <u>2,719,035</u>
 Net assets, ending					 <u>\$ 3,128,987</u>

See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2012

ASSETS

	Governmental Fund Types		
	General Fund	Capital Projects Fund	Total
ASSETS			
Cash	\$ 1,556,893	\$ 3,177,044	\$ 4,733,937
Accounts receivable	28,945	-	28,945
Due from State of Vermont	83,582	-	83,582
Due from Franklin Central Supervisory Union	85,889	-	85,889
Due from other funds	427,306	-	427,306
Prepaid expenses	7,010	-	7,010
TOTAL CURRENT ASSETS	\$ 2,189,625	\$ 3,177,044	\$ 5,366,669

LIABILITIES AND FUND BALANCE

LIABILITIES			
Accounts payable	\$ 536,260	\$ -	\$ 536,260
Due to other funds	4,924	427,306	432,230
Accrued salaries and taxes	570,915	-	570,915
Accrued interest	9,913	-	9,913
Unearned income	3,350	-	3,350
TOTAL LIABILITIES	1,125,362	427,306	1,552,668
FUND BALANCES			
Restricted	11,171	2,749,738	2,760,909
Committed	1,053,092	-	1,053,092
TOTAL FUND BALANCE	1,064,263	2,749,738	3,814,001
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,189,625	\$ 3,177,044	\$ 5,366,669

See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2012

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

Total fund balances - governmental funds	\$ 3,814,001
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Capital Assets	10,113,767
Accumulated Depreciation	(4,298,729)
Bond Issuance cost, net of accumulated amortization, used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds	
	216,442
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:	
Notes and bonds payable	(6,441,911)
Severance payable	<u>(274,583)</u>
Total net assets - governmental activities	<u>\$ 3,128,987</u>

See Accompanying Notes to Basic Financial Statements.

City of St. Albans, Department of Public Schools
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2012

	Governmental Fund Types		
	General Fund	Capital Projects Fund	Total
REVENUES			
Education Spending Grant	\$ 8,874,079	\$ -	\$ 8,874,079
Special Education Grant	1,491,151	-	1,491,151
Interest	45,620	7,206	52,826
Food Service Reimbursement	25,000	-	25,000
Medicaid IEP	43,113	-	43,113
Medicaid EPSDT	53,510	-	53,510
Student Assistance Program	9,770	-	9,770
School Wide Program	568,155	-	568,155
IDEA-B Grant	190,312	-	190,312
Tobacco Grant	7,500	-	7,500
Miscellaneous	22,467	-	22,467
Total Revenues Before Non-Budget Revenues	11,330,677	7,206	11,337,883
Food Service	500,388	-	500,388
Grant Revenue	173,075	-	173,075
TOTAL REVENUES	12,004,140	7,206	12,011,346
EXPENDITURES			
Instruction	5,219,615	-	5,219,615
Special Education	2,730,366	-	2,730,366
Board of Education	40,280	-	40,280
Human Resources	18,522	-	18,522
Superintendent's Office	81,282	-	81,282
Fiscal Services	139,376	-	139,376
Curriculum Coordinator	22,143	-	22,143
IT (WAN)	21,878	-	21,878
Debt Service	578,548	-	578,548
Operation and Maintenance	667,545	1,846,353	2,513,898
Transportation	260,078	-	260,078
Early Retirement	136,813	-	136,813
Medicaid IEP	43,113	-	43,113
Medicaid EPSDT	53,510	-	53,510
Student Assistance Program	9,770	-	9,770
School Wide Program	568,155	-	568,155

See Accompanying Notes to Basic Financial Statements.

City of St. Albans, Department of Public Schools
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2012

	Governmental Fund Types		
	General Fund	Capital Projects Fund	Total
EXPENDITURES (continued)			
IDEA-B Grant	190,312	-	190,312
Tobacco Grant	7,500		7,500
Early Childhood Program K-5	271,718	-	271,718
Total Expenditures Before Non-Budget Expenses	11,060,524	1,846,353	12,906,877
Food Service	526,902	-	526,902
Grant Expenses	1,148	-	1,148
Other Non-Budget Expenses	167,057	-	167,057
 TOTAL EXPENDITURES	 <u>11,755,631</u>	 <u>1,846,353</u>	 <u>13,601,984</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 248,509	 (1,839,147)	 (1,590,638)
 FUND BALANCE, Beginning of Year	 <u>815,754</u>	 <u>4,588,885</u>	 <u>5,404,639</u>
 FUND BALANCE, End of Year	 <u>\$ 1,064,263</u>	 <u>\$ 2,749,738</u>	 <u>\$ 3,814,001</u>

See Accompanying Notes to Basic Financial Statements.

City of St. Albans, Department of Public Schools
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2012

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
 OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 TO THE STATEMENT OF ACTIVITIES

Total net change in fund balances - governmental funds \$ (1,590,638)

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

Capital outlays are reported in governmental funds as expenditures. However,
 in the statement of activities, the cost of those assets is allocated over
 their estimated useful lives as depreciation expense.

Depreciation Expense	(246,510)
Amortization Expense	(9,472)
Capital Outlays	1,985,463

Government funds report expenditures when current resources are obligated but the
 governmental activities report the expenditures when the liability is incurred.

Severance Payable	(253,737)
-------------------	-----------

The proceeds from the issuance of long-term debt is a revenue source in the
 governmental funds, while the issuance increase long-term debt in the Statement
 of Net Assets.

Bond Issuance Costs	187,757
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Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	<u>337,089</u>
--	----------------

Change in net assets of governmental activities \$ 409,952

See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
 June 30, 2012

	Private- Purpose Trusts	Agency Funds
<u>ASSETS</u>		
Cash	\$ 2,995	\$ 30,752
Due From Other Funds	4,924	-
 TOTAL ASSETS	 \$ 7,919	 \$ 30,752
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Due to Students for Activities	\$ -	\$ 30,752
NET ASSETS		
Restricted	7,919	-
 TOTAL LIABILITIES AND NET ASSETS	 \$ 7,919	 \$ 30,752

See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS
 For the Year Ended June 30, 2012

	<u>Private- Purpose Trusts</u>
REVENUE	
Interest income	\$ 3
Donations	<u>740</u>
TOTAL REVENUES	<u>743</u>
EXPENSES	
Scholarships	<u>917</u>
NET INCOME	(174)
NET ASSETS - Beginning of Year	<u>8,093</u>
NET ASSETS - End of Year	<u>\$ 7,919</u>

See Accompanying Notes to Basic Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

All operations of the School District are controlled by a seven member Board of Commissioners, elected in City-wide elections, and responsible for all of the School District's activities. The financial statements include all of the School District's operations controlled by the Board of Commissioners. Based on criteria for determining the reporting entity (separate legal entity and fiscal or financial dependency on other governments), the School District is considered to be an independent reporting entity and has no component units.

District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the School District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expense of a given program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

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

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

Measurement focus, basis of accounting, and financial statement presentation

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

City of Saint Albans, Department of Public Schools
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property taxes (state education and local share) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the School District receives cash.

The School District reports the following major governmental funds:

- * The general fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those required to be accounted for in another fund.

The School District reports the following trust funds:

Private – Purpose Trust Funds

- * Bessie Cushing Milk Fund – This trust fund is a savings account from which money is spent to supplement milk for hot lunch.
- * Beth Geier Fund – This trust fund is used primarily for scholarships for lessons.
- * Children's Centralized Health Fund – The function of the trust fund is to supplement the health needs of needy children.
- * Diane Lunderville Memorial Fund – This trust fund is used for sports lessons and camps.

Agency Funds

- * Agency Funds - Assets held for student activities for the benefit of students. Agency funds are custodial in nature and therefore their assets equal their liabilities.

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

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

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

Budgetary Data

Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are not adopted on a School District level for the fiduciary fund. All annual appropriations lapse at fiscal year end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

City of Saint Albans, Department of Public Schools
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- * Annual operating budgets are adopted each fiscal year through the passage of an annual budget ordinance and amended as required.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Negative variances in total revenues and the positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Budgets generally assume the expenditure of all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year. As a result, overall fund revenues variances will be negative and overall fund expenditures variances will be positive.

Estimates

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

Deposits and Investments

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value. Changes in the fair value of investments are recorded as investment income. The reported value is basically the same as the fair value of the Fund's shares.

Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Capital Assets

Capital assets are property owned by the School District and include computers, computer equipment, software, and peripherals: equipment such as vehicles, machinery, copiers, and office equipment; buildings and land: and infrastructure such as roads, bridges, tunnels, rights of way, and culverts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- (1) The asset is tangible and complete.
- (2) The asset is used in the operation of the School District's activities.
- (3) The asset has a value of \$5,000 and useful life of five years.

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

Depreciation is calculated using the straight line depreciation method over the useful life of the assets as recommended by the Association of School Business Officials (ASBO).

Long-term Obligations

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

Property Taxes

Property taxes are levied as of July 1 on property values assessed as of the same date. Taxes are due quarterly in August, November, February and May, and are delinquent if not paid on those dates.

Government Wide and Proprietary Fund Net Assets

Government-wide and proprietary Fund Net Assets are divided into the following components:

Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net assets – consist of net assets that are restricted by the District's creditors, by enabling legislation, by grantors (both federal and state), and / or by contributors.

Unrestricted – all other net assets reported in this category

Governmental Fund Balance

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

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

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

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

City of St. Albans, Department of Public Schools
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unassigned – All amounts not included in other classifications.

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

NOTE 2 CASH DEPOSITS

At June 30, 2012 the carrying amount of cash deposits was \$4,767,684 and the bank balance was \$5,078,293. Of the bank balance \$305,334 was covered by federal deposit insurance, and \$4,772,959 was covered under the terms of a collateralization agreement with Peoples United Bank with securities in the name of Peoples United Bank.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 52,100	\$ -	\$ -	\$ 52,100
Construction in Progress	1,325,046	1,832,633	(2,447,889)	709,790
Total capital assets, not being depreciated	1,377,146	1,832,633	(2,447,889)	761,890
Capital assets, being depreciated:				
Land Improvements	490,312	124,809	-	615,121
Equipment	1,153,110	28,021	-	1,181,131
Buildings	5,107,736	2,447,889	-	7,555,625
Total capital assets, being depreciated	6,751,158	2,600,719	-	9,351,877
Accumulated depreciation for:				
Land Improvements	(43,168)	(29,196)	-	(72,364)
Equipment	(893,840)	(28,158)	-	(921,998)
Buildings	(3,115,211)	(189,156)	-	(3,304,367)
Total accumulated depreciation	(4,052,219)	(246,510)	-	(4,298,729)
Total capital assets, being depreciated	2,698,939	2,354,209	-	5,053,148
Governmental activities capital assets, net	\$ 4,076,085	\$ 4,186,842	\$ (2,447,889)	\$ 5,815,038

City of St. Albans, Department of Public Schools
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE 4 ACCRUED SALARIES

Accrued salaries are teachers' gross summer salaries and related employer payroll taxes for those teachers who elect to draw their salaries throughout the summer.

NOTE 5 SHORT-TERM DEBT

Short-term debt consisted of the following:

	Beginning Balance	Additions	Principal Reduction	Ending Balance
Tax Anticipation Note	\$ -	\$ 1,852,000	\$ (1,852,000)	\$ -

NOTE 6 LONG-TERM DEBT

Long-term debt consists of the following:

	Beginning Balance	Additions	Principal Reduction	Ending Balance	Current Portion
Vermont Municipal Bond Bank, payable in varying amounts, interest varies from 1.90% to 3.40%, currently 1.90%. Principal payments begin December 1, 2009.	\$ 110,000	\$ -	\$ (40,000)	\$ 70,000	\$ 35,000
Qualified School Construction Bond, payable in varying amounts each May 15 and November 15 through 2025, with interest of \$8,260.	5,900,000	-	(232,089)	5,667,911	419,845
Qualified Zone Academy Bond, payable \$65,000 installments each May 15 and November 15 through 2023, interest rate 1.25%	<u>769,000</u>	<u>-</u>	<u>(65,000)</u>	<u>704,000</u>	<u>65,000</u>
	<u>\$ 6,779,000</u>	<u>\$ -</u>	<u>\$ (337,089)</u>	<u>\$ 6,441,911</u>	<u>\$ 519,845</u>

City of St. Albans, Department of Public Schools
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE 6 LONG-TERM DEBT (continued)

The annual debt service requirements to maturity, including principle and interest, for long-term debt as of June 30, 2012, are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 519,845	\$ 27,078	\$ 546,923
2014	519,845	25,102	544,947
2015	484,845	23,695	508,540
2016	484,845	22,883	507,728
2017	484,845	88,150	572,995
2018-2022	2,424,225	98,162	2,522,387
2023-2027	1,523,461	58,495	1,581,956
	<u>\$ 6,441,911</u>	<u>\$ 343,565</u>	<u>\$ 6,785,476</u>

NOTE 7 RESTRICTED/COMMITTED FUND BALANCES – GOVERNMENTAL FUNDS

Restricted Fund Balances at June 30, 2012 are as follows:

General Fund:	
Restricted for – Hot Lunch Program	\$ <u>11,171</u>
Capital Projects Fund:	
Restricted for – Capital Expenditures	\$ <u>2,749,738</u>

Committed Fund Balances at June 30, 2012 are as follows:

General Fund:	
Committed for – Future Capital Use	\$ 905,340
Committed for – Tech Access	<u>147,752</u>
	<u>\$ 1,053,092</u>

NOTE 8 RESTRICTED NET ASSETS – FIDUCIARY FUNDS

At June 30, 2012, the School District had \$7,919 appropriated for use in accordance with various trust agreements.

City of St. Albans, Department of Public Schools
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 9 PENSION

Public School Teachers within the State of Vermont are covered under the Vermont State Teachers' Retirement System (VSTRS). The VSTRS is a multiple-employer public employee pension plan and trust. It is a contributory, defined benefit plan to which its participating members make regular contributions to a trust fund and the State of Vermont deposits an annual contribution based on actuarial assumption of liabilities. The employees make contributions of 5.0% of eligible earnings. The School District does not make contributions and does not bear any responsibility for payment of future benefits. The State of Vermont is responsible for administration of the plan and payment of benefits to retirees. The School District acts as an agent for payments to the plan as required by state statute. Enrollment is mandatory for eligible employees. During the year ended June 30, 2012, the State of Vermont contributed approximately \$426,685 to the Vermont State Teachers' Retirement System on behalf of the District. The plan is governed by the State of Vermont statutes found in Title 16, V.S.A. Chapter 55. The State of Vermont issues financial reports for the plan. The financial reports can be obtained from the State of Vermont Retirement Office.

NOTE 10 NON-CASH TRANSACTIONS

The City of St. Albans, Department of Public Schools received Federal Commodities for use in food service in the amount of \$23,062. The value of the commodities received is not included in the food service budget and is not part of food service revenue or expenditures.

NOTE 11 EXCESS OF EXPENDITURES OVER BUDGET

Expenditures exceeded budgeted amounts in the General Fund by \$455,563. \$167,057 of Non-budgeted amounts contributed to the excess expenditures. These expenses were funded by prior year committed fund balance amounts rather than current year revenues. All of the excess was offset by current year revenues in excess of budgeted amounts.

NOTE 12 SUPERVISORY UNION ASSESSMENTS

The District pays an annual assessment to Franklin Central Supervisory Union for its proportionate share of expenses relating to the Superintendent's Office, the business office and curriculum development. The District paid \$283,201 of such expenses during the year ended June 30, 2012.

NOTE 13 DISCLOSURE OF SUBSEQUENT EVENTS

In accordance professional accounting standards, the School District has evaluated subsequent events through October 25, 2012, which is the date this financial statement were available to be issued. All subsequent events requiring recognition as of June 30, 2012, have been incorporated into the financial statements herein.

The School District obtained a tax anticipation note on July 2, 2012, in the amount of \$2,044,000 with an interest rate of 1.50% due June 28, 2013.

REQUIRED SUPPLEMENTARY INFORMATION

City of St. Albans, Department of Public Schools
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 AND SPECIAL REVENUE FUND
 For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Property Taxes				
Education Spending Grant	\$ 8,870,412	\$ 8,870,412	\$ 8,874,079	\$ 3,667
Special Education Grant	1,438,754	1,438,754	1,491,151	52,397
Interest	45,000	45,000	45,620	620
Food Service Reimbursement	15,600	15,600	25,000	9,400
Medicaid IEP	79,014	79,014	43,113	(35,901)
Medicaid EPSDT	28,926	28,926	53,510	24,584
Student Assistance Program	16,975	16,975	9,770	(7,205)
School Wide Program	583,998	583,998	568,155	(15,843)
IDEA-B Grant	207,889	207,889	190,312	(17,577)
Tobacco Grant	7,500	7,500	7,500	-
Miscellaneous	500	500	22,467	21,967
Total Revenues Before Non-Budget Revenues	11,294,568	11,294,568	11,330,677	36,109
Food Service	5,500	5,500	500,388	494,888
Grant Revenue	-	-	173,075	173,075
TOTAL REVENUES	<u>11,300,068</u>	<u>11,300,068</u>	<u>12,004,140</u>	<u>704,072</u>
EXPENDITURES				
Instruction	5,415,150	5,415,150	5,219,615	195,535
Special Education	2,646,313	2,646,313	2,730,366	(84,053)
Board of Education	64,675	64,675	40,280	24,395
Human Resources	18,845	18,845	18,522	323
School Treasurer	150	150	-	150
Superintendent's Office	79,465	79,465	81,282	(1,817)
Fiscal Services	134,660	134,660	139,376	(4,716)
Curriculum Coordinator	17,348	17,348	22,143	(4,795)
IT (WAN)	19,650	19,650	21,878	(2,228)
Debt Service	544,344	544,344	578,548	(34,204)
Operation and Maintenance	750,718	750,718	667,545	83,173
Transportation	255,365	255,365	260,078	(4,713)
Early Retirement	113,851	113,851	136,813	(22,962)
Medicaid IEP	79,014	79,014	43,113	35,901
Medicaid EPSDT	28,926	28,926	53,510	(24,584)

See Accompanying Notes to Basic Financial Statements.

City of St. Albans, Department of Public Schools
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 AND SPECIAL REVENUE FUND
 For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
EXPENDITURES (continued)				
Student Assistance Program	16,975	16,975	9,770	7,205
School Wide Program	567,379	567,379	568,155	(776)
IDEA-B Grant	221,839	221,839	190,312	31,527
Tobacco Grant	-	-	7,500	(7,500)
Early Childhood Program K-5	271,718	271,718	271,718	-
Total Expenditures Before Non-Budget Expenses	11,246,385	11,246,385	11,060,524	185,861
Food Service	53,683	53,683	526,902	(473,219)
Grant Expenses	-	-	1,148	(1,148)
Other Non-Budget Expenses	-	-	167,057	(167,057)
 TOTAL EXPENDITURES	 <u>11,300,068</u>	 <u>11,300,068</u>	 <u>11,755,631</u>	 <u>(455,563)</u>
 EXCESS OF REVENUE OVER EXPENDITURES	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 248,509</u>	 <u>\$ 248,509</u>

See Accompanying Notes to Basic Financial Statements.

City of St. Albans, Department of Public Schools

ADDITIONAL REPORTS REQUIRED BY
THE SINGLE AUDIT ACT

June 30, 2012

City of Saint Albans, Department of Public Schools
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor Number	Expenditures
<u>U.S. Department of Education</u>			
Passed through Vermont Department of Education:			
Education Jobs Fund	84.410	4120-T176-11-01	\$ 147,747
IDEA-B	84.027	4226-S023-12-01	190,312
Title II-A School Wide Program	84.367A	CFPS0231101	39,771
Title I School Wide Program	84.010A	CFPS0231101	<u>528,384</u>
Cluster Subtotal			<u>568,155</u>
<u>U.S. Department of Agriculture</u>			
Passed through Vermont Department of Education:			
Child Nutrition After School Snack Program	10.555	4448	6,044
School Lunch - Federal	10.555	4450	203,985
School Breakfast - Federal	10.553	4452	100,690
Summer Food Service	10.559	4455	30,917
Fresh Fruit & Vegetables	10.582	4449	<u>49,596</u>
Cluster Subtotal			<u>391,232</u>
USDA Commodities	10.569	N/A	<u>23,062</u>
TOTAL			<u>\$ 1,320,508</u>

The Schedule of Expenditures of Federal Awards was prepared using the significant accounting policies as outlined in Note 1 to the basic financial statements.



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

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

Board of School Commissioners
City of St. Albans, Department of Public Schools
St. Albans, Vermont

We have audited the governmental activities, each major fund, and the aggregate remaining fund information of the City of St. Albans, Department of Public Schools as of and for the year ended June 30, 2012, and have issued our report thereon dated October 25, 2012. 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.

Internal Control over Financial Reporting

Management of City of Saint Albans, Department of Public Schools, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Saint Albans, Department of Public Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Saint Albans, Department of Public Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of St. Albans, Department of Public Schools' internal control over financial reporting.

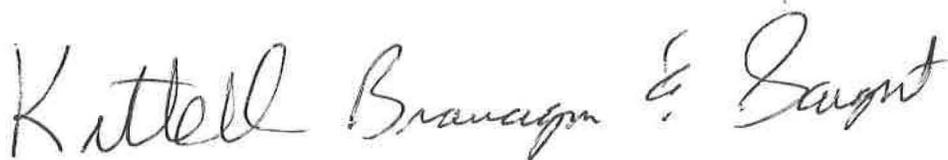
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

A handwritten signature in cursive script that reads "Kuttell Brannigan & Sargent". The signature is written in black ink and is positioned above the typed name and date.

St. Albans, Vermont
October 25, 2012



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of School Commissioners
City of St. Albans, Department of Public Schools
St. Albans, Vermont

Compliance

We have audited the compliance of the City of St. Albans, Department of Public Schools with the types of compliance requirements described in OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The City of St. Albans, Department of Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of St. Albans, Department of Public Schools' management. Our responsibility is to express an opinion on the City of St. Albans, Department of Public Schools' compliance based on our audit.

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

In our opinion, the City of St. Albans, Department of Public Schools complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

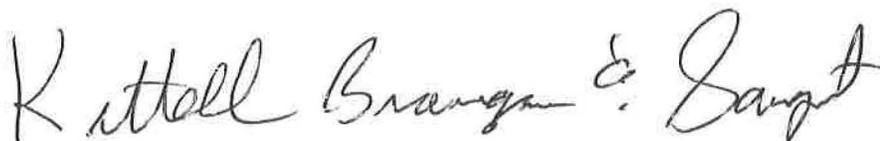
Internal Control Over Compliance

The management of the City of St. Albans, Department of Public Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of St. Albans, Department of Public Schools' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of St. Albans, Department of Public Schools' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

A handwritten signature in cursive script that reads "K. Stoll Brangan & Langit". The signature is written in black ink and is positioned above the typed name and date.

St. Albans, Vermont
October 25, 2012

City of St. Albans, Department of Public Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

A. SUMMARY OF AUDIT RESULTS

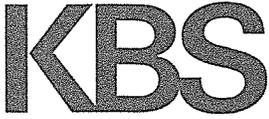
1. The auditor's report expresses an unqualified opinion on the financial statements of City of St. Albans, Department of Public Schools.
2. There were no significant deficiencies disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of St. Albans, Department of Public Schools were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for the City of St. Albans, Department of Public Schools expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for the City of St. Albans, Department of Public Schools.
7. The programs tested as major programs were Title 1 - SWP, CFDA #84.010A and Title II – SWP, CFDA # 84.367A.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of St. Albans, Department of Public Schools was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

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

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

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



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

October 25, 2012

To the School Board
City of St. Albans, Department of Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of St. Albans, Department of Public Schools for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 9, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of St. Albans, Department of Public Schools are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Attached to this letter are all known and likely misstatements identified during the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 25, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the School Board and management of City of St. Albans, Department of Public Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

KITTELL, BRANAGAN & SARGENT

A handwritten signature in cursive script that reads "Kittell Branagan & Sargent". The signature is written in dark ink and is positioned below the typed name of the firm.

Client: **80475 - City of Saint Albans, Department of Public Schools**
 Engagement: **FY 2012 - City of St. Albans, Department of Public Schools**
 Trial Balance: **TB**
 Workpaper: **3700.00 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 6		5301.00		
To Post Accrued Interest				
1001006051618310000	Debt - Long Term - Interest Payment		9,913.36	
Accrued Interest	Acc. Interest			9,913.36
Total			<u><u>9,913.36</u></u>	<u><u>9,913.36</u></u>
 Adjusting Journal Entries JE # 13		 5401.00		
To Reclass VT Gas & Efficiency VT Monies from Deferred to Revenue & Reserve Fund Balance				
1000002009990000000	Deferred Income		24,180.00	
1000003007710000000	Fund Balance-Unreserved		24,180.00	
1000003007620000000	Fund Balance-Reserved for Capital Improvements			24,180.00
1001005119920008000	VT Gas & Efficiency VT Revenue			24,180.00
Total			<u><u>48,360.00</u></u>	<u><u>48,360.00</u></u>
 Adjusting Journal Entries JE # 14		 WTB		
To Reclass Trust Fund Activity				
7100003007610000000	Fund Balance-Restricted Trust Funds		8,093.00	
Geier Cash	Cash Geier		539.07	
Lunderville Cash	Cash Lunderville		2,629.47	
7100001001060000000	Cash - Trust Funds			3,168.54
Child Health FB	Fund Balance Childrens Health			2,221.45
Cushing FB	Fund Balance Cushing			2,700.35
Geier FB	Fund Balance Geier			539.07
Lunderville FB	Fund Balance Lunderville			2,632.13
Total			<u><u>11,261.54</u></u>	<u><u>11,261.54</u></u>
 Adjusting Journal Entries JE # 15		 4104.00		
To Record CY Geier Activity				
Geier Scholarship	Scholarships Geier		616.96	
Geier Cash	Cash Geier			476.78

Client: **80475 - City of Saint Albans, Department of Public Schools**
 Engagement: **FY 2012 - City of St. Albans, Department of Public Schools**
 Trial Balance: **TB**
 Workpaper: **3700.00 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Geier Donations	Donations Geier			140.02
Geier Interest	Interest Income Geier			0.16
Total			616.96	616.96
Adjusting Journal Entries JE # 16		4105.00		
To Record CY Lunderville Activity				
Lunderville Cash	Cash Lunderville		302.79	
Lunderville Scholarship	Scholarships Lunderville		300.00	
Lunderville donations	Donations Lunderville			600.00
Lunderville Int Inc	Interest Income Lunderville			2.79
Total			602.79	602.79