

Annual Report

City of St. Albans, Vermont

July 1, 2013 to June 30, 2014



SAINT ALBANS
Vermont

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

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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: 7:30 a.m. to 4:30 p.m.	
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. 254
Director of Operations & Business Development	524-1500, ext. 260
Director of Planning & Development	524-1500, ext. 259
FAX	524-1505
Finance	524-1500, ext. 256, 257 or 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
Community Justice Center	524-7006
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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2014 Fiscal Year Report

It has been another exciting year for economic development in the City of Saint Albans! City voters continue to show their civic pride and support for community revitalization. The sale of the State's office building on Houghton Street to Mylan Technologies allowed the firm to expand and set the momentum for construction of a new state office building on Federal Street with an adjoining parking garage. September, 2013 marked the official ribbon cutting of Mylan Technologies, Inc.'s new three-story building on Lake Street. The project, which received \$4.2 million in incentives from the Vermont Economic Progress Council (VEPC), added more than 150 jobs to the City and provides Mylan with room for future growth.

In 2013, economist Jeff Carr did an economic analysis of an interconnected series of events including the construction of the new state office building and City garage, the sale of the old state office building to Mylan and the use of tax revenues generated by those changes for tax increment financing projects, primarily the Federal Street Multi-Modal Connector. Over 20 years, those projects are expected to increase economic activity in Vermont by \$735 million. This will result in additional revenue for the City that will primarily be dedicated towards improving our infrastructure.

A Streetscape Block Party marked the completion of the \$3 million downtown streetscape project which transformed the downtown. The celebration was a family-friendly event with local music, food and entertainment for all ages. The momentum continued with voter support of \$13 million in tax increment financing for the parking garage. Construction of the garage began shortly after work was completed on the downtown streetscape project. October, 2014 marked the grand opening of the five-level parking garage with two glass-enclosed staircases and elevators, 365 parking spaces, two electric car-charging stations, and a walkway connecting it to the new state office building. The new downtown office building is home to 170 state workers, and set the ball in motion for likely construction of a new hotel on Lake Street. With the hotel, the City would be able to invest \$1 million in streetscape improvements on Lake and Kingman Streets and \$1.2 million to improve the Lake and Federal street intersection.

Police brought a renewed effort to provide regular and consistent parking and enforcement for downtown users during the ongoing revitalization projects. We owe a debt of gratitude to the staff and many volunteers at the St. Albans City Police Department, Fire Department and the Community Justice Center who work to keep our community safe.

In 2014 our Public Works Department kept up with demands of the added "Streetscape" maintenance while completing the annual street paving project. Technological upgrades were also made to support the Fairfax and Maquam Shore water treatment plants. The Wastewater treatment plants were also busy with material upgrades for increased efficiency and ease of operations.

Recreation programming was very successful once again in 2014 drawing participation from all over Franklin County. Recreation offers a wide range of year-round programming for all ages.

With a collaborated effort from the citizens of Saint Albans, City staff, community volunteers and your elected City Council, the City continues to thrive! It is an honor to serve as your Mayor and I am proud to be a member of such a wonderful community.

Sincerely,



Elizabeth M. Gamache

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

March 3, 2015

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 3, 2015, 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:

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

Article 2: City Budget

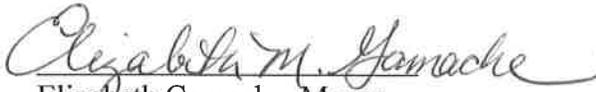
Shall the voters adopt the City Council's proposed budget for FY 2015 totaling \$7,745,736 with an estimated municipal tax rate of \$.8117 on the Grand List?

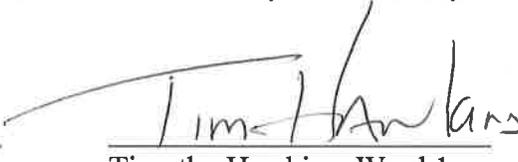
Article 3: Re-direct Existing TIF Debt

Shall the voters authorize the City to re-direct up to \$1.5 million of TIF funds previously approved for the parking garage for the purpose of making streetscape improvements on Lake and Main Streets and brownfield cleanup at the hotel development site on Lake Street?

Voters are advised that if the tax increment received by the municipality from any property tax source is insufficient to pay the principal and interest on the debt in any year, 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 the full payment of the principal and interest for the term of indebtedness.

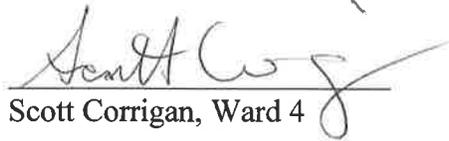
Adopted and approved at a Special Meeting of the St. Albans City Council, duly called, noticed, and held on January 28, 2015.

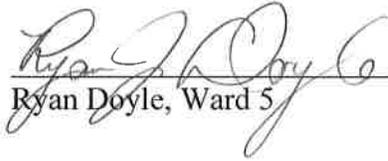

Elizabeth Gamache, Mayor


Timothy Hawkins, Ward 1

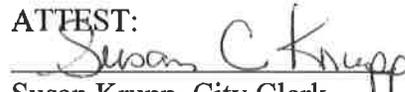
James Pelkey, Ward 2


Tammi DiFranco, Ward 3


Scott Corrigan, Ward 4


Ryan Doyle, Ward 5


Chad Spooner, Ward 6

ATTEST:

Susan Krupp, City Clerk

City of Saint Albans
General Fund 2016 Budget Proposal

1	A		B		C		D		E		F		G		H		I		J		K		L									
	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2015 Actual @ 12/31/14	% Budget	2016 Budget Proposal	Change from Prior Year	Percent Change from Prior Year	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2015 Actual @ 12/31/14	% Budget	2016 Budget Proposal	Change from Prior Year	Percent Change from Prior Year	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Budget	2015 Actual @ 12/31/14	% Budget	2016 Budget Proposal	Change from Prior Year	Percent Change from Prior Year		
2	3,384,035	3,850,436	3,474,586	3,880,339	3,952,513	1,937,019	49.0%	3,996,966	44,453	1.1%	3,384,035	3,850,436	3,474,586	3,880,339	3,952,513	1,937,019	49.0%	3,996,966	44,453	1.1%	3,384,035	3,850,436	3,474,586	3,880,339	3,952,513	1,937,019	49.0%	3,996,966	44,453	1.1%		
3	340,886	307,100	279,121	247,652	300,000	124,238	41.4%	147,473	(152,527)	-50.8%	340,886	307,100	279,121	247,652	300,000	124,238	41.4%	147,473	(152,527)	-50.8%	340,886	307,100	279,121	247,652	300,000	124,238	41.4%	147,473	(152,527)	-50.8%		
4	31,562	42,126	19,924	26,394	35,000	-	0.0%	33,000	(2,000)	-5.7%	31,562	42,126	19,924	26,394	35,000	-	0.0%	33,000	(2,000)	-5.7%	31,562	42,126	19,924	26,394	35,000	-	0.0%	33,000	(2,000)	-5.7%		
5	50,232	54,665	35,732	39,007	35,000	17,283	49.4%	40,000	5,000	14.3%	50,232	54,665	35,732	39,007	35,000	17,283	49.4%	40,000	5,000	14.3%	50,232	54,665	35,732	39,007	35,000	17,283	49.4%	40,000	5,000	14.3%		
6	8,571	8,385	8,385	8,321	8,385	-	0.0%	8,500	115	1.4%	8,571	8,385	8,385	8,321	8,385	-	0.0%	8,500	115	1.4%	8,571	8,385	8,385	8,321	8,385	-	0.0%	8,500	115	1.4%		
7	6,454	3,551	2,857	4,163	3,000	1,719	57.3%	4,000	1,000	33.3%	6,454	3,551	2,857	4,163	3,000	1,719	57.3%	4,000	1,000	33.3%	6,454	3,551	2,857	4,163	3,000	1,719	57.3%	4,000	1,000	33.3%		
8	-	30,000	30,750	32,290	33,097	18,450	55.7%	37,500	4,403	13.3%	-	30,000	30,750	32,290	33,097	18,450	55.7%	37,500	4,403	13.3%	-	30,000	30,750	32,290	33,097	18,450	55.7%	37,500	4,403	13.3%		
9	-	43,000	44,075	46,280	47,437	26,550	56.0%	52,500	5,063	10.7%	-	43,000	44,075	46,280	47,437	26,550	56.0%	52,500	5,063	10.7%	-	43,000	44,075	46,280	47,437	26,550	56.0%	52,500	5,063	10.7%		
10	76,864	81,449	87,031	77,782	85,000	75,520	88.8%	38,750	(48,250)	-54.4%	76,864	81,449	87,031	77,782	85,000	75,520	88.8%	38,750	(48,250)	-54.4%	76,864	81,449	87,031	77,782	85,000	75,520	88.8%	38,750	(48,250)	-54.4%		
11	41,742	47,450	18,259	42,248	35,000	4,156	11.9%	35,000	-	0.0%	41,742	47,450	18,259	42,248	35,000	4,156	11.9%	35,000	-	0.0%	41,742	47,450	18,259	42,248	35,000	4,156	11.9%	35,000	-	0.0%		
12	95,752	107,795	106,830	102,658	100,500	54,840	54.6%	110,200	9,700	9.7%	95,752	107,795	106,830	102,658	100,500	54,840	54.6%	110,200	9,700	9.7%	95,752	107,795	106,830	102,658	100,500	54,840	54.6%	110,200	9,700	9.7%		
13	20,542	127,721	31,028	34,414	31,500	12,542	39.8%	32,500	1,000	3.2%	20,542	127,721	31,028	34,414	31,500	12,542	39.8%	32,500	1,000	3.2%	20,542	127,721	31,028	34,414	31,500	12,542	39.8%	32,500	1,000	3.2%		
14	22,155	23,510	23,846	23,291	22,900	295	1.3%	23,050	150	0.7%	22,155	23,510	23,846	23,291	22,900	295	1.3%	23,050	150	0.7%	22,155	23,510	23,846	23,291	22,900	295	1.3%	23,050	150	0.7%		
15	69,812	57,518	75,611	66,193	77,500	59,698	77.0%	58,930	491,930	634.7%	69,812	57,518	75,611	66,193	77,500	59,698	77.0%	58,930	491,930	634.7%	69,812	57,518	75,611	66,193	77,500	59,698	77.0%	58,930	491,930	634.7%		
16	983,984	1,397,605	1,423,456	1,540,788	1,659,899	886,222	53.4%	1,534,558	(125,341)	-7.6%	983,984	1,397,605	1,423,456	1,540,788	1,659,899	886,222	53.4%	1,534,558	(125,341)	-7.6%	983,984	1,397,605	1,423,456	1,540,788	1,659,899	886,222	53.4%	1,534,558	(125,341)	-7.6%		
17	289,896	427,377	412,791	479,904	502,100	281,974	56.2%	509,774	7,674	1.5%	289,896	427,377	412,791	479,904	502,100	281,974	56.2%	509,774	7,674	1.5%	289,896	427,377	412,791	479,904	502,100	281,974	56.2%	509,774	7,674	1.5%		
18	116,789	343,415	194,048	320,940	168,500	275,019	163.2%	131,500	(37,000)	-22.0%	116,789	343,415	194,048	320,940	168,500	275,019	163.2%	131,500	(37,000)	-22.0%	116,789	343,415	194,048	320,940	168,500	275,019	163.2%	131,500	(37,000)	-22.0%		
19	378,631	442,897	525,746	401,529	358,250	214,869	60.0%	332,235	(26,015)	-7.3%	378,631	442,897	525,746	401,529	358,250	214,869	60.0%	332,235	(26,015)	-7.3%	378,631	442,897	525,746	401,529	358,250	214,869	60.0%	332,235	(26,015)	-7.3%		
20	6,174,305	7,368,076	6,785,136	7,374,792	7,455,586	3,990,365	53.5%	7,745,736	290,156	3.9%	6,174,305	7,368,076	6,785,136	7,374,792	7,455,586	3,990,365	53.5%	7,745,736	290,156	3.9%	6,174,305	7,368,076	6,785,136	7,374,792	7,455,586	3,990,365	53.5%	7,745,736	290,156	3.9%		
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29	226,317	228,405	258,586	345,487	387,667	174,938	45.1%	377,661	(9,806)	-2.5%	226,317	228,405	258,586	345,487	387,667	174,938	45.1%	377,661	(9,806)	-2.5%	226,317	228,405	258,586	345,487	387,667	174,938	45.1%	377,661	(9,806)	-2.5%		
30	67,025	49,885	65,671	61,596	73,089	35,363	48.4%	72,460	(629)	-0.9%	67,025	49,885	65,671	61,596	73,089	35,363	48.4%	72,460	(629)	-0.9%	67,025	49,885	65,671	61,596	73,089	35,363	48.4%	72,460	(629)	-0.9%		
31	45,639	31,606	42,010	47,266	54,445	22,036	40.5%	50,036	(4,009)	-8.1%	45,639	31,606	42,010	47,266	54,445	22,036	40.5%	50,036	(4,009)	-8.1%	45,639	31,606	42,010	47,266	54,445	22,036	40.5%	50,036	(4,009)	-8.1%		
32	228,222	341,506	257,809	316,592	277,303	162,936	58.8%	268,567	(8,736)	-3.2%	228,222	341,506	257,809	316,592	277,303	162,936	58.8%	268,567	(8,736)	-3.2%	228,222	341,506	257,809	316,592	277,303	162,936	58.8%	268,567	(8,736)	-3.2%		
33	-	30,000	48,388	34,107	50,000	18,366	36.7%	40,000	(10,000)	-20.0%	-	30,000	48,388	34,107	50,000	18,366	36.7%	40,000	(10,000)	-20.0%	-	30,000	48,388	34,107	50,000	18,366	36.7%	40,000	(10,000)	-20.0%		
34	168,902	166,933	160,687	151,475	211,683	123,373	58.3%	237,184	25,502	12.0%	168,902	166,933	160,687	151,475	211,683	123,373	58.3%	237,184	25,502	12.0%	168,902	166,933	160,687	151,475	211,683	123,373	58.3%	237,184	25,502	12.0%		
35	11,255	25,430	6,430	9,127	11,000	8,128	73.9%	10,000	(1,000)	-9.1%	11,255	25,430	6,430	9,127	11,000	8,128	73.9%	10,000	(1,000)	-9.1%	11,255	25,430	6,430	9,127	11,000	8,128	73.9%	10,000	(1,000)	-9.1%		
36	171,027	75,661	48,180	46,898	49,720	22,760	45.8%	47,396	(2,325)	-4.7%	171,027	75,661	48,180	46,898	49,720	22,760	45.8%	47,396	(2,325)	-4.7%	171,027	75,661	48,180	46,898	49,720	22,760	45.8%	47,396	(2,325)	-4.7%		
37	436,564	249,040	266,274	214,959	185,001	84,200	45.5%	120,501	(64,500)	-34.9%	436,564	249,040	266,274	214,959	185,001	84,200	45.5%	120,501	(64,500)	-34.9%	436,564	249,040	266,274	214,959	185,001	84,200	45.5%	120,501	(64,500)	-34.9%		
38	169,765	76,786	71,395	31,462	65,000	9,988	15.4%	54,600	(10,400)	-16.0%	169,765	76,786	71,395																			

Mayor: Elizabeth Gamache
Ward 1: Timothy Hawkins
Ward 2: James Pelkey
Ward 3: Tammi DiFranco
Ward 4: Scott Corrigan



Ward 5: Kate Laddison
Ward 6: Chad Spooner
Clerk/Treasurer: Susan Krupp
City Manager: Dominic Cloud

Dear St. Albans City Residents:

During 2014, The City Clerk's Office recorded 539 Births, 148 Deaths, 62 Marriages and registered 587 dogs. Property sales for 2014 were moderate.

The Franklin County Humane Society will be hosting its annual Rabies Clinic on March 28, 2015 from 10:00 AM 2:00 PM at Walkers. Rabies vaccines for both dogs and cats will be provided at a discounted price. All City dog owners are encouraged to register their pets at the City Clerk's Office by April 1, 2015. Registering your pet is fairly inexpensive when compared to the stress involved when your pet has run off. My office provides the Franklin County Humane Society and the City Police Department with a list of registered dogs in the City to help connect owners with their lost pets. The costs to register a dog in St. Albans City are – Male - \$10.00 (\$8.00 if neutered) Female \$12.00 (\$10.00 if spayed).

City employees are looking forward to the upcoming renovations to City Hall. The planned renovations will provide City Residents easy access to the building with the installation of an elevator, an updated Gym to house community events, and a new vault in the Clerk's Office providing much needed storage space for many years to come. Although the renovation project may be trying and inconvenient at times, all will be forgotten once the project is complete. The improved City Hall will compliment the other City improvement projects, such as the streetscape and parking garage that have occurred over the past couple of years.

As a reminder, the Clerk's office is open the last Saturday of every month, excluding holiday weekends, providing additional access to City Clerk Office services.

Sincerely,

Susan C. Krupp
City Clerk/Treasurer

St. Albans Community Justice Center

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 four core service priorities-

1. The Justice Center coordinates the **Restorative Justice Panels** and receives referrals from both Probation and Parole and from Franklin County District Court. The nine boards meet monthly and are led by 26 community volunteers. Last year, the boards saw a total of 216 reparative cases and volunteers contributed more than 1400 hours of service to their community. Clients also completed more than 1100 hours of community service as required by their panel contracts. The goal of the restorative justice panels 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 Restorative Justice Panel Program is supported by a grant from the Vermont Department of Corrections.
2. The Justice Center 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. During the past year, community volunteers provided more than 1400 hours of service to the program. In return, clients in the COSA program are expected to give back to their community, completing up to 20 hrs of community service each week until they gain employment. Service is provided to Public Works, Recreation and other local non-profits. The COSA program currently serves 7 clients per year.
The One Stop Reentry Resource Center provides case-management and transitional housing services to offenders who have been referred by Franklin/GI Probation and Parole. One Stop participants learn employment and life skills, access services, and offer community service to partnering agencies. Clients work with Case-Managers for at least 3-6 months developing the skills and resources to live independently. The program serves approximately 20 clients per year with transitional housing and 20-30 clients per year with just case-management. One Stop clients who reside in our transitional housing are expected to provide up to 20 hrs of community service each week. Both offender reentry programs are supported by grants and contracts from the Vermont Department of Corrections.
3. The Justice Center operates the **Parallel Justice Program** for victims of crime. Services include outreach and referral, property repair and replacement (income eligible), advocacy and support. The program is collaboration between the Community Justice Center, Voices Against Violence, the Vermont Center for Crime Victim Services, St. Albans Police and the local barracks of the State Police. In the past year, the program has contacted more than 250 victims

of crime and provided direct services to around 20%. The Parallel Justice Program is supported by a grant from the United Way of Franklin and Grand Isle Counties.

4. The Justice Center coordinates **The Franklin and Grand Isle Truancy Intervention Program** in collaboration with schools, social service and state agencies. The two-year project includes case-management, mentoring, family-centered case-planning and systems integration across diverse programs and agencies. The goal is to help families get their children to school on time, every day. Over the course of the past year, the Truancy Program served more than 15 children with targeted family support services.

The Truancy Program is supported by a grant from the Vermont Department of Children and Families.

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.





[RV Fire on Stebbins Street 2014]

St. Albans City Fire Department:

During the calendar year 2014 the St. Albans City Fire Department responded to 232 emergency incidents. The incidents ranged from: building fires, motor vehicle accidents, carbon monoxide alarms, fire alarms, chimney fires, mutual aid calls, etc. The number of actual fire calls was twenty-two. There were three explosion calls, sixty-two hazardous materials incidents, seventy-eight fire/carbon monoxide alarms, twenty-seven medical and rescue assist, seven good-intent calls and thirty-one service or special incidents calls.

The St. Albans City Fire Department has dramatically reinvented itself over the course of this past year. The Department now has a roster of thirty-two (32) Firefighters, with twenty-three certified interior Firefighters. Our agencies professional relationship with other area Fire Departments in Franklin County has improved and grown exponentially. We are routinely called on for mutual aid and our Firefighters are among the finest in the County, or State for that matter. Nowhere is that more evident than in our interagency training and working relationship with the St. Albans Town Fire Department. At any given major incident or fire in St. Albans Town or City our two Fire Departments turn out between forty and fifty Firefighters. That is a tremendous resource for both communities. The rank and file is comprised of dedicated, well trained and equipped, professionals who selflessly serve our community.

As the City has experienced a resurgence in downtown development we have seen the building of the new multi-story State Office building on Federal Street, the Parking Garage, the soon to be built Lake Street Hotel, the new construction and expansions of the Co-Op, Mylan Technologies, the St. Albans House, the downtown Ace Hardware, 14th Star Brewery and many others. With this comes the need for the Fire Department to develop new response policies and procedures, expand training and insure that we have the firefighting capabilities and equipment necessary to meet these new demands. This year we will replace our primary Engine/Pumper with a Pumper/Tanker. The truck that we are replacing is a 2000 Pierce Pumper Engine. The Pierce has served us well and it will continue to serve us a secondary Engine/Pumper. This acquisition will bring the Department in line with the best practices and standards for primary fire apparatus capabilities and will keep us in compliance for the next ten to fifteen years.

Gary L. Taylor, Fire Chief

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



From left: Curtis Comfort, Planning & Permitting Administrator; Kristen Smith, City Hall Administrative Coordinator; Chip Sawyer, Director of Planning & Development.

Thank you for reviewing the St. Albans City Planning & Development Department's Annual Report for 2014. Our department has played a hand in many major City accomplishments and new initiatives throughout the year. Our small and busy department staff is vastly outnumbered by the many community volunteers who devote their time and energy to our four planning & development boards in order to guide critical City initiatives.

Community Development

Streetscape Projects

The City certainly wasn't finished with Downtown streetscape improvements when the \$3 million Main Street Streetscape Project concluded in 2013. In 2014 the department was busy designing and pursuing funding for more projects. The Hudson-to-Hoyt streetscape project on Main Street was designed and permitted and went out to bid for construction in 2015. Design work continued for a project on the upper block of Lake Street for construction in 2015 and 2016, and grant applications (later funded) were submitted for Kingman Street improvements. These new streetscape projects underway will easily amount to another \$3 million in investment in City roads, sidewalks, amenities, utilities and sense of place.

Taylor Park Fountain Restoration

Efforts to address the state of the Taylor Park Fountain continued into 2014 as architects and engineers joined the St. Albans Rotary Club and the City in exploring different options for ensuring another 125 years of life and beauty for our ladies of the park.

Design stages were nearly completed with a few key details left to determine how the water will be supplied to the refurbished fountain and how the concrete pool will be reconstructed. Restoration began in the summer when the fountain was removed and transported to Robinson Ironworks in Alabama. The site work will be performed in 2015 for the fountain's return.

Grant Writing and Management

Our department focuses significant effort on writing and managing grants in order to add state, federal and other resources to key projects for the City. In 2014, grant applications were submitted for a total of more than \$2.7 million. Total grant awards in 2014 equaled more than \$660,000, and the department's total active grant load equaled more than \$1.9 million.

Planning & Permitting

Planning and Permitting Staff

The City benefits from a great team in the Planning and Permitting office downstairs in City Hall. Before 2014 was over, Curtis Comfort was brought on board as Planning & Permitting Administrator to provide excellent customer service and permitting and policy support during an increasingly exciting time in the City. Rounding out the great team in the Planning and Permitting office is Kristen Smith, City Hall Administrative Coordinator. In addition, our records of board meetings would be lacking in detail without the services of Minute Taker Robin Morrill.



Members of the City's Design Advisory Board consider an application.

Permitting and Development Review

The City's permitting staff and the Design Advisory and Development Review Boards were busy in 2014. A total of 260 permits were issued, slightly lower than the number from the year before. Many significant projects were reviewed, including the expansion of the Beverage Mart on Lake Street, the new location for the 14th Star Brewery, and

multiple façade improvements for Downtown businesses.

Writing the Rules and Exploring Community Issues

The City Planning Commission was also very busy in 2014. This board started the year by taking on a City housing study to determine the needs of tenants and landlords and to understand the effects of different types of housing on the grand list. The Planning Commission was also active in its role to draft revisions to the City's Land Development Regulations. In 2014 the Planning Commission developed amendments to the design rules for gas stations in the City, expanding the B-1 Central Business District on and around Lake Street, and allowing for public interest markers as a new form of signage to describe important sites in our community. The Commission also began work on a proposal for a new Medical Institution District for the Northwestern Medical Center property.

Downtown Program

Supporting a Vibrant Downtown

The City Downtown Board also acts as the Directors for St. Albans for the Future, the Downtown St. Albans nonprofit organization. In 2014 the Downtown Board and its committees had a hand in all aspects of Downtown commerce and culture. The board continued to provide essential design input on the City's streetscape projects. The committees and staff oversaw the ever-popular Summer Concert Series and Downtown Holiday Raffle Events. A new Downtown website went into development. And a concerted project to explore new possibilities for business entrance accessibility was initiated. This important work continues into 2015.



Members of the City Downtown Board and Design Committee provide input on the plans for the Lake Street Streetscape Project.

Our City's Planning & Development Boards

The Planning & Development Staff have the enjoyment of working with four 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 2014:

Design Advisory Board (beginning in April 2014)

Katy Collin, Chair
Evan Champagne
John Morrie
KarenMarie Peltier
Jack Tremblay

Development Review Board

Megan Manahan Bliss, Chair
Dustin Degree
Jackie DesLauriers
Heather Fontaine
Owen Manahan
Gerry Muehl
Rebecca Pfeiffer
Michael Walsh

Planning Commission (& Design Advisory Board until March 2014)

Chris Dermody, Chair
David Barber
Jeff Bean
Stacie Callan
Jackie DesLauriers
Ryan Doyle
Peter Ford
Tom Murphy

Downtown Board / St. Albans for the Future and its committees

Mike McCarthy, Chair
Jeff Bean
Vesna Bozic
Mike Blouin
Katy Collin
Pauline Cray
Liz Gamache
Sharon Holcomb
John Holzscheiter
Rachel Kinney
Laz Scangas

Jim Walsh
Jeff Young
Henry Demar
Peter Ford
Donna Howard
Jeff Morrill
Corey Parent
Keri Poquette
Jennifer Savage
Tim Smith
David Southwick

BUSINESS DEVELOPMENT DEPARTMENT REPORT

Martin Manahan, Director of Operations and Business Development

Last year at this time our downtown core lot was a construction zone. Today we have a well-designed fully automated 365 space parking garage and a gorgeous 40,000 square foot State office building home to over 160 employees. The garage occupancy has exceeded our expectations with over 120 annual, biannual and monthly pass holders as well as daily transient users and 170 passes held by the State.

We have made tremendous progress over the last few years and the momentum continues; we have signed a Purchase and Sale agreement with PeakCM Development to build an 84 room nationally branded hotel on Lake St. in front of the parking garage in downtown St. Albans, with the hopes construction will start in the fall. A nationally branded hotel will be an incredible economic engine for our community; it potentially puts new faces in our downtown on a daily basis. As local companies and businesses bring out of state visitors into their facilities for a variety of reasons, they will now be able to stay in a downtown hotel closer to their business contacts.

As important as the business aspect of a hotel is, we cannot lose sight of the fact that we are growing our grand list. The property the hotel will occupy for example will have a minimum value of \$7 million after the hotel is built, compared to a value of around \$500,000 with the previous buildings on it. Both the new and old State office buildings are also additions to the grand list as they are now privately owned. Mylan Pharmaceuticals has purchased the old State office building on Houghton St. and will begin renovations in the coming months.

This spring we will break ground on the final phase of streetscape on Main St., with the Hudson to Hoyt section being completed by July; this will mirror the improvements already done on Main St. and complete the Main St. streetscape. Streetscape improvements will be done on Lake St. in conjunction with the hotel project. Kingman St. streetscape is targeted for 2016.

With your unwavering support we have made tremendous progress in the last few years however, we have more work to do; there are several buildings in the downtown that we have identified for facade upgrades and are working with those property owners to improve them. We have a few vacancies that we are working diligently on to fill with the right mix for our downtown. Retail is an ever changing

dynamic; typically family owned and operated resulting in long hours with few days off. Our downtown is only as vibrant and busy as the people that use it and our long Vermont winter takes its toll. Your continued support of our downtown merchants is the foundation of its success. With your continued support we will maintain the momentum!





(Sgt. Frank McCarty, Cpl. Paul Talley and Officer Keith Cote)

St. Albans Police Department:

During the Calendar year 2015 the St. Albans Police Department responded to 12,348 calls for police service, arrested 647 adult offenders, 69 juvenile offenders and took 137 public inebriates into protective custody. The total number of individuals taken into custody by the Police Department in 2014 was 853. The Police Department also conducted 3,506 Motor Vehicle stops which resulted in the issuance of 1,018 (29%) traffic tickets. Parking continues to be a major issue in the Downtown Business District so renewed efforts to provide regular and consistent parking enforcement were undertaken. As a result 1,474 Parking Tickets were issued in 2014. Friday's continue to be the busiest day of the week and the busiest time of the day is between 2:00 and 6:00 p.m. daily. St. Albans Police Officers conducted 348 (documented) foot patrols and conducted 20,075 Security Checks (I.E; Critical Infrastructure, Businesses and Requested Personal Property checks throughout the Town and City.

On 07-30-14 at 1:11 a.m. Central Dispatch received a 911 call from a handicapped male (double amputee) at 203 South Main Street, Apartment No. 4 reporting his apartment was on fire and he was trapped inside. Fire, Police and EMS Services were immediately dispatched. St. Albans Police Sgt. Francis McCarty, Cpl. Paul Talley and Officer Keith Cote, were first on the scene and immediately heard the male victim yelling for help from within his apartment. Without hesitation or consideration for their own safety the Officers entered the flame engulfed apartment. While trying to rescue the victim, burning debris was falling from the ceiling, the temperature was quickly rising and an oxygen tank exploded in the apartment, knocking all three Officers off their feet by the victim's front door. All three Officers regained their composure and re-entered the burning apartment and physically carried the badly injured victim to a safe location outside of the fire scene. Sadly, the victim, Thomas Page subsequently died from burn injuries sustained in the fire.

All three Officers, depicted in the photo above were awarded the Medal of Valor, which is the St. Albans Police and Fire Department's highest honor and is awarded to Officers and Fire Fighters who distinguish themselves by conspicuous bravery or a heroic act above and beyond the normal demands of service. To be awarded the Medal of Valor, a Police Officer or Fire Fighter would have performed an act displaying extreme courage while consciously facing imminent peril.

Gary L. Taylor, Police Chief



Upgrades for the integration of our new Scada and Telemetry systems has been completed which allows the operators to view and potentially make changes in real time from either the Fairfax or Maquam Shore Water Treatment Plants. This was a major step towards better being able to manage the Treatment side of the COSA water system. The first phase of cleaning the settling basins at the Maquam Shore Treatment Plant has also been completed the second and third phases will take place in the next two years. In terms of the Water Distribution System this has been a record year for broken water lines to the tune of 20 plus this winter alone. My hat is off to all the personnel in both the Water Distribution and the Treatment side as they have gone beyond the call of duty this entire winter. We are also happy to report that up to this point we have not experienced any water quality violations whatsoever.

The Wastewater Treatment Plants have been busy rebuilding their Primary Transfer Pumps, replacing their final flow charts with new digital read flow charts. They have also replaced the effluent pumps with “Grinder Pumps” at the Northwest Corrections Wastewater Treatment Plant for increased ease of operations resulting in far less mechanical failures. De-watering at the Rewes Drive Wastewater Plant is ongoing and produced in excess of 1000 dry tons of sludge this past year. The Sewer Collection System has been cleaned along with all of the COSA owned “Pump Stations”. We also have cleaned over 700 Catch Basins as well as the “Stevens & Rugg” Diversion Canal as required.

The Public Works Street Department had a very busy year with the added “Streetscape” maintenance along with annual sweeping and cleaning of all COSA streets, sidewalks and roadways. The Annual Street Paving project has been completed along with the City Police Department parking lot. There has been a significant upgrade with the electrical power supply in Taylor Park to accommodate the Farmers Market as well as other functions taking place in the park. Sidewalk improvements were started and will be ongoing around May 1st, weather permitting.

This has been a particularly harsh winter with far more damage than we are accustomed to. Please be patient and direct your concerns to City Hall and we will be sure to address your issues in a timely fashion.





St. Albans Recreation Department

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 seven community members. Meetings are held on the first Wednesday of the month, 6pm at the St. Albans Recreation Department Office at 39 Barlow Street – 2nd Floor.

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 ~ Kevin Smith Sports JAZ Entertainment ~ Elk's Club ~ St. Albans Rotary Club ~ NMC Urgent Care



Our Day Camp is famous for great staff, *active* days outdoors, splashing away at the St. Albans City Pool each afternoon, free lunches and fantastic field trips! Day Camp is a great way for kids/grandkids to spend the summer. Families choose two to five days per week, making the schedule and fee a perfect fit for each family and budget.

Several 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. If there is a program or event you'd like to see happen, let us know at 524-1500 X266 or X268 or k.viens@stalbansvt.com or stop by the office.



St. Albans City Pool is home to The St. Albans Sharks Swim Team, American Red Cross Swim lessons for Children and Adults, Aqua Jogging, Public Swim, Lifeguard Training, Water Safety Instructor Training, Summer Carnival, Movie Night and more! The Recreation Department has partnered with BFA Physical Education Department to offer swimming as an option to students for P.E. class. The St. Albans City Pool and Barlow Street Community Center are free lunch distribution sites for the Federal Summer Lunch Program. Free, nutritious lunches are available for kids Monday through Friday where they can be enjoyed in a safe, supervised and welcoming environment. This past year The St. Albans Rotary Club sponsored evening swim at the St. Albans City Pool. Their donation allowed kids and families to swim for free each evening! **THANKS ROTARY!**



Some of our programming and activities include: St. Patrick's Day Parade, Easter Egg Hunt, Summer Day Camp, Sports Camps, Youth Soccer, Youth Basketball, Vacation Day Camp, Bus Trips, Food & Cooking, Father Daughter Gala & Silent Auction, Ski & Snowboard Lessons, Tuesday Night 5K Runs at Hard'ack, Mountain Bike Camp, Tennis, Art offerings for children and adults, The Sap Run, and more! Our programs can be given in the form of a gift certificate available in any amount. The Recreation Department offers Birthday parties run by recreation staff in City Hall Gym complete with Bouncy House, face painting, balloons, tunnels, scooters and more. Our list of programming changes constantly. A current list can be viewed (and registered for) on our website at www.stalbansrec.com

These photos provide a glimpse of what the Recreation Department provides over the course of a year. Volunteer instructors and coaches are the backbone of the recreation program. We continually look for volunteers to share their skills and expertise and welcome suggestions for programming and activities.



Kelly Viens – Director, Joe Calano – Recreation Coordinator, Megan Manahan – Chair
 Elizabeth Studley, Mike Zemianek, Peggy Manahan, Bryan Deslauriers, Morrell Bunbury & Justin Wright
 The Recreation Commission is open to suggestions and values input.



St. Albans Free Library
Annual Report 2013-2014

The St. Albans Free Library is supported by funds from both the Town of St. Albans and the City 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 Town and City 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 Town of St. Albans for 2015-2016 is \$127,309 and \$208,046 from the City of St. Albans; this request is a 2.5% increase from funding received in fiscal year 2014-2015.

Our Library is more than a building that houses books. Each year we are seeing the growing changes of technology and how people access both entertainment and information. The Library works hard to continue to provide our community with a Library that is both welcoming and innovative. It is the ability to work with others in our community that has allowed us to offer a variety of services as well as resources.

In 2013-2014 that Library welcomed over 74,113 visitors who borrowed over 58,000 items and attended over 275 programs. The Library continues to offer both a physical presence and an online presence. The Library is accessible by our webpage (<http://www.stalbansfreelibrary.org>) and is a part of social media with our Facebook page (like us at [Saint Albans Free Library](#)).

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@gmail.com to sign up.

MaryPat Larrabee
Library Director

Meaghan Malboeuf
Chair, Board of Trustees

St. Albans Free Library			
Budget for 2015-2016			
	2014-2015		2015-2016
Operating Revenues			
City of St. Albans	\$202,972.00		\$208,046.00
Town of St. Albans	\$124,204.00		\$127,309.00
William Clark Trust	\$7,000.00		\$7,000.00
Ethel Peabody Trust	\$1,500.00		\$1,500.00
Fine/Desk Income	\$5,000.00		\$5,000.00
Gift Funds	\$5,000.00		\$5,000.00
TOTAL	\$345,676.00		\$353,855.00
Operating Expenditures			
Adult Materials	\$6,500.00		\$6,500.00
Adult Periodicals	\$2,000.00		\$2,000.00
Online References	\$5,000.00		\$5,000.00
Juv Materials	\$6,500.00		\$6,500.00
YA Materials	\$500.00		\$500.00
Juv Periodicals	\$500.00		\$500.00
Juv Programs	\$2,000.00		\$2,000.00
Gift Funds	\$3,500.00		\$3,500.00
Salaries	\$101,975.00		\$105,036.00
Wages	\$96,449.00		\$99,342.00
Wages-Cleaning	\$6,630.00		\$6,828.00
Soc Sec	\$15,450.00		\$17,477.00
Work Comp	\$1,500.00		\$1,500.00
Building Repairs	\$4,500.00		\$4,500.00
Building Reserve	\$1,500.00		\$1,500.00
Building Insurance (CSTA)*	\$8,400.00		\$8,400.00
Employee Benefits (CSTA)*	\$40,917.00		\$40,917.00
Telephone (CSTA)*	\$1,500.00		\$1,500.00
Water & Sewer (CSTA)*	\$775.00		\$775.00
VT GAS	\$5,875.00		\$5,875.00
CVPS	\$10,810.00		\$10,810.00
Finance Officer Bond	\$200.00		\$200.00
Maintenance contracts	\$5,825.00		\$5,825.00
Postage	\$2,750.00		\$2,750.00
Payroll Services	\$2,000.00		\$2,000.00
Supplies	\$5,500.00		\$5,500.00
Technology (support & upgrades)	\$5,000.00		\$5,000.00
Verizon DSL	\$1,620.00		\$1,620.00
TOTAL	\$345,676.00		\$353,855.00
*billing is done through the City of St. Albans			



Northwest Regional Planning Commission 2014 City Report

Northwest Regional Planning Commission is a multi-purpose governmental organization created by the municipalities of Franklin and Grand Isle Counties. NRPC implements a variety of projects and programs tailored to local, regional and statewide needs. 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 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 planning: Better prepare our region and state for disasters by coordinating with local volunteers and VT Department of Emergency Management and Homeland Security on emergency 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 System 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.

2014 Saint Albans City Projects:

- ☞ Coordinated on the development of a Regional MS4 permit program and project management for a Flow Restoration Plan for Rugg Brook.
- ☞ Held water quality workshop for municipal road crew and provided free erosion control materials.
- ☞ Provided environmental assessment funds for the 43 Lake Street property.
- ☞ Assisted with a substantial revision to the Development Regulation, including incorporation of a form based code.
- ☞ Provided technical assistance, coordination and research for the St. Albans Housing Study.
- ☞ Updated and assisted with the adoption of Local Emergency Operations Plan.
- ☞ Assisted with updates to the Basic Emergency Operations Plan.
- ☞ Assisted City Emergency Management Committee in local/regional county EM activities.
- ☞ Created Zoning Maps & Design Review Districts Maps.
- ☞ Updated the E-911 poster map and road map.
- ☞ Participated in the Brownfields Economic Revitalization Alliance (BERA) for the development of the Fonda site.

Saint Albans City
Regional Commissioners:
Lazarus Scangas & Jeff Young

Transportation Advisory
Committee:
Ryan Doyle

This year the Commission will complete our Healthy People, Strong Communities project to promote economic development and community health, including over \$200,000 in implementation grants to fourteen community groups. NRPC will assist communities with water quality projects, adopt a new regional plan and regional energy plan 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
2014 Supervisor's Report

The Northwest Solid Waste District's (NWSWD) mission is to provide for the efficient, economical, and environmentally-sound reduction, reuse, recycling, and finally disposal of solid waste. 2014 was a great year for the NWSWD. We succeeded in making our operations more convenient, consistent, and cost effective for District residents by opening up more of our Drop-off sites to accept bulky, hard-to-dispose of items like tires, appliances, and electronics, every week. Now our sites are like our old Special Collection Events every week! District Staff also worked harder to get information to residents by improving our website, joining Facebook, and getting out to community events like Franklin County Field Days and Farmer's Markets and into Schools to teach everyone the importance of the three R's: Reduce, Reuse, and Recycle! All this work showed in the amount of waste we diverted from the landfill this year. Some of this year's highlights include:

- **District operations recycled 50 tons more in 2014 than in 2013!**
- Collected more than 35341 pounds of paint through our permanent household hazardous waste collection site
- Increased the tonnage of recyclables processed at our Georgia Recycling Center by 7 tons
- Opened a permanent re-use facility at our Georgia Recycling Center
- We welcomed Highgate and Franklin as the newest Member Municipalities
- Worked with new schools to begin composting their food scraps
- Creation of a new recycling program for alkaline batteries and worked with others in the state to create a statewide battery recycling program
- Continued investigation and enforcement of illegal dumping and burning of trash in the District

NWSWD by the Numbers

In the NWSWD, 6 District run recycling drop-off sites in Georgia, Montgomery, Bakersfield, Fletcher, St. Albans and North Hero, District run special events, 2 member town run sites (Alburgh and Grand-Isle), and mandatory curbside recycling by registered waste haulers allows easy access to recycling for all residents. Overall in 2014, after recycling, reuse and composting, the average District resident generated 3.11 pounds of waste per day, which is well below the national average of 4.4 pounds per day, and is a 12% reduction from 2013! Way to go!

This year District-operated sites and events disposed of 771 tons of trash and processed 823 tons of recyclables, setting the diversion rate for District Services at 52%. Check out this list of what we were able to divert from landfills this year in Northwest VT:

- 45,738 pounds of Hazardous Waste
- 292 Freon containing appliances
- 163,560 pounds of scrap metal
- 4,357 pounds of batteries
- 1,680 tires
- 461,365 pounds of food scraps
- 685,350 pounds of blue-bin recyclables
- 164,501 pounds of electronics

As St. Albans City's representative on the District Board of Supervisors, I am available to discuss District activities with town residents through the District office at (802)524-5986. For more information about the District and our services, how to reduce and recycle your waste, or how to get involved call District staff at the above number visit us on the web at www.nwswd.org, find us on Facebook, or sign-up for our e-mail updates. You can also visit at 158 Morse Drive in Georgia (we even give tours of our Recycling Center.)

- W.G. Cioffi

City of St. Albans
Department of Finance and Administration

The Finance and Administration department believes fiscal discipline is the key to responsible government. We are committed to working with all City departments to ensure sound fiscal management practices and accountability in the use of taxpayer dollars. The functions of recording financial transactions, safeguarding physical and financial assets, allocation of resources, and procurement and delivery of basic City services, flow through this department. Operations are guided by policies and procedures developed in accordance with Generally Accepted Accounting Principles (GAAP), and Federal and State Policies governing fiscal and personnel oversight. We provide financial information to senior management, external agencies and the City Council to facilitate compliance and informed decision making.

- Administrative functions include budget management and forecasting, assisting members of the public with requests for information, risk management, oversight of procurement policies and practices, and maintenance of the City's Website and Facebook page.
- Human resource functions include oversight of hiring practices, policy development, employee management, compliance with union contracts, and all payroll functions and reporting, both internal and external.
- Financial functions include production of financial reports for internal and external users, ongoing review and compliance with GAAP and federal and state grant sources, accounts payable and receivable processing, and water and wastewater billing.

It is the department's policy to be available at all times to the general public. You can find us weekdays from 7:30 to 4:30 on the second floor of City Hall.

CITY OF ST. ALBANS, VERMONT
AUDIT REPORT AND REPORTS ON
COMPLIANCE AND INTERNAL CONTROL
JUNE 30, 2014

CITY OF ST. ALBANS, VERMONT
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AUDIT REPORT
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JUNE 30, 2014

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Independent Auditor's Report

Honorable City Council
City of St. Albans
P.O. Box 867
100 North Main Street
St. Albans, VT 05478

Report on the Financial Statements

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, 2014 and the related notes to the financial statements, which collectively comprise the City of St. Albans, Vermont's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

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

Opinions

In our opinion, the financial statements referred to previously 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, 2014 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 16 and the budgetary comparison information for the General Fund and the Schedule of Funding Progress, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Employer Contributions and the Schedule of Investments Returns for the Pension Trust Fund presented in Schedules 1 through 5 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.

Other Information

As described in Note I.F. to the financial statements, effective June 30, 2014, the City of St. Albans, Vermont implemented Governmental Accounting Standards Board (GASB) Statement No. 67, "Financial Reporting for Pension Plans".

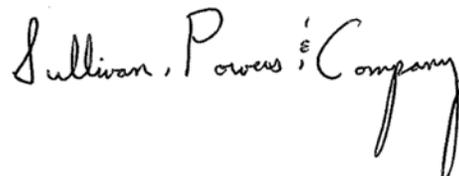
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Albans, Vermont's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. These schedules have 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic 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 Nonprofit Organizations" and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by "Government Auditing Standards"

In accordance with "Government Auditing Standards", we have also issued our report dated January 29, 2015 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the City of St. Albans, Vermont's internal control over financial reporting and compliance.

January 29, 2015
Montpelier, Vermont
VT Lic. #92-000180



CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

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, 2014. Please note that this section of the Basic Financial Statements is unaudited.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$24,000,133 (net position). Of this amount, \$3,152,111 (unrestricted net position) may be used to meet the City's ongoing obligations. The balance of net position is made up of \$20,640,855 net investment in capital assets and \$207,167 restricted for specific purposes.
- The City's total net position increased by \$3,946,964 (19.7%). Of this amount, net position attributable to governmental activities increased by \$2,690,053 (48.1%), and net position attributable to business-type activities increased by \$1,256,911 (8.7%).
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,325,522, a significant increase of \$6,036,314 over the prior year.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$414,326, or approximately 5.7% of total general fund expenditures.
- The City's total outstanding long-term debt increased by \$11,440,419 during the current fiscal year as a result of the issuance of \$14,500,000 in tax increment financing (TIF) bonds. Of this amount, \$3,000,000 was used to pay a bond anticipation note issued in the previous year.
- Construction in progress increased by \$8,350,147 of which, \$7,115,955 is for construction of a parking garage.

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 operates a wastewater treatment facility and two water treatment plants. These operations are referred to as business-type activities, they are supported by user fees, and are recorded in enterprise funds separately from the general governmental activities which are accounted for primarily in the general fund and supported in large part by property tax revenues.

CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

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 Position 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 Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused 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 any 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. The City, 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 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.

CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

The City maintains four major governmental funds; the General Fund, the TIF (Tax Increment Financing) Capital Projects Fund, the TIF (Tax Increment Financing) Debt Service Fund and the Streetscape Capital Project Fund. In addition to this, the City maintains a number of special revenue funds and a capital project fund, 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 6 through 9.

The basic governmental fund financial statements can be found in Exhibits C through E 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; the Water Fund and 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 provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. 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 and the City's progress in funding its obligation to provide pension benefits to its employees. The supplementary information can be found immediately following the notes to the financial statements in this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on the budget and pension.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Cash and Investments	\$ 10,842,430	\$ 2,958,827	\$ 1,195,402	\$ 1,140,918	\$ 12,037,832	\$ 4,099,745
Other Assets	(850,797)	1,013,111	2,933,240	1,730,222	2,082,443	2,743,333
Capital Assets	16,731,048	8,199,957	20,952,640	20,759,660	37,683,688	28,959,617
Total Assets	<u>26,722,681</u>	<u>12,171,895</u>	<u>25,081,282</u>	<u>23,630,800</u>	<u>51,803,963</u>	<u>35,802,695</u>
Other Liabilities	2,022,853	1,618,587	346,707	260,671	2,369,560	1,879,258
Noncurrent Liabilities	16,387,545	4,930,374	9,017,623	8,910,088	25,405,168	13,840,462
Total Liabilities	<u>18,410,398</u>	<u>6,548,961</u>	<u>9,364,330</u>	<u>9,170,759</u>	<u>27,774,728</u>	<u>15,719,720</u>
Deferred Inflows of Resources	<u>29,102</u>	<u>29,806</u>	<u>0</u>	<u>0</u>	<u>29,102</u>	<u>29,806</u>
Net Position:						
Net Investment in Capital Assets	8,540,627	7,119,924	12,100,228	12,009,592	20,640,855	19,129,516
Restricted	207,167	215,538	0	0	207,167	215,538
Unrestricted/(Deficit)	(464,613)	(1,742,334)	3,616,724	2,450,449	3,152,111	708,115
Total Net Position	<u>\$ 8,283,181</u>	<u>\$ 5,593,128</u>	<u>\$ 15,716,952</u>	<u>\$ 14,460,041</u>	<u>\$ 24,000,133</u>	<u>\$ 20,053,169</u>

As noted earlier, net position serves as a useful indicator of a government's financial position over time. At the end of the most recent fiscal year, the City's assets exceeded liabilities and deferred inflows of resources by \$24,000,133. The City's total net position is split between governmental activities net position of \$8,283,181 and business-type activities net position of \$15,716,952.

The largest portion of the City's total net position \$20,640,855 (86%) reflects its investment in capital assets (construction in progress, equipment, land, buildings and infrastructure) net of any outstanding debt used to acquire or construct 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 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 2013, the 2014 operations achieved that goal.

The City's total net position also includes \$207,167 (0.9%) of restricted net position. These are assets representing resources subject to external restrictions as to how they may be used. The remaining balance of unrestricted net position equal to \$3,152,111 (13.1%) may be used to meet the government's ongoing financial obligations. Included in unrestricted net position 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
JUNE 30, 2014**

Summary of the Statement of Activities

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,056,144	\$ 2,213,946	\$ 5,518,684	\$ 4,847,728	\$ 7,574,828	\$ 7,061,674
Operating Grants & Contributions	861,861	1,106,294	0	0	861,861	1,106,294
Capital Grants & Contributions	885,807	1,264,603	251,537	452,696	1,137,344	1,717,299
General Revenues:						
Property Taxes	3,953,716	3,763,707	0	0	3,953,716	3,763,707
Other	2,428,651	172,636	312,244	51,744	2,740,895	224,380
Transfers In/(Out)	306,946	0	(306,946)	0	0	0
Total Revenues	10,493,125	8,521,186	5,775,519	5,352,168	16,268,644	13,873,354
Expenses:						
General Government	752,052	760,536	0	0	752,052	760,536
Public Safety	4,535,681	4,504,074	0	0	4,535,681	4,504,074
Public Works	815,624	610,692	0	0	815,624	610,692
Culture and Recreation	600,304	540,147	0	0	600,304	540,147
Community Development	762,129	2,005,440	0	0	762,129	2,005,440
Interest on Long-Term Debt	337,282	74,998	0	0	337,282	74,998
Water	0	0	1,895,517	1,885,455	1,895,517	1,885,455
Sewer	0	0	2,623,091	2,842,362	2,623,091	2,842,362
Total Expenses	7,803,072	8,495,887	4,518,608	4,727,817	12,321,680	13,223,704
Change in Net Position	2,690,053	25,299	1,256,911	624,351	3,946,964	649,650
Beginning Net Position	5,593,128	5,567,829	14,460,041	13,835,690	20,053,169	19,403,519
Ending Net Position	\$ 8,283,181	\$ 5,593,128	\$ 15,716,952	\$ 14,460,041	\$ 24,000,133	\$ 20,053,169

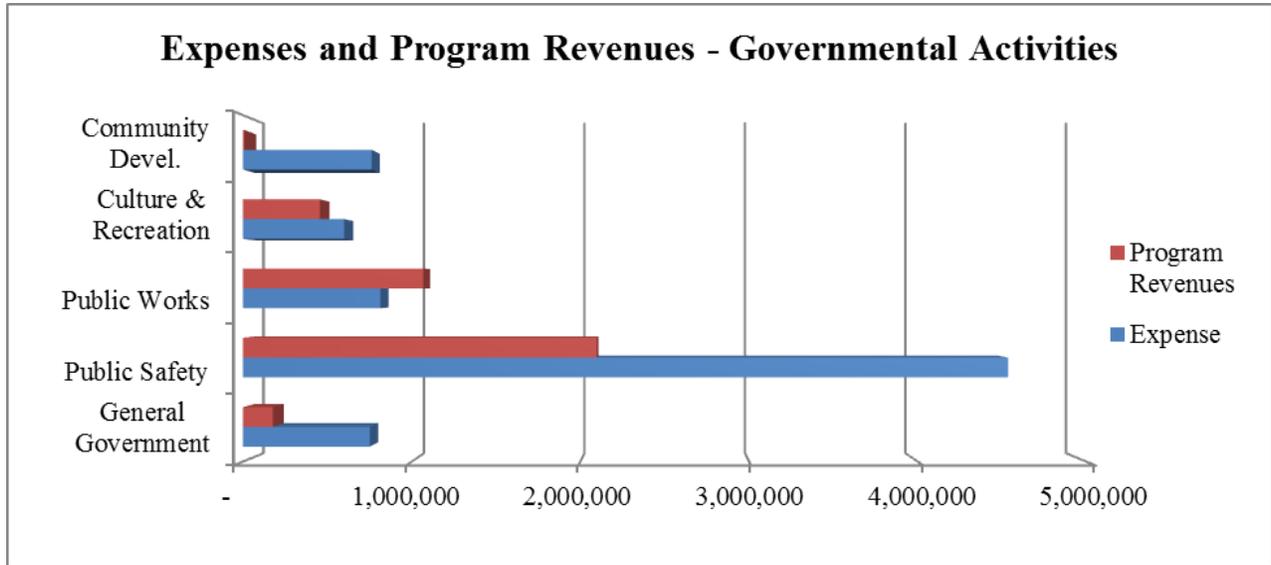
Governmental Activities

Governmental activities increased the City's net position by \$2,690,053 for the year ended June 30, 2014. Key elements of the change are as follows:

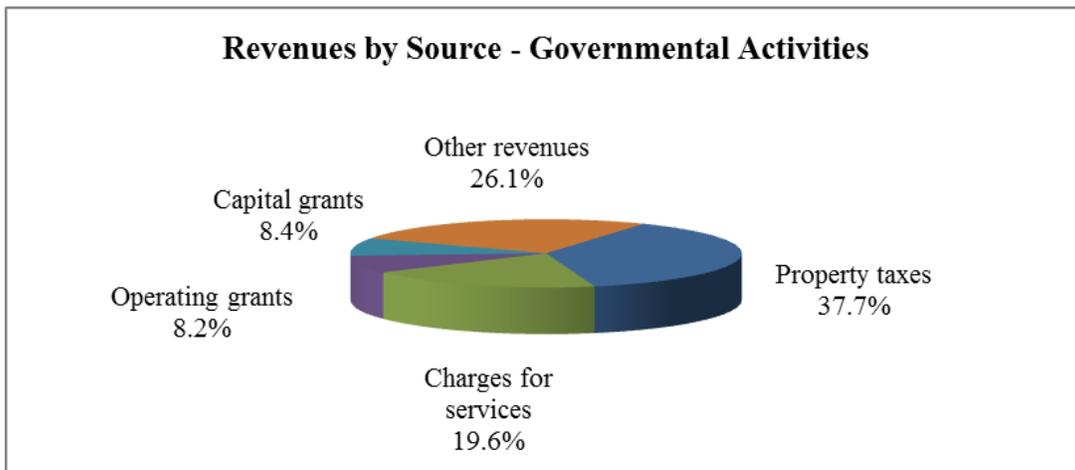
- Total governmental activities' revenues increased by 23.1% (1,971,939) from 2013 to 2014. The driving factor in this increase was the sale of property and deeded parking rights for \$2,500,000. This large, onetime, revenue was offset by a 17.0% (\$781,031) decrease in program revenues and a 5.0% (\$190,009) increase in property tax revenue.
- Total governmental activities' expenses decreased by 8.2% (\$692,815) from 2013 to 2014. The driving factor in the decrease was a 62% drop in community development expenses. During 2013 the City redeveloped a brownfield site within the TIF district and sold it to be privately developed. This project cost \$1,353,318 in 2013 and was expensed entirely in that year as it was not a capital project. While activity in the TIF district has not decreased from the prior year, 2014 TIF activity was primarily capital and therefore is not reflected in expenses. Noncapital TIF expenses dropped from \$1,851,382 in 2013 to \$738,453 in 2014.
- Public safety expenses end the year at 58.1% (\$4,535,681) of total governmental activities' expenses. This is a slight increase from the previous year when public safety expenses were 53% (\$4,504,074) of total governmental activities' expenses. Public safety remains the largest category of expenses from year to year.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

The follow graph entitled Expense and Program Revenues – 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. As noted previously, Public Safety is the largest category of expenses in the current year and historically.



The majority of revenue for governmental activities comes from property taxes, 37.7% of total revenue or \$3,953,716. Other revenue, including transfers, was the second largest category of revenue during the year coming in at \$2,735,597 or 26.1% of total revenue. Included in this number is the one time sale of property and parking rights for \$2,500,000 driving the large increase in the other category over previous years. The third largest category of revenue during the year was charges for services with \$2,056,144 or 19.6% of total revenue. The dollar amount raised in charges is consistent with 2013 at \$2,213,946. The following graph shows the distribution of governmental activities revenues by source.



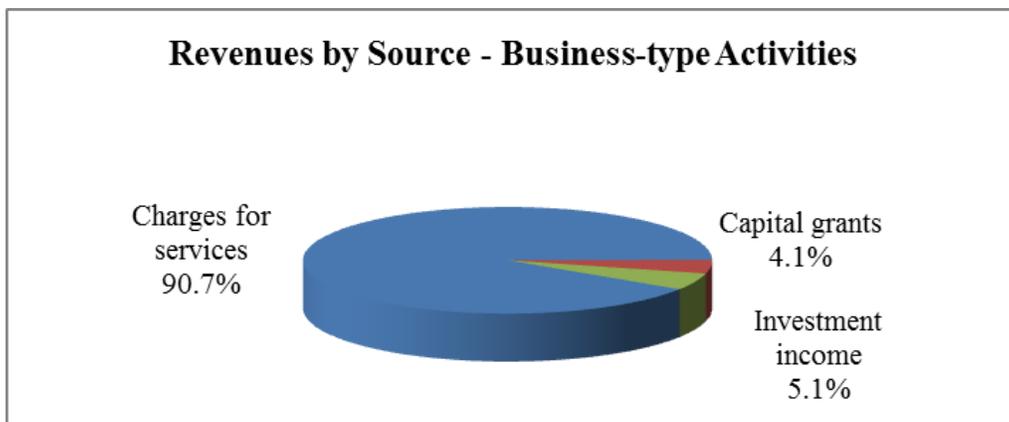
**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Business-type Activities

Business-type activities increased the City's net position by \$1,256,911 during the current fiscal year. Key elements of this increase are as follows:

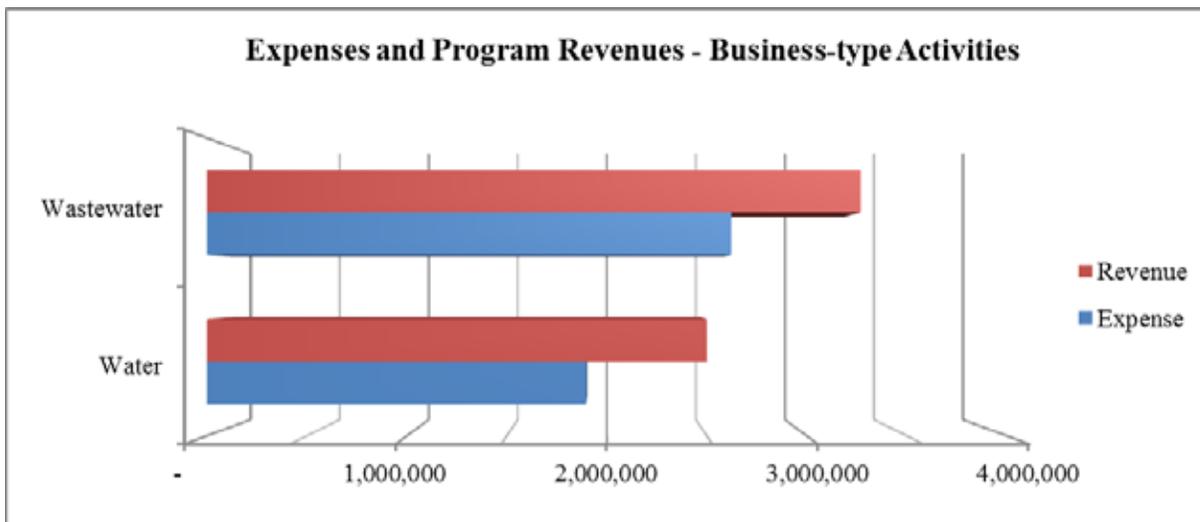
- Total revenues of \$5,775,519 were \$423,351 or 7.9% higher than the previous year. Charges for services increased overall by \$670,956 offset by a decrease in capital grants and contributions of \$201,159. Capital grants and contributions reflect an allocation of the Streetscape project to the business-type activities for improvements to the water and sewer infrastructure. The decrease in allocation from 2013 to 2014 is a result of substantial completion of the work during 2013.
- Operating revenues in the water and wastewater funds increased by \$685,956 or 14.2%. This is a result of a large increase in allocation fees. Allocation fees are paid when a new water and wastewater connection is established and as such as directly related to development activity in the water and wastewater district. The increase of \$583,993 over the prior year is the result of one large development paying its entire allocation during the year. The balance of the operating revenue increase is due to \$98,366 in charges for services as a result of an increase in user fees.
- Total expenses of \$4,518,608 decreased by \$209,209 (2.1%) when compared to the prior year.
 - This decrease was driven by a \$159,875 (48.6%) decrease in other operating costs from \$329,067 to \$169,192. During the previous year, the cost of a new water allocation was cut in half and refunds were paid to anyone who had purchased a new account at the higher rate. These refunds totaled approximately \$108,000 and are the driving factor in the decrease.
 - Total cost for chemicals decreased by \$58,883 (11.5%) from the previous year. The volume of chemicals used is dependent on the flow volume (treated water demand, sewer inflow). The City operates a combined sewer system that does not separate storm water which causes flows to increase with the level of precipitation. While total precipitation remained stable year over year, the prior year experienced a number of exceptionally heavy rain storms causing a spike in required chemicals.

The City's business-type activities are supported by user fees, also referred to as charges for services (\$5,518,684) with assistance from capital grants (\$251,537) and investment income (\$312,244). The percentage breakdown of revenue sources is illustrated in the following graph titled Revenues by Source – Business-type Activities.



**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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 – Business-type Activities, demonstrates that during the current fiscal year, revenues exceeded expenses for both the water fund and the wastewater fund. Revenues and capital contributions exceeded expenses in the water fund by \$605,464 or 24.2% of total revenues (\$2,500,981). In the wastewater fund, revenues and capital contributions exceeded expenses by \$646,149 or 19.8% of total revenues (\$3,269,240). Each year the amount that revenues exceed expenses in these funds increases unrestricted net position. Included in unrestricted net position are amounts that management has designated for particular purposes, such as future capital improvements and debt.



Total net position in the water fund is \$3,980,034, an increase of 19.7% from the previous year. Half of the water fund's net position are invested in capital assets net of related debt; 50.1% or \$1,992,548. In the wastewater fund, total net position is \$11,736,918, an increase of 5.4% from the previous year. The vast majority of net position in the wastewater fund is invested in capital assets net of related debt; 86.1% or \$10,107,680. Other major factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

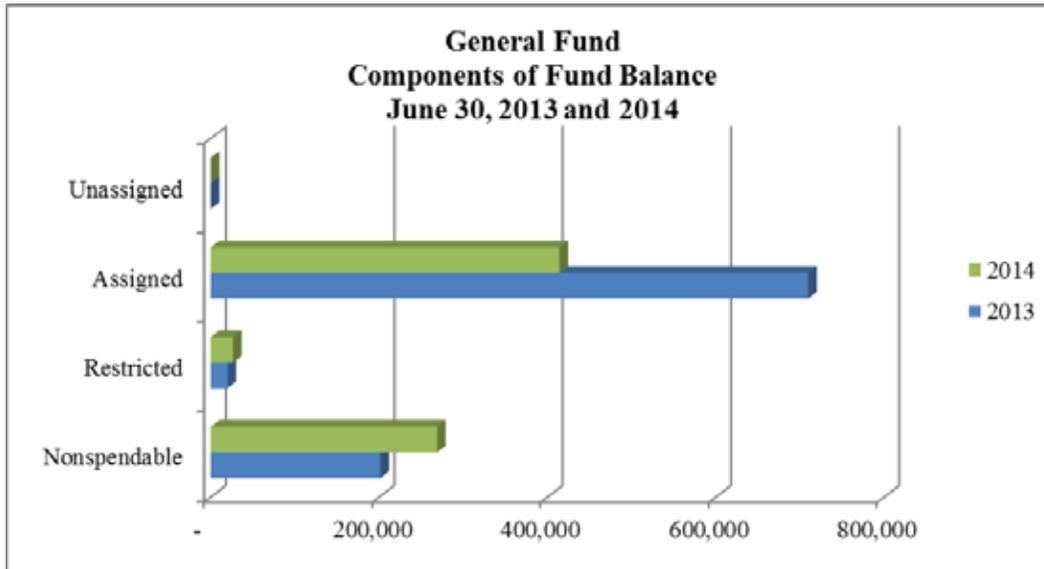
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Governmental Funds

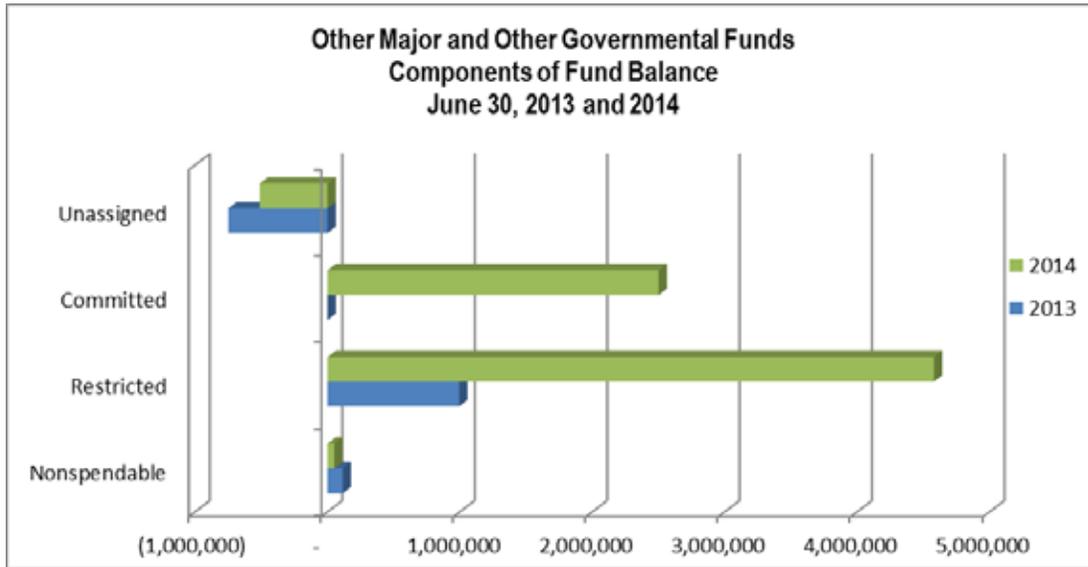
The focus of the City's governmental funds is to provide information on current year revenue, expenditures, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's 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 \$7,325,522, an increase of \$6,036,314 over the prior year. Of this total amount, \$319,406 or is non-spendable (advances to other funds, prepaid expenses and inventories) and \$4,605,095 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, \$2,500,000 is committed and \$414,326 has been assigned by the City for various purposes (detailed in Footnote IV.H. Net Position/Fund Balances) and unassigned fund balance is a deficit of \$513,305. The deficit unassigned fund balance is caused by timing of grant proceeds in the Streetscape fund and other governmental funds as well as a running deficit in the Fonda/Solo Building fund that will be funded when the property is sold.



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 \$709,580, a decrease of \$221,955 from the previous year. Of this amount, \$268,930 is non-spendable and \$26,324 is restricted unspent debt proceeds and donations. The remaining amount of \$414,326 has been assigned as detailed in the footnotes. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total general fund expenditures. Total fund balance represents approximately 9.8% of total general fund expenditures, however, this amount includes nonspendable and restricted fund balances which would not be available to finance general fund expenditures if necessary. The remaining categories of fund balance (committed, assigned, and unassigned) are referred to as unrestricted fund balance and are resources that could be liquidated to support general fund expenditures if necessary. Unrestricted fund balance represents 5.7% of total general fund expenditures.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**



In the governmental funds other than the general fund the two noteworthy changes to fund balance are an increase in committed fund balance from zero to \$2,500,000 with the sale of property and parking rights during the year, and an increase in restricted fund balance of \$3,585,164 representing unspent debt proceeds in the TIF Capital Projects fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget for the year ended June 30, 2014 passed on the first vote in March of 2013 and there were no amendments made to the budget during the year. Actual revenues exceeded budgeted revenues by \$22,180 and actual expenditures exceeded budgeted expenditures by \$244,135.

The \$244,135 or 3.4% overage in expenditures is driven by capital purchases offset primarily with debt proceeds. These capital purchases included a \$26,626 truck in the Fire Department offset by lease proceeds; a \$130,000 sidewalk plow in the Public Works Department offset by loan proceeds; a \$43,000 bucket truck in the Fire Department that was funded subsequent to year end with debt proceeds; and a \$23,238 vehicle in the Recreation Department that was also funded subsequent to year end with debt proceeds. These combined capital purchases total \$222,864 and constitute the majority of the overage as each was a planned debt purchase and only the first year of debt service was included in the budget. The City also incurred \$188,811 of unbudgeted grant expenses during the year which were offset by unbudgeted grant revenues. Additionally, the City underspent their administration and legal budgets which offset some of the overages.

On the revenue side, the City had budgeted \$300,000 in payments on prior year taxes none of which was realized during the year. This considerable blow was offset by the unbudgeted debt proceeds mentioned above totaling \$156,626 during the year; \$133,611 in unbudgeted public safety grants and contracts; and \$47,200 in unbudgeted public works grants.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Other Major Governmental Funds

The City reports two other major funds worth noting in its analysis – the TIF Capital Projects Fund and the TIF Debt Service Fund. The TIF Capital Projects fund is used to record and track all projects and initiatives within the TIF district that are funded with TIF debt proceeds. The fund balance increased by \$3,541,812 from the prior year which represents unspent TIF debt proceeds. During the year, the City issued a \$14,500,000 bond, of which \$3,000,000 was used to retire debt issued in the prior year in anticipation of the bond. Of the bond proceeds, \$7,115,955 was spent on construction of a parking garage; \$400,000 was spent on the Streetscape project, \$738,454 was used for other projects and initiatives in the district; and \$14,005 was transferred to the TIF Debt Service Fund to pay for debt service.

The TIF Debt Service Fund is new for the year ended June 30, 2014 and is used to account for debt service on voter approved TIF bonds. During the year, the fund balance in this fund increased from zero to \$2,500,000 as a result of the sale of property and parking rights to a third party. These funds are committed for TIF purposes. The debt service fund made \$237,960 in debt interest payments during the year. These were funded by incremental property tax revenues in the TIF district and a contribution from the TIF Capital Projects Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2014 were \$54,269,016 (before 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 \$9,994,467 from June 30, 2013 to June 30, 2014, or 22.6%. Combined accumulated depreciation at the end of the year is \$16,585,329. Capital assets for governmental activities increased by \$8,531,090, net of accumulated depreciation. Capital assets for business-type activities increased by \$192,980, net of accumulated depreciation. During the year the City substantially completed construction of a parking garage driving the large increase in construction in progress and therefore overall capital assets.

Summary of Capital Assets

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Capital Assets:						
Land	\$ 908,932	\$ 940,932	\$ 202,012	\$ 202,012	\$ 1,110,944	\$ 1,142,944
Construction in Progress	11,010,988	2,475,152	1,663,312	1,849,001	12,674,300	4,324,153
Buildings and Improvements	1,534,539	1,727,538	30,389,064	29,178,241	31,923,603	30,905,779
Machinery and Equipment	3,418,834	3,162,490	2,745,816	2,650,825	6,164,650	5,813,315
Infrastructure	2,395,519	2,088,358	0	0	2,395,519	2,088,358
	19,268,812	10,394,470	35,000,204	33,880,079	54,269,016	44,274,549
Less: Accumulated Depreciation	(2,537,764)	(2,194,513)	(14,047,564)	(13,120,419)	(16,585,328)	(15,314,932)
Total Assets, Net	\$ 16,731,048	\$ 8,199,957	\$ 20,952,640	\$ 20,759,660	\$ 37,683,688	\$ 28,959,617

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Major capital asset activity for the year ended June 30, 2014 included the following:

- The completion of the South Reservoir Dam project in the Water fund moved a total of \$1,210,823 from construction in progress to buildings and improvements in business-type activities.
- Notable additions to construction in progress in business-type activities include \$652,00 in Streetscape improvements and final design engineering for the Wastewater Treatment Facility Upgrade.
- Construction in progress in the governmental activities increased with the construction of 365 space parking garage in the downtown core. Parking garage construction was well underway as of June 30, 2014 and was completed and opened for business on October 30, 2014.
- Paving projects totaling \$247,780 and major sidewalk projects totaling \$59,382 were completed during the year contributing to the increase in governmental activities infrastructure.
- A surveillance camera system was purchased and installed in Taylor Park.
- A solar powered crosswalk system for \$24,400 was purchased with assistance of local businesses.
- Other major purchases include a sidewalk plow for \$130,000; a bucket truck for \$43,000; and two police cruisers totaling \$63,000.

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 \$13,263,445 in long-term debt outstanding. As of June 30, 2014 this amount had increased by \$11,440,419 or 86.6% to end the current year with \$24,703,864 in long-term debt outstanding.

Summary of Long Term Debt

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
Governmental Activities	\$ 4,513,377	\$ 14,656,626	\$ 3,318,553	\$ 15,851,450
Business-type Activities	8,750,068	548,510	446,164	8,852,414
Total Government	\$ 13,263,445	\$ 15,205,136	\$ 3,764,717	\$ 24,703,864

Factors contributing to the change include the following:

- The City's governmental activities debt increased with the issuance of a \$14,500,000 tax increment financing (TIF) bond. A portion of TIF bond proceeds were used to retire \$3,000,000 of short term debt that was issued in the prior year in anticipation of the TIF bond. The net of these two transactions is an increase in debt of \$11,500,000. This is the primary cause of the drastic current year increase in governmental activities debt.
- New debt for the business-type activities included \$500,000 to replace the underground utilities during the Streetscape project and \$48,510 for the Wastewater Treatment Facility upgrade final design engineering.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

- Debt retired during the year in governmental activities included a note for purchase of a fire truck in addition to the \$3,000,000 bond anticipation note. In business-type activities the refinanced wastewater line of credit was retired.
- Principal payments totaling \$3,318,553 were made on governmental activities debt and principal payments totaling \$446,164 were made on business-type activities debt.

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 economic development, 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 (TIF) District that was approved by the State of Vermont and local voters in 2012. In brief, tax increment financing allows a municipality to issue bonds for public improvements and service those bonds using the municipal and education property taxes derived from the incremental increase in property values in the district.

In March and September 2013 voters authorized TIF bonds to construct a parking garage. During the year, the City was engaged in construction and the garage was open to the public on October 30, 2014. Concurrently, private construction on a forty thousand square foot office building adjacent to the garage was underway and the grand opening of that building was January 12, 2015. The City is continuing Streetscape improvements and anticipates additional infrastructure projects and private development in the TIF district in the near future.

Next Year's Budget

In March 2014, the City's legal voters approved a General Fund budget for the year ended June 30, 2015 with total expenditures of \$7,405,580, an increase of \$300,608 or 4.2% from the prior year. Of these total expenditures, \$3,902,512 will be supported by property taxes. This is an increase of \$74,896 or 2.0% from the prior year. A municipal tax rate of .8044 per \$100 of assessed value has been levied and billed for fiscal year 2015. This is a .0207 or 2.6% increase over the prior year's tax rate of .7837 per \$100 of assessed value.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances to all those with an interest in the government's finances. Questions concerning any of the information provided in this report of requests for additional financial information should be addressed to the Finance Department 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 POSITION
JUNE 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 10,786,982	\$ 1,195,402	\$ 11,982,384
Investments	55,448	0	55,448
Receivables (Net of Allowance for Uncollectibles)	716,109	1,139,326	1,855,435
Loans Receivable	107,346	0	107,346
Notes Receivable	0	11,834	11,834
Prepaid Expenses	69,324	0	69,324
Inventory	7,919	30,585	38,504
Internal Balances	(1,751,495)	1,751,495	0
Capital Assets			
Land	908,932	202,012	1,110,944
Construction in Progress	11,010,988	1,663,312	12,674,300
Other Capital Assets, (Net of Accumulated Depreciation)	4,811,128	19,087,316	23,898,444
Total Assets	<u>26,722,681</u>	<u>25,081,282</u>	<u>51,803,963</u>
LIABILITIES			
Accounts Payable	1,771,993	249,760	2,021,753
Accrued Payroll and Benefits Payable	94,298	13,233	107,531
Unearned Revenue	91,090	3,728	94,818
Accrued Interest Payable	65,472	79,986	145,458
Noncurrent Liabilities:			
Due within One Year	868,729	355,516	1,224,245
Due in More than One Year	15,518,816	8,662,107	24,180,923
Total Liabilities	<u>18,410,398</u>	<u>9,364,330</u>	<u>27,774,728</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid Property Taxes	29,102	0	29,102
Total Deferred Inflows of Resources	<u>29,102</u>	<u>0</u>	<u>29,102</u>
NET POSITION			
Net Investment in Capital Assets	8,540,627	12,100,228	20,640,855
Restricted			
Revolving Loan Fund	198,001	0	198,001
Taylor Park	9,166	0	9,166
Unrestricted/(Deficit)	(464,613)	3,616,724	3,152,111
Total Net Position	<u>\$ 8,283,181</u>	<u>\$ 15,716,952</u>	<u>\$ 24,000,133</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, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	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	\$ 752,052	\$ 140,099	\$ 35,411	\$ 0	\$ (576,542)	\$ 0	\$ (576,542)
Public Safety	4,535,681	1,402,824	693,483	0	(2,439,374)	0	(2,439,374)
Public Works	815,624	54,405	128,419	885,807	253,007	0	253,007
Culture and Recreation	600,304	450,924	4,548	0	(144,832)	0	(144,832)
Community Development	762,129	7,892	0	0	(754,237)	0	(754,237)
Interest on Long-term Debt	337,282	0	0	0	(337,282)	0	(337,282)
Total Governmental Activities	7,803,072	2,056,144	861,861	885,807	(3,999,260)	0	(3,999,260)
Business-Type Activities:							
Water	1,895,517	2,404,911	0	96,070	0	605,464	605,464
Sewer	2,623,091	3,113,773	0	155,467	0	646,149	646,149
Total Business-Type Activities	4,518,608	5,518,684	0	251,537	0	1,251,613	1,251,613
Total Primary Government	\$ 12,321,680	\$ 7,574,828	\$ 861,861	\$ 1,137,344	(3,999,260)	1,251,613	(2,747,647)
General Revenues:							
Property Taxes					3,953,716	0	3,953,716
Interest and Penalties on Delinquent Taxes					65,714	0	65,714
Unrestricted Investment Earnings					4,540	312,244	316,784
General State Grants					86,703	0	86,703
Other Revenues					19,983	0	19,983
Gain on Sale of Capital Assets and Parking Rights					2,251,711	0	2,251,711
Transfers					306,946	(306,946)	0
Total General Revenues and Transfers					6,689,313	5,298	6,694,611
Change in Net Position					2,690,053	1,256,911	3,946,964
Net Position - July 1, 2013					5,593,128	14,460,041	20,053,169
Net Position - June 30, 2014					\$ 8,283,181	\$ 15,716,952	\$ 24,000,133

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

CITY OF ST. ALBANS, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	TIF Capital Projects Fund	TIF Debt Service Fund	Streetscape Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 4,332,465	\$ 6,410,996	\$ 0	\$ 0	\$ 43,521	\$ 10,786,982
Investments	55,448	0	0	0	0	55,448
Receivables (Net of Allowance for Uncollectibles)	308,322	0	0	153,548	254,239	716,109
Due from Other Funds	0	0	2,500,000	0	9,985	2,509,985
Advances to Other Funds	191,687	0	0	0	50,476	242,163
Loans Receivable	0	0	0	0	107,346	107,346
Prepaid Expenses	69,324	0	0	0	0	69,324
Inventories	7,919	0	0	0	0	7,919
Total Assets	<u>\$ 4,965,165</u>	<u>\$ 6,410,996</u>	<u>\$ 2,500,000</u>	<u>\$ 153,548</u>	<u>\$ 465,567</u>	<u>\$ 14,495,276</u>
LIABILITIES						
Accounts Payable	\$ 178,340	\$ 1,474,293	\$ 0	\$ 42,165	\$ 77,195	\$ 1,771,993
Accrued Payroll and Benefits Payable	94,298	0	0	0	0	94,298
Due to Other Funds	3,689,251	400,953	0	111,383	59,893	4,261,480
Advances from Other Funds	0	0	0	0	242,163	242,163
Unearned Revenue	85,990	0	0	0	5,100	91,090
Total Liabilities	<u>4,047,879</u>	<u>1,875,246</u>	<u>0</u>	<u>153,548</u>	<u>384,351</u>	<u>6,461,024</u>
DEFERRED INFLOWS OF RESOURCES						
Prepaid Property Taxes	29,102	0	0	0	0	29,102
Unavailable Revenue - Property Taxes	156,300	0	0	0	0	156,300
Unavailable Revenue - Other	22,304	0	0	153,548	347,476	523,328
Total Deferred Inflows of Resources	<u>207,706</u>	<u>0</u>	<u>0</u>	<u>153,548</u>	<u>347,476</u>	<u>708,730</u>
FUND BALANCES (DEFICIT)						
Nonspendable	268,930	0	0	0	50,476	319,406
Restricted	26,324	4,535,750	0	0	43,021	4,605,095
Committed	0	0	2,500,000	0	0	2,500,000
Assigned	414,326	0	0	0	0	414,326
Unassigned	0	0	0	(153,548)	(359,757)	(513,305)
Total Fund Balances/(Deficit)	<u>709,580</u>	<u>4,535,750</u>	<u>2,500,000</u>	<u>(153,548)</u>	<u>(266,260)</u>	<u>7,325,522</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances						
	<u>\$ 4,965,165</u>	<u>\$ 6,410,996</u>	<u>\$ 2,500,000</u>	<u>\$ 153,548</u>	<u>\$ 465,567</u>	<u>\$ 16,731,048</u>
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:						
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds. 16,731,048						
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds. 679,628						
Long-Term and Accrued Liabilities are not Due or Payable in the Current Period and, Therefore, are Not Reported in the Funds. (16,453,017)						
Net Position of Governmental Activities <u>\$ 8,283,181</u>						

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	TIF Capital Projects Fund	TIF Debt Service Fund	Streetscape Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 3,880,339	\$ 0	\$ 155,077	\$ 0	\$ 0	\$ 4,035,416
Penalties and Interest	65,713	0	0	0	0	65,713
Intergovernmental Revenues	991,564	0	0	1,001,813	182,787	2,176,164
Charges for Services	1,798,004	0	0	0	0	1,798,004
Investment Income	4,163	0	0	0	377	4,540
Licenses and Permits	109,977	0	0	44,250	0	154,227
Other Revenue	132,834	400	0	6,400	2,480	142,114
Total Revenues	6,982,594	400	155,077	1,052,463	185,644	8,376,178
EXPENDITURES						
Current:						
General Government	747,579	0	0	0	14,324	761,903
Public Safety	4,205,467	0	0	0	47,359	4,252,826
Public Works	637,760	0	0	0	0	637,760
Culture and Recreation	564,466	0	0	0	1,769	566,235
Community Development	0	738,454	0	0	23,675	762,129
Capital Outlay:						
General Government	65,553	0	0	0	0	65,553
Public Safety	180,906	0	0	0	0	180,906
Public Works	483,585	7,115,955	0	1,140,085	219,163	8,958,788
Culture and Recreation	23,238	0	0	0	0	23,238
Debt Service:						
Principal	318,553	0	0	0	0	318,553
Interest	42,285	0	237,960	0	0	280,245
Total Expenditures	7,269,392	7,854,409	237,960	1,140,085	306,290	16,808,136
Excess/(Deficiency) of Revenues Over Expenditures	(286,798)	(7,854,009)	(82,883)	(87,622)	(120,646)	(8,431,958)
OTHER FINANCING SOURCES (USES)						
Proceeds of Long-Term Debt	156,626	11,500,000	0	0	0	11,656,626
Proceeds from Sale of Equipment, Land and Parking Rights	4,700	0	2,500,000	0	0	2,504,700
Transfers In	20,964	309,826	82,883	423,208	1,517	838,398
Transfers Out	(117,447)	(414,005)	0	0	0	(531,452)
Total Other Financing Sources/(Uses)	64,843	11,395,821	2,582,883	423,208	1,517	14,468,272
Net Change in Fund Balances	(221,955)	3,541,812	2,500,000	335,586	(119,129)	6,036,314
Fund Balances/(Deficit) - July 1, 2013	931,535	993,938	0	(489,134)	(147,131)	1,289,208
Fund Balances/(Deficit) - June 30, 2014	\$ 709,580	\$ 4,535,750	\$ 2,500,000	\$ (153,548)	\$ (266,260)	\$ 7,325,522

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, 2014

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)	\$	6,036,314
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$9,228,485) is allocated over their estimated useful lives and reported as depreciation expense (\$444,405). This is the amount by which capital outlays exceeded depreciation in the current period.		8,784,080
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and loss on disposals) is to decrease net position.		(252,989)
The issuance of long-term debt (\$11,656,626) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$318,553) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(11,338,073)
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 unearned and unavailable revenue over last year.		(363,143)
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>(176,136)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>2,690,053</u></u>

The General Fund charges the Water and Sewer Funds for administrative expenses. These charges totaling \$78,570 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 POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Water Fund	Wastewater Fund	Total
ASSETS			
Current Assets:			
Cash	\$ 623,133	\$ 572,269	\$ 1,195,402
Receivables (Net of Allowance for Uncollectible Accounts)	471,502	667,824	1,139,326
Notes Receivable, Current Portion	0	3,342	3,342
Inventory	17,465	13,120	30,585
Due from Other Funds	<u>1,081,544</u>	<u>669,951</u>	<u>1,751,495</u>
Total Current Assets	<u>2,193,644</u>	<u>1,926,506</u>	<u>4,120,150</u>
Noncurrent Assets:			
Notes Receivable	0	8,492	8,492
Capital Assets			
Land	155,000	47,012	202,012
Construction in Progress	765,537	897,775	1,663,312
Buildings, Distribution and Collection System and Improvements	8,529,212	21,859,852	30,389,064
Vehicles, Machinery and Equipment	1,266,464	1,479,352	2,745,816
Less Accumulated Depreciation	<u>(3,912,336)</u>	<u>(10,135,228)</u>	<u>(14,047,564)</u>
Total Noncurrent Assets	<u>6,803,877</u>	<u>14,157,255</u>	<u>20,961,132</u>
Total Assets	<u>\$ 8,997,521</u>	<u>\$ 16,083,761</u>	<u>\$ 25,081,282</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 118,348	\$ 131,412	\$ 249,760
Accrued Payroll	6,101	7,132	13,233
Unearned Revenue	3,728	0	3,728
Accrued Interest Payable	18,247	61,739	79,986
Bonds Payable - Current Portion	97,138	172,974	270,112
Notes Payable - Current Portion	<u>63,548</u>	<u>21,856</u>	<u>85,404</u>
Total Current Liabilities	<u>307,110</u>	<u>395,113</u>	<u>702,223</u>
Noncurrent Liabilities			
Compensated Absences Payable	59,734	105,477	165,211
Bonds Payable - Noncurrent Portion	3,313,992	3,530,819	6,844,811
Notes Payable - Noncurrent Portion	<u>1,336,651</u>	<u>315,434</u>	<u>1,652,085</u>
Total Noncurrent Liabilities	<u>4,710,377</u>	<u>3,951,730</u>	<u>8,662,107</u>
Total Liabilities	<u>5,017,487</u>	<u>4,346,843</u>	<u>9,364,330</u>
NET POSITION			
Net Investment in Capital Assets	1,992,548	10,107,680	12,100,228
Unrestricted	<u>1,987,486</u>	<u>1,629,238</u>	<u>3,616,724</u>
Total Net Position	<u>3,980,034</u>	<u>11,736,918</u>	<u>15,716,952</u>
Total Liabilities and Net Position	<u>\$ 8,997,521</u>	<u>\$ 16,083,761</u>	<u>\$ 25,081,282</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 POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Water Fund	Wastewater Fund	Total
Operating Revenues:			
Charges for Services	\$ 2,086,849	\$ 2,618,015	\$ 4,704,864
Penalties and Interest	15,183	19,913	35,096
Allocation Fees	285,960	473,340	759,300
Other Income	1,919	2,505	4,424
	<u>2,389,911</u>	<u>3,113,773</u>	<u>5,503,684</u>
Total Operating Revenues			
Operating Expenses:			
Salaries and Benefits	662,483	822,541	1,485,024
Other Purchased Services	90,311	171,131	261,442
Chemicals	136,835	316,694	453,529
Repairs and Maintenance	99,020	106,660	205,680
Insurances	51,325	51,148	102,473
Utilities	293,883	233,595	527,478
Supplies	15,926	18,235	34,161
Real Estate and State Water Taxes	55,265	4,943	60,208
Other Operating Costs	80,792	88,400	169,192
Depreciation	265,005	724,549	989,554
	<u>1,750,845</u>	<u>2,537,896</u>	<u>4,288,741</u>
Total Operating Expenses			
Operating Income	<u>639,066</u>	<u>575,877</u>	<u>1,214,943</u>
Nonoperating Revenues (Expenses):			
Land Lease	15,000	0	15,000
Investment Income	118,429	193,815	312,244
Interest Expense	(144,672)	(85,195)	(229,867)
	<u>(11,243)</u>	<u>108,620</u>	<u>97,377</u>
Total Nonoperating Revenues (Expenses)			
Net Income Before Capital Contributions and Transfers	627,823	684,497	1,312,320
Capital Contributions	96,070	155,467	251,537
Transfers Out	(69,747)	(237,199)	(306,946)
Change in Net Position	654,146	602,765	1,256,911
Net Position - July 1, 2013	<u>3,325,888</u>	<u>11,134,153</u>	<u>14,460,041</u>
Net Position - June 30, 2014	<u>\$ 3,980,034</u>	<u>\$ 11,736,918</u>	<u>\$ 15,716,952</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, 2014

	Water Fund	Wastewater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 2,310,671	\$ 3,086,949	\$ 5,397,620
Other Receipts	1,919	2,505	4,424
Payments to Suppliers	(682,680)	(918,641)	(1,601,321)
Payment of Taxes	(55,265)	(4,943)	(60,208)
Payments for Wages and Benefits	(657,066)	(818,548)	(1,475,614)
	<u>917,579</u>	<u>1,347,322</u>	<u>2,264,901</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Land Lease	15,000	0	15,000
Decrease/(Increase) in Due from Other Funds	(370,913)	(800,356)	(1,171,269)
Transfers Out	(69,747)	(237,199)	(306,946)
	<u>(425,660)</u>	<u>(1,037,555)</u>	<u>(1,463,215)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions	96,070	158,157	254,227
Acquisition and Construction of Capital Assets	(616,228)	(566,306)	(1,182,534)
Proceeds of Long-Term Debt	250,000	298,510	548,510
Principal Paid on:			
General Obligation Bonds	(93,465)	(169,583)	(263,048)
Notes Payable	(60,596)	(122,521)	(183,117)
Interest Paid on:			
General Obligation Bonds	(135,894)	(77,468)	(213,362)
Notes Payable	(9,427)	(10,695)	(20,122)
	<u>(569,540)</u>	<u>(489,906)</u>	<u>(1,059,446)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of Interest & Dividends	118,429	193,815	312,244
	<u>118,429</u>	<u>193,815</u>	<u>312,244</u>
Net Increase in Cash	40,808	13,676	54,484
Cash - July 1, 2013	582,325	558,593	1,140,918
Cash - June 30, 2014	<u>\$ 623,133</u>	<u>\$ 572,269</u>	<u>\$ 1,195,402</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	639,066	575,877	1,214,943
Depreciation	265,005	724,549	989,554
(Increase)/Decrease in Receivables	(11,187)	(24,319)	(35,506)
(Increase)/Decrease in Inventory	1,912	(845)	1,067
Increase/(Decrease) in Accounts Payable	83,500	68,067	151,567
Increase/(Decrease) in Accrued Payroll	2,161	2,058	4,219
Increase/(Decrease) in Unearned Revenue	(66,134)	0	(66,134)
Increase/(Decrease) in Compensated Absences Payable	3,256	1,935	5,191
	<u>\$ 917,579</u>	<u>\$ 1,347,322</u>	<u>\$ 2,264,901</u>

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and Cash Equivalents	\$ 0	\$ 147,633
Investments	3,944,851	0
Receivables	<u>15,547</u>	<u>0</u>
Total Assets	<u>3,960,398</u>	<u>147,633</u>
LIABILITIES		
Due to Others	<u>0</u>	<u>147,633</u>
Total Liabilities	<u>0</u>	<u>147,633</u>
NET POSITION		
Net Position Restricted for Pensions	<u>\$ 3,960,398</u>	<u>\$ 0</u>

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 200,000
Plan Members	40,043
Total Contributions	240,043
Net Investment Earnings	256,831
Total Additions	496,874
DEDUCTIONS	
Benefits - Pension	432,133
Administrative Expenses	28,753
Management Fee	6,890
Total Deductions	467,776
Net Increase in Net Position	29,098
Net Position - July 1, 2013	3,931,300
Net Position- June 30, 2014	\$ 3,960,398

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

The City of St. Albans, Vermont (herein the "City") is a municipal corporation operating under a council-manager form of government. It is governed by seven (7) elected officials – a mayor and six (6) council members. The City is made up of six (6) individual wards, each being represented by one (1) 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the City include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the City as a whole and 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.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Government-wide Statements: The statement of net position 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 funds:

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

TIF Capital Projects Fund – This fund is used to account for all expenditures and revenues related to capital projects and improvements within the tax increment financing (TIF) district.

TIF Debt Service Fund – This debt service fund is used to account for all debt service related to the TIF district.

Streetscape Fund – This capital project fund accounts for all expenditures, revenues, and grants related to the Main Street Streetscape project.

The City reports on the following major enterprise funds:

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

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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.

Additionally, the City reports the following fund types:

Pension Trust Fund – 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 Funds – These funds accounts for monies maintained for a local group called Saint Albans for the Future (SAFF) and for monies held in escrow as a result of tax sales.

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, deferred outflows of resources, deferred inflows of resources, and liabilities associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Equity (i.e., net position) is segregated into invested in capital assets, net of related debt; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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 position) 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 position. 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.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement and 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.

Governmental funds are reported using the current financial resource measurement focus and 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.

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

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 position 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.

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.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

F. New Pronouncement – Financial Reporting for Pension Plans

Effective June 30, 2014, the City implemented GASB Statement No. 67, “Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25”. The objective of this Statement is to improve the usefulness of pension information included in the financial statements of state and local government pension plans for making decisions and assessing accountability.

G. Future Changes in Accounting Standards

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, “Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27”, effective for fiscal years beginning after June 15, 2014. This new accounting and reporting standard may impact the City’s measurement and recognition of pension liabilities, deferred outflows or resources, deferred inflows of resources, and expenses/expenditures in government-wide and/or enterprise fund financial statements. The requirements of this statement may require restating of beginning net position. The City is currently not planning to early implement this Statement, and has made no estimation of the effect this Statement will have in the financial statements.

H. 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 is 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”.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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 Expense Expenses

Inventory quantities are determined by physical count and are valued at the lower of cost or market. Inventories in the governmental funds consists of pool chemicals, salt and sand. Inventories in the proprietary funds consist primarily of chemicals.

Certain payments to vendors reflect 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.

6. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources”, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three (3) types of items which arise under the modified accrual basis of accounting and one (1) type which arises under the accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, “unavailable revenue”, is reported in the statement of net position and governmental funds balance sheet. The statement of net position reports unavailable revenues from one source; prepaid property taxes. The governmental funds report unavailable revenues from three (3) sources; prepaid property taxes, unavailable property taxes, penalties and interest and unavailable other revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. 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.

CITY OF ST. ALBANS, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

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.

8. 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. Compensated absences are reported in governmental funds only if they have matured.

9. Long-term Liabilities

Long-term liabilities include bonds, notes and capital leases 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.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

10. Fund Equity

Fund Balances and Net Position 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 position 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.

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.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014, expenditures in the General Fund exceeded appropriations by \$244,135. This was funded by unbudgeted revenues and available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The City's cash and investments as of June 30, 2014 consisted of the following:

Cash:

Cash on Hand	\$ 600
Deposits with Financial Institutions	5,718,421
Deposits with Investment Company	<u>6,410,996</u>
Total Cash	<u>12,130,017</u>

Investments:

Mutual Funds - Cash Equivalents	55,448
Pension Investments - International Stocks	408,329
Pension Investments - US Stocks	1,024,751
Pension Investment - Guaranteed Deposit Account	<u>2,511,771</u>
Total Investments	<u>4,000,299</u>
Total Cash and Investments	<u>\$ 16,130,316</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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 to a transaction (e.g. broker-dealer), 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 City's international stock, U.S. stock and mutual funds are in the name of the City and are not exposed to custodial credit risk. The guaranteed deposit account is a group annuity product issued by Prudential Retirement Insurance and Annuity Company (PRIAC). The following table shows the custodial credit risk of the City's deposits.

	Book Balance	Bank Balance
FDIC/SIPC Insured	\$ 571,291	\$ 571,291
Uninsured, Uncollateralized - Held by Bank's Trust Department	6,160,996	6,160,996
Uninsured, Uncollateralized (\$2,707,913 Could be Offset by Debt to the Respective Bank)	5,452,578	5,612,694
Total Cash Deposits	\$ 12,184,865	\$ 12,344,981

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 at year end.

Deposits are comprised of the following:

Cash with Financial Institutions	\$ 5,718,421
Cash with Investment Company	6,410,996
Mutual Funds – Cash Equivalents	55,448
Total Cash Deposits	\$ 12,184,865

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. The City has no assets with exposure to interest rate risk.

CITY OF ST. ALBANS, VERMONT
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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 such as Standard and Poor's or Moody's rating services. These organizations look at a number of factors in order to evaluate the risk of an obligation and rate the risk. The rating allows the investor to make informed buying and selling decisions. The City's cash equivalents with the broker are exempt from credit risk analysis. The City does not have any policy to limit the exposure to credit risk.

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 64% of their retirement investments invested in a guaranteed deposit account with PRIAC. The other 36% of the City's retirement investments are in stocks.

B. Receivables

Receivables at June 30, 2014, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows.

	Governmental Activities	Business-Type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Delinquent Taxes	\$ 240,042	\$ 0	\$ 240,042
Penalties and Interest	37,214	0	37,214
Billed Services	0	812,938	812,938
Unbilled Services	0	277,867	277,867
Grants	431,882	0	431,882
Other	35,854	63,021	98,875
Reimbursements	2,117	0	2,117
Allowance for Doubtful Accounts	(31,000)	(14,500)	(45,500)
	<u>\$ 716,109</u>	<u>\$ 1,139,326</u>	<u>\$ 1,855,435</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

C. Loans and Notes Receivable

Loans Receivable at June 30, 2014 consists of six (6) loans for community development as follows.

Governmental Funds

Loan Receivable; Local Business; Interest at 2%; Monthly Interest and Principal Payments of \$88; Due April 10, 2017	\$ 4,762
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	35,000
Loan Receivable; Local Nonprofit; Interest at 0%; Balloon Payment Due December 31, 2032; Secured by a Mortgage Deed on Real Property	360,000
Loan Receivable; Local Nonprofit; Interest at 0%; Balloon Payment Due January 14, 2035; Secured by a Mortgage Deed on Real Property	480,001
Loan Receivable; Local Nonprofit; Interest at 0%; Balloon Payment Due March 15, 2037; Secured by a Mortgage Deed on Real Property	<u>579,600</u>
Total	<u>1,524,363</u>
Plus: Accrued Interest on Note	2,584
Less: Allowance for Doubtful Loans Receivable	<u>(1,419,601)</u>
Governmental Funds Reported Balance at June 30, 2014	<u>\$ 107,346</u>

CITY OF ST. ALBANS, VERMONT
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JUNE 30, 2014

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

<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Amounts</u> <u>Written Off</u>	<u>Balance</u> <u>June 30, 2014</u>
\$ 1,519,601	\$ 5,000	\$ 238	\$ 0	\$ 1,524,363

Notes Receivable at June 30, 2014 consists of one (1) note for acquisition of a pump station in the wastewater fund as follows.

Proprietary Funds

Note Receivable; Local Contractor; Interest at 5%; Monthly Interest and Principal Payments of \$300; Due January 5, 2018	\$ 11,834
Proprietary Funds Reported Value at June 30, 2014	\$ 11,834

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

<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Amounts</u> <u>Written Off</u>	<u>Balance</u> <u>June 30, 2014</u>
\$ 14.524	\$ 0	\$ 2.690	\$ 0	\$ 11,834

D. Capital Assets

Capital asset activity for the year ended June 30, 2014 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	\$ 32,000	\$ 908,932
Construction in Progress	2,475,152	8,540,756	4,920	11,010,988
Total Capital Assets, Not Being Depreciated	<u>3,416,084</u>	<u>8,540,756</u>	<u>36,920</u>	<u>11,919,920</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,727,538	0	192,999	1,534,539
Vehicles, Machinery and Equipment	3,162,490	385,488	129,144	3,418,834
Infrastructure	2,088,358	307,161	0	2,395,519
	<u>6,978,386</u>	<u>692,649</u>	<u>322,143</u>	<u>7,348,892</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	782,177	36,153	26,537	791,793
Vehicles, Machinery and Equipment	1,170,588	322,227	74,617	1,418,198
Infrastructure	241,748	86,025	0	327,773
Totals	<u>2,194,513</u>	<u>444,405</u>	<u>101,154</u>	<u>2,537,764</u>
Total Capital Assets, Being Depreciated	<u>4,783,873</u>	<u>248,244</u>	<u>220,989</u>	<u>4,811,128</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,199,957</u>	<u>\$ 8,789,000</u>	<u>\$ 257,909</u>	<u>\$ 16,731,048</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 202,012	\$ 0	\$ 0	\$ 202,012
Construction in Progress	<u>1,849,001</u>	<u>1,025,134</u>	<u>1,210,823</u>	<u>1,663,312</u>
Total Capital Assets, Not Being Depreciated	<u>2,051,013</u>	<u>1,025,134</u>	<u>1,210,823</u>	<u>1,865,324</u>
Capital Assets, Being Depreciated:				
Buildings, Distribution and Collection Systems & Improvements	29,178,241	1,210,823	0	30,389,064
Machinery and Equipment	<u>2,650,825</u>	<u>157,400</u>	<u>62,409</u>	<u>2,745,816</u>
Totals	<u>31,829,066</u>	<u>1,368,223</u>	<u>62,409</u>	<u>33,134,880</u>
Less Accumulated Depreciation for:				
Buildings, Distribution and Collection Systems & Improvements	11,631,498	740,930	0	12,372,428
Machinery and Equipment	<u>1,488,921</u>	<u>248,624</u>	<u>62,409</u>	<u>1,675,136</u>
Totals	<u>13,120,419</u>	<u>989,554</u>	<u>62,409</u>	<u>14,047,564</u>
Total Capital Assets, Being Depreciated	<u>18,708,647</u>	<u>378,669</u>	<u>0</u>	<u>19,087,316</u>
Business-Type Activities Capital Assets, Net	<u>\$ 20,759,660</u>	<u>\$ 1,403,803</u>	<u>\$ 1,210,823</u>	<u>\$ 20,952,640</u>

The City has capitalized \$42,357 of interest in the Proprietary Funds during 2014. The cumulative interest capitalized in the Proprietary Funds is \$78,645.

Depreciation was charged as follows:

Governmental Activities:		Business - Type Activities:	
General Government	\$ 8,205	Water	\$ 265,005
Public Safety	262,582	Sewer	<u>724,549</u>
Public Works	138,117		
Culture and Recreation	<u>35,501</u>		
Total Depreciation Expense - Governmental Activities	<u>\$ 444,405</u>	Total Depreciation Expense - Business- Type Activities	<u>\$ 989,554</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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E. Interfund Balances and Activity

The composition of Due From/(To) Other Funds at June 30, 2014 is as follows:

<u>Fund Name</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 3,689,251
TIF Capital Projects Fund	0	400,953
TIF Debt Service Fund	2,500,000	0
Streetscape Fund	0	111,383
Other Governmental Funds	9,985	59,893
Water Fund	1,081,544	0
Wastewater Fund	<u>669,951</u>	<u>0</u>
 Total	 <u>\$ 4,261,480</u>	 <u>\$ 4,261,480</u>

The composition of Advances To/(From) Other Funds at June 30, 2014 is as follows:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund	\$ 191,687	\$ 0
Revolving Loan Fund	50,476	0
Fonda/Solo Building Fund	0	80,457
Federal Street Bypass Fund	<u>0</u>	<u>161,706</u>
 Total	 <u>\$ 242,163</u>	 <u>\$ 242,163</u>

The advances will be repaid as receivables are collected and when the Fonda/Solo building site is sold. These advances are interest free.

Interfund transfers during the year ended June 30, 2014 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	VCDP Grants Fund	\$ 1,517	Fund local match on grants
General Fund	TIF Capital Projects Fund	23,844	Fund TIF outreach expenses
General Fund	Streetscape Fund	23,208	Fund local match on grants
General Fund	TIF Debt Service Fund	68,878	Fund TIF Bond debt service
TIF Capital Projects Fund	TIF Debt Service Fund	14,005	Fund TIF Bond debt service
TIF Capital Projects Fund	Streetscape Fund	400,000	Fund local match on grants
Water Fund	TIF Capital Projects Fund	59,265	Parking Garage Utility Work
Water Fund	General Fund	10,482	Contribute to City Hall Renovation
Wastewater Fund	TIF Capital Projects Fund	226,717	Parking Garage Utility Work
Wastewater Fund	General Fund	<u>10,482</u>	Contribute to City Hall Renovation
 Total		 <u>\$ 838,398</u>	

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

F. Unearned Revenue and Deferred Inflows of Resources

Unearned revenue in the General Fund consists of \$3,000 of parking fees received in advance; \$19,108 of payments for recreation programs for fiscal year 2015; and \$63,882 of grant revenue received in advance. The revenue will be recognized as parking and other services are provided and as expenses are incurred for the grants. Total Unearned Revenue in the General Fund is \$85,990.

Unearned revenue in the Other Governmental Funds consists of \$5,100 of donations to the reconstitution committee received in advance. The revenue will be recognized as the next phase of the project commences and as expenses are incurred. Total unearned revenue in the Other Governmental Funds is \$5,100.

Unearned revenue in the Water Fund of \$3,728 consists of water fees received in advance. This revenue will be earned in 2015 as water fees are billed.

Deferred inflows of resources in the General Fund consists of \$156,300 of delinquent property taxes, penalties and interest on those taxes as well as \$22,304 in other receivables that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$29,102 of prepaid property taxes. Total deferred inflows of resources in the General Fund are \$207,706.

Deferred inflows of resources in the Streetscape Fund consists of \$153,548 of grant receivables not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Other Governmental Funds consists of \$107,346 of net loans receivable and \$240,130 of grant receivables not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. The revenue will be recognized as the loans are repaid and as receivables are collected. Total deferred inflows of resources in the Other Governmental Funds are \$347,476.

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.

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.

CITY OF ST. ALBANS, VERMONT
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 JUNE 30, 2014

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 – In previous years, payments made by the City to the pension plan have been less than equal to the annual required contribution resulting in a net pension obligation.

Long-term liabilities outstanding as of June 30, 2014 were as follows.

Bonds, Notes and Capital Leases Payable:

Governmental Activities:

	Beginning Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2014</u>
Note Payable – Peoples Trust Company; Blouin Parking Lot; Interest at 3.50%; Monthly Principal and Interest Payments of \$1,252; Due October 31, 2020	\$ 98,002	\$ 0	\$ 12,783	\$ 85,219
Note Payable – Peoples Trust Company; 32 Nason Street Property; Interest at 3.75%; Monthly Principal and Interest Payments of \$997; Due December 25, 2016	38,017	0	10,723	27,294

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

	<u>Beginning Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2014</u>
<p>Note Payable – Peoples Trust Company; Fonda/Solo Building Purchase; Interest at 1.75%; Due July 23, 2014; The City is Making Interest Only Payments and Renewing Each Year Until the Property is Sold. The Note was Renewed Until July 31, 2015 with Interest at 1.50%</p>	\$ 325,816	\$ 0	\$ 0	\$ 325,816
<p>Note Payable – Peoples Trust Company; Fire Truck Purchase; Interest at 2.75%; Monthly Principal and Interest Payments of \$1,764; Due and Paid April 28, 2014</p>	15,265	0	15,265	0
<p>Bond Payable – 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</p>	190,000	0	95,000	95,000
<p>Note Payable – Peoples Trust Company; Purchase of Little League Fields; Interest at 2.75%; Monthly Principal and Interest Payments of \$1,563; Due July 23, 2014</p>	19,996	0	18,434	1,562
<p>Note Payable – 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</p>	169,865	0	13,854	156,011

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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	<u>Beginning Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2014</u>
Bond Payable – 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	\$ 70,000	\$ 0	\$ 35,000	\$ 35,000
Note Payable – Peoples Trust Company; Court House Parking Lot; Interest at 3.75%; Monthly Principal and Interest Payments of \$1,501; Due July 14, 2020	111,885	0	14,035	97,850
Note Payable – Peoples Trust Company; One Third (33.34%) of Single Axel Truck; Interest at 3.00%; Monthly Principal and Interest Payments of \$797; Due June 30, 2016	28,125	0	9,586	18,539
Note Payable – Peoples Trust Company; Federal Street Project Local Match; Interest at 1.65%; Monthly Principal and Interest Payments of \$2,222; Due June 30, 2014 at Which Time the City will Refinance the Note	44,480	0	23,930	20,550
Note Payable – Peoples Trust Company; Sidewalk Plow Purchase; Interest at 2.75%; Monthly Principal and Interest Payments of \$1,473; Due March 21, 2017	62,913	0	16,141	46,772
Note Payable – Peoples Trust Company; Houghton Park Tennis Court Upgrades; Interest at 2.75%; Monthly Principal and Interest Payments of \$732; Due January 12, 2017	29,950	0	8,063	21,887

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

	<u>Beginning Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2014</u>
Note Payable – Peoples Trust Company; Barlow Street Tennis Court Upgrades; Interest at 3.25%; Monthly Principal and Interest Payments of \$983; Due December 17, 2022	\$ 96,303	\$ 0	\$ 8,796	\$ 87,507
Note Payable – Peoples Trust Company; TIF District Bond Anticipation Note; Interest at 1.65%; Refinanced in 2014 with Bonds from the Vermont Municipal Bond Bank	3,000,000	0	3,000,000	0
Note Payable – Peoples Trust Company; One Third (33.34%) of Mini-Excavator; Interest at 3.20%; Monthly Principal and Interest Payments of \$167; Due May 23, 2023	16,994	0	1,482	15,512
Note Payable – Peoples Trust Company; Sidewalk Plow II Purchase Interest at 2.85%; Monthly Principal and Interest Payments of \$5,150; Due March 15, 2021	0	130,000	3,911	126,089
Bond Payable – 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	170,000	0	25,000	145,000
Bond Payable – Vermont Municipal Bond Bank; TIF District Bond; Interest Varies from 0.643% to 4.723%; Annual Principal Payments Ranging From \$570,000 to \$1,010,000 Due Each November; Semi-Annual Interest Payments Due Each May and November; Due November 15, 2033	0	14,500,000	0	14,500,000

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

	Beginning Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2014</u>
Capital Lease Payable – Municipal Leasing; Recreation Van; Interest at 4.45%; Annual Principal and Interest Payments of \$4,987; Due October 15, 2018	\$ 25,766	\$ 0	\$ 3,841	\$ 21,925
Capital Lease Payable – Municipal Leasing; Fire Pickup Truck; Interest at 2.99%; Quarterly Principal and Interest Payments of \$1,085; Due August 15, 2020	<u>0</u>	<u>26,626</u>	<u>2,709</u>	<u>23,917</u>
Total Governmental Activities	<u>\$ 4,513,377</u>	<u>\$ 14,656,626</u>	<u>\$ 3,318,553</u>	<u>\$ 15,851,450</u>

Business-Type Activities

Water Fund

Bond Payable – 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	\$ 3,504,595	\$ 0	\$ 93,465	\$ 3,411,130
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Note Payable – Peoples Trust Company; Fifty Percent (50%) Streetscape Utilities; Interest at 3.90%; Monthly Principal and Interest Payments of \$1,502; Due August 28, 2033	0	250,000	6,946	243,054
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Note Payable – Peoples Trust Company; One Third (33.33%) of Single Axel Truck; Interest at 3.00%; Monthly Principal and Interest Payments of \$797; Due June 30, 2016	28,124	0	9,586	18,538
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CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

	<u>Beginning Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2014</u>
Note Payable – Peoples Trust Company; One Third (33.33%) of Mini-Excavator; Interest at 3.20%; Monthly Principal and Interest Payments of \$167; Due May 23, 2023	\$ 16,994	\$ 0	\$ 1,481	\$ 15,513
Note Payable – Peoples Trust Company; Fairfax Dam Construction Interest at 3.70%; Monthly Principal and Interest Payments of \$7,083; Due August 17, 2032	<u>1,165,677</u>	<u>0</u>	<u>42,583</u>	<u>1,123,094</u>
Total Water Fund	<u>\$ 4,715,390</u>	<u>\$ 250,000</u>	<u>\$ 154,061</u>	<u>\$ 4,811,329</u>
Wastewater Fund:				
Note Payable – Peoples Trust Company; Fifty Percent (50%) Streetscape Utilities; Interest at 3.90%; Monthly Principal and Interest Payments of \$1,502; Due August 28, 2033	0	250,000	6,947	243,053
Note Payable – Peoples Trust Company; Wastewater Line of Credit Refinancing; Interest at 2.75%; Monthly Principal and Interest Payment of \$10,581; Due and Paid April, 2014	104,508	0	104,508	0
Bond Payable – State of Vermont Special Environmental Revolving 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; Due September 1, 2031	1,360,811	0	59,579	1,301,232

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

	<u>Beginning Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2014</u>
Bond Payable – State of Vermont Special Environmental Revolving 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; Due July 1, 2031	\$2,358,113	\$ 0	\$ 103,242	\$2,254,871
Bond Payable – State of Vermont Special Environmental Revolving Fund; Wastewater Treatment Facility Improvements; 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	154,452	0	6,762	147,690
Note Payable – State of Vermont Special Environmental Revolving 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 – Peoples Trust Company; One Third (33.33%) of Single Axel Truck; Interest at 3.00%; Monthly Principal and Interest Payments of \$797; Due June 30, 2016	28,124	0	9,586	18,538
Note Payable – Peoples Trust Company; One Third (33.33%) of Mini-Excavator; Interest at 3.20%; Monthly Principal and Interest Payments of \$167; Due May 23, 2023	16,994	0	1,481	15,513

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

	<u>Beginning Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2014</u>
Note Payable – State of Vermont Special Environmental Revolving Fund; Wastewater Planning Loan; Interest at 0.00%; \$53,900 Authorized; Annual Payments of \$10,780 Beginning December 1, 2018; Due December 1, 2022	\$ <u>0</u>	\$ <u>48,510</u>	\$ <u>0</u>	\$ <u>48,510</u>
Total Wastewater Fund	<u>4,034,678</u>	<u>298,510</u>	<u>292,105</u>	<u>4,041,083</u>
Total Business-Type Activities	<u>\$ 8,750,068</u>	<u>\$ 548,510</u>	<u>\$ 446,166</u>	<u>\$ 8,852,412</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	\$ 430,000	\$ 14,500,000	\$ 155,000	\$ 14,775,000	\$ 725,000
Notes Payable	4,057,612	130,000	3,157,003	1,030,609	136,276
Capital Leases Payable	25,765	26,626	6,550	45,841	7,453
Compensated Absences	345,468	6,254	0	351,722	0
Net Pension Obligation	<u>71,529</u>	<u>112,844</u>	<u>0</u>	<u>184,373</u>	<u>0</u>
Total Governmental Activities Long-Term Liabilities	<u>4,930,374</u>	<u>14,775,724</u>	<u>3,318,553</u>	<u>16,387,545</u>	<u>868,729</u>
Business-type Activities					
Bonds Payable	7,377,971	0	263,048	7,114,923	270,112
Notes Payable	1,372,097	548,510	183,118	1,737,489	85,404
Compensated Absences	<u>160,020</u>	<u>5,191</u>	<u>0</u>	<u>165,211</u>	<u>0</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 8,910,088</u>	<u>\$ 553,701</u>	<u>\$ 446,166</u>	<u>\$ 9,017,623</u>	<u>\$ 355,516</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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

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
2015	\$ 861,276	\$ 513,216	\$ 9,328	\$ 355,516	\$ 303,491
2016	712,945	502,047	9,327	365,806	257,129
2017	696,666	492,581	9,328	357,032	246,701
2018	681,424	482,327	9,327	367,398	236,256
2019	694,070	469,742	9,327	388,053	225,473
2020-2024	3,423,412	2,071,993	4,340	2,084,364	953,588
2025-2029	3,775,000	1,442,212	1,086	2,353,508	617,779
2030-2034	4,635,000	551,008	0	2,041,266	256,869
2035-2039	0	0	0	539,469	27,921
Unknown	<u>325,816</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	15,805,609	6,525,126	52,063	8,852,412	3,125,207
Less: Imputed Interest	<u>0</u>	<u>0</u>	<u>(6,222)</u>	<u>0</u>	<u>0</u>
Total	\$ <u>15,805,609</u>	\$ <u>6,525,126</u>	\$ <u>45,841</u>	\$ <u>8,852,412</u>	\$ <u>3,125,207</u>

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

Beginning Balance	\$ 495,514
Repayments of Line of Credit – Streetscape Fund	<u>(495,514)</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 1.5% and matures February 1, 2015. The balance outstanding as of June 30, 2014 was \$-0-.

H. Net Position/Fund Balances

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

CITY OF ST. ALBANS, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

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.

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 position of the City as of June 30, 2014 consisted of the following:

Governmental Activities:

Restricted for Revolving Loan Fund by Grant Agreement	\$ 198,001
Restricted for Taylor Park Fountain by Donation	6,324
Restricted for Taylor Park by Donations	<u>2,842</u>
Total Governmental Activities	<u>\$ 207,167</u>

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

General Fund:

Nonspendable Advances to Other Funds	\$ 191,687
Nonspendable Inventories	7,919
Nonspendable Prepaid Insurances	69,324

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Revolving Loan Fund:

Nonspendable Advances to Other Funds	\$ <u>50,476</u>
Total Nonspendable Fund Balances	\$ <u>319,406</u>

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

Major Funds

General Fund:

Restricted for Recreation by Unspent Debt Proceeds	\$ 20,000
Restricted for Taylor Park Fountain Repairs by Donation	6,324

TIF Capital Projects Fund:

Restricted for TIF Projects by Unspent Debt Proceeds	<u>4,535,750</u>
Total Major Funds	<u>4,562,074</u>

Non-Major Funds

Restricted for Community Development by Grant Agreements (Source of Revenue is Grant Revenue)	40,179
Restricted for Taylor Park Expenses by Donation (Source of Revenue is Donations)	<u>2,842</u>
Total Non-Major Funds	<u>43,021</u>
Total Restricted Fund Balances	\$ <u>4,605,095</u>

The fund balances in the following fund is committed as follows:

Major Funds

Committed for TIF Debt Service by the Voters	\$ <u>2,500,000</u>
Total Committed Fund Balances	\$ <u>2,500,000</u>

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

Major Funds

General Fund:

Assigned for Downtown Redevelopment (JLD Proceeds)	\$ 427,290
Assigned for Stormwater Permitting (Lemnah Proceeds)	62,849
Assigned for City Hall Window Replacement Program	15,893

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

General Fund: (Cont'd)	
Assigned for Tennis Court Rehabilitation	\$ 5,000
Assigned for General Parking Improvements	25,017
Assigned for Fire Department Reserves	35,474
Assigned for Public Health and Safety Ordinances	21,200
Assigned for Sidewalks	24,194
Assigned for Public Works Reserves	36,330
Assigned for Record Preservation	69,704
Assigned for Reappraisal	66,493
Assigned for Police Department Expenses	15,451
Amounts Assigned in Excess of Available Fund Balance	<u>(390,569)</u>
 Total General Fund	 <u>414,326</u>
 Total Assigned Fund Balances	 <u>\$ 414,326</u>

The unassigned deficits in the Federal Street Bypass Fund and the Streetscape Fund will be funded as grant receivables are collected and through future General Fund transfers.

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

I. Designated Net Position

The designated net position of the City as of June 30, 2014 consisted of the following:

Proprietary Funds:	
Designated for Water Capital	\$ 970,449
Designated for Wastewater Capital	<u>1,067,947</u>
 Total Designated Net Position	 <u>\$ 2,038,396</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 4.625% of their gross salary and the City contributes 5.125%. Employees in Plan C contribute 9.5% of their gross salary and the City contributes 6.75%. Employees in Group C are limited to police officers and firefighters. All other employees must be in Group B.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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. The net position available for benefits as well as present value of vested and non-vested plan benefits by municipality are not available.

Total payroll for the year was \$4,217,061 while covered payroll was \$3,059,914. Pension expense for this plan for the years ended June 30, 2014, 2013 and 2012 were \$181,424, \$169,923 and \$161,228, respectively.

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 \$11,071.

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 actuarially determined contribution to the system for 2014 was \$313,756 which was computed through an actuarial valuation performed as of June 30, 2014.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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:

Actuarial Cost Method	Individual Entry Age
Asset Valuation Method	Market Value
Remaining Amortization	
Period: Initial Unfunded	0 Years
Investment Rate of Return	6.23%
Salary increases	5%
COLA Adjustment	None

There are 27 active members and 53 retirees and beneficiaries. Additionally, there are 7 former employees with vested rights.

The market value of plan assets maintained at Prudential Investments is \$3,944,851 as of June 30, 2014.

Benefits

Normal Retirement Benefits

The yearly amount of pension a City employee will receive is equal to the sum of (a) and (b), but not greater than (c):

- (a) the sum of 3/4% of 1990 Annual Base Earnings multiplied by years of Participation Service completed prior to January 1, 1991;
- (b) for each Plan Year after January 1, 1991 and before July 1, 1995, the yearly amount of future service pension is equal to 3/4% of the rate of Annual Base Earnings. For each Plan Year after July 1, 1995 and before July 1, 1997, the yearly amount of future service pension is equal to 1 1/4% of the rate of Annual Base Earnings. After July 1, 1997, the yearly amount of future service pension is equal to 1 1/2% of the rate of Annual Base Earnings.
 - (i) Effective July 1, 2001, the yearly amount of future service pension is equal to 1 1/2% of the rate of Annual Base Earnings for those participants electing on July 1, 2001 to make required employee contributions of 2.5% of Annual Base Earnings.
 - (ii) Effective July 1, 2001, the yearly amount of future service pension is equal to 3% of the rate of Annual Base Earnings for those participants electing July 1, 2001 to make required employee contributions of 7.5% of Annual Base Earnings.
- (c) Effective July 1, 2001, the maximum amount was removed for all participants.
- (d) Benefits and refunds of the post employment defined benefit plan are recognized when due and payable in accordance with the terms of the plan.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Form of Payment

The normal form of pension is a life annuity with monthly payments commencing on the member's retirement date and guaranteed for a 10 year period and thereafter during the member's lifetime.

Late Retirement

A member may elect a late retirement date on the first day of any calendar month before age 70. The pension will be the greater of the accrued benefit earned on the Late Retirement Date or the benefit earned at the Normal Retirement Date actuarially increased to the Late Retirement Date.

Termination Benefit

Before having 10 years of Continuous Service and before age 55, a member receives a return of contributions (required and voluntary) with interest. After 10 years, a member is 100% vested in the accrued benefit.

Death Benefit

Before the member is vested, the beneficiary receives the contributions (required and voluntary) with interest. After the member is vested, the beneficiary is entitled to a monthly benefit or 50% of the amount the member would have received if retirement is assumed on the day before death with an election of the option to provide a 50% continuation to the beneficiary commencing at early retirement age or date of death, whichever is later. If the member's death occurs after actual retirement, the beneficiary receives whatever is payable under the normal form or the option elected.

Disability Benefit

If a member who has completed at least 10 years of Continuous Service becomes totally and permanently disabled for a period of 26 weeks, they shall receive a monthly disability benefit equal to the accrued benefit.

Optional Forms of Payment

A member may elect, in writing, to have the normal form of pension converted to an actuarially equivalent optional form. These are (a) the contingent annuitant form in which the member receives a smaller amount monthly in return for the insurance company's continuing payments to the named beneficiary in the same amount, 2/3rds of the amount, or 1/2 of the amount as designated as long as the beneficiary may live after the death of the member; (b) the life annuity form in which the member receives a larger amount monthly in return for forfeiting the guarantee of continuing payments for a full 10 years if he should die before then.

CITY OF ST. ALBANS, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

Investment Policy

The investment policy was approved by the City Council. The target allocation is as follows:

	<u>Target Allocation</u>
Domestic Equity	35.00%
Fixed Income	<u>65.00%</u>
 Total	 <u>100.00%</u>

Discount Rate

The discount rate was determined as follows:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	6.00%
International Equity	7.50%
Fixed Income	2.50%
Real Estate	6.50%
Cash	<u>0.00%</u>
 Real Rate of Return	 <u>3.73%</u>
 Inflation Assumption	 2.50%
 Total Nominal Return (Discount Rate)	 <u>6.23%</u>

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	118,825	161,606	136%
6/30/2012	187,482	200,000	107%
6/30/2013	224,258	200,000	89%
6/30/2014	312,844	200,000	63%

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NET PENSION OBLIGATION

	2014
Annual Required Contribution (ARC)	\$ 313,756
Interest on NPO	4,456
Adjustment to ARC	(5,368)
Annual Pension Cost (APC)	312,844
Employer Contributions Made	200,000
Increase/(Decrease) in NPO	112,844
NPO - June 30, 2013	71,529
NPO - June 30, 2014	\$ 184,373
Percentage of APC Contributed	63%

The Schedule of funding progress for the Defined Benefit Pension Plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

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 rate setting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

The City of 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.

CITY OF ST. ALBANS, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014

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 30, November 27, February 28 and May 30, 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 2014 are as follows:

	Residential	Non-Residential
Education	1.3234	1.4493
General City	.7837	.7837
Library	.0409	.0409
Library Bond	.0077	.0077
Veteran's Exemption	.0021	.0021
Total Tax Rate per \$100 of Assessed Value	2.1578	2.2837

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 2013 at a total cost of \$813,787, of which \$755,892 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.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

G. SUBSEQUENT EVENTS

Subsequent to year end, the City secured four (4) separate notes to finance equipment purchases. Of the four equipment purchases, the bucket truck and the recreation program vehicle were purchased during the year ended June 30, 2014 and had been budgeted for purchase with debt proceeds. During the year, the purchase was made but the debt was not issued. The first is a \$43,000 note from Peoples Trust Company to finance the purchase of the bucket truck. Interest is at 2.55% and the note will be repaid over five (5) years with monthly principal and interest payments of \$763.40. The second is a \$23,238 note from Peoples Trust Company to finance the purchase of the recreation program vehicle. Interest is at 2.55% and the note will be repaid over five (5) years with monthly principal and interest payments of \$412.56. The third is a \$20,000 note from Peoples Trust Company to finance the purchase of a line striper. Interest is at 2.55% and the note will be repaid over five (5) years with monthly principal and interest payments of \$355.39. The fourth is a \$41,204 note from Peoples Trust Company to finance the purchase of a skid steer. Interest is at 2.89% and the note will be repaid over seven (7) years with monthly principal and interest payments of \$542.41.

H. 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. With a TIF District, the value of properties within the District is 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 on the incremental assessed value above the frozen baseline are shared, with 75% going to finance TIF District infrastructure debt and 25% going to the municipal General Fund and State Education Fund.

In March 2013, voters authorized a \$3 million in general obligation bonds or notes to finance brownfield remediation, professional services, streetscape improvements, and parking garage design and site improvements. In September 2013, voters authorized an additional \$13 million in general obligation bonds for the purpose of financing the costs associated with constructing the parking garage, acquisition of land and interests for development, and public street, water and sewer system improvements. To date, the City has issued bonds totaling \$14.5 million of the \$16 million authorized.

I. COMMITMENTS

During the year ended June 30, 2014, the City sold land that included deeded parking rights to 170 parking spaces in the St. Albans Parking Garage in perpetuity.

CITY OF ST. ALBANS, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Property Taxes	\$ 3,865,350	\$ 3,880,339	\$ 14,989
Payments on Prior Year Taxes	300,000	0	(300,000)
Penalty on Taxes	35,000	26,393	(8,607)
Interest on Taxes	50,000	39,007	(10,993)
State Payments/RR Taxes	8,385	8,921	536
Interest on Savings	3,500	4,163	663
Public Works Garage Lease	32,290	32,290	0
City Hall Lease	46,280	46,280	0
Barlow Street School Rents	22,200	16,963	(5,237)
PILOT	80,000	77,782	(2,218)
Insurance Reimbursements and Miscellaneous	45,000	79,994	34,994
City Clerk	106,500	102,658	(3,842)
Planning and Development	44,500	34,414	(10,086)
Assessing	23,000	23,291	291
Fire Department	76,500	66,193	(10,307)
Police, Dispatch and Animal Control	1,388,990	1,540,788	151,798
Community Justice Center	500,529	479,904	(20,625)
Public Works and Parks	130,000	320,940	190,940
Recreation Programs	384,682	384,566	(116)
	<u>7,142,706</u>	<u>7,164,886</u>	<u>22,180</u>
Total Revenue			
EXPENDITURES			
Administration	403,945	345,488	58,457
City Clerk	69,592	61,586	8,006
Finance	52,530	47,266	5,264
Planning and Development	278,345	282,475	(4,130)
Planning and Development Capital	50,000	34,107	15,893
County and District Functions	161,285	161,475	(190)
Audit and Audit Consultants	9,000	9,127	(127)
Assessing	51,525	46,898	4,627
Debt Service - Principal	189,974	188,759	1,215
Debt Service - Interest	27,892	26,200	1,692
Professional Services - Legal	70,000	31,462	38,538
Fire Department	452,150	396,196	55,954
Fire Department Capital	74,385	126,512	(52,127)
Police, Dispatch and Animal Control	3,161,527	3,277,723	(116,196)
Police Department Capital	96,792	64,112	32,680
Community Justice Center	490,684	479,915	10,769
Public Works, Highway, Parks	592,175	689,337	(97,162)
Public Works Capital	414,415	510,443	(96,028)
Recreation Programs	438,191	483,472	(45,281)
Recreation Capital	20,565	48,808	(28,243)
Library Bond and Expenses	37,734	75,480	(37,746)
	<u>7,142,706</u>	<u>7,386,841</u>	<u>(244,135)</u>
Total Expenditures			
Excess/(Deficiency) of Revenue Over Expenditures	<u>\$ 0</u>	(221,955)	<u>\$ (221,955)</u>
Fund Balance - July 1, 2013		<u>931,535</u>	
Fund Balance - June 30, 2014		<u>\$ 709,580</u>	

Notes:

The budget is presented on the Modified Accrual Basis of Accounting.

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 PENSION TRUST FUND
 JUNE 30, 2014

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)
1/1/2009	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%
1/1/2012	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%
6/30/2013	3,916,318	5,625,776	(1,709,458)	70%	647,286	-264%
6/30/2014	3,944,851	6,343,614	(2,398,763)	62%	538,265	-446%

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY
 AND RELATED RATIOS
 PENSION TRUST FUND
 JUNE 30, 2014

Total Pension Liability:	
Service Cost	\$ 54,376
Interest	372,888
Benefit Payments, Including Refunds of Member Contributions	<u>(432,133)</u>
Net Change in Total Pension Liability	(4,869)
Total Pension Liability, July 1, 2013	<u>6,348,483</u>
Total Pension Liability, June 30, 2014	<u>6,343,614</u>
Plan Fiduciary Net Position:	
Contributions - Employer	200,000
Contributions - Members	40,043
Net Investment Income	249,941
Benefit Payments, Including Refunds of Member Contributions	(432,133)
Administrative Expenses	<u>(28,753)</u>
Net Change in Fiduciary Net Position	29,098
Plan Fiduciary Net Position, July 1, 2013	<u>3,931,300</u>
Plan Fiduciary Net Position, June 30, 2014	3,960,398
Net Pension Liability, June 30, 2014	<u>\$ 2,383,216</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.43%
Covered Employee Payroll	\$ 538,265
Net Pension Liability as a Percentage of Covered Employee Payroll	442.76%

Notes to Schedules

Benefit Changes since June 30, 2013: None

Changes of Assumptions Since June 30, 2013:

The actuarial cost method was changed from the frozen entry age cost method to the individual entry age cost method.

The discount rate (investment return) was changed from 7.5% to 6.23%.

GASB No. 67 required supplementary information is not available for fiscal years prior to 2014. Data for future years will be added prospectively.

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 PENSION TRUST FUND
 JUNE 30, 2014

	2014	2013	2012	2011	2010	2009	2008
Actuarially Determined Contribution	\$ 312,844	\$ 224,258	\$ 187,482	\$ 118,825	\$ 201,866	\$ 213,524	\$ 159,632
Contributions in Relation to the Actuarially Determined Contribution	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>161,606</u>	<u>209,825</u>	<u>153,737</u>	<u>201,136</u>
Contribution Deficiency/(Excess)	<u>\$ 112,844</u>	<u>\$ 24,258</u>	<u>\$ (12,518)</u>	<u>\$ (42,781)</u>	<u>\$ (7,959)</u>	<u>\$ 59,787</u>	<u>\$ (41,504)</u>
Covered-Employee Payroll	\$ 538,265	\$ 647,286	\$ 714,519	\$ 571,413	\$ 571,413	\$ 628,509	\$ 1,290,469
Contributions as a Percentage of Covered-Employee Payroll	37.16%	30.90%	27.99%	28.28%	36.72%	24.46%	15.59%

Notes to the Schedule

Valuation Date: June 30, 2014

Actuarially determined contribution rates are calculated as of January 1 of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Individual Entry Age
Amortization Method	Level Dollar Closed Method
Remaining Amortization Period	0 Years
Asset Valuation Method	Market Value
Inflation	2.5%
Salary Increases	5%
Investment Rate of Return	6.23%
Retirement Age	55
Mortality	The UP84 Mortality Table, with ages set back one year for males and set back six years for females.

GASB No. 67 required supplementary information is not available for fiscal years prior to 2008. Data for future years will be added prospectively.

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
PENSION TRUST FUND
JUNE 30, 2014

2014

Annual Money-Weighted Rate of Return, Net of Investment Expense	4.98%
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GASB No. 67 required supplementary information is not available for fiscal years prior to 2014. Data for future years will be added prospectively.

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014

	Special Revenue Funds	Capital Projects Fund - Federal St. Bypass Fund	Total
ASSETS			
Cash	\$ 43,521	\$ 0	\$ 43,521
Receivables	14,109	240,130	254,239
Due from Other Funds	9,985	0	9,985
Advances to Other Funds	50,476	0	50,476
Loans Receivable (Net of Allowance for Doubtful Accounts)	<u>107,346</u>	<u>0</u>	<u>107,346</u>
Total Assets	<u>\$ 225,437</u>	<u>\$ 240,130</u>	<u>\$ 465,567</u>
LIABILITIES			
Accounts Payable	\$ 16,837	\$ 60,358	\$ 77,195
Due to Other Funds	2,657	57,236	59,893
Advances from Other Funds	80,457	161,706	242,163
Unearned Revenue	<u>5,100</u>	<u>0</u>	<u>5,100</u>
Total Liabilities	<u>105,051</u>	<u>279,300</u>	<u>384,351</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	<u>107,346</u>	<u>240,130</u>	<u>347,476</u>
Total Deferred Inflows of Resources	<u>107,346</u>	<u>240,130</u>	<u>347,476</u>
FUND BALANCES (DEFICIT)			
Nonspendable	50,476	0	50,476
Restricted	43,021	0	43,021
Unassigned	<u>(80,457)</u>	<u>(279,300)</u>	<u>(359,757)</u>
Total Fund Balances/(Deficits)	<u>13,040</u>	<u>(279,300)</u>	<u>(266,260)</u>
Total Liabilities and Fund Balances	<u>\$ 225,437</u>	<u>\$ 240,130</u>	<u>\$ 465,567</u>

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds	Capital Projects Fund - Federal St. Bypass Fund	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Intergovernmental	\$ 62,291	\$ 120,496	\$ 182,787
Investment Income	377	0	377
Donations	<u>2,480</u>	<u>0</u>	<u>2,480</u>
Total Revenues	<u>65,148</u>	<u>120,496</u>	<u>185,644</u>
 EXPENDITURES			
Current:			
General Government	14,324	0	14,324
Public Safety	47,359	0	47,359
Culture and Recreation	1,769	0	1,769
Community Development	23,675	0	23,675
Capital Outlay:			
Public Works	<u>0</u>	<u>219,163</u>	<u>219,163</u>
Total Expenditures	<u>87,127</u>	<u>219,163</u>	<u>306,290</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(21,979)</u>	<u>(98,667)</u>	<u>(120,646)</u>
 OTHER FINANCING SOURCES (USES)			
Transfers In	<u>1,517</u>	<u>0</u>	<u>1,517</u>
Total Other Financing Sources	<u>1,517</u>	<u>0</u>	<u>1,517</u>
Net Change in Fund Balances	(20,462)	(98,667)	(119,129)
Fund Balances/(Deficit) - July 1, 2013	<u>33,502</u>	<u>(180,633)</u>	<u>(147,131)</u>
Fund Balances/(Deficit) - June 30, 2014	<u>\$ 13,040</u>	<u>\$ (279,300)</u>	<u>\$ (266,260)</u>

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2014

	Revolving Loan Fund	OJP and Police Grants Fund	VCDP Grants Fund	Fonda/Solo Building Fund	Taylor Park Trust Fund	Reconstitution Donations Fund	Total
ASSETS							
Cash	\$ 40,679	\$ 0	\$ 0	\$ 0	\$ 2,842	\$ 0	\$ 43,521
Receivables	0	9,821	4,288	0	0	0	14,109
Due from Other Funds	0	4,885	0	0	0	5,100	9,985
Advances to Other Funds	50,476	0	0	0	0	0	50,476
Loans Receivable (Net of Allowance for Doubtful Accounts)	107,346	0	0	0	0	0	107,346
Total Assets	\$ 198,501	\$ 14,706	\$ 4,288	\$ 0	\$ 2,842	\$ 5,100	\$ 225,437
LIABILITIES							
Accounts Payable	\$ 0	\$ 14,706	\$ 2,131	\$ 0	\$ 0	\$ 0	\$ 16,837
Due to Other Funds	500	0	2,157	0	0	0	2,657
Advances from Other Funds	0	0	0	80,457	0	0	80,457
Unearned Revenue	0	0	0	0	0	5,100	5,100
Total Liabilities	500	14,706	4,288	80,457	0	5,100	105,051
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	107,346	0	0	0	0	0	107,346
Total Deferred Inflows of Resources	107,346	0	0	0	0	0	107,346
FUND BALANCES (DEFICIT)							
Nonspendable	50,476	0	0	0	0	0	50,476
Restricted	40,179	0	0	0	2,842	0	43,021
Unassigned	0	0	0	(80,457)	0	0	(80,457)
Total Fund Balances/(Deficit)	90,655	0	0	(80,457)	2,842	0	13,040
Total Liabilities and Fund Balances	\$ 198,501	\$ 14,706	\$ 4,288	\$ 0	\$ 2,842	\$ 5,100	\$ 225,437

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Revolving Loan Fund	OJP and Police Grants Fund	VCDP Grants Fund	Fonda/Solo Building Fund	Taylor Park Trust Fund	Reconstitution Donations Fund	Total
REVENUES							
Intergovernmental	\$ 2,125	\$ 47,359	\$ 12,807	\$ 0	\$ 0	\$ 0	\$ 62,291
Investment Income	377	0	0	0	0	0	377
Donations	0	0	0	0	2,480	0	2,480
Total Revenues	<u>2,502</u>	<u>47,359</u>	<u>12,807</u>	<u>0</u>	<u>2,480</u>	<u>0</u>	<u>65,148</u>
EXPENDITURES							
Current:							
General Government	0	0	14,324	0	0	0	14,324
Public Safety	0	47,359	0	0	0	0	47,359
Culture and Recreation	0	0	0	0	1,769	0	1,769
Community Development	23,675	0	0	0	0	0	23,675
Total Expenditures	<u>23,675</u>	<u>47,359</u>	<u>14,324</u>	<u>0</u>	<u>1,769</u>	<u>0</u>	<u>87,127</u>
Excess/(Deficiency) of Revenue Over Expenditures	<u>(21,173)</u>	<u>0</u>	<u>(1,517)</u>	<u>0</u>	<u>711</u>	<u>0</u>	<u>(21,979)</u>
OTHER FINANCING SOURCES (USES)							
Transfer In	0	0	1,517	0	0	0	1,517
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>1,517</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,517</u>
Net Change in Fund Balances	<u>(21,173)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>711</u>	<u>0</u>	<u>(20,462)</u>
Fund Balances/(Deficit) - July 1, 2013	<u>111,828</u>	<u>0</u>	<u>0</u>	<u>(80,457)</u>	<u>2,131</u>	<u>0</u>	<u>33,502</u>
Fund Balances/(Deficit) - June 30, 2014	<u>\$ 90,655</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (80,457)</u>	<u>\$ 2,842</u>	<u>\$ 0</u>	<u>\$ 13,040</u>

See Accompanying Independent Auditor's Report.

TOWN OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 JUNE 30, 2014

	Tax Sale Escrow Fund	SAFF Fund	Total
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ <u>136,133</u>	\$ <u>11,500</u>	\$ <u>147,633</u>
Total Assets	\$ <u><u>136,133</u></u>	\$ <u><u>11,500</u></u>	\$ <u><u>147,633</u></u>
<u>LIABILITIES AND NET POSITION</u>			
Liabilities:			
Due to Others	\$ <u>136,133</u>	\$ <u>11,500</u>	\$ <u>147,633</u>
Total Liabilities	<u>136,133</u>	<u>11,500</u>	<u>147,633</u>
Net Position			
Total Net Position	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Net Position	\$ <u><u>136,133</u></u>	\$ <u><u>11,500</u></u>	\$ <u><u>147,633</u></u>

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Grant Title Pass-Through Grantor/ Federal Grant/Program Title	CFDA Number	Grant Number	Grant Amount	Expenditures
<u>U.S. Environmental Protection Agency</u>				
Passed through State of Vermont Department of Environmental Conservation				
Revolving Loan Program	66.458	RF1-170	44,618	\$ 44,618
Passed through New England Interstate Water Pollution Control Commission				
Lake Champlain Basin Program	66.481	LC-96162901-0	14,850	<u>11,164</u>
Total U.S. Environmental Protection Agency				<u>55,782</u>
<u>National Highway Traffic Safety Administration</u>				
Passed through State of Vermont Department of Public Safety				
DUI Enforcement	20.608	02140-1113-5032	9,000	860
State and Community Highway Safety	20.600	02140-1314-2049	2,500	<u>2,500</u>
Total National Highway Traffic Safety Administration				<u>3,360</u>
<u>U.S. Department of Homeland Security</u>				
Passed through State of Vermont Department of Public Safety				
Homeland Security Grant Program	97.067	02140-71164V-12 EMW-2011-SS-00038	3,783	1,955
Homeland Security Grant Program	97.067	02140-71264V-100 EMW-2011-SS-00038	7,200	<u>3,600</u>
Total U.S. Department of Homeland Security				<u>5,555</u>
<u>U.S. Department of Agriculture</u>				
Passed through State of Vermont Agency of Forests, Parks and Recreation				
Cooperative Forestry Assistance	10.664	06130-UCF	75,000	<u>20,900</u>
Total U.S. Department of Agriculture				<u>20,900</u>
<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-IG-111-2009	125,000	<u>125,000</u>
Total U.S. Department of Housing and Urban Development				<u>125,000</u>

CITY OF ST. ALBANS, VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

U.S. Department of Labor

Passed through State of Vermont Department of
Public Safety

Public Safety Grant	17,261	02140-41060-012 EA-21461-11-60-A-50	2,819	\$ <u>1,877</u>
Total U.S. Department of Labor				<u>1,877</u>

U.S. Department of Justice

Direct Programs

Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16,590	2010-WE-AX-0060	699,943	122,334
Bulletproof Vest Partnership Program	16,607	2009BUBX08045029	19,387	1,198
Edward Byrne Memorial Justice Assistance Grant	16,738	2013-DJ-BX-0180	14,597	11,676
Edward Byrne Memorial Justice Assistance Grant	16,738	2010-DJ-BX-0236	76,245	61,011

Passed through State of Vermont Department of
Public Safety

Evidence Forfeiture grant	16,922	02140-12403-1201	20,000	7,493
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Passed through State of Vermont
Department of Corrections

Second Chance Act Prisoner Reentry Initiative	16,812	03520-1171	62,500	9,426
CJC - Truancy	16,540	03440-20388-13	50,135	<u>32,833</u>

Total U.S. Department of Justice				<u>245,971</u>
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U.S. Department of Transportation

Passed through State of Vermont
Agency of Transportation

Highway Planning and Construction	20,205	08126-CA0322	300,000	22,839
Highway Planning and Construction	20,205	08126-CA0277	355,680	122,978
Highway Planning and Construction	20,205	EA 8000017-100; CA0194	2,213,904	175,330
Highway Planning and Construction	20,205	TDG3049 Tiger 3	1,291,623	496,204
Highway Planning and Construction	20,205	EH11(10)	600,000	147,666
Highway Planning and Construction	20,205	SSMG069	75,000	<u>17,084</u>

Total U.S. Department of Transportation				<u>982,101</u>
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Total				\$ <u>1,440,546</u>
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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.

Sullivan,Powers & Co.,P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable City Council
City of St. Albans
P.O. Box 867
100 North Main Street
St. Albans, VT 05478

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Albans, Vermont, as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the City of St. Albans, Vermont's basic financial statements, and have issued our report thereon dated January 29, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal controls 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

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

Compliance and Other Matters

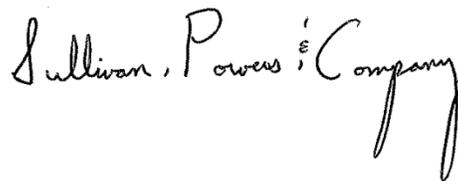
As part of obtaining reasonable assurance about whether the City of St. Albans, Vermont's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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".

However, we noted other matters that we reported in a separate letter to the management of the City of St. Albans, Vermont dated January 29, 2015.

Purpose of this Report

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

January 29, 2015
Montpelier, Vermont
VT Lic. #92-000180



Sullivan,Powers & Co.,P.C.

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Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

Honorable City Council
City of St. Albans
P.O. Box 867
100 North Main Street
St. Albans, VT 05478

Report on Compliance for Each Major Federal Program

We have audited the City of St. Albans, Vermont's compliance 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 program for the year ended June 30, 2014. The City of St. Albans, Vermont's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Deficiencies in Internal Control.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of St. Albans, Vermont's major federal program based on our audit of the types of compliance requirements referred to previously. 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 previously 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the City of St. Albans, Vermont's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of St. Albans, Vermont complied, in all material respects, with the types of compliance requirements referred to previously that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

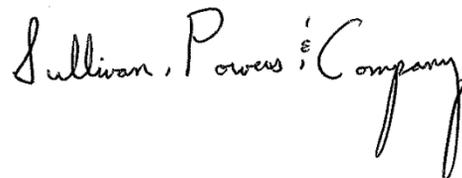
Management of the City of St. Albans, Vermont is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to previously. In planning and performing our audit of compliance, we considered the City of St. Albans, Vermont's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on the 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 a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

January 29, 2015
Montpelier, Vermont
VT Lic. #92-000180



CITY OF ST. ALBANS, VERMONT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2014

There were no prior year audit findings noted.

CITY OF ST. ALBANS, VERMONT
SCHEDULE OF FINDINGS AND
DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2014

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:
Unmodified.

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:
Unmodified.

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>
20.205	Highway Planning and Construction	U.S. Department of Transportation

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

The auditee did qualify as a low risk auditee.

CITY OF ST. ALBANS

ANNUAL SCHOOL REPORT



For Fiscal Year

July 1, 2013 to June 30, 2014

**FRANKLIN CENTRAL SUPERVISORY UNION
SUPERINTENDENT'S REPORT
2014-2015 SCHOOL YEAR**

Dear Members of the Franklin Central Supervisory Union Community:

I am delighted and proud to have been appointed to the position of Superintendent of your supervisory union. In the short time that I have been in the St. Albans area, I have had the opportunity to observe the energy and enthusiasm of our schools and communities and look forward to being part of them for many years to come.

Being the new kid on the block, I have had the unique opportunity to observe and compare our schools from the perspective of someone who has been in education for almost 40 years in several schools in Vermont and New York. From this perspective, I see schools that have much to offer our students and our communities. I am extremely impressed with the quality of education, variety of co-curricular programs, and wonderful people (students and staff) who are part of it. I take a great deal of pride in what our students have accomplished, with the support of our communities, school boards, and staff.

The primary goal of the Franklin Central Supervisory Union is to ensure that students have the knowledge, skills, and tools to be prepared for the next stage of their lives, which justifies the resources invested by the community. Moreover, there is a focus on supporting student development in the areas of critical thinking, adaptability, information technology, and foundational knowledge (reading, writing, communications, mathematics, science, social studies, life skills, and the arts), as well as their social/emotional development.

Franklin Central Supervisory Union has strong schools that can manage the hurdles leading into the future because the staff have the vision to continue to change and grow to meet those demands. I have heard many state that the St. Albans area is poised to realize a renaissance of sorts. I certainly agree with this view and believe strongly that our schools can and should be a primary driver in this rebirth.

Of course, none of the above can be accomplished without money. You can be assured that your school board representatives and administrators take the budget process seriously. In all schools, they take a conservative and realistic approach to budgeting – looking carefully at staffing patterns, contract issues, state mandates, etc. – all of this in an effort to strike a balance between maintaining quality and staying lean and efficient. In this economic environment, they understand this reality, and are committed to look at all aspects of the school to realize the necessary efficiencies.

The coming years will prove challenging for Vermont education and for our school system. Acts 153 will require the full consolidation of transportation and special education services. The introduction of the Common Core Standards will mark the third significant change in the State's curricular expectations (and will cost millions of dollars to implement). Universal Pre-Kindergarten will now ensure that all three and four year olds have the opportunity to be in a class. Personalized Learning Plans must be in place next fall to guide and document student learning and progress. While each of these state initiatives are educationally sound and good for kids, they all cost money – money that has been passed onto the local schools. It is important to understand this as you review budget expenditures. Your school boards' challenges have included how to implement these great, but additional, programs while keeping the expenses to a reasonable amount.

I expect continued pressure to consolidate school districts from the legislature, especially since the Voluntary Merger Bill, which allows town to directly control local consolidation, has been unsuccessful to date. In addition, the state continues to over-rely on property taxes to fund its education system. Since 2005, the property tax burden has worsened and now funds over 70% of total educational expenditures.

There are those who feel a shift to an equitable income-based system for all Vermont residents would provide substantial relief and improvement.

Unfortunately, much of the above comes down to politics. When education becomes political, we are all distracted from our most important goal: to prepare children to be successful. It is my deep hope that the greater St. Albans community can see beyond the politics and make the right choices for our communities for the right reasons – not based on headlines or sound bites.

I wish to thank everyone for their support and help this year. I cannot say enough good things about the people in our community, from the business community, the municipal boards, our diligent school boards, our extremely hard-working and talented administrators, parents, faculty and staff, and most importantly - our students. Special kudos to the school board chairs who spend countless hours in a thankless job – Nilda Gonnella-French for BFA and FCSU, Jim Farr for St. Albans City School, Paul Bourbeau for St. Albans Town Educational Center, and Mike Malone for Fairfield.

In closing, the FCSU and its schools are performing well, operating effectively and efficiently, and serving our children admirably. I am confident the school boards will continue to provide strong leadership and that our staff will meet our future challenges.

I guarantee you, when the stories of state aid, consolidation, and curriculum changes are long gone, the schools in our FCSU will still be focused on their students and striving for the best.

Warmest personal regards,

Kevin Dirth
Superintendent of Schools

St. Albans City School 2014-15 Annual Report

With the support of an engaged community, St. Albans City School continues to create and maintain a climate of equity and possibility, where both qualitative and quantitative results are valued. It remains focused on building and nurturing relationships and relevant learning environments that empower students, parents, teachers, and all community members to make decisions about learning. As our world changes, students must be taught to learn so that they may confidently meet and conquer the unforeseen challenges they will face in life. This is accomplished through the hard work and dedication of all school employees, the students' commitment, and the parental and community support. The importance of students being taught to learn cannot be overstated. The stakes are high, as our community's future relies on our children's forthcoming success.

It has been another successful year in which St. Albans City School has done an outstanding job of representing this community. The school was showcased in a Vermont Agency of Education video for its progressive use of technology. The Secretary of Education toured the school to visit first hand with students, teachers, and administrators. For the second consecutive year the school was named as a Positive Behavioral Interventions and Supports (PBIS) Exemplar School by the Vermont Agency of Education. City School has received financial grants for a number of activities that range from restoring a wetland ecosystem, to adding equipment to its fitness room. This year the school will be implementing a K-8 electronic portfolio system that will make it easier for parents to monitor their child's progress (both qualitative and quantitative) as they advance through the grades. Students and staff have constructed an outdoor classroom and a fully grant-funded (no cost to the school or community) walking path was installed that may be used year-round by the community. Some other highlights from this year include: Middle school students presenting at Vermont Fest; Google performing case studies on two of the school's projects; students being invited to present at the International Society for Technology in Education's (ISTE) national conference in Philadelphia; and students presenting at the engineering challenge at Tech Jam. Congratulations also go out to the St. Albans City School Assistant Principal Georgie Andrews. Ms. Andrews was named as the very first National Association of Elementary School Principals (NAESP) Vermont Assistant Principal of the Year.

St. Albans City School has an ambitious list of initiatives that will receive continued focus. Continuing its status as a National Green Ribbon School certifies that it has a strong commitment to the environment, health and wellness, and energy efficiency. The school now is energy star rated with a score of 91% (a solid 'A'). It is in its second year of the *Safe Routes to School* program and last year it was recognized with the *Rookie of the Year* award for the significant progress achieved in just one year. The Codesmyth's project, which introduces students to the art of writing computer code, continues to be one of the most popular programs. This year, the school will remain committed to its stewardship projects in which each learning community has responsibilities and involvement. Some of these projects include composting,

energy and water conservation, recycling, bicycling, an apple orchard, and an urban forest to name a few. Students are presently in the process of imagining, designing, and proposing new programs for future years. The school sits on approximately 30 acres of land and has just begun to realize the property's learning potential. To learn more about the school's stewardship projects please visit the school's website (www.sacsvt.org), go to the *information* tab, and select *City School Stewardship Website*.

Sadly, teachers, para-educators, and administrators must deal daily with issues of severe poverty and trauma in the school. In order for children to learn, they must first feel safe and must be fed. This school works diligently to create such an environment so that learning can take place. This is no easy task and the entire school staff should be recognized for the job that they perform. St. Albans City School continues to operate one of the finest autism centers in the area. As the number of autistic children in our school increased again in the current year, this center of highly talented and trained individuals administers a tremendous service to our children, while providing substantial savings to our community as these children no longer require off-site schooling at increased costs.

Community service remains high on the priorities list at St. Albans City School. Once again, the entire school enthusiastically joined in on the Veterans Day celebration at Taylor Park, paying their respect and gratitude for those who have given so much. The school plans to continue working on improving parent involvement, strengthening its connection with the local community, and influencing the state when it sees a clear benefit to children. The City School has created a new Parent Community Council that will provide ideas, feedback, and criticisms, creating a stronger bond between school administrators and parents. A new school brochure that contains Frequently Asked Questions (FAQ) sheets has been developed to explain how the school operates. This brochure is available in the school lobby. Additionally a weekly article appears in the St. Albans Messenger that describes what learning looks like in the school's 21st century classrooms.

The success of any school ultimately depends on what happens in the classroom. Each year the teachers and para-educators at City School continue to excel, showing a remarkable level of increased commitment while always keeping the children in the foreground. This community should remain thankful and proud to have them at its school. Some indications of the staff's hard work are reflected in the eighth grade NECAP scores. Over the past few years their focus on science in 7th and 8th grade has resulted in scores that continue to increase. This year City School's 8th grade students scored higher than the state average. There is still work to do, but these scores are promising. Furthermore St. Albans City School continues to encourage its teachers to attend the Vermont Mathematics Initiative (VMI), a prestigious program developed to support highly effective mathematics instruction. The school also continues to foster its relationship with Johnson State College to provide student teachers and Goddard College which provides a self-directed means for employees to continue their formal education.

Five years ago, the community generously acknowledged the need for building improvements at the school by passing a bond measure to upgrade its electrical and mechanical systems. Work on these systems was completed early last year, on time and on budget. The improvements will provide a safe and comfortable place to learn and work for many years to come. Many

community members have commented on the improved appearance of the facility. The Board and administrators are committed to keeping the facility maintained and polished. As this school is the city's largest asset, it should be, and is, something of which the community can be proud. All are invited to come and see how this bond has improved the building.

This March, the St. Albans City School Board of Commissioners will sadly bid farewell to its most tenured member, Jeff Morrill. In his 10 plus years of service to this school and community, Jeff has always been the firmly-anchored voice of reason on the Board. His service and commitment to the board, school, and community is greatly appreciated, and he will be missed. The Board wishes Jeff luck and thanks him for his years of dedication to the school.

The City School administrators, with the assistance of the Franklin Central Supervisory Union, have spent many hours drafting a budget for the 2015-16 school year that balances the needs of the school with the resources of the community. This budget has been reviewed and unanimously adopted by the St. Albans City School Board of Commissioners at a special January meeting. This budget, as in the previous six years, has drawn a hard, responsible line on spending and the Board is proud to present it to the community. The budget adopted by the Board, and up for voter approval this year, has a small increase of 1.35% for a total budget amount of \$12,192,110. The increase in the cost per equalized pupil (which is what drives the tax rate) for this budget is a scant 0.99%. This budget reflects a per pupil cost that is approximately \$1300 less per pupil than the state average for the current year. Developing a budget that can accommodate fair employee salaries, hikes in health care, higher energy costs, unfunded state mandates, and increases in day-to-day operations while holding the line on spending continues to be challenging. This is especially true since St. Albans City School has produced budgets that have been very close to level funded for the past number of years. The St. Albans City School Board of Commissioners invites all to a budget information presentation to be held on Thursday, February 26 at 6:00 p.m. at the St. Albans City School library. Please cast your vote at City Hall on Tuesday, March 3, 2015.

The outlook for St. Albans City School remains very promising. Its talented and driven staff led by Principal Joan Cavallo and Assistant Principal Georgie Andrews continues to grow, learn, and lead by example. It is very fortunate to have the support of an extremely talented staff at the Franklin Central Supervisory Union office led by Superintendent Dr. Kevin Dirth. Most of all, however, this school will continue to flourish due to the support it receives 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 3, 2015**

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 3rd day of March, 2015, 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 \$12,192,110 necessary for the support of the PreK-8 school for the year beginning July 1, 2015?

ARTICLE IV

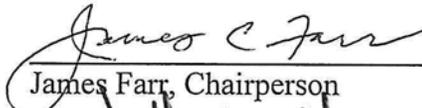
Shall the legal voters of the City of St. Albans School District approve the use of \$150,000 of the current (June 30, 2014) Fund Balance reserved for Capital Improvements for various building and grounds improvements, etc.? (The approval of this item will have no effect on the tax rate; the funds are presently set aside for this type of use.)

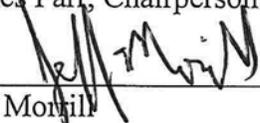
Informational Hearing

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 26, 2015, at 6:00 p.m.**, to conduct an informational meeting on the budget.

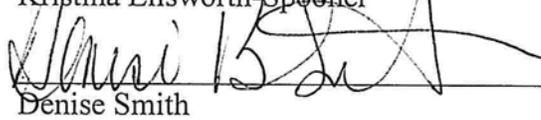
Dated at St. Albans City, Vermont, the 22th day of January, 2015.

St Albans City School Board of Commissioners

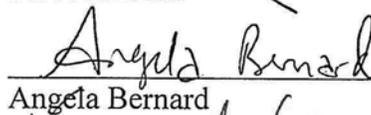

James Farr, Chairperson

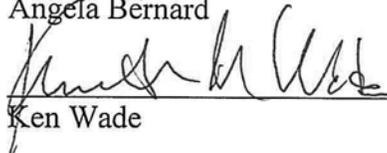

Jeff Morrill


Kristina Ellsworth-Spooner


Denise Smith


Steve Messier


Angela Bernard


Ken Wade

Estimated Tax Rate FY16

ESTIMATES

	FY15 Budget	FY15 Tax Rate	FY16 Budget	FY16 Tax Rate
School Budgets				
City School Budget	12,030,005	0.878	12,192,110	0.905
BFA Union - City Share	5,854,765	0.536	6,088,646	0.560
		1.414		1.465
CLA		98.11%		97.79%
Total Tax rate		1.441		1.498

The base education homestead tax rate of \$1.00 and non-homestead tax rate of \$1.535 is based on the recommendation made by Commissioner Peterson of the Tax Dept. and subject to Legislative approval. Using these tax rates and the current City CLA of 97.79% the **estimated** projected 2015 Homestead School Tax Rate is \$1.498

Proposed FY16 Education Budgets

	FY15 Budget	FY16 Budget	Increase
Expenses:			
St. Albans City Elementary School	12,030,005	12,192,110	1.35%
Bellows Free Academy Union High School- City share of Budget	5,854,765	6,088,646	3.99%
Expense Total	17,884,770	18,280,756	
Revenue	2,444,891	2,351,785	-3.81%
Categorical Grants, Federal Grants, Interest, etc.			
Amt to be requested from Ed Spending Fund	15,439,879	15,928,971	3.17%
Education Tax Rate	1.4140	1.4648	3.59%
St. Albans City Education Tax Rate (based on CLA of 97.79%)			
Homestead	1.4412	1.498	3.94%

St. Albans City School Fund Revenues

Title	FY14 Actual	FY15	Proposed FY16
General Operating	9,432,680	9,740,114	9,997,825
Food Service	20,000	20,000	20,000
Special Education	1,482,151	1,702,708	1,619,043
Other Grant Funding	567,795	567,183	555,242
Total Revenues	11,502,626	12,030,005	12,192,110

St. Albans City School Fund Expenses

Title	FY14 Actual	FY15	Proposed FY16
Instruction-General	5,472,387	5,812,263	5,933,548
Special Education	2,543,591	3,004,857	3,010,622
Other Expenses	2,756,855	2,645,702	2,692,699
Grant Expenses	567,795	567,183	555,241
Total Expenses	11,340,628	12,030,005	12,192,110

Bellows Free Academy Union High School

Title	FY14 Actual	FY15	Proposed FY16
BFA Total Budget	20,459,810	20,913,767	20,955,427
City Share	5,621,943	5,854,765	6,088,646
Based on City/Town student FTE's	51.40%	49.94%	48.65%

BELLOWS FREE ACADEMY UHSD#48 BOARD REPORT

Bellows Free Academy Union High School District #48 Board is happy to share its commentary with the St. Albans community through its annual report. The Board of Directors, the tremendous faculty and staff, and the administration of the school take our role of providing all students the opportunity to learn respect, dependability, and productivity very seriously. As our mission states, we provide the academic and social support for students to be effective problem solvers, active community members and lifelong learners.

The mission of the Northwest Technical Center is to educate today's learners using comprehensive career and technical education programs that enhance career awareness; promote lifelong learning; and develop the skills to be responsible, productive citizens for today and tomorrow.

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 while taking into consideration the needs and the means of the community. The Board has a fiduciary responsibility to the community, and it is indeed committed to this community. The Board is not immune to the effects of declining enrollments and to the fact that parents and students in the surrounding sending communities have a choice of a number of high schools to meet the diverse needs of their populations. BFA/NWTC constructs its budget using intensive interaction with staff, department heads, administrators, and the Board to examine all proposed expenditures and revenues.

The numbers of the student population is dropping in both St. Albans City and Town students and with students from sending communities. The FY16 budget we are presenting to the voters is \$20,955,427 – this figure was directly affected by a reduction in the number of students entering the Academy for the budget period. (approx. 1000 students enrolled). This figure represents a corresponding reduction in staff equivalent to about 1.5 FTE. The Board believes we have balanced expenses and ensured that educational content aligns with state and federal requirements. The increase in the proposed budget for FY16 has been kept to only 0.2%. We have been able to set the BFA tuition rate at \$15,600 per student and the NWTC tuition rate at \$13,140. The Board firmly believes that this proposed budget will continue to strengthen educational excellence and meet the supportive resources of our community.

The Tech Center provides a course of study that can prepare many students for direct employment opportunities or serves as a solid preparation for a technical

college upon graduation. Consequently, the NWTC 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 a number of classes and space for our adult learners. These factors, along with those noted earlier, highlight BFA as a tremendous community resource.

On behalf of the BFA Board of School Directors, I want to thank the community, the faculty, and the staff for supporting our students through supporting our school. I especially want to thank our students for continuing to choose BFA and NWTC. You continue to make us proud!!

The Board looks forward to continuing to serve the school community during the 2015-2016 school years. Please attend the Bellows Free Academy Union High School District #48 Budget Informational Meeting to be held in the BFA Library (located in BFA North building) at Bellows Free Academy, 71 South Main Street, Saint Albans, Vermont, on Tuesday, February 24, 2015, at 6:30 p.m.

I also wish to encourage and remind the community to please vote on the budget Tuesday, March 3, 2015 from 7:00 a.m. to 7:00 p.m. at your local polling places. Your vote counts.

Sincerely,

Nilda Gonnella-French, Chair
BFA Board of School Directors

Christopher Mosca
Principal
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cmosca@fcsuvt.org

Geoffrey Lyons
Assistant Principal
527-6553
glyons@fcsuvt.org

Rebecca Day
Assistant Principal
527-6417
rday@fcsuvt.org

**Bellows Free Academy
Union High School District #48
71 South Main Street
St. Albans, VT 05478-2297
Tel: 802-527-6555**

Web Address: bfa.fcsuvt.org



Shannon Warden
Assistant Principal
527-6558
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Julie Regimbal
Special Education Dir.
524-2600 ext. 18
jregimbal@fcsuvt.org

Preston Randall
Interim Director Guidance
527-6572
prandall@fcsuvt.org

Bellows Free Academy UHSD #48
Principal's Annual Report
January 2015

It is an honor to present the Annual Report from Bellows Free Academy. Our focus is on creating the best teaching, learning, culture and climate for all students. BFA is a unique school with a rich past and a very promising future. We are committed to ensure that the experiences our students have and the relationships they develop will shape their growth for a lifetime. We offer many programs and opportunities in order to meet the needs, talents and skills of a wide variety of learners. However, it is important to remember it is simply not our programs that make BFA such a great school. It is what happens here every day for every student that truly tells our story.

Our emphasis on teaching and learning guides our professional development so that we stay current in all aspects of curriculum and instruction. Faculty meetings have incorporated the work of well-known researchers Robert Marzano, Rick Wormeli and a variety of professional literature designed to integrate challenging standards into daily practice. Through our partnership with the Vermont Adolescent Literacy and Learning Initiative and Vermont Reads Institute, we are nearing completion of a curriculum audit that will help us adapt classroom instruction to promote student literacy skills. Our Department Chairs and members of our School Improvement Team have provided strong leadership in working collaboratively with faculty so that all students can achieve at high levels and meet clearly defined learning goals.

Recent student achievement data reflects the continuous academic commitment of our faculty. Student results from the 2013-14 New England Common Assessment Program showed improvements in scores from the two previous years in all sub-categories of the reading, writing and mathematics tests. We also scored higher than state averages in reading, writing and mathematics. Additionally, because of student gains in mathematics, BFA met national Adequate Yearly Progress targets.

BFA's results in the Advanced Placement program also reflect student intellectual growth. More students are participating in AP courses and increasing numbers are earning a passing score of three or higher to qualify for college credit. In May 2014, 156 students took a total of 278 AP exams. This is a 42% increase in students taking the test as well as a 39% increase from five years ago in students who scored three or above. It is also worthy to note that 77% of the graduates from the class of 2014 plan to attend two or four year colleges while 20% sought gainful employment and 3% joined our armed services. We are grateful for the support of the Franklin Central Supervisory Union school community that is dedicated to providing a wealth of opportunities for all our graduates.

It is important to mention that our staff works conscientiously to develop their professional skills. During the summer of 2014, a core group of teachers attended the AP Institute in St. Johnsbury. Members of the English Department participated in a literacy workshop and teachers from multiple learning areas created and revised curriculum to align with the Common Core, Vermont Standards and the Next Generation Science Standards. Every BFA teacher is highly qualified in their academic area in accordance with federal guidelines and approximately 70% of our professional staff earned advanced degrees. We are also pleased to report

Superintendent's Office
Fax # 524-1540

Principal's Office
Fax #527-6465

Main Office
Fax #527-6453

Guidance Office
Fax #527-6467

An Equal Opportunity Employer

that faculty member David Rider was named Vermont Social Studies Teacher of the Year by the Vermont Alliance for the Social Studies and the Gilder Lehrman Institute.

Our efforts to create a supportive and student focused atmosphere at BFA are embedded in our daily work. Dr. Barnes Boffey has provided on-going professional development to implement a Success Model so that every student is more deeply connected to school and is better able to establish positive relationships with adults and peers. This year, as a result of our partnership with Northwestern Counseling and Support Services, we have a Home-School Coordinator who works with our guidance team to help address the many challenges of our young people today. Through this partnership we have also integrated a Substance Abuse Clinician to help our students make better choices when confronted with the danger of alcohol and other drug use in our society.

We are deeply committed to providing a wide range of academic, social and emotional supports so that our students are provided every opportunity for personal success. Our partnership with local law enforcement has been instrumental in enhancing all aspects of school safety. School Resource Officer Corporal Paul Talley was one of three local law enforcement officials who received the Medal of Valor. Paul's expertise has helped us design complex safety drills, anti-bullying campaigns and instructional presentations regarding local, state and federal laws. I would like to thank Chief Taylor, Lt. Dunn, Lt. Hoague and the entire St. Albans Police Department for their unyielding support in ensuring a wholesome and safe environment for all our students and staff.

It is also essential to acknowledge the numerous co-curricular activities that thrive at BFA as a result of student and staff enthusiasm. The more students participate in co-curricular activities, the stronger their connection to school and the higher their achievement. This year nearly one-third of our students participated in fall athletics, an extraordinarily high participation rate. There are 903 participants in thirty co-curricular offerings which include Chamber Singers, Drama, International Club, Student Council, Math League, Yearbook and the World of Difference Program. Eighty-eight students participated in our annual Powder Puff Event and raised over \$25,000.00 to support Camp Ta-Kum-Ta as well as community members and their families struggling with catastrophic illness.

There were also many student highlights in 2014. For the first time, the entire BFA school community participated in the Veteran's Day Parade and Assembly on November 11, 2014. It was an honor and a privilege to support our local veterans. Additionally, our ski and snowboard team won the Vermont State Championship, the Unified Sports and Vermont Special Olympics Bocce Tournament hosted at Collins Perley Sports Center was an amazing success and our first year Debate Team participated in the National Tournament. BFA students were honored by the Young Writers Project at the Flynn Theater, senior Sam Boudreau advanced to the National Poetry Out Loud Competition in our nation's capital, senior Zack Farr received a National Merit Semi-Finalist Award and Robert Kelly kicked what is believed to be the longest field goal in Vermont football history! These are just a few of the many examples that reflect the excellence, integrity and achievement of BFA students.

We are grateful for our continued community support and look forward to a bright tomorrow for every student who attends Bellows Free Academy.

Respectfully Submitted,

Chris Mosca
Principal

WARNING
FOR THE BELLOWS FREE ACADEMY UNION HIGH SCHOOL DISTRICT #48
ANNUAL MEETING: March 3, 2015

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 3, 2015**, 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 \$20,955,427.00 which is necessary for the support of the 9-12 school system for the year beginning July 1, 2015?

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 24, 2015, 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 3, 2015.**

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.

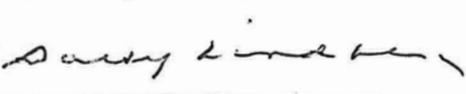
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Dated at St. Albans, Vermont, this 13th day of January, 2015.

BELLOWS FREE ACADEMY UNION HIGH SCHOOL DISTRICT #48 SCHOOL BOARD


Nilda Gonnella-French, Chairperson


Bruce Scott


Sally Lindberg


Richard Bettinger


Albert Corey

Received for record and recorded prior to the posting this 15th day of January, 2015.


Marilyn Grunewald, Clerk
Bellows Free Academy Union High School District #48

**NORTHWEST TECHNICAL CENTER
DIRECTOR'S REPORT
HIGHLIGHTS OF THE 2014-15 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 career and technical programs and fourteen specialty modules. 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 industry recognized certification which prepares them for college and careers.

The Northwest Technical Center has been offering career and technical education since 1977. Many things have changed in technical education in the past decade. We strive to offer 21st century programs that are current with the trends in the industry. 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 education programs offer adults a wide variety of opportunities to meet their unique individual needs.

Highlights of our year include:

Strategic Planning

Faculty and staff are in their third year of working on implementing our strategic plan. Our purpose is to create a culture of continuous improvement for both staff and students. This is our second year implementing our action plan based on the goals, strategies and indicators of progress that were developed from our strategic plan. Staff works on this initiative during in-service days and embedded collaboration time. You can find our strategic action plan on our website at: <http://nwtc.fcsuvt.org>

New England Association of Schools and Colleges (NEASC)

We welcome our Five Year Focused Visit on April 13th-15th. We have submitted our report on the progress of the recommendations suggested by the Commissioner in preparation of our visit. We anticipate that the visit in April will confirm our continued accreditation that was awarded on November 10th, 2010.

Career Development Office, formally known as Adult Education.

Available to high school students and adults, the Career Development Office, formally known as Adult Education, provides education and training in the areas with the highest demand for a skilled workforce. The top industries served are education and training, health science, information technology, manufacturing, and engineering.

The Career Development Office at the Northwest Technical Center continues to operate the largest Licensed Nurse Assistant certification program in the state. Certifications can be earned in Medical Coding, Medical Assisting, and Phlebotomy. In the technology area, besides basic computer courses, residents can earn certifications to be technicians for computer hardware, networking, servers and security systems. New courses for 2015 include Professional Development for Educators, Pharmacy Technician Certification, CDL for Class B & C, and online courses.

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. These experiences enhance the self-awareness and potential direction of the students involved. One of the great strengths of Cooperative Education is its flexibility. The basic concept of integrating work experience in an educational curriculum can be applied in many different ways. The Northwest Technical Center's Cooperative Education Program has three main components:

Job Shadows	Usually a onetime observation of various occupations
Career Work Experience (CWE)	Program specific work experiences, usually during NWTC class time
Cooperative Technical Education (CTE)	Paid, supervised work, with training plan in program specific employment, available to students who have already completed program curriculum

Cooperative Education blends the philosophy of the hiring institution with the needs of the students. It is dependent upon the cooperation between educational institutions and employers to form a total educational program. The interrelated experience and study components are carefully planned and supervised to produce optimum educational results. Through a balanced educational method which combines classroom theory with career-related work experience, Cooperative Education offers numerous advantages to the student and to employers.

It is the goal of Cooperative Education to prepare every student for entry level employment and/or post-secondary training or education.

Middle School Career Exploration

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, St. Albans Town Educational Center, Sheldon Elementary, Georgia Elementary and Missisquoi Valley Middle School to provide a Career Day Experience at Northwest Technical Center. Students are 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.

Academic Skill Development

Last school year we began administering the Accuplacer, a college entry level 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. As of last semester, 82% of our students are proficient in the mathematics portion of the assessment.

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, Public Safety & Fire Services, Medical Professions, Digital Arts, Engineering Technologies and Marketing. Instructors 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 FREE college credit in many of our programs through dual enrollment. With successful completion of the course work, students will earn transcribed-college credit that can transfer to any college. The programs that currently offer college credit are: Medical Professions, Engineering Technologies, Marketing, Automotive Technology, Digital Arts, Public Safety and Fire Services, and Digital Video Production.

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 2014

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.

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.

During the past year we have truly concentrated on reaching out to the community to determine how we can more fully fulfill our mission of providing wellness opportunities to the greatest number of people. We have partnered with a number of talented local fitness instructors to increase our number and variety of class offerings. .

Our Wellness Challenge participation has tripled in numbers. We expect this group to continue to grow with more time and effort being given to it. We also made a commitment to this in 2014 to bring Spinning to Collins Perley in 2015. We ended the year making bike decisions and orders and putting in place the necessary training to insure safe, fun, effective programs will be available here.

Outside, we began what we hope will be a five year process to renovate most of our sports fields. Natural turf sports fields should be renovated every 15 years. Some of ours have never been renovated. Some were not built with the expectation of the type of use they are now getting. We re-graded and did preliminary planting on the first of the fields targeted last summer and fall. We'll finish planting in the spring and hope to start work on a second field in June of 2015.

We were pleased to continue our work with the Town of St. Albans on a project that might bring a walking/biking path from south Main Street to Collins Perley. Evidence shows this path would be heavily used. It would be an excellent way to increase access to the very popular Rotary Health Path that surrounds our Campus.

We are also working with the Town to install a cross walk that would improve pedestrian safety between our facility and the other side of Fairfax Road. This project would include a lowering of the speed limit and the installation of sidewalks on the east side of Fairfax Road.

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. We offer 100 exercise classes every month. Exercise programs include Tai Chi, Yoga, Zumba, Aerobics, Belly Dancing, Boot Camp, Hoopnautica, 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 "Butch" 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 159 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, Tami Dodge's Family Child Care 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 2015/2016 school year is expected to be \$1,437,322, which is \$ \$311,686 more than last year, a 27.69% increase. This large increase is due to the implementation of ACT 166, which entitles all three, four and five year olds, not enrolled in kindergarten, to 10 hours per week of publicly funded preschool during the school year. 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.

St. Albans City School Summary of Estimated Revenues

Revenues	FY14 Actual	FY15 Adopted	FY16 Proposed	
Interest	38,558	38,000	38,000	
Basic Education Grant	9,276,649	9,585,114	9,840,325	
Transportation Aid	104,616	112,000	114,500	
Miscellaneous Revenue	12,857	5,000	5,000	
General Operating	9,432,680	9,740,114	9,997,825	
Food Service Contract	20,000	20,000	20,000	
Food Service	20,000	20,000	20,000	
Mainstream Block Grant	246,679	251,297	251,297	
Expenditure Reimbursement	1,078,981	1,292,428	1,323,373	
Extraordinary Reimbursement	18,005	0	44,373	
IDEAB Grant	138,486	158,983	0	
Consolidated Spec Ed Revenue	0	0	0	
Special Education	1,482,151	1,702,708	1,619,043	
Grant Funding:				
IEP Medicaid Grant	41,809	44,487	0	
EPSDT Medicaid Grant	24,339	13,067	19,458	
Tobacco Grant	5,191	5,424	3,589	
Consolidated Federal Grant	496,456	504,205	532,195	
Grant Funding	567,795	567,183	555,242	
Total Revenues	11,502,626	12,030,005	12,192,110	1.35%

St. Albans City School
Summary of Expenses for FY16 Budget

Department	FY14 Actual	FY15 Adopted	FY15 Working Bdgt	FY16 Proposed
Instruction General	175,176	293,670	289,182	296,425
Instruction K-8	2,759,521	3,013,880	3,183,325	3,171,631
Assessment & Testing	915	10,382	10,382	10,382
Curriculum Initiatives	4,772	10,383	10,383	10,000
Art	227,084	238,930	238,930	243,361
Technology Integration	413,575	352,731	128,582	133,893
World Languages	13,050	26,000	26,000	15,000
Technology Education	52,965	57,138	57,138	70,166
Practical Arts	55,931	60,170	60,170	62,964
Music	214,702	227,836	227,836	231,309
Physical Education	243,848	255,534	256,534	283,350
Co-Curricular Activities	22,106	38,512	38,512	39,165
Outdoor Wellness	44,689	44,300	44,300	45,924
Summer School	0	25,000	25,000	25,000
21st Century - Open Doors	10,000	10,000	10,000	10,000
English Language Learners	27,234	39,500	39,500	24,760
Guidance Services	153,606	165,342	165,342	135,791
HUB (SSC)	155,048	174,181	125,618	141,194
Health Services	152,413	156,168	156,168	161,542
Action Planning	372	3,730	3,730	3,577
Home School Coordinator	15,771	29,962	29,962	0
Media (Library)	91,915	96,247	96,247	95,887
Instruction Supported Technology	0	0	224,149	224,434
Compensatory Education	173,630	178,471	0	0
Academic Intervention	0	0	12,514	16,150
Early Retirement	90,597	0	0	29,065
Early Childhood Program	373,467	352,759	352,759	452,578
Instruction-General	5,472,387	5,860,826	5,812,263	5,933,548
Spec. Ed. Services provided by SU	0	0	0	1,757,569
Spec. Ed. Support Staff	0	0	0	1,102,076
Spec. Ed. EEE Local Assmnt	55,791	111,215	111,215	150,977
Spec. Ed. Direct Instruction	2,019,805	2,329,956	2,273,516	0
Spec. Ed. Other Support Services	22,524	41,000	41,000	0
Spec. Ed. SLP	279,787	323,703	380,143	0
Spec. Ed. Transportation	27,198	40,000	40,000	0
IDEA B Grants	138,486	158,983	158,983	0
Special Education	2,543,591	3,004,857	3,004,857	3,010,622
Board of Education/School Treasurer	41,155	70,034	70,034	71,078
Franklin Central Supervisory Union	331,643	332,883	332,883	321,017
Short Term Debt / Bank Charges	26,930	27,400	27,400	28,800
Long Term Debt	567,798	532,542	532,542	533,128
Operations & Maintenance	996,675	797,195	797,195	792,381
Transportation	293,911	312,000	312,000	316,150
Principal's Office	455,517	484,685	533,248	537,542
Food Service	43,226	40,400	40,400	92,603
Other Expenses	2,756,855	2,597,139	2,645,702	2,692,699
IEP Medicaid Grant	41,809	44,487	44,487	0
EPSDT Medicaid Grant	24,339	13,067	13,067	19,458
Tobacco Grant	5,191	5,424	5,424	3,589
School Wide Program (CFG)	496,456	504,205	504,205	532,194
Grant Expenses	567,795	567,183	567,183	555,241
Total Expenses to be Voted	11,340,628	12,030,005	12,030,005	12,192,110

1.35%

St. Albans City School
SPECIAL EDUCATION FUNDING BREAKDOWN

<u>REVENUES</u>	<u>FY14 ACTUAL</u>	<u>FY15 ADOPTED</u>	<u>FY16 PROPOSED</u>
Mainstream Block Grant	\$ 246,679	\$ 251,297	\$ 251,297
Expenditure Reimbursement	1,078,981	1,292,428	1,323,373
Extraordinary Reimbursement	18,005	-	44,373
IDEA-B Subgrant	138,486	158,983	-
Total Revenues	<u>\$ 1,482,151</u>	<u>\$ 1,702,708</u>	<u>\$ 1,619,043</u>
<u>EXPENSES</u>	<u>FY14 ACTUAL</u>	<u>FY15 ADOPTED</u>	<u>FY16 PROPOSED</u>
Special Education & IDEAB	\$ 2,158,291	\$ 2,488,939	\$ 1,102,076
Services Provided by SU	\$ -	\$ -	\$ 1,757,569
Spec. Ed. - Preschool	55,791	111,215	150,977
Spec. Ed. - Other Support Services	22,524	41,000	-
Spec. Ed. - Speech & Language	279,787	323,703	-
Spec. Ed. - Transportation	27,198	40,000	-
Total Expenses	<u>\$ 2,543,591</u>	<u>\$ 3,004,857</u>	<u>\$ 3,010,622</u>

District: **St. Albans City**
County: **Franklin**

T176
Franklin Central

Statutory calculation. See note at bottom of page. Recommended homestead rate from Tax Commissioner. See note at bottom of page.

9,459 **1.00**

Expenditures

		FY2013	FY2014	FY2015	FY2016	
1.	Budget (local budget, including special programs, full technical center expenditures, and any Act 144 expenditures)	\$11,476,209	\$11,729,352	\$12,030,005	\$12,192,110	1.
2.	<i>plus</i> Sum of separately warned articles passed at town meeting	-	-	-	-	2.
3.	<i>minus</i> Act 144 Expenditures, to be excluded from Education Spending (Manchester & West Windsor only)	-	-	-	-	3.
4.	Locally adopted or warned budget	\$11,476,209	\$11,729,352	\$12,030,005	\$12,192,110	4.
5.	<i>plus</i> Obligation to a Regional Technical Center School District if any	-	-	-	-	5.
6.	<i>plus</i> Prior year deficit repayment of deficit	-	-	-	-	6.
7.	Total Budget	\$11,476,209	\$11,729,352	\$12,030,005	\$12,192,110	7.
8.	S.U. assessment (included in local budget) - informational data	-	-	-	-	8.
9.	Prior year deficit reduction (included in expenditure budget) - informational data	-	-	-	-	9.

Revenues

10.	Offsetting revenues (categorical grants, donations, tuitions, surplus, etc., including local Act 144 tax revenues)	\$2,480,987	\$2,452,703	\$2,444,891	\$2,351,785	10.
11.	<i>plus</i> Capital debt aid for eligible projects pre-existing Act 60	-	-	-	-	11.
12.	<i>minus</i> All Act 144 revenues, including local Act 144 tax revenues (Manchester & West Windsor only)	-	-	-	-	12.
13.	Offsetting revenues	\$2,480,987	\$2,452,703	\$2,444,891	\$2,351,785	13.
14.	Education Spending	\$8,995,222	\$9,276,649	\$9,585,114	\$9,840,325	14.
15.	Equalized Pupils (Act 130 count is by school district)	748.04	771.46	766.62	779.33	15.

16.	Education Spending per Equalized Pupil	\$12,025.05	\$12,024.80	\$12,503.08	\$12,626.65	16.
17.	<i>minus</i> Less ALL net eligible construction costs (or P&I) per equalized pupil	\$731.14	\$707.16	\$694.66		17.
18.	<i>minus</i> Less share of SpEd costs in excess of \$50,000 for an individual	\$6.40	\$8.55	\$4.00		18.
19.	<i>minus</i> 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	-	-	-		19.
20.	<i>minus</i> Less SpEd costs if excess is solely attributable to new SpEd spending if district has 20 or fewer equalized pupils	-	-	-		20.
21.	<i>minus</i> Estimated costs of new students after census period	-	-	-		21.
22.	<i>minus</i> Total tuitions if tuitioning ALL K-12 unless electorate has approved tuitions greater than average announced tuition	NA	-	-		22.
23.	<i>minus</i> Less planning costs for merger of small schools	-	-	-		23.
24.	<i>minus</i> Teacher retirement assessment for new members of Vermont State Teachers' Retirement System on or after July 1, 2015	NA	NA	NA		24.
25.	<i>plus</i> Excess Spending per Equalized Pupil over threshold (if any)	-	-	-	-	25.
26.	Per pupil figure used for calculating District Adjustment	\$12,025	\$12,025	\$12,503	\$12,627	26.
27.	District spending adjustment (minimum of 100%) (\$12,627 / \$9,459)	137.855% <small>based on \$8,723</small>	131.404% <small>based on \$9,151</small>	134.659% <small>based on \$9,285</small>	133.488% <small>based on \$9,459</small>	27.

Prorating the local tax rate

28.	Anticipated district equalized homestead tax rate to be prorated (133.488% x \$1.000)	\$1.2269 <small>based on \$0.89</small>	\$1.2352 <small>based on \$0.94</small>	\$1.3197 <small>based on \$0.98</small>	\$1.3349 <small>based on \$1.00</small>	28.
29.	Percent of St. Albans City equalized pupils not in a union school district	64.99%	66.28%	66.52%	67.79%	29.
30.	Portion of district eq homestead rate to be assessed by town (67.79% x \$1.33)	\$0.7974	\$0.8187	\$0.8779	\$0.9049	30.
31.	Common Level of Appraisal (CLA)	98.38%	99.36%	98.11%	97.79%	31.
32.	Portion of actual district homestead rate to be assessed by town (\$0.9049 / 97.79%)	\$0.8105 <small>based on \$0.89</small>	\$0.8240 <small>based on \$0.94</small>	\$0.8948 <small>based on \$0.98</small>	\$0.9254 <small>based on \$1.00</small>	32.

If the district belongs to a union school district, this is only a **PARTIAL** 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.

33.	Anticipated income cap percent to be prorated (133.488% x 1.94%)	2.48% <small>based on 1.80%</small>	2.37% <small>based on 1.80%</small>	2.61% <small>based on 1.94%</small>	2.59% <small>based on 1.94%</small>	33.
34.	Portion of district income cap percent applied by State (67.79% x 2.59%)	1.61% <small>based on 1.80%</small>	1.57% <small>based on 1.80%</small>	1.74% <small>based on 1.94%</small>	1.76% <small>based on 1.94%</small>	34.
35.	Percent of equalized pupils at Bellows Free Academy UHSD	35.01%	33.72%	33.48%	32.21%	35.
36.		-	-	-	-	36.

- Following current statute, the base education amount is calculated to be \$9,459. The Tax Commissioner has recommended base tax rates of \$1.00 and \$1.535. The administration also has stated that tax rates could be lower than the recommendations if statewide education spending is held down.
- Final figures will be set by the Legislature during the legislative session and approved by the Governor.
- The base income percentage cap is 1.94%.

Comparative Data for Cost-Effectiveness, FY2016 Report
16 V.S.A. § 165(a)(2)(K)

School: St Albans City School
S.U.: 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/>

FY2014 School Level Data

Cohort Description: K - 8, enrollment ≥ 200
 (28 schools in cohort)

Cohort Rank by Enrollment (1 is largest)
 5 out of 28

School level data		Grades Offered	Total Enrollment	Total Teachers	Total Administrators	Stu / Tchr Ratio	Stu / Admin Ratio	Tchr / Admin Ratio
Smaller ->	Georgia Elementary/Middle School	PK - 8	627	56.10	2.00	11.18	313.50	28.05
	St Johnsbury Schools	PK - 8	690	58.10	3.00	11.88	230.00	19.37
	St Albans Town Educ Center	PK - 8	749	62.00	2.00	12.08	374.50	31.00
	St Albans City School	PK - 8	768	78.10	2.00	9.83	384.00	39.05
<- Larger	Shelburne Community School	PK - 8	831	58.46	3.00	14.21	277.00	19.49
	Barre Town Elementary School	PK - 8	856	78.00	4.00	10.97	214.00	19.50
	Barre City Elementary/Middle School	PK - 8	902	92.85	4.00	9.71	225.50	23.21
Averaged SCHOOL cohort data			466.71	40.93	2.13	11.40	219.26	19.23

School District: St. Albans City
LEA ID: 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. Including assessments to SUs makes districts more comparable to each other.

FY2013 School District Data

Cohort Description: K - 8 school district, FY2013 FTE ≥ 200
 (31 school districts in cohort)

School district data (local, union, or joint district)		Grades offered in School District	Student FTE enrolled in school district	Current expenditures per student FTE EXCLUDING special education costs	Cohort Rank by FTE (1 is largest)
Smaller ->	St. Johnsbury	PK-8	664.26	\$11,376	7 out of 31
	Duxbury/Waterbury Union #45	PK-8	686.41	\$10,793	
	St. Albans Town	PK-8	744.46	\$10,013	
	St. Albans City	PK-8	757.05	\$10,749	
<- Larger	Shelburne	PK-8	824.37	\$10,611	
	Barre Town	PK-8	871.85	\$9,465	
	Barre City	PK-8	910.05	\$9,681	
Averaged SCHOOL DISTRICT cohort data			511.78	\$11,259	

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.

FY2015 School District Data

LEA ID	School District	Grades offered in School District	School district tax rate			Total municipal tax rate, K-12, consisting of prorated member district rates		
			SchlDist	SchlDist	SchlDist	MUN	MUN	MUN
			Equalized Pupils	Education Spending per Equalized Pupil	Equalized Homestead Ed tax rate	Equalized Homestead Ed tax rate	Common Level of Appraisal	Actual Homestead Ed tax rate
Smaller ->	T177 St. Albans Town	PK-8	710.75	12,401.78	1.3090	1.4121	105.55%	1.3378
	T117 Lyndon	PK-8	729.45	13,551.08	1.4303	1.4303	101.24%	1.4128
	T186 Shelburne	PK-8	760.88	13,570.49	1.4323	1.4462	99.70%	1.4506
	T176 St. Albans City	PK-8	766.62	12,503.08	1.3197	1.4141	98.11%	1.4413
<- Larger	T012 Barre Town	PK-8	811.01	11,093.98	1.1709	1.2179	87.43%	1.3930
	T079 Georgia	PK-8	862.43	12,810.87	1.3521	1.3521	106.07%	1.2747
	T011 Barre City	PK-8	895.16	11,361.68	1.1992	1.2364	102.45%	1.2068

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, 2014

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

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the school district's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of St. Albans, Department of Public Schools, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 19-20 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.

Other Information

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' basic financial statements. The 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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2014, 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* in considering City of St. Albans, Department of Public Schools' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Kaitell Branagan" followed by a stylized flourish and the word "Saucet".

St. Albans, Vermont
November 25, 2014

City of St. Albans, Department of Public Schools
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014

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, 2014. 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 Position 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 Position 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 Position is used to report all that the entity owns (assets) and owes (liabilities). The difference between assets and liabilities is reported as Net Position. This classification of Net Position 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 Position reflects resources not accessible for general use because their use is subject to restrictions enforceable by third parties. Any remaining Net Position are classified as unrestricted. The Statement of Activities is used to report all changes in a District's Net Position 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, 2014

District as Trustee

The District serves as trustee or fiduciary for various Student Activities Accounts. These activities are reported in separate Statements of Net Position – Fiduciary Funds and Statement of Changes in Net Position – 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 Position

The following analysis focuses on the Net Position, and the changes in Net Position of the District as a whole. The total assets of the District increased \$618,847 from \$3,607,218 to \$4,226,065.

Unrestricted Net Position, the portion of Net Position 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, 2014. This is due to a vote to reserve any Net Position for future capital improvements to be used upon approval of the electorate.

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

	<u>2014</u>	<u>2013</u>
ASSETS		
Current and Other Assets	\$ 2,612,230	\$ 3,360,014
Capital Assets	8,178,494	7,337,548
Bond Issuance cost, net of amortization	<u>0</u>	<u>206,970</u>
TOTAL ASSETS	<u>\$ 10,790,724</u>	<u>\$ 10,904,532</u>
LIABILITIES		
Current Liabilities	\$ 1,647,283	\$ 1,688,123
Long-term Debt Outstanding	<u>4,917,376</u>	<u>5,402,221</u>
TOTAL LIABILITIES	<u>\$ 6,564,659</u>	<u>\$ 7,090,344</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	\$ 2,776,273	\$ 1,415,482
Restricted	24,393	1,013,485
Unrestricted	<u>1,425,399</u>	<u>1,385,221</u>
TOTAL NET POSITION	<u>\$ 4,226,065</u>	<u>\$ 3,814,188</u>

City of St. Albans, Department of Public Schools
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014

<u>District-Wide Statement of Activities</u>	<u>2014</u>	<u>2013</u>
Governmental Activities Expenses	\$ 11,400,991	\$ 11,244,748
Charges for Services	(96,304)	(111,533)
Operating Grants and Revenues	<u>(11,872,074)</u>	<u>(11,770,365)</u>
Net (Expense) Revenue and Changes in Net Position	<u>567,387</u>	<u>637,150</u>
 General Revenues		
Unrestricted investment earnings	38,964	44,717
Miscellaneous	<u>12,496</u>	<u>3,334</u>
Total General Revenues	<u>51,460</u>	<u>48,051</u>
 Change in Net Position	618,847	685,201
 Net Position, Beginning	<u>3,607,218</u>	<u>3,128,987</u>
 Net Position, Ending	<u>\$ 4,226,065</u>	<u>\$ 3,814,188</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 \$169,281. In fiscal year 2013-2014, the district used Reserved Capital Project Funds totaling \$0 as approved by voters, for capital improvement at no additional expense to the taxpayers.

Budgeted expenditures for the District as a whole increased 1.59% for the year while budgeted revenues increased 0.92% 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 \$1,425,399 at June 30, 2014. Of this amount, \$268,643 is yet to be spent from the amounts that were authorized by voters on March 2011 and March 2013, \$147,753 for Technology Access, \$36,050 for Efficiency upgrades and the remaining amount of \$972,953 for future capital projects. This is due to a vote to reserve any Net Position 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>2014</u>	<u>2013</u>
TOTAL ASSETS	<u>\$ 2,612,230</u>	<u>\$ 3,528,578</u>

City of St. Albans, Department of Public Schools
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014

FUND FINANCIAL STATEMENTS
BALANCE SHEET – GOVERNMENTAL FUNDS

<u>LIABILITIES AND FUND BALANCES</u>	<u>General & Capital Projects Fund</u>	
	<u>2014</u>	<u>2013</u>
TOTAL LIABILITIES	\$ 1,162,438	\$ 1,252,663
TOTAL FUND BALANCES - Restricted	24,393	1,013,485
- Committed	<u>1,425,399</u>	<u>1,262,430</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,612,230</u>	<u>\$ 3,528,578</u>

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

	<u>General and Capital Projects Fund</u>	
	<u>2014</u>	<u>2013</u>
REVENUES	\$ 12,019,994	\$ 11,930,098
EXPENDITURES	<u>12,846,117</u>	<u>13,468,184</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(826,123)	(1,538,086)
FUND BALANCE – Beginning of year	<u>2,275,915</u>	<u>3,814,001</u>
FUND BALANCE – End of year	<u>\$ 1,449,792</u>	<u>\$ 2,275,915</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 Qualified School Construction Bond with a balance of \$4,828,221, and a Qualified Zone Academy Bond with a balance of \$574,000. In FY14 the final payment, of \$35,000, was made to close out the Vermont Municipal Bond. You may view a schedule of payments and rates in Note 6 to the financial statements.

City of St. Albans, Department of Public Schools
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2014

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	\$ 18,197	\$ 0	\$ 18,197
Land & Land Improvements	681,621	133,876	547,745
Buildings	11,301,032	3,959,614	7,341,418
Furniture, Fixtures & Equipment	<u>1,249,838</u>	<u>978,704</u>	<u>271,134</u>
TOTAL	<u>\$ 13,250,688</u>	<u>\$ 5,072,194</u>	<u>\$ 8,178,494</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 POSITION
June 30, 2014

ASSETS

	<u>Governmental Activities</u>
CURRENT ASSETS	
Cash	\$ 2,534,749
Accounts receivable	26,508
Due from Franklin Central Supervisory Union	37,953
Prepaid expenses	<u>13,020</u>
TOTAL CURRENT ASSETS	2,612,230
CAPITAL ASSETS, net of depreciation	<u>8,178,494</u>
TOTAL ASSETS	<u>\$ 10,790,724</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accounts payable	\$ 595,403
Due to other funds	1,942
Due to State of Vermont	40,279
Accrued salaries and taxes	498,222
Accrued interest	9,913
Unearned income	16,679
Current portion bonds and notes payable	<u>484,845</u>
TOTAL CURRENT LIABILITIES	1,647,283
BONDS AND NOTES PAYABLE	<u>4,917,376</u>
TOTAL LIABILITIES	<u>6,564,659</u>
NET POSITION	
Invested in capital assets, net of related debt	2,776,273
Restricted	24,393
Unrestricted	<u>1,425,399</u>
TOTAL NET POSITION	<u>4,226,065</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 10,790,724</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, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenue Operating Grants and Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u> <u>Governmental Activities</u>
Governmental activities:				
Instruction	\$ 5,745,842	\$ -	\$ 9,778,296	\$ 4,032,454
Special Education	2,541,610	-	1,483,199	(1,058,411)
Student Support Services	548,177	-	66,148	(482,029)
Staff Support Services	83,848	-	-	(83,848)
Board of Education	41,155	-	-	(41,155)
Superintendent's Office	331,643	-	-	(331,643)
Debt Service	74,883	-	-	(74,883)
Operation and Maintenance	745,181	361	-	(744,820)
Transportation	295,892	-	104,616	(191,276)
ESL Services	27,234	-	-	(27,234)
Early Retirement	6,418	-	-	(6,418)
Food Service	549,029	95,943	436,172	(16,914)
Other Grants	2,494	-	3,643	1,149
Unallocated:				
Depreciation	<u>407,585</u>	<u>-</u>	<u>-</u>	<u>(407,585)</u>
 Total governmental activities	 <u>\$ 11,400,991</u>	 <u>\$ 96,304</u>	 <u>\$ 11,872,074</u>	 <u>567,387</u>
 General revenues:				
Unrestricted investment earnings				38,964
Miscellaneous Revenue				<u>12,496</u>
 Total general revenues				 <u>51,460</u>
 Change in net position				 618,847
 Net position, beginning				 <u>3,607,218</u>
 Net position, ending				 <u>\$ 4,226,065</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, 2014

ASSETS

	Governmental Fund Types		
	General Fund	Capital Projects Fund	Total
ASSETS			
Cash	\$ 2,534,749	\$ -	\$ 2,534,749
Accounts receivable	26,508	-	26,508
Due from Franklin Central Supervisory Union	37,953	-	37,953
Prepaid expenses	13,020	-	13,020
TOTAL ASSETS	\$ 2,612,230	\$ -	\$ 2,612,230

LIABILITIES AND FUND BALANCE

LIABILITIES			
Accounts payable	\$ 595,403	\$ -	\$ 595,403
Due to other funds	1,942	-	1,942
Due to State of Vermont	40,279	-	40,279
Accrued salaries and taxes	498,222	-	498,222
Accrued interest	9,913	-	9,913
Unearned income	16,679	-	16,679
TOTAL LIABILITIES	1,162,438	-	1,162,438
FUND BALANCES			
Restricted	24,393	-	24,393
Committed	1,425,399	-	1,425,399
TOTAL FUND BALANCE	1,449,792	-	1,449,792
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,612,230	\$ -	\$ 2,612,230

See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2014

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

Total fund balances - governmental funds	\$ 1,449,792
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	13,250,688
Accumulated Depreciation	(5,072,194)
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	<u>(5,402,221)</u>
Total net position - governmental activities	<u>\$ 4,226,065</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, 2014

	Governmental Fund Types		
	General Fund	Capital Projects Fund	Total
REVENUES			
Education Spending Grant	\$ 9,383,758	\$ -	\$ 9,383,758
Special Education Grant	1,344,713	-	1,344,713
Interest	39,707	407	40,114
Food Service Reimbursement	20,000	-	20,000
Medicaid IEP	41,809	-	41,809
Medicaid EPSDT	24,339	-	24,339
School Wide Program	496,456	-	496,456
IDEA-B Grant	138,486	-	138,486
Tobacco Grant	5,191	-	5,191
Miscellaneous	12,856	-	12,856
Total Revenues Before Non-Budget Revenues	11,507,315	407	11,507,722
Food Service	512,272	-	512,272
TOTAL REVENUES	12,019,587	407	12,019,994
EXPENDITURES			
Instruction	5,439,882	-	5,439,882
Special Education	2,405,105	-	2,405,105
Board of Education	41,155	-	41,155
Superintendent's Office	331,643	-	331,643
Food Service Support	43,226	-	43,226
Debt Service	594,728	-	594,728
Operation and Maintenance	994,625	995,811	1,990,436
Transportation	293,911	-	293,911
ESL Services	27,234	-	27,234
Early Retirement	90,597	-	90,597
Medicaid IEP	41,809	-	41,809
Medicaid EPSDT	24,339	-	24,339
School Wide Program	496,456	-	496,456

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, 2014

	Governmental Fund Types		
	General Fund	Capital Projects Fund	Total
EXPENDITURES (continued)			
IDEA-B Grant	138,486	-	138,486
Tobacco Grant	5,191		5,191
Early Childhood Program K-5	373,467	-	373,467
Total Expenditures Before Non-Budget Expenses	11,341,854	995,811	12,337,665
Food Service	505,803	-	505,803
Grant Expenses	2,649	-	2,649
TOTAL EXPENDITURES	11,850,306	995,811	12,846,117
EXCESS /(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	169,281	(995,404)	(826,123)
FUND BALANCE, Beginning of Year	1,280,511	995,404	2,275,915
FUND BALANCE, End of Year	\$ 1,449,792	\$ -	\$ 1,449,792

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, 2014

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 \$ (826,123)

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	(407,586)
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Capital Outlays	1,248,532
-----------------	-----------

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

Severance Payable	84,179
-------------------	--------

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.	519,845
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Change in net position of governmental activities	\$ 618,847
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See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS
 June 30, 2014

	Private- Purpose Trusts	Agency Funds
<u>ASSETS</u>		
ASSETS		
Cash	\$ 2,995	\$ 39,929
Due From Other Funds	1,942	-
TOTAL ASSETS	\$ 4,937	\$ 39,929
 <u>LIABILITIES AND NET POSITION</u>		
LIABILITIES		
Due to Students for Activities	\$ -	\$ 39,929
NET POSITION		
Restricted	4,937	-
TOTAL LIABILITIES AND NET POSITION	\$ 4,937	\$ 39,929

See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
 For the Year Ended June 30, 2014

	<u>Private- Purpose Trusts</u>
REVENUE	
Interest income	\$ -
Donations	<u>-</u>
TOTAL REVENUES	<u>-</u>
EXPENSES	
Supplies	<u>192</u>
NET LOSS	(192)
NET POSITION - Beginning of Year	<u>5,129</u>
NET POSITION - End of Year	<u><u>\$ 4,937</u></u>

City of Saint Albans, Department of Public Schools
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

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 position and the statement of changes in net position) 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, 2014

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, 2014

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.

City of St. Albans, Department of Public Schools
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

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 one or more 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 Position

Government-wide and proprietary Fund Net Position 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 position – 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, 2014

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, 2014 the carrying amount of cash deposits was \$2,577,673 and the bank balance was \$2,563,027. Of the bank balance \$414,444 was covered by federal deposit insurance, and \$2,148,583 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, 2014 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 52,100	\$ -	\$ -	\$ 52,100
Construction in Progress	<u>525,727</u>	<u>1,154,174</u>	<u>(1,661,704)</u>	<u>18,197</u>
Total capital assets, not being depreciated	<u>577,827</u>	<u>1,154,174</u>	<u>(1,661,704)</u>	<u>70,297</u>
Capital assets, being depreciated:				
Land Improvements	615,121	14,400	-	629,521
Equipment	1,191,926	57,912	-	1,249,838
Buildings	<u>9,617,282</u>	<u>1,683,750</u>	<u>-</u>	<u>11,301,032</u>
Total capital assets, being depreciated	<u>11,424,329</u>	<u>1,756,062</u>	<u>-</u>	<u>13,180,391</u>
Accumulated depreciation for:				
Land Improvements	(103,120)	(30,756)	-	(133,876)
Equipment	(950,285)	(28,419)	-	(978,704)
Buildings	<u>(3,611,203)</u>	<u>(348,411)</u>	<u>-</u>	<u>(3,959,614)</u>
Total accumulated depreciation	<u>(4,664,608)</u>	<u>(407,586)</u>	<u>-</u>	<u>(5,072,194)</u>

City of St. Albans, Department of Public Schools
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

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	\$ -	\$ 1,936,000	\$ (1,936,000)	\$ -

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.	\$ 35,000	\$ -	\$ (35,000)	\$ -	\$ -
Qualified School Construction Bond, payable in varying amounts each May 15 and November 15 through 2025, with interest of \$8,260.	5,248,066	-	(419,845)	4,828,221	419,845
Qualified Zone Academy Bond, payable \$65,000 installments each May 15 and November 15 through 2023, interest rate 1.25%	639,000	-	(65,000)	574,000	65,000

City of St. Albans, Department of Public Schools
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

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, 2014, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 484,845	\$ 23,695	\$ 508,540
2016	484,845	22,883	507,728
2017	484,845	22,070	506,915
2018	484,845	21,258	506,103
2019	484,845	20,445	505,290
2020-2024	2,348,225	90,175	2,438,400
2025-2029	<u>629,771</u>	<u>41,300</u>	<u>671,071</u>
	<u>\$ 5,402,221</u>	<u>\$ 241,826</u>	<u>\$ 5,644,047</u>

NOTE 7 RESTRICTED/COMMITTED FUND BALANCES – GOVERNMENTAL FUNDS

Restricted Fund Balances at June 30, 2014 are as follows:

General Fund:

Restricted for – Hot Lunch Program \$ 24,393

Committed Fund Balances at June 30, 2014 are as follows:

General Fund:

Committed for – Future Capital Use \$ 1,214,994

Committed for – Toutant 26,602

Committed for – Efficiency 36,050

Committed for – Tech Access 147,753

\$ 1,425,399

NOTE 8 RESTRICTED NET ASSETS – FIDUCIARY FUNDS

At June 30, 2014, the School District had \$4,937 appropriated for use in accordance with various trust agreements.

City of St. Albans, Department of Public Schools
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

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, 2014, the State of Vermont contributed approximately \$580,974 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 \$27,617. 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 \$120,956. \$508,452 of Non-budgeted amounts contributed to the excess expenditures. These expenses were funded by non-budgeted revenues. All of the excess was offset by current year revenues in excess of budgeted amounts.

NOTE 12 SUPERVISORY UNION ASSESSMENTS

City of St. Albans, Department of Public Schools
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 14 DISCLOSURE OF SUBSEQUENT EVENTS

In accordance professional accounting standards, the School District has evaluated subsequent events through November 25, 2014, which is the date this financial statement were available to be issued. All subsequent events requiring recognition as of June 30, 2014, have been incorporated into the financial statements herein.

The School District obtained a tax anticipation note on July 1, 2014, in the amount of \$2,372,000 with an interest rate of 1.19% due June 30, 2015.

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, 2014

	Budgeted Amounts		Actual	Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property Taxes				
Education Spending Grant	\$ 9,380,649	\$ 9,380,649	\$ 9,383,758	\$ 3,109
Special Education Grant	1,568,632	1,568,632	1,344,713	(223,919)
Interest	40,000	40,000	39,707	(293)
Food Service Reimbursement	20,000	20,000	20,000	-
Medicaid IEP	41,591	41,591	41,809	218
Medicaid EPSDT	24,627	24,627	24,339	(288)
School Wide Program	491,597	491,597	496,456	4,859
IDEA-B Grant	149,526	149,526	138,486	(11,040)
Tobacco Grant	7,728	7,728	5,191	(2,537)
Miscellaneous	5,000	5,000	12,856	7,856
Total Revenues Before Non-Budget Revenues	11,729,350	11,729,350	11,507,315	(222,035)
Food Service	-	-	512,272	512,272
TOTAL REVENUES	11,729,350	11,729,350	12,019,587	290,237
EXPENDITURES				
Instruction	5,636,436	5,636,436	5,439,882	196,554
Special Education	2,856,018	2,856,018	2,405,105	450,913
Board of Education	65,127	65,127	41,155	23,972
Superintendent's Office	323,499	323,499	331,643	(8,144)
Food Service Support	47,198	47,198	43,226	3,972
Debt Service	576,603	576,603	594,728	(18,125)
Operation and Maintenance	759,628	759,628	994,625	(234,997)
Transportation	299,300	299,300	293,911	5,389
ESL Services	29,718	29,718	27,234	2,484
Early Retirement	90,597	90,597	90,597	-
Medicaid IEP	41,591	41,591	41,809	(218)
Medicaid EPSDT	24,627	24,627	24,339	288

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, 2014

	Budgeted Amounts		Actual	Final Budget
	Original	Final		Positive (Negative)
EXPENDITURES (continued)				
School Wide Program	491,599	491,599	496,456	(4,857)
IDEA-B Grant	149,526	149,526	138,486	11,040
Tobacco Grant	7,853	7,853	5,191	2,662
Early Childhood Program K-5	330,030	330,030	373,467	(43,437)
Total Expenditures Before Non-Budget Expenses	11,729,350	11,729,350	11,341,854	387,496
Food Service	-	-	505,803	(505,803)
Grant Expenses	-	-	2,649	(2,649)
 TOTAL EXPENDITURES	 <u>11,729,350</u>	 <u>11,729,350</u>	 <u>11,850,306</u>	 <u>(120,956)</u>
 EXCESS OF REVENUE OVER EXPENDITURES	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 169,281</u>	 <u>\$ 169,281</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, 2014

City of Saint Albans, Department of Public Schools
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor Number	Expenditures
Child Nutrition Cluster			
<u>U.S Department of Agriculture</u>			
Passed through Franklin Central Supervisory Union:			
School Lunch - Federal	10.555	4450-S023-14-00	\$ 230,753
After School Snack - Federal	10.555	4458-S023-14-00	5,622
School Breakfast - Federal	10.553	4452-S023-14-00	108,582
Cluster Subtotal			<u>344,957</u>
<u>U.S. Department of Education</u>			
Passed through Franklin Central Supervisory Union:			
Title I	84.010	4250-S023-14-01	<u>451,775</u>
IDEA-B	84.027	4226-S023-14-01	<u>138,486</u>
Title II	84.318	4651-S023-14-01	<u>44,681</u>
<u>U.S. Department of Agriculture</u>			
Passed through Franklin Central Supervisory Union:			
Child Care & Adult Food Program	10.558	4454-S023-14-00	20,633
Fresh Fruit & Vegetables	10.582	4449-S023-14-00	47,970
Cluster Subtotal			<u>68,603</u>
Passed through Vermont Department of Education:			
USDA Commodities	10.569	N/A	<u>1,637</u>
TOTAL			<u>\$ 1,050,139</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

November 25, 2014

To the Board of Directors
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, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *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 8, 2014. 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. In fiscal year 2014, the School District implemented GASB Statement Number 65, Items previously reported as Assets and Liabilities. This resulted in an adjustment to the beginning net position on the statement of activities of \$206,970 to remove prior year bond issuance costs no longer required to be amortized over the life of the bond under GASB 65. We noted no transactions entered into by City of St. Albans, Department of Public Schools 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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. There were no known or 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 November 25, 2014.

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 City of St. Albans, Department of Public Schools 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 City of St. Albans, Department of Public Schools 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 this supplementary information, 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.

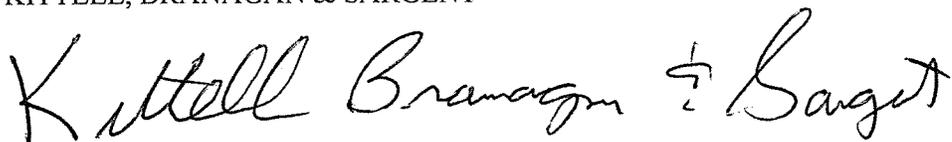
We noted instances of non-compliance in major programs as part of our audit. These findings are reported in the Schedule of Findings and Questioned Costs in the financial statements.

Restriction on Use

This information is intended solely for the use of Board of Directors 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

Handwritten signatures of Kitell, Branagan, and Sargent in cursive script.



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2014, and the related notes to the financial statements, which collectively comprise City of St. Albans, Department of Public Schools basic financial statements and have issued our report thereon dated November 25, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of St. Albans, Department of Public Schools internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of St. Albans, Department of Public Schools internal control. Accordingly, we do not express an opinion on the effectiveness of City of St. Albans, Department of Public Schools internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of St. Albans, Department of Public Schools financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2014-1 and 2014-2.

City of St. Albans, Department of Public Schools Response to Findings

City of St. Albans, Department of Public Schools response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of St. Albans, Department of Public Schools response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Kaitlin Branagan" followed by a stylized flourish.

St. Albans, Vermont
November 25, 2014



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited City of St. Albans, Department of Public Schools compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of City of St. Albans, Department of Public Schools major federal programs for the year ended June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of St. Albans, Department of Public Schools major federal programs based on our audit of the types of compliance requirements referred to above. 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of St. Albans, Department of Public Schools compliance.

Basis for Qualified Opinion on Title I (84.010) and Special Education Grants (84.027)

As described in the accompanying schedule of findings and questioned costs, City of St. Albans, Department of Public Schools did not comply with requirements regarding CFDA 84.010 Title I as described in finding number 2014-1 for Allowable Costs/Cost Principles and CFDA 84.027 Special Education Grants as described in finding number 2014-2 for Allowable Costs/Cost Principles. Compliance with such requirements is necessary, in our opinion, for City of St. Albans, Department of Public Schools to comply with the requirements applicable to that program.

Qualified Opinion on Title I (84.010) and Special Education Grants (84.027)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, City of St. Albans, Department of Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Title I (84.010) and Special Education Grants (84.027).

Other Matters

City of St. Albans, Department of Public Schools response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of St. Albans, Department of Public Schools response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of City of St. Albans, Department of Public Schools, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of St. Albans, Department of Public Schools internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 City of St. Albans, Department of Public Schools internal control over compliance.

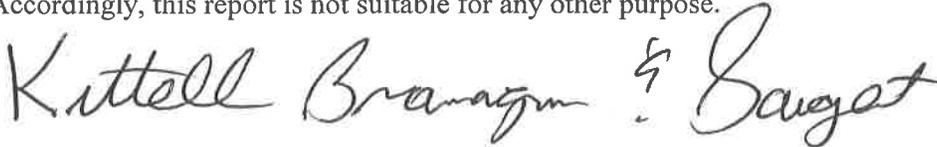
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies; in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

City of St. Albans, Department of Public Schools response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of St. Albans, Department of Public Schools response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Kittell Brannigan & Sargent". The signature is written in black ink and is positioned below the text of the report.

St. Albans, Vermont
November 25, 2014

City of St. Albans, Department of Public Schools
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2014

Section I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified _____ yes x no
- Significant deficiency(ies) identified _____ yes x none

Noncompliance material to financial statements noted? x yes _____ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified x _____ yes _____ no
- Significant deficiency(ies) identified _____ yes x none

Type of auditor's report issued on compliance for major federal programs: Qualified

Any audit findings disclosed that are required to be Reported in accordance with Section 510(a) of OMB Circular A-133? x _____ yes _____ no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Education Agencies
84.027	Special Education Grants to States
Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>300,000</u> _____
Auditee qualified as low-risk auditee?	<u>x</u> _____ yes _____ no

City of St. Albans, Department of Public Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

Section II – FINANCIAL STATEMENT FINDINGS

None

Section III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESS

Title I (84.010)

2014-1 Allowable Costs/Cost Principles (Material weakness)

Criteria: Certifications must show that the staff member “has performed the following functions.” The functions must minimally match the description provided on the approved grant budget. Funding source, including accounting codes, must be listed on the certification. The certification must be signed by the employee, the employee’s supervisor and the individual acting as the grant’s manager.

Condition: Periodic time certifications did not meet federal requirements.

Questioned Costs: \$419,317

Cause: The City of Saint Albans, Department of Public Schools staff were not aware that the certifications did not meet federal requirements.

Effect: The federal cost principle requirements are intended to provide a basis for allocating costs when costs are shared between more than one program, grant, or funding source. When the federal requirements are not met, it is possible that a federal grant could be expended disproportionately.

Recommendation: The City of Saint Albans, Department of Public Schools has an updated periodic certification that meets the federal requirements. This form should be utilized when performing the semi-annual time certification.

Management Response: The City of Saint Albans, Department of Public Schools will use the updated periodic certification forms for the December 2014 semi-annual time certifications.

IDEA-B (84.027)

2014-2 Allowable Costs/Cost Principles

Criteria: Certifications must show that the staff member “has performed the following functions.” The functions must minimally match the description provided on the approved grant budget. Funding source, including accounting codes, must be listed on the certification. The certification must be signed by the employee, the employee’s supervisor and the individual acting as the grant’s manager.

City of St. Albans, Department of Public Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

Condition: Periodic time certifications did not meet federal requirements.

Questioned Costs: \$138,486

Cause: The City of Saint Albans, Department of Public Schools staff were not aware that the certifications did not meet federal requirements.

Effect: The federal cost principle requirements are intended to provide a basis for allocating costs when costs are shared between more than one program, grant, or funding source. When the federal requirements are not met, it is possible that a federal grant could be expended disproportionately.

Recommendation: The City of Saint Albans, Department of Public Schools has an updated periodic certification that meets the federal requirements. This form should be utilized when performing the semi-annual time certification.

Management Response: The City of Saint Albans, Department of Public Schools will use the updated periodic certification forms for the December 2014 semi-annual time certifications.

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