

Annual Report

City of St. Albans, Vermont

July 1, 2014 to June 30, 2015



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
Franklin Grand Isle Restorative Justice Center	524-7006
General Assistance	524-1500, ext. 253
Listers	524-1500, ext. 263
Planning & Zoning	524-1500, ext. 262
Public Works Director	524-1500, ext. 267
Recreation Department	524-1500, ext. 266 & 268
Utility Billing	524-1500, ext. 253
Wastewater Treatment Plant	524-1509
Water Treatment Plant	524-2495
SCHOOLS:	
Franklin Central Supervisory Union	524-2600
St. Albans Elementary School	527-0565
Bellows Free Academy	527-6400
Collins-Perley Sports Complex	527-1202

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This continues to be an exciting time for economic development in St. Albans, and with a stronger local economy, the City has positioned itself well to address infrastructure and quality of life issues in both the downtown area and in the neighborhoods.

The first half of FY2015 saw the completion of the municipal parking garage which supports several key elements of the City's economic revitalization effort including the new State Office Building and the downtown hotel development which will break ground in 2016.

Downtown St. Albans is thriving as existing businesses are expanding and new businesses are choosing to locate in our community. Franklin County economic indicators continue to show positive signs and potential for future growth in the region, and we are seeing that our public investments are being rapidly followed by private investment and our grand list is growing.

With voter approval in March of 2015, the St. Albans City Hall renovation project is now underway and expected to be completed in the second quarter of 2016. This important project accomplishes several important goals that will keep our historic centerpiece of the community viable for another hundred plus years to come. With the addition of an elevator and other features, accessibility to City Hall will be tremendously improved for all citizens. Offices and meeting spaces will be reconfigured to be more fully utilized and convenient for visitors to City Hall, and operations and maintenance of the building will be improved with the installation of energy efficiency measures.

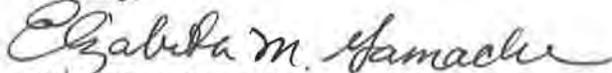
Sidewalks and streets continue to be a focus area, and in FY2015 the level of investment in neighborhoods increased as we repaired infrastructure that was deteriorating and often in need of replacement.

Signs of civic engagement have been evident as we've welcomed many new members to the City's boards and commissions. Community events throughout the year are well attended and we have increasingly more offerings. From the first-time St. Albans Co-op's Holiday Tractor Parade to the perennial Taylor Park Summer Concert Series, it's great to see community members coming together to celebrate what is special about St. Albans and our region!

We couldn't do this without dedicated city employees who are committed to the citizens of St. Albans. Our police and fire departments put our safety first; public works employees stand ready to work in all types of conditions to ensure the reliability of our city infrastructure; recreation staff provide opportunities for citizens of all ages to keep active and healthy; and our administrative staff ensures that our day to day operations run efficiently and effectively while planning for the future needs of St. Albans.

2015 was another banner year for St. Albans. This type of progress doesn't happen without collaboration and partnership. I'm confident that, together, we'll keep the momentum going as we continue to focus on quality of life issues and our local economy in 2016.

Sincerely,



Elizabeth M. Gamache
Mayor

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

Tuesday, March 1, 2016

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 1, 2016, 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:

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

Article 2: City Budget

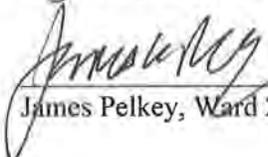
Shall the voters adopt the City Council's proposed budget for FY 2017 totaling \$7,907,408 with an estimated municipal tax rate of \$.8434 on the Grand List?

Article 3: Neighborhood Sidewalks and Curbs

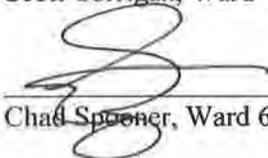
Shall bonds or notes of the City of St. Albans in an amount not to exceed \$4,950,000 be issued for the purpose of reconstructing sidewalks and curbs in the City's neighborhoods?

Adopted and approved at a Special Meeting of the City Council, duly called, noticed, and held on January 27, 2016.

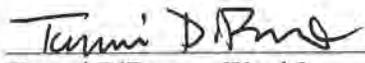

Elizabeth Gamache, Mayor

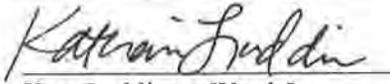

James Pelkey, Ward 2

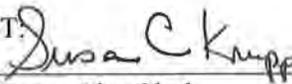
Scott Corrigan, Ward 4


Chad Spooner, Ward 6

Timothy Hawkins, Ward 1


Tammi DiFranco, Ward 3


Kate Laddison, Ward 5

ATTEST: 
Susan Krupp, City Clerk

City of Saint Albans
General Fund 2017 Budget Proposal

1	A	B	C	D	E	F	G	H	I	J	K	L
General Fund 2017 Budget Proposal: Summary of all Revenues and Expenditures												
2	Property Taxes	3,850,436	3,474,586	3,880,339	3,888,456	3,996,966	1,665,403	41.7%		4,187,315	190,349	4.8%
3	Payments on Prior Years' Taxes	307,100	279,121	247,652	163,934	147,473	176,513	119.7%		-	(147,473)	-100.0%
5	General Revenue Categories											
6	Penalty on Taxes	42,126	19,924	26,394	27,465	33,000	5,705	17.3%		33,000	-	0.0%
7	Interest on Taxes	54,665	35,782	39,007	38,096	40,000	13,548	33.9%		40,000	-	0.0%
8	State Payments, RR Taxes	8,385	8,385	8,921	8,920	8,500	-	0.0%		8,500	-	0.0%
9	Interest on Savings	3,561	2,867	4,163	1,676	4,000	1,110	27.8%		4,000	-	0.0%
12	WWW Pro-rata Lease, PW Garage	30,000	30,750	32,290	36,900	37,500	15,375	41.0%		38,625	1,125	3.0%
13	WWW Pro-rata Lease, City Hall	43,000	44,075	46,280	53,100	52,500	22,125	42.1%		54,075	1,575	3.0%
14	PILOT	81,449	87,031	77,782	75,520	38,750	81,465	210.2%		38,750	-	0.0%
15	Insurance Reimbursements & Misc.	47,450	19,259	42,248	44,477	35,000	2,928	8.4%		45,000	10,000	28.6%
16	Finance and Administration	-	-	-	-	18,000	3,493	19.4%		-	(18,000)	-100.0%
17	City Clerk	107,795	106,830	102,658	108,319	110,200	36,280	32.9%		113,750	3,550	3.2%
18	Planning & Development	127,721	31,028	34,414	28,886	32,500	14,819	45.6%		31,500	(1,000)	-3.1%
19	Assessing	23,510	23,846	22,212	22,212	23,050	380	1.6%		22,900	(150)	-0.7%
20	Fire Department	57,518	75,611	66,193	112,563	569,430	21,909	3.8%		84,000	(485,430)	-85.2%
21	Police, Dispatch, Animal Control	1,397,605	1,423,456	1,540,788	1,621,580	1,534,558	684,545	44.6%		1,708,986	174,428	11.4%
22	Public Works	343,415	194,048	320,940	397,592	131,500	67,785	51.5%		136,500	5,000	3.8%
23	Recreation Programs, including Barlow	442,697	525,746	401,529	387,014	332,235	193,338	58.2%		474,092	141,857	42.7%
24	Parking Program				61,948	90,800	89,730	98.8%		163,350	72,550	79.9%
25	Restorative Justice Center	427,577	412,791	479,904	525,229	509,774	222,233	43.6%		723,065	213,291	41.8%
26	Total Revenue	7,396,010	6,795,136	7,374,792	7,603,876	7,745,736	3,318,683	43.6%		7,907,408	161,671	2.1%
27												
28		2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Budget	2016 Actual @ 11/30/15	% Budget		2017 Budget Proposal	Change from Prior Year	Percent Change from Prior Year
29	Finance and Administration	529,163	530,106	514,872	301,010	427,898	129,494	30.3%		427,973	75	0.0%
30	Audit Fees	25,430	6,430	9,127	8,908	10,000	703	7.0%		10,000	-	0.0%
31	HRA & Leave Buy Back									206,322	NA	NA
32	Professional Services: Legal	76,786	71,395	31,462	80,824	54,600	32,757	60.0%		56,000	1,400	2.8%
33	County/Regional Functions	166,933	150,687	151,475	216,477	237,184	126,350	53.3%		245,584	8,400	3.5%
34	City Clerk	49,885	65,671	61,586	67,480	72,460	25,528	35.2%		71,503	(957)	-1.3%
35	Planning & Development	341,506	257,809	316,582	368,117	268,567	154,977	57.7%		301,653	33,085	12.3%
36	Planning & Development Capital	30,000	48,388	34,107	18,366	40,000	-	0.0%		45,000	5,000	12.5%
37	Assessing	75,661	48,180	46,898	46,748	47,396	17,595	37.1%		45,946	(1,450)	-3.1%
38	Debt Service, Principal and Interest	249,040	266,274	188,759	328,781	120,501	-	0.0%		379,318	258,817	214.8%
39	Fire Department	741,760	543,336	443,584	385,630	390,451	137,746	35.3%		408,909	18,459	4.7%
40	Fire Department Capital	60,932	50,080	79,124	48,923	565,063	5,560	1.0%		25,000	(540,063)	-95.6%
41	Police, Dispatch, Animal Control	3,191,126	3,058,861	3,366,847	3,293,654	3,107,995	1,412,394	45.4%		3,076,437	(31,556)	-1.0%
42	Police Department Capital	82,320	69,596	64,112	80,888	106,792	8,693	8.1%		85,000	(21,792)	-20.4%
43	Public Works, Highway, Parks	531,281	500,296	689,337	637,516	657,969	207,652	31.6%		641,393	(16,576)	-2.5%
44	Public Works Capital	497,987	298,114	510,443	611,063	522,078	379,414	72.7%		464,217	(57,861)	-11.1%
45	Recreation Programs, including Barlow	411,429	443,830	483,471	471,260	485,687	226,807	46.7%		487,538	1,851	0.4%
46	Recreation Capital	75,577	147,582	48,808	30,521	30,521	-	0.0%		85,000	54,479	178.5%
47	Parking Program				65,066	90,800	60,626	66.8%		121,550	30,750	33.9%
48	Restorative Justice Center	409,132	408,024	479,915	532,366	509,774	256,342	50.3%		723,065	213,291	41.8%
49	Total Expenditures	7,545,947	6,964,659	7,520,508	7,593,577	7,745,736	3,182,640	41.1%		7,907,408	161,671	2.1%
50												

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:

The year 2015 proved to be very interesting for St. Albans City Staff, and public, with the renovation of City Hall. For those of you who were able to vote on March 1, 2016 in the newly renovated auditorium, you received a peek of the beautiful work that is occurring within the building. Once the project is complete, the building will be handicapped accessible with the addition of two elevators, one located in the front (south side of the building) and one located in the rear (west side) of the building. The Clerk's Office will relocate to the north side of the building and include a new, much needed, vault with ample room for record storage for years to come.

Following completion of the project, the Clerk's Office will resume Saturday hours (8 AM to 12 Noon on the last Saturday of every month) excluding holiday weekends, to provide additional access to the services provided by the Clerk's office.

During 2015, the Clerk's Office recorded 490 births, 163 deaths, 60 marriages and registered 593 dogs. Property sales for 2015 were also on the increase.

Also, as in past years, a Rabies Clinic will be held on March 26, 2016 from 10 AM to 4 PM at Guy's Farm and Yard (formally Walkers) enabling dog and cat owners to have their pets receive the rabies vaccine at a discounted price.

One of the goals of the Clerk's Office is to have all City dogs registered. Registration fees are \$9.00 for neutered male/Spayed female, \$11.00 for non-neutered male, and \$13.00 non-spayed female. This is a small fee to pay for the security to know if your animal was to get loose, there is a record of the registration at the Clerk's Office, the Humane Society and City Police Department. As an incentive, each dog registered before the April 1, 2016 deadline, its owner will be entered into a drawing. First prize - \$75.00, Second Prize - \$50.00 and Third prize - \$25.00.

Sincerely,

Susan C. Krupp
City Clerk/Treasurer



Franklin Grand Isle Restorative Justice Center

The mission of the Franklin Grand Isle Restorative Justice Center:

Guided by restorative principles, the Franklin Grand Isle Restorative Justice Center creates opportunities for meaningful engagement in order to prevent and address harm and build a safe and inclusive community.

Dedicated to Accountability, Fairness, Respect and Compassion.

The Restorative Justice Center is governed by an 11-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.

We have had a very busy and exciting year at the Justice Center. This past year on July 1st the St. Albans Community Justice Center and Franklin County Court Diversion went through an organizational merger to form a new combined organization named the Franklin Grand Isle Restorative Justice Center (FGIRJC). This merger represented almost two years of careful and thoughtful discussion and planning between the two organizations, their representative Boards and local stakeholders and community leaders. It was decided that as a combined agency, the FGIRJC would be able to provide a more meaningful response to the needs of the communities in both Franklin and Grand Isle Counties. We are grateful to the City of St. Albans and the St. Albans City Council for their support of our programs and services. We are proud that this new agency is part of the City of St. Albans and located at 120 N. Main St. in St. Albans.

Please see below a Continuum of Services chart that illustrates the breadth of our services as well as some data on our program statistics from last fiscal year.

If you would like to learn more about any or all of these programs, please contact the Franklin Grand Isle Restorative Justice Center at 524-7006. The Restorative Justice Center relies on local volunteers and concerned citizens to deliver its restorative programs. If you or someone you know would like to volunteer on one of our restorative panels, please contact us. Thank you for your support.

Franklin Grand Isle Restorative Justice Center

120 N. Main St. St. Albans, VT
(802) 524-7006

Continuum of Services

Conflict and
Crime
Prevention

Pre-
Adjudication

Adult
Restorative
Programs

Offender
Reentry
Programs

1. Community Dialogue and Mediation:
Neighbor to neighbor mediation services.

2. Truancy Project:
Working collaboratively with local schools and social service agencies to serve children grades 1-8 (and their families) with intervention, case management and restorative services.

3. School Restorative Circles:
Working with local schools to develop a restorative circle process as a response to conflict and support a positive school culture.

Funding:
DOC Base Grant, NCSS, AGO, and town allocations.

1. Pre-trial Monitor program:
New legislation to support substance abuse treatment and intervention for substance abuse/MH related crime.

2. Court Diversion:
Supports victims of crime and offenders, age 10 and up through an RJ panel process to repair the harm, reduce recidivism and prevent a crippling criminal record for youth and first time offenders.

3. Youth Substance Abuse Safety Program (YSASP):
A substance abuse intervention program for youth ages 16-21.

4. Driving with License Suspended:
A program that helps people who cannot legally drive to get their license reinstated and pay off fees and fines.

Funding:
DOC State Grant, AGO State Grant, United Way, and town allocations.

1. Restorative Justice Panels:
Supports victims of crime and adult offenders through an RJ process to repair the harm and reduce recidivism.

2. Safe Driving Program:
CJC led curriculum to address DUI and distracted driving offenses.

3. Parallel Justice Program:
Provides immediate outreach, support and compassion to victims of crime.

Funding:
DOC Base Grant
And United Way

1. Circle of Support and Accountability (CoSA Program):
Provides transitional housing, case management and a team of trained community volunteers to reentering offenders.

2. Transitional Housing/One Stop:
Provides transitional housing, case management and restorative processes to reentering offenders.

3. Employment Services:
Employment specialist works with individuals under P & P supervision on job training, coaching, and placement services.

Funding:
DOC Transitional Housing Grant/Federal grant

FY 2014
Combined number of Volunteers - 83
Combined number of Volunteer Hours - 3,864



FY 2015 Annual Report

June 30, 2014 – July 1, 2015

Participants Served:

# Court Diversion Panel Referrals:	330
# Youth Substance Abuse Safety Program (YSASP) Referrals:	98
# DLS Contracts:	81
# Reparative Panel Referrals:	250
# Transitional Housing/One-Stop:	52
# COSA	7
TOTAL FY 2015 Referrals:	818

Community Volunteer Time: Over 700 hours



[New Pumper/Tanker prior to Lettering and Equipment Installation]

St. Albans City Fire Department:

During the calendar year 2015 the St. Albans City Fire Department responded to 320 emergency incidents. The incidents ranged from: building fires, motor vehicle accidents, rescues and EMS, carbon monoxide alarms, fire alarms, chimney fires, mutual aid calls, etc. The number of actual fire calls was twenty-three. There was one explosion call, fifty-six hazardous materials incidents, seventy-eight fire/carbon monoxide alarms, thirty-two medical and rescue assist, eleven good-intent calls, one-hundred and thirty false alarms and false calls and sixty-seven service or special incidents calls.

The St. Albans City Fire Department continues to dramatically reinvent itself. The Department now has a roster of twenty-eight (28) Firefighters, with twenty-one certified interior Firefighters. Our agencies professional relationship with other area Fire Departments in Franklin County has continued to grow. 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 continues to experience a resurgence in downtown development we have kept up with the pace and I am happy to report that the St. Albans City Fire Department is well prepared and equipped to handle any calls that present themselves. This year we replaced our primary Engine/Pumper with an E-One Pumper/Tanker. The new truck is state of the art, carries 2,000 gallons of water on-board and has a mobile (built-in) cascade system for refilling air tanks at emergency scenes. 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 as a secondary Engine/Pumper. With the purchase of this fire truck the SACFD has a full complement of new, replaced and upgraded firefighting apparatus that stands ready to meet the needs and challenges of our community well into the next decade.

Gary L. Taylor, Fire Chief

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



On the left, Denise White, City Assessor and former City Zoning Administrator, answers many permitting questions from the public because her desk sits next to Curtis Comfort (middle), the City Planning and Permitting Administrator and City Tree Warden. Chip Sawyer, Director of Planning & Development is on the right.

Thank you for reviewing the St. Albans City Planning & Development Department's Annual Report for 2015. 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.

Planning & Permitting

Permitting and Development Review

The City's permitting staff and the Design Advisory and Development Review Boards were busy in 2015. A total of 194 permits were issued, lower than the number from the year before. However many significant projects were reviewed, including the development of the Hotel on Lake Street, the redevelopment of the Clarence Brown gas station on Federal Street, major site plan amendments to both Mylan and Northwestern Medical Center, multiple façade improvements for Downtown businesses, and the renovation of City Hall.

Writing the Rules and Exploring Community Issues

The City Planning Commission was also very busy in 2015. The PC completed 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 commission was also active in its role to draft revisions to the City's Land Development Regulations in order to address permitting issues and ensure that the land use rules adequately address the community's needs. The PC drafted amendments for the new Medical Institution District, the Business-Neighborhood Transition District, new definitions for medical offices and controlled substance dispensaries, and allowances for uplighting in Downtown.

Community Development

Streetscape Projects

The City continued to invest in Downtown streetscape improvements in 2015. The Hudson-to-Hoyt streetscape project on Main Street was completed. Design and permitting concluded on the project on the upper block of Lake Street in order to ready that section for construction in 2016. Design and permitting work continued on improvements to the Lake-Federal-Catherine-Market intersection and approaching streets. Grant funding was received to begin design work on the Kingman Street project. As evidenced. These projects will maintain the momentum that the City has built up with improvements to roads, sidewalks, amenities, utilities and a new sense of place.

Taylor Park Fountain Restoration

The Planning & Development Dept. represented the City in the collaboration with the St. Albans Rotary Club to restore the Taylor Park Fountain. One of the City's greatest moments of 2015 occurred when the restored fountain's water and new lights were turned on for the greater St. Albans community to celebrate. This project was the culmination of two and a half years of planning and engineering, the amazing commitment of the Rotary Club to raise the funds, the work of Robinson Iron in Alabama to bring the "Ladies" back, and the work of local contractors and City Public Works to rehabilitate the fountain pool, site and pumpworks. The result was the most extensive renovation of the fountain in its history and the hope that the Ladies will live on for another 125 years.



Reassembling the Taylor Park Fountain.

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 2015, grant applications were submitted for a total of more than \$3.7 million. Total grant awards in 2015 equaled more than \$730,000, and the department's total managed grant load equaled more than \$1.6 million.

Downtown Program

Supporting a Vibrant Downtown

The City Downtown Board also acts as the Board of Directors for St. Albans for the Future (SAFF), the Downtown St. Albans nonprofit organization. In 2015 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, Downtown

Holiday Raffle, the first-ever Chair Affair, and other events. SAFF also became the financial home for the ever-popular Festival of Trees. In addition to events, the board continued to develop the Downtown's web presence and advanced a project to explore new possibilities for business entrance accessibility.

City Tree Program

A New Tree Warden

In 2015 Planning & Permitting Administrator Curtis Comfort was given the additional appointment of City Tree Warden. This new role taps into Curtis' passion for trees and forestry. He brings a lot to the position, including a logging certification, experience with his own arborist business, and a previous position teaching forestry to high school students.

City Tree Inventory

Curtis got right to work building capacity for the City's tree program. Having been awarded a grant from Vermont Urban & Community Forestry, the City completed a tree inventory of over 1,700 trees in the public right of way which are estimated to provide more than \$193,000 in benefits annually. Goals of the inventory included documentation of individual tree characteristics and assessment of overall condition as well as the development of a long term and regularly administered maintenance plan. Furthermore, an additional 1,205 potential locations have been recommended for future plantings.



A Planning Commission meeting held in a City neighborhood.

Water Quality Issues

Stormwater and the City's MS4 Permit

The Planning & Development Dept. manages the City's municipal separate storm sewer system (MS4) permit, which was issued in 2012 to deal with stormwater pollution to Stevens and Rugg Brook. City staff have engaged in local stormwater outreach, planning to manage the City's stormwater and reduce pollution, and various forms of reporting and communication with the Vermont Dept. of Environmental Conservation. Through successful compliance with its MS4 permit, the City will do its part to improve water quality in the area, including preventing algae blooms in St. Albans Bay.

Advocating for the City

Historic urban centers like the City of St. Albans share a very specific and critical set of interests when it comes to the Lake Champlain TMDL, the stormwater MS4 permit, and many other water quality issues that have recently grabbed the headlines. The Planning

& Development Dept. has been the City's primary point of contact for state and federal regulators concerning the particular challenges that the City faces and how to ensure success on the ground. P&D Director Chip Sawyer has testified to state legislators in Montpelier and is in regular contact with the VT Agency of Natural Resources and counterparts in other municipalities as the momentum grows toward improving water quality in the State of Vermont.



Attendees at the 2015 City Board Celebration.

Our City's Planning & Development Boards

The Planning & Development Staff enjoy the privilege 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 2015:

Design Advisory Board

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

Planning Commission

Chris Dermody, Chair
David Barber
Jackie DesLauriers
Michael Gawne
Tom Murphy

Development Review Board

Megan Manahan Bliss, Chair
Jackie DesLauriers
Owen Manahan
Gerry Muehl
Rebecca Pfeiffer
Michael Walsh

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

Mike McCarthy, Chair
Vesna Bozic
Mike Blouin
Katy Collin
Pauline Cray
Sharon Holcomb
Rachel Kinney
Laz Scangas
David Southwick
Jeff Young
Henry Demar

Jess Gaudette
Donna Howard
Kristine Kubicz
Jeff Morrill
Emily Richards
Jennifer Savage
Tim Smith
Jes Stumpf

St. Albans City

BUSINESS DEVELOPMENT REPORT

Martin Manahan, Director of Operations and Business Development

Although the bar was set high by our success over the past few years we continue to look for opportunities to improve our community through economic development.

This past year we undertook an exciting neighborhood restoration project at 36 Diamond St. The previous home on this site was vacant for over ten years and had become an eyesore and menace in the neighborhood, the property had overgrown trees to the point you couldn't see the house from the street. The property was going through foreclosure and the City had issued health and safety orders on the property.

The mortgage company offered the property to the City. Working with the Northwest Tech Center we demolished the property and cleaned the lot, we agreed to have the Building Trades program build a three-bedroom home with attached garage that will be sold when finished, with any proceeds targeted to be used on



similar enhancement projects in residential neighborhoods. This project provides many opportunities, the students in the Building Trades program are learning valuable trade skills they will take with them to college or into the workforce and we have cleaned up a blighted property in a residential neighborhood.



A similar project we undertook this past year is at 10 So. Main St., this property sat vacant for over 4 years, it was unoccupied and a blight on this particular section of Main St., a

gateway for visitors and residents entering from Fairfield St. The City purchased and rehabbed the interior of the building and added a new façade, we recently leased it to Artist in Residence. They plan to open in March and will be a great addition to the diversity our downtown thrives on. It is safe to say, had the city not gotten involved in this project the building would still be a blight today. While undertaking this project, the city was instrumental in the façade improvements at 12 So. Main St., completely changing the visual aspect of the block. De

The City Hall renovation is well underway. When the project is done, the building will be fully handicapped accessible with two new elevators, we have capitalized on the latest technologies making the buildings the most efficient possible.

We are continually recruiting businesses to our community, over the past year we have had over seven businesses open adding over 30 employees downtown. DrinkMaple is a company that relocated from Massachusetts to Elm St. here in St. Albans. DrinkMaple processes maple sap and ships it out for packaging worldwide.

Our downtown continues to thrive with events sprinkled throughout the summer and fall, from the Maple Festival, The Summer Concert Series, The Chair Affair to the Festival of Trees and many in between. The downtown merchants had a terrific holiday season with downtown receiving numerous compliments for the lights and decorations.

The parking garage continues to exceed our expectations, out of the 385 spaces available we have 311 pass holders for an 80% occupancy. St. Albans City will once again be one of the busiest communities when it comes to construction projects this summer. The new 84 room, Hampton Inn Hotel will be breaking ground in April, which should take about a year to complete. Lake St. Streetscape will be completed this summer. Also on the list is reconstruction of Fairfield St., new sidewalks and curbs on Main and Lake St. and paving of Lake, Fairfield, Main St. and Lower Newton St. Thank you for your continued support!



(St. Albans Police Department)

St. Albans Police Department:

During the Calendar year 2015 the St. Albans Police Department responded to 12,512 calls for police service, arrested 747 adult offenders, 35 juvenile offenders and took 113 public inebriates into protective custody. The total number of individuals taken into custody by the Police Department in 2015 was 860. The Police Department also conducted 3,752 Motor Vehicle stops which resulted in the issuance of 1,727 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 1,732 Parking Tickets were issued in 2015. Friday's continue to be the busiest day of the week and the busiest time of the day is between 7:00 a.m. and 6:00 p.m. daily. St. Albans Police Officers conducted 517 (documented) foot patrols and conducted 21,126 Security Checks (I.E; Critical Infrastructure, Businesses and Requested Personal Property checks throughout the Town and City.

The Police Department saw a 20% increase in D.U.I. arrest as we continue to work with the Governor's Highway Safety Team to reduce alcohol related motor vehicle crashed and fatalities in Franklin County.

The St. Albans Police Department, Central Dispatch Center which is an E-911 Public Safety Answer Point for Franklin and Grand Isle Counties and provides Emergency Dispatching Services to thirty-eight (38) Emergency Response and Public Safety Entities throughout Franklin and Grand Isle Counties handled 112,569 calls in 2015.

Gary L. Taylor, Police Chief



The Public Works street department completed the removal and installation of 1500 feet of sidewalk on Huntington Street. This task also included the widening of the roadway and total re-surfacing of the road with new signage and road markings. A sidewalk project also began on the east side of Messenger Street which is anticipated to be complete before the end of May, 2016. Public Works continues to work on street sweeping and catch basin cleaning in hopes of maintaining the water quality entering the streams and brooks throughout the City.

Approximately five years ago, the City made the decision to reduce the amount of sand used on its roads which has resulted in far less sediment reaching the streams. In addition, Public Works has been making a concerted effort to use more liquid treatment and less salt during the winter months on both the sidewalks and roadways in order to better protect the environment. In 2015, the Public Works Department was also able to complete a very robust paving project in the neighborhoods around the City.

The Water Treatment Plant operators have completed the final cleaning and inspection of the finished water clear wells which is mandated every five years by the State of Vermont Water Supply Division to help ensure Public Drinking water safety and quality. With a grant received from Efficiency Vermont, the department was able to replace 60+ lighting fixtures with new LED fixtures at the Maquam Shore Water Plant. The Fairfax Water Plant filter replacement project will begin on April 4, 2016 and should be completed within 6 - 8 weeks. The City's 2016 Water Sampling Plan was recently approved adding 5 additional sites for a total of 10 to conduct water testing on a monthly basis.

The Wastewater Treatment De-Watering facilities are starting to prove to be invaluable as the amount of Wet Tons of sludge being processed has increased by 40% over the last twelve months. With help from a grant issued by the State of Vermont, the City was able to study three separate technologies for the removal of Phosphorus from the effluent leaving the treatment in an effort to reduce the amount of Phosphorus entering the Lake. Wastewater personnel were also able to complete the annual scheduled maintenance on the 22 City-owned Sewer Pump Stations.

The upcoming construction season will very well be one of the busiest in many years and will most likely create increased traffic congestion. More information on upcoming projects will be available in the coming months.



St. Albans Recreation Department

The St. Albans Recreation Department and Commission is dedicated to enhancing our community by providing quality, diverse and affordable recreational programming and special events. The Commission is made up of seven community members. Meetings are held on the first Wednesday of the month, 6:00pm 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 ~ NMC Urgent Care ~ St. Albans Historical Museum

Our Day Camp is famous for great staff, *active day's* 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.



We strive to provide fun programming for everyone sometimes bringing the fun to the participants, and sometimes bringing the participants to the fun. The department's 15 passenger van makes travel options easy and inexpensive allowing for more road trips. Many times the first time a child has ever been to a farm or to one of our many nearby treasures is when we bring them. ☺



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, Our new and wildly popular "Pirate Party", Movie Night and more! Both our Day Camp and Pool boast a staff second to none. The Recreation Department partners 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.



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, 5K Runs at Hard'ack, Mountain Bike Rodeo Rides, Tennis, Art offerings for children and adults, The Sap Run, Winter Carnival and more! Our programs can be given in the form of a gift certificate available in any amount. 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 – Sun, Rain, Sleet or Snow. 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 2014-2015

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 2016-2017 is \$131,765 and \$215,328 from the City of St. Albans; this request is a 3.5% increase from funding received in fiscal year 2015-2016.

We provide free access to materials, resources, lifelong learning opportunities, entertainment and information assistance – improving the quality of life of people in St. Albans. In Fiscal Year 2014-2015 the St. Albans Free Library was open 2,067 hours and circulated 54,677 items. We registered 287 new borrowers making our total number of library card holders 3,683. We had 70,697 visitors come through the doors and had the help of 58 volunteers donating over 1,121 hours to support the Library. The Library offered over 280 programs attended by more than 5,878 people. Participants enjoyed story times, classic movies, book discussions, cookbook club, arts & crafts and more.

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 2016-2017			
	2015-2016		2016-2017
Operating Revenues			
City of St. Albans	\$208,046.00		\$215,328.00
Town of St. Albans	\$127,309.00		\$131,765.00
William Clark Trust	\$7,000.00		\$9,000.00
Ethel Peabody Trust	\$1,500.00		\$2,000.00
Fine/Desk Income	\$5,000.00		\$4,500.00
Gift Funds	\$5,000.00		\$3,000.00
TOTAL	\$353,855.00		\$365,593.00
Operating Expenditures			
Adult Materials	\$6,500.00		\$7,500.00
Adult Periodicals	\$2,000.00		\$2,000.00
Online References	\$5,000.00		\$6,500.00
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		\$3,000.00
Salaries	\$105,036.00		\$114,300.00
Wages	\$99,342.00		\$103,087.00
Wages-Cleaning	\$6,828.00		\$7,176.00
Soc Sec	\$17,477.00		\$17,480.00
Payroll Services	\$2,000.00		\$2,000.00
Work Comp	\$1,500.00		\$1,500.00
Finance Officer Bond	\$200.00		\$200.00
Building Repairs	\$4,500.00		\$4,500.00
Maintenance contracts	\$5,825.00		\$5,500.00
Building Reserve	\$1,500.00		\$1,500.00
Green Mountain Power	\$10,810.00		\$10,800.00
VT GAS	\$5,875.00		\$5,000.00
Verizon DSL	\$1,620.00		\$1,500.00
Postage	\$2,750.00		\$2,750.00
Supplies	\$5,500.00		\$5,500.00
Technology (support & upgrades)	\$5,000.00		\$5,000.00
Building Insurance (CSTA)*	\$8,400.00		\$7,000.00
Employee Benefits (CSTA)*	\$40,917.00		\$40,500.00
Telephone (CSTA)*	\$1,500.00		\$1,000.00
Water & Sewer (CSTA)*	\$775.00		\$800.00
TOTAL	\$353,855.00		\$365,593.00
*billing is done through the City of St. Albans			



Northwest Regional Planning Commission 2015 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.

2015 Saint Albans City Projects:

- ✎ Coordinated the implementation of a Regional MS4 permit program and project management for a Flow Restoration Plan for Rugg Brook.
- ✎ Provided \$127,000.00 in environmental assessment and a cleanup sub-grant from NRPC's revolving loan fund for the 43 Lake Street property to be developed as a Hampton Inn.
- ✎ Assisted with a substantial revision to the Development Regulation, including incorporation of a form based code.
- ✎ Completed the St. Albans Housing Study.
- ✎ Updated the locally adopted Emergency Operations Plan.
- ✎ Assisted the City Emergency Management Committee in local/regional county emergency management activities.
- ✎ Direct staff support to the City's Emergency Operations Center during frozen water main break that affected residents and Northwest Medical Center.
- ✎ Developed and submitted a Hazard Mitigation Plan to FEMA Region 1 for approval.
- ✎ 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.
- ✎ Coordinated with the City on applications to the brownfield assessment program for work at the current City Public Works Garage and the Fonda site.

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

**Transportation Advisory
Committee:**
Ryan Doyle

This year the Commission will assist communities with water quality compliance and project implementation, complete a regional energy plan, implement our new regional plan and 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
2015 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. 2015 was a great year for the NWSWD. Our efforts in recent years to make our operations more convenient, consistent, and cost effective for District residents resulted in the District's operations successfully diverting more waste from the landfill than any year before! This year the NWSWD collected more waste types, more often! District Staff also succeeded in communicating better with NWSWD residents and being active on a local, regional, and state level to manage waste better.

We invite all residents to engage in conversations about waste reduction and recycling and get information by visiting our new website, liking us on Facebook, signing up for our e-newsletter, or talk to us in person at community events like Franklin County Field Days or at our one of our sites. District Staff go into schools and the community 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 diverted from the landfill 1,134 tons of waste in 2015! This is a 25% increase from 2014!!**
- Increased the tonnage of recyclables processed at our Georgia Recycling Center by 47 tons
- Held four (4) "Backyard Composting" classes for residents
- Worked with schools to educate children about the waste system, recycling, composting and waste reduction in Grand Isle, Isle La Motte, Franklin, Bakersfield, St. Albans City & Town, Fairfield, Enosburg, Grand Isle, Georgia, Sheldon, and Richford
- Launched a brand new website and doubled the size of our e-news letter

NWSWD by the Numbers

In the NWSWD, 5 District run recycling drop-off sites in Georgia, Montgomery, Bakersfield, 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 2015, after recycling, reuse and composting, the average District resident sent 2.88 pounds of waste per day to the landfill, which is a 7% reduction from 2014! Way to go!

At our District-operated sites and events, this year we disposed of 764 tons of trash and managed 1,126 tons of recyclables, setting the diversion rate for District Services at 40%. Check out this list of what we were able to divert from landfills this year in Northwest VT (Note: every total listed below represents an increase over 2014):

- 109,374 pounds of Hazardous Waste (over twice as much as last year!)
- 355 Freon containing appliances
- 241,640 pounds of scrap metal
- 9,075 pounds of batteries
- 556,160 pounds of food scraps
- 780,016 pounds of blue-bin recyclables
- 207,821 pounds of electronics
- 42,981 pounds of maple tubing (4 times more than last year!)

All District Staff are available through the District office at (802)524-5986 or info@nswsd.org. 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 or come visit at 158 Morse Drive in Georgia (we even give tours of our Recycling Center.) You can also visit us on the web at www.nswsd.org, find us on Facebook, and sign-up for our e-mail updates. More information can also be found in our Newsletter available at your Town Meeting.

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, water and wastewater billing, and treasury management.

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.

FRANKLIN COUNTY INDUSTRIAL DEVELOPMENT CORPORATION
TOWN REPORT
CALENDAR YEAR 2015

The mission of FCIDC is to engage in a process of building a strong and diversified market economy that serves the interest of area enterprises, municipalities, residents and to strengthen our economy through the creation and retention of jobs and build a business environment suitable to host capital investment.

During 2015 the local economy continues to remain strong in most sectors, with the exception of the dairy sector. Every spring FCIDC visits with all of the selectboards in the county and since the recession we have always thought that if gas prices were below \$3.00 (we are now looking at possibly below \$2.00) and if milk prices stabilized at \$25.00 Franklin County would be golden. So we have the gas prices we had hoped for but milk prices remain drastically low; not even close to the \$25.00. As most people know both the gas prices and the milk prices are variables outside of our local control.

What is in our control when we look at economic development are factors like infrastructure investment, workforce development, technical support and a community's willingness to welcome new business to our region. Infrastructure includes water/sewer, transportation, three phase power, natural gas, industrial parks telecommunications and quality industrial buildings. In 2015 FCIDC received a \$256,000 grant which is to be matched one to one. The grant will be used to extend the infrastructure within the St. Albans Town Industrial Park in order to access three additional lots. FCIDC in conjunction with the Enosburg Falls Economic Development Corporation expended \$22,000 to expand the infrastructure in the Enosburg Business Park.

Currently, FCIDC is overseeing a construction project for the Georgia Industrial Development Corporation (GIDC). The project is a \$2 million dollar upgrade of the 33 year old water plant which is operated by GIDC. The water plant supplies water to the three manufacturers within the Georgia Dairy Industrial Park. Perrigo Nutritionals is the largest user of the water; the company has approximately 350 employees and manufacture baby formula which is shipped worldwide.

As for workforce development the Franklin Grand Isle Workforce Investment Board (FGIWIB) under the guidance of Kathy Lavoie has created a variety of partnerships in her effort to train local individuals for better employment opportunities. The most recent partnership is that with Vermont Technical College (VTC). VTC is utilizing the FGIWIB training Center in Swanton. The Center is home to a VTC Nursing class and a VTC Mechanical Technician class. The FGIWIB works very closely with CCV and the Northwest Technical Center in an effort to grow and improve our workforce.

All of the Franklin County communities are huge supporters of economic development and the creation of quality jobs. The more rural communities understand that even though manufacturing may not be appropriate for their specific town, job opportunities in other parts of the county can be a benefit to their residents. In addition, the manufacturers of value added milk products are valuable to their dairy base.

FCIDC is also in its third year of a contract with a bi-lingual consultant that visits Quebec twice a month. The message which we share is: Vermont is a great place to expand, not move your business. This effort has generated some leads and a strong network, but no immediate success at this time.

Thank you for the opportunity to share a very brief overview of FCIDC's activities for 2015. Please feel free to contact the office at (802) 524-2194.

Respectfully,



Timothy J. Smith
Executive Director

CITY OF ST. ALBANS, VERMONT

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

JUNE 30, 2015

CITY OF ST. ALBANS, VERMONT
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Fred Duplessis, CPA
Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Wendy C. Gilwee, CPA
VT Lic. #92-000180

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, 2015 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.

City of St. Albans, Vermont

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, 2015 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.

Change in Accounting Principle

As described in Note I.F. to the financial statements, effective June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" – an amendment of GASB Statement No. 27. As a result of this required change in accounting principle, the City recorded a \$1,679,551 reduction in beginning net position of the Governmental Activities, a \$853,255 reduction in beginning net position of the Business-type Activities, a \$367,047 reduction in beginning net position of the Water Fund and a \$486,208 reduction in beginning net position of the Wastewater Fund. Our opinion is not modified with respect to this matter.

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 19 and the budgetary comparison information for the General Fund, the Schedule of Changes in Net Pension Liability and Related Ratios and the Schedule of Employer Contributions and Investment Returns for the Pension Trust Fund and the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Contributions for the City's participation in VMERS 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

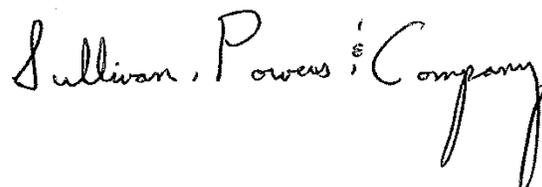
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Albans, Vermont's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the 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 December 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.

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



**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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, 2015. Please note that this section of the Basic Financial Statements is unaudited.

FINANCIAL HIGHLIGHTS

- Beginning equity amounts in the government-wide financial statements and the proprietary fund financial statements have been restated as a result of implementing GASB Statement No. 68 “Accounting and Financial Reporting for Pensions” – an amendment of GASB Statement No. 27. GASB Statement No. 68 requires the reporting of the proportionate share of the net pension liability related to the City’s participation in VMERS and the entire net pension liability for the City’s single-employer pension plan. Beginning equity amounts have been restated to reflect the impact this would have had on the prior year. All comparisons are made between restated prior year numbers and current year actuals.
- The City’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$22,612,337 (net position). Of this amount, \$810,088 (unrestricted net position) may be used to meet the City’s ongoing obligations. The balance of net position is made up of \$21,632,417 invested in capital assets net of related debt and \$169,832 restricted for specific purposes.
- The City’s total net position increased by \$1,145,010 (5.3%). Of this amount, net position of the governmental activities increased by \$800,811 (12.1%), and net position attributable to business-type activities increased by \$344,199 (2.3%).
- At the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$3,567,371. This is a decrease of \$3,758,151 from the prior year’s combined ending fund balance of \$7,325,522. During the prior year the City issued \$14,500,000 in tax increment financing (TIF) bonds, some of which were used for TIF projects with the remainder reflected in restricted fund balance. Restricted fund balance decreases as these funds are spent on TIF projects.
- At the end of the current fiscal year, unrestricted fund balance (the total of the assigned and unassigned components of fund balance) for the general fund was \$374,308, or approximately 4.9% of total general fund expenditures.
- The City’s total outstanding long-term debt decreased by \$350,181 during the current fiscal year. Additions to long-term debt totaled \$887,698 offset by principal payments of \$1,237,879.
- Construction in progress decreased by \$9,567,055 of which, \$12,856,422 was capitalized when the parking garage was placed in service at the end of October 2014.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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, the two differ significantly. The government-wide financial statements will be the most familiar for readers versed in private sector financial reporting. 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.

Government-Wide Financial Statements

The government-wide financial statements provide a general overview of the City's operations 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, governmental activities are presented separately from business-type activities. The governmental activities reflect the City's basic services; including general government, public safety, public works, community development, parks and recreation, 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, deferred outflows of resources, liabilities, and deferred inflows 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 time).

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 current year, the City was not responsible for any entities that qualify as component units.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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. Unlike the government-wide financial statements however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine the level of financial resources that are available to finance the City's programs in the near future. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided that reconciles the governmental fund financial statements to the government-wide statements explaining the relationship between the two.

The City maintains four major governmental funds; the General Fund, the TIF Capital Projects Fund, the TIF Debt Service Fund, and the Streetscape Capital Project Fund. In addition to this, the City maintains five special revenue funds and two capital project funds, none of which qualify as major funds. These funds are consolidated into the column labeled Other Governmental Funds in the Fund Financial Statements. Combining financial statements containing more detailed information on these funds may be found in Schedules 6 through 11.

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 at the fund level. 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 information for the Water Fund and the Wastewater Fund separately.

The proprietary fund financial statements of the City may be found in Exhibits F through H.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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 a Pension Trust Fund, detailed in Exhibits I and J. The City has three Agency Funds with consolidated amounts detailed in Exhibit I and additional information on these funds may be found in Schedule 12.

Notes to the Financial Statements provide additional information that is necessary to obtain 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. 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, information on changes in the net pension liability, employer contributions to pensions, and investment returns. 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
Assets:						
Cash and Investments	\$ 4,744,867	\$ 10,842,430	\$ 2,556,830	\$ 1,195,402	\$ 7,301,697	\$ 12,037,832
Other Assets	137,073	(850,797)	2,549,718	2,933,240	2,686,791	2,082,443
Capital Assets	21,076,347	16,731,048	20,371,673	20,952,640	41,448,020	37,683,688
Total Assets	25,958,287	26,722,681	25,478,221	25,081,282	51,436,508	51,803,963
Deferred Outflows of Resources	348,763	145,139	134,340	36,283	483,103	181,422
Liabilities:						
Other Liabilities	749,182	2,022,853	241,644	346,707	990,826	2,369,560
Noncurrent Liabilities	17,711,393	18,212,235	10,031,231	9,907,161	27,742,624	28,119,396
Total Liabilities	18,460,575	20,235,088	10,272,875	10,253,868	28,733,450	30,488,956
Deferred Inflows of Resources	442,034	29,102	131,790	0	573,824	29,102
Net Position:						
Net Investment in Capital Assets	10,198,477	8,540,627	11,433,940	12,100,228	21,632,417	20,640,855
Restricted	169,832	207,167	0	0	169,832	207,167
Unrestricted/(Deficit)	(2,963,868)	(2,144,164)	3,773,956	2,763,469	810,088	619,305
Total Net Position	\$ 7,404,441	\$ 6,603,630	\$ 15,207,896	\$ 14,863,697	\$ 22,612,337	\$ 21,467,327

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22,612,337. The City's total net position is split between governmental activities net position of \$7,404,441 and business-type activities net position of \$15,207,896.

The largest portion of the City's total net position \$21,632,417 (95.67%) 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 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. On an ongoing basis, the City strives to work reserves into the annual budget to provide for financial contingencies and reserves for a long-term capital plan.

The City's total net position includes \$169,832 (0.75%) of restricted net position. Restricted net position represents assets whose use is subject to external restrictions. The remaining balance of \$810,088 (3.58%) is unrestricted net position, which 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.

Summary of the Statement of Activities

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,023,142	\$ 2,056,144	\$ 5,211,993	\$ 5,518,684	\$ 7,235,135	\$ 7,574,828
Operating Grants & Contributions	1,060,125	861,861	12,287	0	1,072,412	861,861
Capital Grants & Contributions	1,414,679	885,807	0	251,537	1,414,679	1,137,344
General Revenues:						
Property Taxes	4,534,809	3,953,716	0	0	4,534,809	3,953,716
Other	201,951	2,428,651	85,803	312,244	287,754	2,740,895
Total Revenues	<u>9,234,706</u>	<u>10,186,179</u>	<u>5,310,083</u>	<u>6,082,465</u>	<u>14,544,789</u>	<u>16,268,644</u>
Expenses:						
General Government	1,410,424	752,052	0	0	1,410,424	752,052
Public Safety	4,309,467	4,535,681	0	0	4,309,467	4,535,681
Public Works	1,044,000	815,624	0	0	1,044,000	815,624
Culture and Recreation	604,679	600,304	0	0	604,679	600,304
Community Development	554,978	762,129	0	0	554,978	762,129
Interest on Long-Term Debt	517,014	337,282	0	0	517,014	337,282
Water	0	0	2,128,265	1,895,517	2,128,265	1,895,517
Wastewater	0	0	2,830,952	2,623,091	2,830,952	2,623,091
Total Expenses	<u>8,440,562</u>	<u>7,803,072</u>	<u>4,959,217</u>	<u>4,518,608</u>	<u>13,399,779</u>	<u>12,321,680</u>
Increase (Decrease) in Net Position						
Before Transfers	794,144	2,383,107	350,866	1,563,857	1,145,010	3,946,964
Transfers	6,667	306,946	(6,667)	(306,946)	0	0
Increase (Decrease) in Net Position	<u>800,811</u>	<u>2,690,053</u>	<u>344,199</u>	<u>1,256,911</u>	<u>1,145,010</u>	<u>3,946,964</u>
Beginning Net Position	6,603,630	5,593,128	14,863,697	14,460,041	21,467,327	20,053,169
Less: GASB 68 Adjustment	0	(1,679,551)	0	(853,255)	0	(2,532,806)
Ending Net Position	<u>\$ 7,404,441</u>	<u>\$ 6,603,630</u>	<u>\$ 15,207,896</u>	<u>\$ 14,863,697</u>	<u>\$ 22,612,337</u>	<u>\$ 21,467,327</u>

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

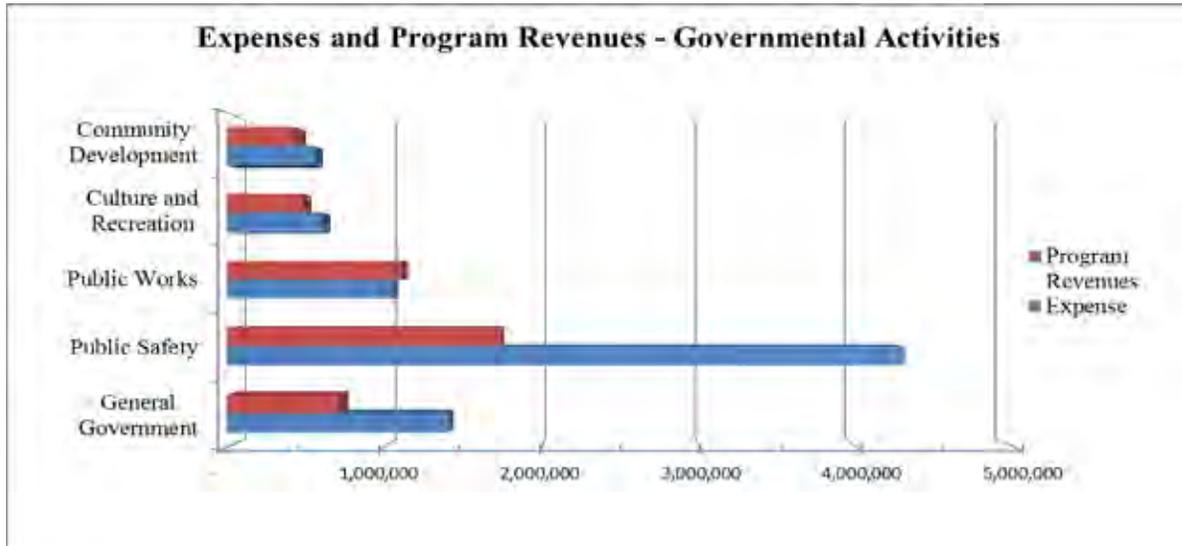
Governmental Activities

Governmental activities increased the City's net position by \$800,811 for the year ended June 30, 2015. Key elements of the change are as follows.

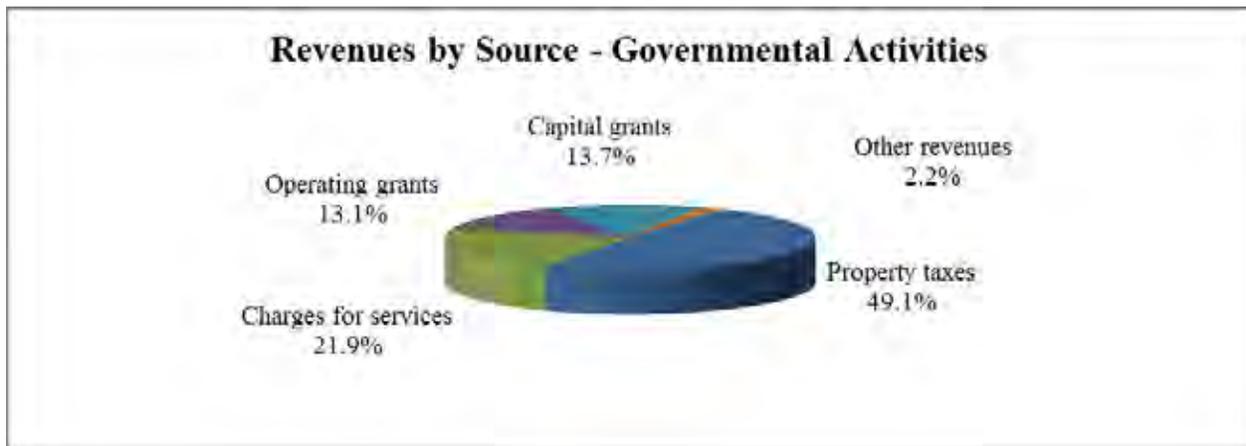
- Total governmental activities' revenues decreased by 9.3% (\$951,473) from 2014 to 2015. During 2014 the City reported onetime revenue equal to \$2,500,000 from the sale of property and deeded parking rights. This is shown in Other Revenues for 2014, a category which decreased dramatically from year to year.
- Operating Grants and Contributions increased by \$198,264 (23%) driven by an increase in Community Justice Center operating grants of \$43,414 and an increase in Public Safety operating grants of \$163,733.
- Capital Grants and Contributions increased by \$528,872 (59.7%) which is primarily a result of a \$350,000 community development pass-through grant and a \$147,100 paving grant from the State of Vermont.
- Property tax revenues increased 14.7% or \$581,093 from the previous year as a result of growth in the grand list, much of which occurred within the TIF district and a slight increase in the tax rate from \$0.8344 to \$0.8557, per \$100 of assessed value.
- Total governmental activities' expenses increased by 8.2% (\$637,490) from 2014 to 2015. Public safety expenses end the year at 51.1% (\$4,309,467) of total governmental activities' expenses. Public safety remains the largest category of expenses from year to year.
- Public works expenses increased 28% or \$228,376 from the previous year. Of this amount, \$147,100 was spent on additional paving offset by a previously mentioned paving grant.
- Community development expenses decreased 27.2% or \$207,151 from the previous year. Expenses related to TIF capital projects are included in this category and have tapered off from the prior year.
- Lastly, interest on long-term debt increased by \$179,732 or 53% as 2015 was the first full year of interest on the TIF bonds.

The following 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 including user fees, operating grants, and capital grants. General revenues such as property tax 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.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**



The majority of revenue for governmental activities comes from property taxes; 49.1% of total revenue or \$4,534,809. The second largest category of revenue is charges for services coming in at 21.9% or \$2,023,142 of total revenue. This is a change from the previous year when other revenue claimed the number two spot as a result of the onetime sale of property and parking rights for \$2,500,000. The following graph shows the distribution of governmental activities revenues by source for the year ended June 30, 2015.

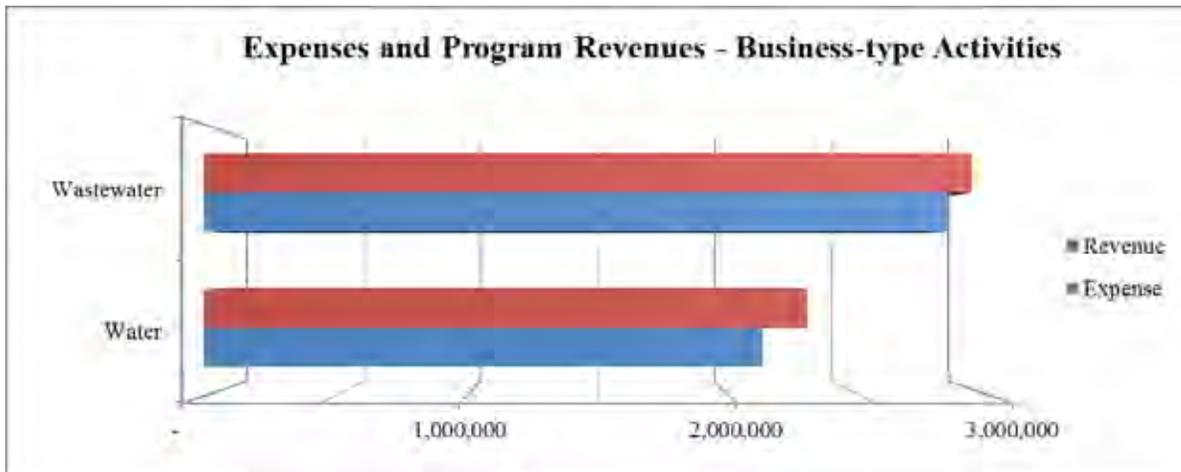


Business-type Activities

Business-type activities increased the City's net position by \$344,199 (2.32%) during the current fiscal year. Key elements of this increase are as follows.

- Total revenues of \$5,310,083 were \$772,382 or 12.7% lower than the previous year. Driving this decrease is a reduction of \$477,978 in capital grants and contributions and other revenues which were inflated in the prior year as a result of allocating part of the Streetscape project to the business-type activities for improvements to the water and wastewater underground infrastructure.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**



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. Information presented and discussed in this section is specific to the fund financial statements.

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 \$3,567,371, a decrease of \$3,758,151 over the prior year. Of this total amount, \$344,940 is non-spendable (advances to other funds, prepaid items and inventories) and \$976,318 is restricted, which indicates it is not available for discretionary spending, as it is otherwise restricted by grant agreements, statutes, or debt covenants. Of the remaining amount, \$2,876,502 has been assigned by the City for various purposes (detailed in Footnote IV.J. Net Position/Fund Balances) and unassigned fund balance is a deficit of \$630,389. The deficit unassigned fund balance is made up of a deficit in the Streetscape fund which is caused by timing of grant proceeds, a deficit in the Federal Street fund that will be funded once the Federal Street TIF project is activated, and a deficit in the City Hall Renovation fund which will be funded by debt proceeds.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

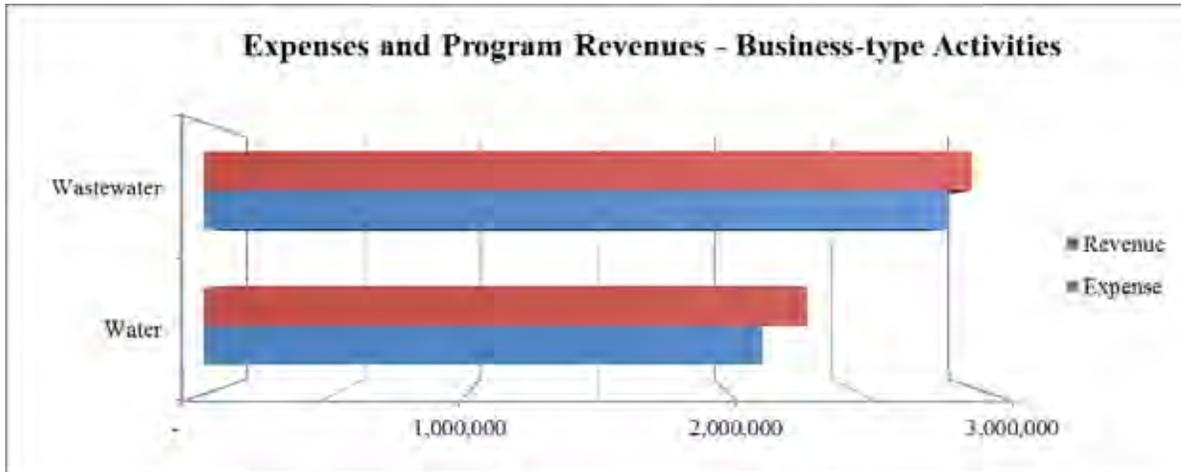
- The preceding increases were offset by a decrease in the cost of utilities at the water and wastewater facilities of \$86,760. The majority of this decrease (\$70,514) is reflected in the water fund. During the previous year, the Fairfax water facility was shut down for work on the south reservoir dam. As a result the Maquam Shore water facility was required to produce additional capacity to meet demand. Treated water from the Maquam Shore water facility has to be pumped up to the City which results in increased electricity costs. Water from the Fairfax water facility is gravity fed into the system.

The City's business-type activities are supported by user fees and allocation fees, also referred to as charges for services (\$5,211,993) with assistance from operating grants (\$12,287) and investment income (\$85,803). The percentage breakdown of revenue sources is illustrated in the following graph titled Revenues by Source – Business-type Activities.



As the name suggests, business-type activities are accounted for in the same manner that businesses would account for operations. Therefore, 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. Operating revenues exceeded operating expenses in the water fund by \$338,291 or 14.8% of total operating revenues. In the wastewater fund, operating revenues exceeded operating expenses by \$173,169 or 5.9% of total operating revenues. After factoring in nonoperating revenues, nonoperating expense, and transfers the water and wastewaters funds reported an increase in net position of \$202,372 and \$141,827, respectively. 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 projects and debt service.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

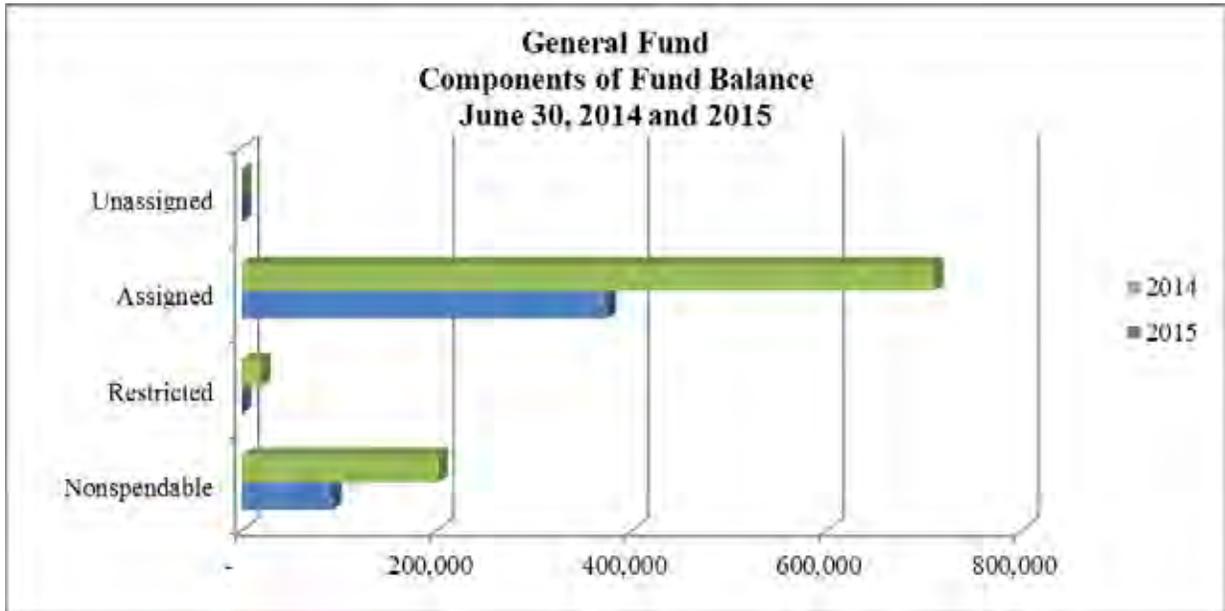
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Information presented and discussed in this section is specific to the fund financial statements.

Governmental Funds

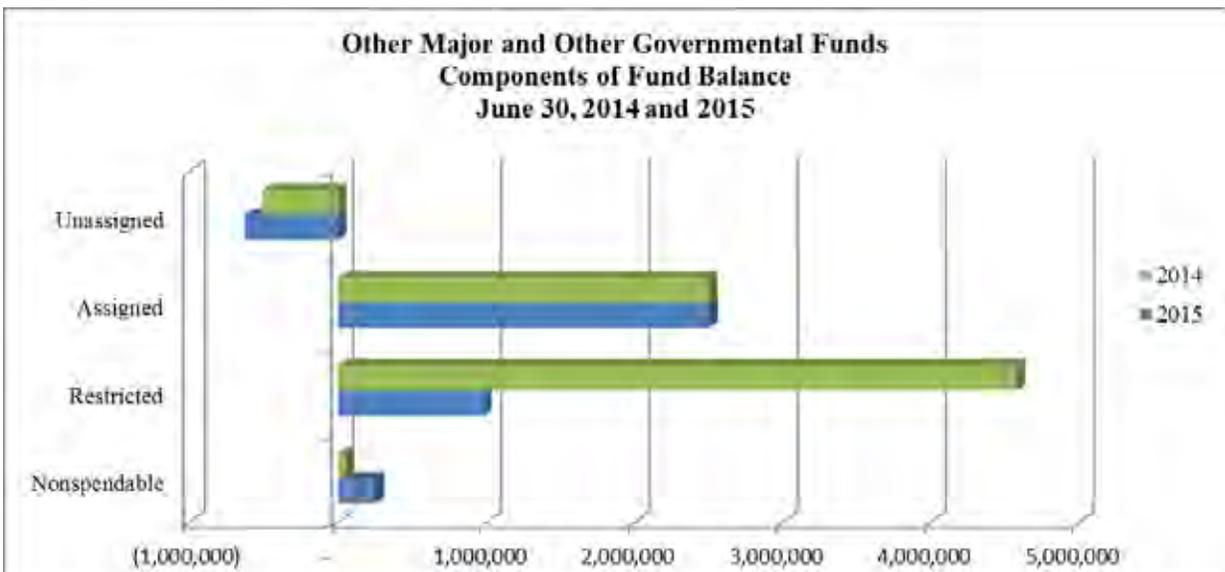
The focus of the City's governmental funds is to provide information on current year revenue, expenditures, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's 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 \$3,567,371, a decrease of \$3,758,151 over the prior year. Of this total amount, \$344,940 is non-spendable (advances to other funds, prepaid items and inventories) and \$976,318 is restricted, which indicates it is not available for discretionary spending, as it is otherwise restricted by grant agreements, statutes, or debt covenants. Of the remaining amount, \$2,876,502 has been assigned by the City for various purposes (detailed in Footnote IV.J. Net Position/Fund Balances) and unassigned fund balance is a deficit of \$630,389. The deficit unassigned fund balance is made up of a deficit in the Streetscape fund which is caused by timing of grant proceeds, a deficit in the Federal Street fund that will be funded once the Federal Street TIF project is activated, and a deficit in the City Hall Renovation fund which will be funded by debt proceeds.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**



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 \$467,166, a decrease of \$242,414 from the previous year. Of this amount, \$92,858 is non-spendable. The remaining \$374,308 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 6.1% of total general fund expenditures, however, this amount includes nonspendable 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 4.8% of total general fund expenditures.



**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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. Fund balance decreased by \$3,571,404 from the prior year, reflecting the use of restricted debt proceeds used to fund projects during the year. The parking garage project was substantially complete and placed in service during the year. Debt proceeds of \$2,949,276 and other revenues of \$23,675 were used to fund the parking garage project. General TIF costs of \$37,716 and transfers to the TIF Debt Service fund of \$584,412 also utilized debt proceeds.

Proprietary Funds

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

Total net position in the water fund is \$3,815,359, an increase of 5.6% from the previous year. Half of the water fund's net position is invested in capital assets net of related debt; 51.8% or \$1,976,539. In the wastewater fund, total net position is \$11,392,537, an increase of 1.3% from the previous year. The vast majority of net position in the wastewater fund is invested in capital assets net of related debt; 83% or \$9,457,401. Other major factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of June 30, 2015 were \$59,593,683 (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 \$5,324,667 from June 30, 2014 to June 30, 2015, or 9.8%. Combined accumulated depreciation at the end of the year is \$18,145,663. Capital assets for governmental activities increased by \$4,345,299, net of accumulated depreciation. Capital assets for business-type activities decreased by \$580,967, net of accumulated depreciation. During the year the City completed construction of a parking garage and placed it in service driving the decrease in construction in progress and the increase in infrastructure in the governmental activities.

Summary of Capital Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	2015	2014	2015	2014	2015	2014
Capital Assets:						
Land	\$ 776,095	\$ 908,932	\$ 197,000	\$ 202,012	\$ 973,095	\$ 1,110,944
Construction in Progress	2,643,357	11,010,988	463,888	1,663,312	3,107,245	12,674,300
Buildings and Improvements	1,557,076	1,534,539	31,803,464	30,389,064	33,360,540	31,923,603
Machinery and Equipment	3,516,441	3,418,834	2,952,922	2,745,816	6,469,363	6,164,650
Infrastructure	15,683,440	2,395,519	0	0	15,683,440	2,395,519
	<u>24,176,409</u>	<u>19,268,812</u>	<u>35,417,274</u>	<u>35,000,204</u>	<u>59,593,683</u>	<u>54,269,016</u>
Less: Accumulated Depreciation	(3,100,062)	(2,537,764)	(15,045,601)	(14,047,564)	(18,145,663)	(16,585,328)
Total Assets, Net	<u>\$ 21,076,347</u>	<u>\$ 16,731,048</u>	<u>\$ 20,371,673</u>	<u>\$ 20,952,640</u>	<u>\$ 41,448,020</u>	<u>\$ 37,683,688</u>

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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CAPITAL ASSETS AND DEBT ADMINISTRATION

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CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Factors contributing to the change include the following:

- The City's governmental activities debt increased with the issuance of a bond anticipation note for the City Hall Renovation Project authorized up to \$2,300,000. As of June 30, 2015, \$350,000 had been drawn and is reflected in the additions column. Other new debt in the governmental activities includes \$43,000 for the purchase of a bucket truck; \$23,238 for the purchase of a recreation vehicle; \$20,000 for the purchase of a line striper; and \$8,241 for 20% of the cost of a skid steer.
- New debt for the business-type activities includes \$32,964 for 80% of the cost of a skid steer and an additional \$410,255 in State of Vermont Special Environmental Revolving Loans for the second phase of the Wastewater Treatment Facility upgrade.
- Debt retired during the year in governmental activities included a bond for Library Improvements, a bond to retire deficits in the general fund, a note to fund a portion of the Federal Street project grant match, and a note to purchase the Little League fields.
- Principal payments totaling \$879,981 were made on governmental activities debt and principal payments totaling \$357,898 were made on business-type activities debt.

Additional information about long-term debt can be found in Footnote IV.I. 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.

The City has partnered with PeakCM to construct an 84-room, nationally-franchised hotel on Lake Street in the heart of the St. Albans Downtown. The Lake Street Hotel is the final piece of the City's downtown core project, which also included the construction of the new State Office Building which opened on January 12, 2015 and a City owned parking garage which opened to the public on October 30, 2014. All three of these projects are paramount to the City's TIF plan.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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CITY OF ST. ALBANS, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,744,867	\$ 2,556,830	\$ 7,301,697
Receivables (Net of Allowance for Uncollectibles)	973,161	1,288,518	2,261,679
Loans Receivable	107,385	0	107,385
Notes Receivable	0	68,143	68,143
Prepaid Expenses	6,483	0	6,483
Inventory	207,062	36,039	243,101
Internal Balances	(1,157,018)	1,157,018	0
Capital Assets			
Land	776,095	197,000	973,095
Construction in Progress	2,643,357	463,888	3,107,245
Other Capital Assets, (Net of Accumulated Depreciation)	17,656,895	19,710,785	37,367,680
Total Assets	<u>25,958,287</u>	<u>25,478,221</u>	<u>51,436,508</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to the City's Pension Plan and Participation in VMERS	<u>348,763</u>	<u>134,340</u>	<u>483,103</u>
Total Deferred Outflows of Resources	<u>348,763</u>	<u>134,340</u>	<u>483,103</u>
LIABILITIES			
Accounts Payable	504,221	135,813	640,034
Accrued Payroll and Benefits Payable	87,347	24,018	111,365
Unearned Revenue	93,208	8,411	101,619
Accrued Interest Payable	64,406	73,402	137,808
Noncurrent Liabilities:			
Due within One Year	1,048,459	485,026	1,533,485
Due in More than One Year	16,662,934	9,546,205	26,209,139
Total Liabilities	<u>18,460,575</u>	<u>10,272,875</u>	<u>28,733,450</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid Property Taxes	18,954	0	18,954
Deferred Inflows of Resources Related to the City's Pension Plan and Participation in VMERS	<u>423,080</u>	<u>131,790</u>	<u>554,870</u>
Total Deferred Inflows of Resources	<u>442,034</u>	<u>131,790</u>	<u>573,824</u>
NET POSITION			
Net Investment in Capital Assets Restricted	10,198,477	11,433,940	21,632,417
Community Development	164,701	0	164,701
Taylor Park	5,131	0	5,131
Unrestricted/(Deficit)	<u>(2,963,868)</u>	<u>3,773,956</u>	<u>810,088</u>
Total Net Position	<u>\$ 7,404,441</u>	<u>\$ 15,207,896</u>	<u>\$ 22,612,337</u>

CITY OF ST. ALBANS, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2015

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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, 2015

	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	\$ 1,410,424	\$ 139,525	\$ 579,652	\$ 0	\$ (691,247)	\$ 0	\$ (691,247)
Public Safety	4,309,467	1,376,666	365,825	0	(2,566,976)	0	(2,566,976)
Public Works	1,044,000	107,293	111,948	893,834	69,075	0	69,075
Culture and Recreation	604,679	399,619	2,700	78,345	(124,015)	0	(124,015)
Community Development	554,978	39	0	442,500	(112,439)	0	(112,439)
Interest on Long-term Debt	517,014	0	0	0	(517,014)	0	(517,014)
Total Governmental Activities	8,440,562	2,023,142	1,060,125	1,414,679	(3,942,616)	0	(3,942,616)
Business-Type Activities:							
Water	2,128,265	2,298,907	0	0	0	170,642	170,642
Wastewater	2,830,952	2,913,086	12,287	0	0	94,421	94,421
Total Business-Type Activities	4,959,217	5,211,993	12,287	0	0	265,063	265,063
Total Primary Government	\$ 13,399,779	\$ 7,235,135	\$ 1,072,412	\$ 1,414,679	(3,942,616)	265,063	(3,677,553)
General Revenues:							
Property Taxes					4,534,809	0	4,534,809
Interest and Penalties on Delinquent Taxes					65,645	0	65,645
Unrestricted Investment Earnings					3,907	85,803	89,710
General State Grants					84,441	0	84,441
Other Revenues					44,617	0	44,617
Gain on Sale of Capital Assets					3,341	0	3,341
Transfers					6,667	(6,667)	0
Total General Revenues and Transfers					4,743,427	79,136	4,822,563
Change in Net Position					800,811	344,199	1,145,010
Net Position - July 1, 2014, As Restated					6,603,630	14,863,697	21,467,327
Net Position - June 30, 2015					\$ 7,404,441	\$ 15,207,896	\$ 22,612,337

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

CITY OF ST. ALBANS, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	TIF Capital Projects Fund	TIF Debt Service Fund	Streetscape Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 3,888,664	\$ 843,231	\$ 0	\$ 0	\$ 12,972	\$ 4,744,867
Receivables (Net of Allowance for Uncollectibles)	385,899	0	0	242,323	344,939	973,161
Due from Other Funds	0	125,495	2,502,194	24,542	0	2,652,231
Advances to Other Funds	80,919	0	0	0	50,476	131,395
Loans Receivable	0	0	0	0	107,385	107,385
Prepaid Items	6,483	0	0	0	6,483	6,483
Inventories	5,456	0	0	0	0	5,456
Assets Held for Resale	0	0	0	0	201,606	201,606
Total Assets	\$ 4,367,421	\$ 968,726	\$ 2,502,194	\$ 266,865	\$ 717,378	\$ 8,822,584
LIABILITIES						
Accounts Payable	\$ 117,375	\$ 4,380	\$ 0	\$ 216,865	\$ 165,601	\$ 504,221
Accrued Payroll and Benefits Payable	87,347	0	0	0	0	87,347
Due to Other Funds	3,402,178	0	0	0	407,071	3,809,249
Advances from Other Funds	0	0	0	0	131,395	131,395
Unearned Revenue	93,208	0	0	0	0	93,208
Total Liabilities	3,700,108	4,380	0	216,865	704,067	4,625,420
DEFERRED INFLOWS OF RESOURCES						
Prepaid Property Taxes	18,954	0	0	0	0	18,954
Unavailable Revenue - Property Taxes	158,500	0	0	0	0	158,500
Unavailable Revenue - Other	22,693	0	0	56,877	372,769	452,339
Total Deferred Inflows of Resources	200,147	0	0	56,877	372,769	629,793
FUND BALANCES (DEFICIT)						
Nonspendable	92,858	0	0	0	252,082	344,940
Restricted	0	964,346	0	0	11,972	976,318
Assigned	374,308	0	2,502,194	0	0	2,876,502
Unassigned	0	0	0	(6,877)	(623,512)	(630,389)
Total Fund Balances/(Deficit)	467,166	964,346	2,502,194	(6,877)	(359,458)	3,567,371
Total Liabilities, Deferred Inflows of Resources and Fund Balances						
	\$ 4,367,421	\$ 968,726	\$ 2,502,194	\$ 266,865	\$ 717,378	\$ 8,822,584
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.						21,076,347
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Deferred in the Funds.						610,839
Deferred Outflows of Resources related to the City's Participation in VMERS are applicable to Future Periods and, Therefore, are not Reported in the Funds.						348,763
Long-Term and Accrued Liabilities are not Due or Payable in the Current Period and, Therefore, are Not Reported in the Funds.						(17,775,799)
Deferred Inflows of Resources related to the City's Defined Benefit Pension Plan and its Participation in VMERS are applicable to Future Periods and, Therefore, are not Reported in the Funds.						(423,080)
Net Position of Governmental Activities						\$ 7,404,441

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, 2015

	General Fund	TIF Capital Projects Fund	TIF Debt Service Fund	Streetscape Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 4,052,390	\$ 0	\$ 480,219	\$ 0	\$ 0	\$ 4,532,609
Penalties and Interest	65,645	0	0	0	0	65,645
Intergovernmental Revenues	1,179,660	0	0	467,869	779,886	2,427,415
Charges for Services	1,912,381	0	0	0	0	1,912,381
Investment Income	1,593	0	2,194	0	120	3,907
Loan Repayments	0	0	0	0	966	966
Licenses and Permits	113,935	0	0	0	0	113,935
Donations	78,345	0	0	0	95,200	173,545
Other Revenue	136,601	23,675	0	0	440	160,716
Total Revenues	<u>7,540,550</u>	<u>23,675</u>	<u>482,413</u>	<u>467,869</u>	<u>876,612</u>	<u>9,391,119</u>
EXPENDITURES						
Current:						
General Government	1,421,743	0	0	0	35,429	1,457,172
Public Safety	3,915,241	0	0	0	58,718	3,973,959
Public Works	715,622	0	0	0	0	715,622
Culture and Recreation	552,427	0	0	0	411	552,838
Community Development	0	37,716	0	0	384,425	422,141
Capital Outlay:						
General Government	18,366	0	0	0	453,212	471,578
Public Safety	80,888	0	0	0	0	80,888
Public Works	501,319	2,972,951	0	398,208	532,656	4,405,134
Culture and Recreation	125,398	0	0	0	0	125,398
Debt Service:						
Principal	309,981	0	570,000	0	0	879,981
Interest	31,835	0	486,245	0	0	518,080
Total Expenditures	<u>7,672,820</u>	<u>3,010,667</u>	<u>1,056,245</u>	<u>398,208</u>	<u>1,464,851</u>	<u>13,602,791</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(132,270)</u>	<u>(2,986,992)</u>	<u>(573,832)</u>	<u>69,661</u>	<u>(588,239)</u>	<u>(4,211,672)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of Long-Term Debt	94,479	0	0	0	350,000	444,479
Proceeds from Sale of Equipment	2,375	0	0	0	0	2,375
Transfers In	0	0	576,026	77,010	145,041	798,077
Transfers Out	(206,998)	(584,412)	0	0	0	(791,410)
Total Other Financing Sources/(Uses)	<u>(110,144)</u>	<u>(584,412)</u>	<u>576,026</u>	<u>77,010</u>	<u>495,041</u>	<u>453,521</u>
Net Change in Fund Balances	(242,414)	(3,571,404)	2,194	146,671	(93,198)	(3,758,151)
Fund Balances/(Deficit) - July 1, 2014	709,580	4,535,750	2,500,000	(153,548)	(266,260)	7,325,522
Fund Balances/(Deficit) - June 30, 2015	<u>\$ 467,166</u>	<u>\$ 964,346</u>	<u>\$ 2,502,194</u>	<u>\$ (6,877)</u>	<u>\$ (359,458)</u>	<u>\$ 3,567,371</u>

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

CITY OF ST. ALBANS, VERMONT
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2015

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)	\$	(3,758,151)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$5,082,998) is allocated over their estimated useful lives and reported as depreciation expense (\$599,724). This is the amount by which capital outlays exceeded depreciation in the current period.		4,483,274
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and loss on disposals) is to decrease net position.		(137,975)
The issuance of long-term debt (\$444,479) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$879,981) 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.		435,502
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.		(68,789)
Governmental funds report employer pension contributions as expenditures (\$292,771). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$441,464) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(148,693)
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>(4,357)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>800,811</u></u>

The General Fund charges the Water and Wastewater Funds for administrative expenses. These charges totaling \$90,000 have been eliminated from the Governmental Activities on the Statement of Activities.

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash	\$ 1,091,065	\$ 1,465,765	\$ 2,556,830
Receivables (Net of Allowance for Uncollectibles)	525,490	763,028	1,288,518
Notes Receivable, Current Portion	0	9,000	9,000
Inventory	22,830	13,209	36,039
Due from Other Funds	<u>722,491</u>	<u>434,527</u>	<u>1,157,018</u>
Total Current Assets	<u>2,361,876</u>	<u>2,685,529</u>	<u>5,047,405</u>
Noncurrent Assets:			
Notes Receivable	29,346	29,797	59,143
Capital Assets			
Land	155,000	42,000	197,000
Construction in Progress	0	463,888	463,888
Buildings, Distribution and Collection System and Improvements	9,247,744	22,555,720	31,803,464
Vehicles, Machinery and Equipment	1,426,130	1,526,792	2,952,922
Less Accumulated Depreciation	<u>(4,186,480)</u>	<u>(10,859,121)</u>	<u>(15,045,601)</u>
Total Noncurrent Assets	<u>6,671,740</u>	<u>13,759,076</u>	<u>20,430,816</u>
Total Assets	<u>9,033,616</u>	<u>16,444,605</u>	<u>25,478,221</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to the City's Pension Plan and Participation in VMERS			
	<u>59,939</u>	<u>74,401</u>	<u>134,340</u>
Total Deferred Outflows of Resources	<u>59,939</u>	<u>74,401</u>	<u>134,340</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 9,093,555</u>	<u>\$ 16,519,006</u>	<u>\$ 25,612,561</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 57,845	\$ 77,968	\$ 135,813
Accrued Payroll	11,273	12,745	24,018
Unearned Revenue	8,411	0	8,411
Accrued Interest Payable	17,460	55,942	73,402
Bonds Payable - Current Portion	100,955	176,434	277,389
Notes Payable - Current Portion	<u>68,078</u>	<u>24,559</u>	<u>92,637</u>
Total Current Liabilities	<u>264,022</u>	<u>347,648</u>	<u>611,670</u>
Noncurrent Liabilities			
Compensated Absences Payable	58,450	103,620	162,070
Net Pension Liability	396,997	534,431	931,428
Bonds Payable - Noncurrent Portion	3,213,037	3,354,385	6,567,422
Notes Payable - Noncurrent Portion	<u>1,283,785</u>	<u>716,500</u>	<u>2,000,285</u>
Total Noncurrent Liabilities	<u>4,952,269</u>	<u>4,708,936</u>	<u>9,661,205</u>
Total Liabilities	<u>5,216,291</u>	<u>5,056,584</u>	<u>10,272,875</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to the City's Pension Plan and Participation in VMERS			
	<u>61,905</u>	<u>69,885</u>	<u>131,790</u>
Total Deferred Inflows of Resources	<u>61,905</u>	<u>69,885</u>	<u>131,790</u>
NET POSITION			
Net Investment in Capital Assets	1,976,539	9,457,401	11,433,940
Unrestricted	<u>1,838,820</u>	<u>1,935,136</u>	<u>3,773,956</u>
Total Net Position	<u>3,815,359</u>	<u>11,392,537</u>	<u>15,207,896</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 9,093,555</u>	<u>\$ 16,519,006</u>	<u>\$ 25,612,561</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, 2015

	Water Fund	Wastewater Fund	Total
Operating Revenues:			
Charges for Services	\$ 2,163,261	\$ 2,744,795	\$ 4,908,056
Penalties and Interest	13,662	18,093	31,755
Allocation Fees	95,480	149,460	244,940
Other Income	11,504	738	12,242
	<u>2,283,907</u>	<u>2,913,086</u>	<u>5,196,993</u>
Total Operating Revenues			
Operating Expenses:			
Salaries and Benefits	769,494	935,795	1,705,289
Other Purchased Services	166,965	205,070	372,035
Chemicals	130,328	321,469	451,797
Repairs and Maintenance	145,087	103,737	248,824
Insurances	49,653	48,589	98,242
Utilities	213,369	227,349	440,718
Supplies	17,942	18,581	36,523
Real Estate and State Water Taxes	56,452	4,992	61,444
Other Operating Costs	89,923	114,305	204,228
Depreciation	306,403	760,030	1,066,433
	<u>1,945,616</u>	<u>2,739,917</u>	<u>4,685,533</u>
Total Operating Expenses			
Operating Income	<u>338,291</u>	<u>173,169</u>	<u>511,460</u>
Nonoperating Revenues (Expenses):			
Land Lease	15,000	0	15,000
Investment Income	35,064	50,739	85,803
Noncapital Grant Revenue	0	12,287	12,287
Noncapital Grant Expense	0	(12,287)	(12,287)
Interest Expense	(182,649)	(78,748)	(261,397)
	<u>(132,585)</u>	<u>(28,009)</u>	<u>(160,594)</u>
Total Nonoperating Revenues (Expenses)			
Net Income Before Capital Contributions and Transfers	205,706	145,160	350,866
Transfers Out	<u>(3,334)</u>	<u>(3,333)</u>	<u>(6,667)</u>
Change in Net Position	202,372	141,827	344,199
Net Position - July 1, 2014, As Restated	<u>3,612,987</u>	<u>11,250,710</u>	<u>14,863,697</u>
Net Position - June 30, 2015	<u>\$ 3,815,359</u>	<u>\$ 11,392,537</u>	<u>\$ 15,207,896</u>

CITY OF ST. ALBANS, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Water Fund	Wastewater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 2,193,752	\$ 2,787,347	\$ 4,981,099
Other Receipts	11,504	738	12,242
Payments for Goods and Services	(879,135)	(1,090,799)	(1,969,934)
Payment of Taxes	(56,452)	(4,992)	(61,444)
Payments for Wages and Benefits	(733,690)	(888,331)	(1,622,021)
	<u>535,979</u>	<u>803,963</u>	<u>1,339,942</u>
Net Cash Provided by Operating Activities			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from Notes Receivable	0	1,000	1,000
Transfers Out	(3,334)	(3,333)	(6,667)
Proceeds from Land Lease	15,000	0	15,000
Proceeds from Noncapital Grant	0	12,287	12,287
Noncapital Grant Expenses	0	(12,287)	(12,287)
Decrease/(Increase) in Due from Other Funds	359,053	235,424	594,477
	<u>370,719</u>	<u>233,091</u>	<u>603,810</u>
Net Cash Provided by Noncapital Financing Activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(144,920)	(340,547)	(485,467)
Proceeds of Long-Term Debt	16,482	426,737	443,219
Principal Paid on:			
General Obligation Bonds	(97,138)	(172,974)	(270,112)
Notes Payable	(64,818)	(22,968)	(87,786)
Interest Paid on:			
General Obligation Bonds	(132,149)	(74,076)	(206,225)
Notes Payable	(51,287)	(10,469)	(61,756)
	<u>(473,830)</u>	<u>(194,297)</u>	<u>(668,127)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of Interest & Dividends	35,064	50,739	85,803
	<u>35,064</u>	<u>50,739</u>	<u>85,803</u>
Net Cash Provided by Investing Activities			
Net Increase in Cash	467,932	893,496	1,361,428
Cash - July 1, 2014	623,133	572,269	1,195,402
Cash - June 30, 2015	<u>\$ 1,091,065</u>	<u>\$ 1,465,765</u>	<u>\$ 2,556,830</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	338,291	173,169	511,460
Depreciation	306,403	760,030	1,066,433
Bad Debt	0	1,834	1,834
(Increase)/Decrease in Accounts Receivable	(53,988)	(95,204)	(149,192)
(Increase)/Decrease in Notes Receivable	(29,346)	(29,797)	(59,143)
(Increase)/Decrease in Inventory	(5,365)	(89)	(5,454)
Increase/(Decrease) in Accounts Payable	(60,503)	(53,444)	(113,947)
Increase/(Decrease) in Accrued Payroll	5,172	5,613	10,785
Increase/(Decrease) in Unearned Revenue	4,683	0	4,683
Increase/(Decrease) in Compensated Absences Payable	(1,284)	(1,857)	(3,141)
Increase/(Decrease) in Net Pension Liability and Related Deferrals	31,916	43,708	75,624
	<u>535,979</u>	<u>803,963</u>	<u>1,339,942</u>
Net Cash Provided by Operating Activities	\$ 535,979	\$ 803,963	\$ 1,339,942

CITY OF ST. ALBANS, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 200,000
Plan Members	36,594
Total Contributions	236,594
Net Investment Earnings	248,400
Total Additions	484,994
DEDUCTIONS	
Benefits - Pension	449,104
Administrative Expenses	31,191
Management Fee	14,435
Total Deductions	494,730
Net Decrease in Net Position	(9,736)
Net Position - July 1, 2014	3,960,398
Net Position- June 30, 2015	\$ 3,950,662

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, 2015

	Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 200,000
Plan Members	36,594
Total Contributions	236,594
Net Investment Earnings	248,400
Total Additions	484,994
DEDUCTIONS	
Benefits - Pension	449,104
Administrative Expenses	31,191
Management Fee	14,435
Total Deductions	494,730
Net Decrease in Net Position	(9,736)
Net Position - July 1, 2014	3,960,398
Net Position- June 30, 2015	\$ 3,950,662

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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, dispatch, 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 activity of the City of St. Albans, Vermont. The financial 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 impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the City.

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.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

Government-wide Statements: The statement of net 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 downtown Streetscape projects.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

The City reports on the following major enterprise funds:

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

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

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

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 account for monies maintained for local nonprofit groups, Saint Albans for the Future and the Explorer Program, as well as 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, liabilities, and deferred inflows of resources 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 net investment in capital assets, 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 deferred outflows of resources and current liabilities and deferred inflows of resources 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.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

D. Basis of Accounting

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

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the 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, the net pension liability, 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 City.

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

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is 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.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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, liabilities and deferred inflows and outflows of resources 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.

F. New Pronouncement – Financial Reporting for Pension Plans

Effective June 30, 2015, the City implemented GASB Statement No. 68, “Accounting and Financial Reporting for Pensions” – an amendment of GASB Statement No. 27. GASB Statement No. 68 required the reporting of the proportionate share of the net pension liability related to the City’s participation in the Vermont Municipal Employees’ Retirement System (VMERS), the entire net pension liability for the City’s single-employer pension plan, as well as additional disclosures and required supplemental information. The objective of this Statement is to improve the accounting and financial reporting by state and local governments for pension plans for making decisions and assessing accountability.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources 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 or borrowing arrangements that are outstanding at the end of the fiscal year are referred to as Advances to/from Other Funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”. 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
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Advances between funds, as reported in the fund financial statements, are offset by a reserve account (nonspendable fund balance) in the applicable funds to indicate that they are not available for appropriation and are not expendable available financial resources.

5. Inventories and Prepaid Expenses

Inventory quantities are determined by physical count and are valued at the lower of cost or market. Inventories in the governmental funds consist 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. Pensions

For purposes of measuring the proportionate share of the net pension liability and the related deferred outflows and inflows of resources and pension expense, information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS) pension plan and additions to or deductions from the VMERS' fiduciary net position have been determined on the same basis as they are reported by VMERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

7. Deferred Outflows and 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/expenditure) until then. The City has one (1) type of item which arises under the accrual basis of accounting that qualifies for reporting in this category. The governmental activities, the business-type activities and the proprietary funds report deferred outflows of resources related to the City's defined benefit pension plan and the City's participation in VMERS. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

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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 there (3) types of items which arise under the modified accrual basis of accounting and two (2) types which arise under the accrual basis of accounting that qualify for reporting in this category. The governmental activities, the business-type activities and the proprietary funds report deferred inflows of resources from two (2) sources: prepaid property taxes and deferred inflows of resources related to the City's defined benefit pension plan and the City's participation in VMERS. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows of resources are related. The governmental funds report deferred inflows of resources 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 future periods that the amounts become available or to which the inflows are related.

8. 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 asset's life 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.

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:

CITY OF ST. ALBANS, VERMONT
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	<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.

9. 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.

10. Long-term Liabilities

Long-term liabilities include bonds, notes and capital leases payable and other obligations such as compensated absences and the net pension liability. 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.

11. 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.

CITY OF ST. ALBANS, VERMONT
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JUNE 30, 2015

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 an other 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 long-term debt proceeds as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities, respectively.

Pension-related differences arise because governmental funds report the current year's required employer contributions as current period expenditures, whereas government-wide statements report those transactions as deferred outflows of resources. In addition the accrual for the City's proportionate share of the net pension liability is recorded in the government-wide financial statements along with the related deferred inflows and outflows of resources.

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, 2015, expenditures in the General Fund exceeded appropriations by \$438,324. This was funded by unbudgeted revenues, lease proceeds, and available fund balance.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Investments:

Pension Investments – International Stocks	\$ 386,958
Pension Investments – US Stocks	1,117,828
Annuity Contracts	<u>2,437,947</u>
Total Investments	<u>3,942,733</u>
Total Cash and Investments	<u>\$ 11,273,307</u>

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 annuity contract 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	\$ 537,047	\$ 536,969
Uninsured, Held by the Bank’s Trust Department	593,231	593,231
Uninsured, Uncollateralized (\$2,952,372 is Offset by Debt to the Respective Bank)	<u>6,193,174</u>	<u>5,944,789</u>
Total Cash Deposits	<u>\$ 7,323,452</u>	<u>\$ 7,074,989</u>

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

Deposits are comprised of the following:

Cash with Financial Institutions	\$ 6,480,221
Cash with Investment Company	<u>843,231</u>
Total Cash Deposits	<u>\$ 7,323,452</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City does not have any policy to limit the exposure to interest rate risk. The City has no assets with exposure to interest rate risk.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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Total Investments	<u>3,942,733</u>
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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 annuity contract 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.

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CITY OF ST. ALBANS, VERMONT
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C. Loans and Notes Receivable

Loans Receivable at June 30, 2015 consists of seven (7) 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	\$ 3,796
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 October 30, 2044, Secured by a Mortgage Deed on Real Property	350,000
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>1,873,397</u>
Plus: Accrued Interest on Note	3,589

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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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>1,873,397</u>
Plus: Accrued Interest on Note	3,589
Less: Allowance for Doubtful Loans Receivable	<u>(1,769,601)</u>
Governmental Funds Reported Balance at June 30, 2015	<u><u>\$ 107,385</u></u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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An analysis of the change in loans receivable is as follows:

<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Payments</u>	<u>Amounts</u> <u>Written Off</u>	<u>Balance</u> <u>June 30, 2015</u>
\$ 1,524,363	\$ 350,000	\$ 966	\$ 0	\$ 1,873,397

Notes Receivable at June 30, 2015 consists of one (1) note for acquisition of a pump station in the wastewater fund and one (1) note for allocation fees in both the water and wastewater funds as follows.

Proprietary Funds

Note Receivable; Local Business; for the City's Assumption of Pump Station; Interest at 0%; Monthly Principal Payments of \$1,000; Due March 15, 2016	\$ 9,000
Note Receivable; Local Business for Water and Wastewater Allocation Fees; Interest at 2.50%; Balloon Payment Due June 30, 2019	<u>57,690</u>
Total	66,690
Plus: Accrued Interest on Note	<u>1,453</u>
Proprietary Funds Reported Value at June 30, 2015	<u>\$ 68,143</u>

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

<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Payments</u>	<u>Amounts</u> <u>Written Off</u>	<u>Balance</u> <u>June 30, 2015</u>
\$ 11,834	\$ 57,690	\$ 1,000	\$ 1,834	\$ 66,690

CITY OF ST. ALBANS, VERMONT
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D. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 908,932	\$ 0	\$ 132,837	\$ 776,095
Construction in Progress	<u>11,010,988</u>	<u>4,488,791</u>	<u>12,856,422</u>	<u>2,643,357</u>
Total Capital Assets, Not Being Depreciated	<u>11,919,920</u>	<u>4,488,791</u>	<u>12,989,259</u>	<u>3,419,452</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,534,539	22,537	0	1,557,076
Vehicles, Machinery and Equipment	3,418,834	140,171	42,564	3,516,441
Infrastructure	<u>2,395,519</u>	<u>13,287,921</u>	<u>0</u>	<u>15,683,440</u>
	<u>7,348,892</u>	<u>13,450,629</u>	<u>42,564</u>	<u>20,756,957</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	791,793	33,644	0	825,437
Vehicles, Machinery and Equipment	1,418,198	321,695	37,426	1,702,467
Infrastructure	<u>327,773</u>	<u>244,385</u>	<u>0</u>	<u>572,158</u>
Totals	<u>2,537,764</u>	<u>599,724</u>	<u>37,426</u>	<u>3,100,062</u>
Total Capital Assets, Being Depreciated	<u>4,811,128</u>	<u>12,850,905</u>	<u>5,138</u>	<u>17,656,895</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,731,048</u>	<u>\$ 17,339,696</u>	<u>\$ 12,994,397</u>	<u>\$ 21,076,347</u>
	<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	\$ 5,012	\$ 197,000
Construction in Progress	<u>1,663,312</u>	<u>297,395</u>	<u>1,496,819</u>	<u>463,888</u>
Total Capital Assets, Not Being Depreciated	<u>1,865,324</u>	<u>297,395</u>	<u>1,501,831</u>	<u>660,888</u>
Capital Assets, Being Depreciated:				
Buildings, Distribution and Collection Systems & Improvements	30,389,064	1,414,400	0	31,803,464
Machinery and Equipment	<u>2,745,816</u>	<u>296,048</u>	<u>88,942</u>	<u>2,952,922</u>
Totals	<u>33,134,880</u>	<u>1,710,448</u>	<u>88,942</u>	<u>34,756,386</u>
Less Accumulated Depreciation for:				
Buildings, Distribution and Collection Systems & Improvements	12,372,428	765,539	0	13,137,967
Machinery and Equipment	<u>1,675,136</u>	<u>300,894</u>	<u>68,396</u>	<u>1,907,634</u>
Totals	<u>14,047,564</u>	<u>1,066,433</u>	<u>68,396</u>	<u>15,045,601</u>
Total Capital Assets, Being Depreciated	<u>19,087,316</u>	<u>644,015</u>	<u>20,546</u>	<u>19,710,785</u>
Business-Type Activities Capital Assets, Net	<u>\$ 20,952,640</u>	<u>\$ 941,410</u>	<u>\$ 1,522,377</u>	<u>\$ 20,371,673</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Depreciation was charged as follows:

Governmental Activities:		Business - Type Activities:	
General Government	\$ 6,641	Water	\$ 306,403
Public Safety	241,819	Wastewater	<u>760,030</u>
Public Works	312,340		
Culture and Recreation	<u>38,924</u>		
Total Depreciation Expense - Governmental Activities	<u>\$ 599,724</u>	Total Depreciation Expense - Business-Type Activities	<u>\$ 1,066,433</u>

E. Interfund Balances and Activity

The composition of Due From/(To) Other Funds at June 30, 2015 is as follows:

<u>Fund Name</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 3,402,178
TIF Capital Projects Fund	125,495	0
TIF Debt Service Fund	2,502,194	0
Streetscape Fund	24,542	0
Other Governmental Funds	0	407,071
Water Fund	722,491	0
Wastewater Fund	<u>434,527</u>	<u>0</u>
Total	<u>\$ 3,809,249</u>	<u>\$ 3,809,249</u>

The composition of Advances To/(From) Other Funds at June 30, 2015 is as follows:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund	\$ 80,919	\$ 0
Community Development Fund	50,476	0
Federal Street Bypass Fund	<u>0</u>	<u>131,395</u>
Total	<u>\$ 131,395</u>	<u>\$ 131,395</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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The advances will be repaid as grant receivables are collected.

Interfund transfers during the year ended June 30, 2015 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	VCDP Grants Fund	\$ 7,917	Fund local match on grants
General Fund	City Hall Renovation Fund	50,000	Contribute to City Hall Renovation
General Fund	Streetscape Fund	11,783	Fund local match on grants
General Fund	TIF Debt Service	56,841	Fund TIF Bond debt service
General Fund	Fonda/Solo Building Fund	80,457	Refund advances
TIF Capital Projects	TIF Debt Service	519,185	Fund TIF Bond debt service
TIF Capital Projects	Streetscape Fund	65,227	Fund local match on grants
Water Fund	City Hall Renovation Fund	3,334	Contribute to City Hall Renovation
Wastewater Fund	City Hall Renovation Fund	<u>3,333</u>	Contribute to City Hall Renovation
	Total	<u>\$ 798,077</u>	

F. Deferred Outflows of Resources

Deferred outflows of resources in the Governmental Activities consist of \$2,890 as a result of differences between projected and actual earnings on investments and \$186,134 arising from changes in mortality assumptions. It also includes \$159,739 related to the City's participation in VMERS resulting from required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Governmental Activities are \$348,763.

Deferred outflows of resources in the Business-Type Activities consist of \$1,444 as a result of differences between projected and actual earnings on investments and \$92,962 arising from changes in mortality assumptions. It also includes \$39,934 related to the City's participation in VMERS resulting from required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Governmental Activities are \$134,340.

G. Unearned Revenue

Unearned revenue in the General Fund consists of \$39,025 in parking garage passes purchased in advance; \$34,090 of payments for recreation programs for fiscal year 2016; and \$20,093 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 \$93,208.

Unearned revenue in the Water Fund of \$8,411 consists of water fees received in advance. This revenue will be earned in 2016 as water fees are billed.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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H. Deferred Inflows of Resources

Deferred inflows of resources in the General Fund consists of \$158,500 of delinquent property taxes, penalties and interest on those taxes as well as \$22,693 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 \$18,954 of prepaid property taxes. Total deferred inflows of resources in the General Fund are \$200,147.

Deferred inflows of resources in the Streetscape Fund consists of \$56,877 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 \$107,385 of net loans receivable and \$265,384 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 \$372,769.

Deferred inflows of resources in the Governmental Activities consist \$18,954 of prepaid property taxes. It also includes \$104,307 in experience gains related to the City's single-employer defined benefit pension plan as well as \$316,651 resulting from the difference between the projected and actual investment earnings related to the City's participation in VMERS and \$2,122 resulting from a change in the proportional share of the City's contributions to VMERS. Total deferred inflows of resources in the Governmental Activities are \$442,034.

Deferred inflows of resources in the Business-Type Activities consist of \$52,095 in experience gains related to the City's single-employer defined benefit pension plan. It also includes \$79,164 resulting from the difference between the projected and actual investment earnings related to the City's participation in VMERS as well as \$531 resulting from a change in the proportional share of the City's contributions to VMERS. Total deferred inflows of resources in the Business-Type Activities are \$131,790.

I. 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.

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 wastewater projects.

CITY OF ST. ALBANS, VERMONT
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 JUNE 30, 2015

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.G.9. The accrual for compensated absences, based on current rates, is recorded in the government-wide and proprietary fund financial statements.

Net Pension Liability – The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retiree, and beneficiaries. The accrual for the City’s net pension liability related to the City’s single-employer defined benefit pension plan as well as the City’s share of the net pension liability associated with VMERS is recorded in the government-wide and proprietary fund financial statements.

Long-term liabilities outstanding as of June 30, 2015 were as follows.

Bonds, Notes and Capital Leases Payable:

Governmental Activities:

	Beginning Balance <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2015</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	\$ 85,219	\$ 0	\$ 12,233	\$ 72,986
Note Payable – Peoples Trust Company; 32 Nason Street Property; Interest at 3.75%; Monthly Principal and Interest Payments of \$997; Due December 25, 2016	27,294	0	11,132	16,162

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

<p>Note Payable – Peoples Trust Company; Fonda/Solo Building Purchase; Interest at 2.25%; The City is Making Interest Only Payments and Renewing the Note Each Year Until the Property is Sold. The Note was renewed until July 31, 2016 with interest at 1.50%</p>	\$ 325,816	\$ 0	\$ 0	\$ 325,816
<p>Note Payable – Peoples Trust Company; Purchase of Little League Fields; Interest at 2.75%; Monthly Principal and Interest Payments of \$1,563; Due and Paid on July 23, 2014</p>	1,562	0	1,562	0
<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>	156,011	0	14,382	141,629
<p>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</p>	97,850	0	14,603	83,247
<p>Note Payable – Peoples Trust Company; One Third (33.34%) of Single Axle Truck; Interest at 3.00%; Monthly Principal and Interest Payments of \$797; Due June 30, 2016</p>	18,539	0	9,128	9,411
<p>Note Payable – Peoples Trust Company; Federal Street Project Local Match; Interest at 1.50%; Monthly Principal and Interest Payments of \$1,726; Due and Paid on June 30, 2015</p>	20,550	0	20,550	0
<p>Note Payable – Peoples Trust Company; Sidewalk Plow Purchase; Interest at 2.75%; Monthly Principal and Interest Payments of \$1,473; Due March 21, 2017</p>	46,772	0	16,602	30,170

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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	\$ 21,887	\$ 0	\$ 8,288	\$ 13,599
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	87,507	0	9,087	78,420
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	15,512	0	1,527	13,985
Note Payable – Peoples Trust Company; Sidewalk Plow II Purchase; Interest at 2.85%; Quarterly Principal and Interest Payments of \$5,150; Due March 15, 2021	126,089	0	17,198	108,891
Note Payable – Peoples Trust Company; Bucket Truck; Interest at 2.55%; Monthly Principal and Interest Payments of \$763; Due October 1, 2019	0	43,000	5,457	37,543
Note Payable – Peoples Trust Company; Recreation Vehicle; Interest at 2.55%; Monthly Principal and Interest Payments of \$413; Due October 1, 2019	0	23,238	2,949	20,289
Note Payable – Peoples Trust Company; Line Striper; Interest at 2.55%; Monthly Principal and Interest Payments of \$355; Due November 25, 2019	0	20,000	2,205	17,795

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

<p>Note Payable – Peoples Trust Company; Twenty Percent (20%) of a Skid Steer; Interest at 2.55%; Monthly Principal and Interest Payments of \$108; Due November 25, 2019</p>	\$	0	\$	8,241	\$	625	\$	7,616
<p>Bond Anticipation Note Payable – Peoples Trust Company; City Hall Renovation; Enterprise funds Will Fund 50% of debt payments; Interest at 3.40%; Authorized up to \$2.3 Million; Monthly Interest Payments Vary; Balloon Principal Payment Due March 5, 2016 at Which Time the City Intends to Refinance with a Bond; Bond Term Unknown Until Finalized</p>	0	350,000	0	350,000	0	350,000		
<p>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 and Paid on December 1, 2014</p>	35,000	0	35,000	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 and Paid on November 15, 2014</p>	95,000	0	95,000	0				
<p>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</p>	145,000	0	25,000	120,000				

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

<p>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</p>	<p>\$14,500,000</p>	<p>\$</p>	<p>0</p>	<p>\$</p>	<p>570,000</p>	<p>\$</p>	<p>13,930,000</p>
<p>Capital Lease Payable – Municipal Leasing; Recreation Van; Interest at 4.45%; Annual Principal and Interest Payments of \$4,987; Due October 15, 2018</p>	<p>21,925</p>	<p></p>	<p>0</p>	<p></p>	<p>4,012</p>	<p></p>	<p>17,913</p>
<p>Capital Lease Payable – Municipal Leasing; Fire Pickup Truck; Interest at 2.99%; Quarterly Principal and Interest Payments of \$1,085; Due August 15, 2020</p>	<p>23,917</p>	<p></p>	<p>0</p>	<p></p>	<p>3,441</p>	<p></p>	<p>20,476</p>
<p>Total Governmental Activities</p>	<p>\$ 15,851,450</p>	<p>\$</p>	<p>444,479</p>	<p>\$</p>	<p>879,981</p>	<p>\$</p>	<p>15,415,948</p>

Business-Type Activities

Water Fund

<p>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</p>	<p>\$ 3,411,130</p>	<p>\$</p>	<p>0</p>	<p>\$</p>	<p>97,138</p>	<p>\$</p>	<p>3,313,992</p>
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<p>Note Payable – Peoples Trust Company; Fifty Percent (50%) of Streetscape Utilities; Interest at 3.90%; Monthly Principal and Interest Payments of \$1,502; Due August 28, 2033</p>	<p>243,054</p>	<p></p>	<p>0</p>	<p></p>	<p>8,725</p>	<p></p>	<p>234,329</p>
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<p>Note Payable – Peoples Trust Company; One Third (33.33%) of Single Axle Truck; Interest at 3.00%; Monthly Principal and Interest Payments of \$797; Due June 30, 2016</p>	<p>18,538</p>	<p></p>	<p>0</p>	<p></p>	<p>9,128</p>	<p></p>	<p>9,410</p>
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CITY OF ST. ALBANS, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

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

	\$	15,513	\$	0	\$	1,528	\$	13,985
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Note Payable – Peoples Trust
 Company; Forty Percent (40%)
 of a Skid Steer; Interest at 2.55%;
 Monthly Principal and Interest
 Payments of \$216; Due
 November 25, 2019

		0		16,482		1,251		15,231
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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>1,123,094</u>		<u>0</u>		<u>44,186</u>		<u>1,078,908</u>
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Total Water Fund	\$	<u>4,811,329</u>	\$	<u>16,482</u>	\$	<u>161,956</u>	\$	<u>4,665,855</u>
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Wastewater Fund:

Note Payable – Peoples Trust
 Company; Fifty Percent (50%) of
 Streetscape Utilities; Interest at
 3.90%; Monthly Principal and
 Interest Payments of \$1,502;
 Due August 28, 2033

	\$	243,053	\$	0	\$	8,725	\$	234,328
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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; \$1,000,000 of the
 Bond was Granted to the City in 2011;
 Due September 1, 2031

		1,301,232		0		60,770		1,240,462
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CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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; \$79,588 of the Bond was Granted to the City in 2012; Due July 1, 2031	\$ 2,254,871	\$ 0	\$ 105,307	\$ 2,149,564
 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	 147,690	 0	 6,897	 140,793
 Note Payable – State of Vermont Special Environmental Revolving Fund; Wastewater Planning Loan; Interest at 0.00%; Annual Payments of \$2,336 Beginning October 1, 2014; Due October 1, 2018	 11,676	 0	 2,336	 9,340
 Note Payable – Peoples Trust Company; One Third (33.33%) of Single Axle Truck; Interest at 3.00%; Monthly Principal and Interest Payments of \$797; Due June 30, 2016	 18,538	 0	 9,128	 9,410
 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	 15,513	 0	 1,528	 13,985

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Note Payable – Peoples Trust
Company; Forty Percent (40%)
of a Skid Steer; Interest at 2.55%;
Monthly Principal and Interest
Payments of \$216; Due
November 25, 2019

	\$	0	\$	16,482	\$	1,251	\$	15,231
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Note Payable – State of Vermont
Special Environmental Revolving
Fund; Wastewater Planning
Loan; Interest at 0.00%; \$607,200
Authorized; Annual Payments of
\$40,480 Beginning December 1, 2020;
Due December 1, 2034

	<u>48,510</u>	<u>410,255</u>	<u>0</u>	<u>458,765</u>
Total Wastewater Fund	<u>4,041,083</u>	<u>426,737</u>	<u>195,942</u>	<u>4,271,878</u>
Total Business-Type Activities	<u>\$ 8,852,412</u>	<u>\$ 443,219</u>	<u>\$ 357,898</u>	<u>\$ 8,937,733</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	\$ 14,775,000	\$ 0	\$ 725,000	\$ 14,050,000	\$ 595,000
Notes Payable	1,030,609	444,479	147,528	1,327,560	135,689
Capital Leases Payable	45,841	0	7,453	38,388	7,770
Compensated Absences	351,722	316,085	310,662	357,145	310,000
Net Pension Liability*	<u>2,009,063</u>	<u>0</u>	<u>70,763</u>	<u>1,938,300</u>	<u>0</u>
Total Governmental Activities Long-Term Liabilities	<u>18,212,235</u>	<u>760,564</u>	<u>1,261,406</u>	<u>17,711,393</u>	<u>1,048,459</u>
Business-type Activities					
Bonds Payable	7,114,923	0	270,112	6,844,811	277,389
Notes Payable	1,737,489	443,219	87,786	2,092,922	92,637
Compensated Absences	165,211	112,598	115,739	162,070	115,000
Net Pension Liability*	<u>889,538</u>	<u>41,890</u>	<u>0</u>	<u>931,428</u>	<u>0</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 9,907,161</u>	<u>\$ 597,707</u>	<u>\$ 473,637</u>	<u>\$ 10,031,231</u>	<u>\$ 485,026</u>

*as restated, see Footnote III.C.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Compensated Absences are paid by the applicable fund where the employee is charged. The City applies a first-in, first-out flow assumption to estimate the amount of compensated absences payable that will become due within one year. The implication of this assumption is that the current ending balance in compensated absences payable will be used before any amounts are drawn from future accumulations of leave time. An estimate has been applied to determine the amount of compensated absences due within one year and is based on actual results from the previous year. For compensated absences in the Governmental Activities, the General Fund liquidates 100 percent and for compensated absences in the Business-Type Activities, the Water Fund normally liquidates 50 percent and the Wastewater Fund normally liquidates 50 percent.

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	\$ 730,690	\$ 503,979	\$ 9,327	\$ 370,026	\$ 257,941
2016	714,869	494,051	9,328	361,375	247,385
2017	700,106	483,322	9,327	371,875	236,806
2018	713,235	470,253	9,328	382,714	225,887
2019	714,444	454,353	4,340	422,149	214,611
2020-2024	3,418,400	1,964,060	1,085	2,263,429	892,574
2025-2029	3,925,000	1,287,168	0	2,577,224	546,388
2030-2034	3,785,000	359,769	0	1,859,472	192,152
2035-2039	0	0	0	329,469	10,846
Unknown	675,816	0	0	0	0
Total	15,377,560	6,016,955	42,735	8,937,733	2,824,590
Less: Imputed Interest	0	0	(4,347)	0	0
Total	\$ <u>15,377,560</u>	\$ <u>6,016,955</u>	\$ <u>38,388</u>	\$ <u>8,937,733</u>	\$ <u>2,824,590</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, 2016. For the year ended June 30, 2015, there was no short term debt activity and the outstanding balance as of the end of the year was zero (0).

J. Net Position and 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, 2015

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, 2015 consisted of the following:

Governmental Activities:

Restricted for Community Development by Grant Agreement	\$ 164,701
Restricted for Taylor Park by Donations	<u>5,131</u>
Total Governmental Activities	<u>\$ 169,832</u>

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

General Fund:

Nonspendable Advances to Other Funds	\$ 80,919
Nonspendable Inventories	5,456
Nonspendable Prepaid Items	6,483

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Community Development Fund:

Nonspendable Assets Held for Resale	\$ 201,606
Nonspendable Advances to Other Funds	<u>50,476</u>
Total Nonspendable Fund Balances	<u>\$ 344,940</u>

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

Major Funds

TIF Capital Projects Fund:

Restricted for TIF Projects by Unspent Debt Proceeds	\$ <u>964,346</u>
Total Major Funds	<u>964,346</u>

Non-Major Funds

Restricted for Community Development by Grant Agreements (Source of Revenue is Grant Revenue)	6,841
Restricted for Taylor Park Expenses by Donation (Source of Revenue is Donations)	<u>5,131</u>
Total Non-Major Funds	<u>11,972</u>
Total Restricted Fund Balances	<u>\$ 976,318</u>

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

Major Funds

General Fund:

Assigned for Downtown Redevelopment (JLD Proceeds)	\$ 288,184
Assigned for Stormwater Permitting (Lemnah Proceeds)	5,000
Assigned for Tennis Court Rehabilitation	5,000
Assigned for Public Works Reserves	43,610
Assigned for Record Preservation	80,000
Assigned for Police Department Expenses	6,989
Assigned for Parking Improvements	24,000
Assigned for City Hall Renovations	50,000
Amounts Assigned in Excess of Available Fund Balance	<u>(128,475)</u>
Total General Fund	374,308

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

TIF Debt Service Fund:

Assigned for TIF Capital Projects and Debt Service	\$ <u>2,502,194</u>
Total Assigned Fund Balances	\$ <u>2,876,502</u>

The unassigned deficits in the VCDP Grants Fund, the Federal Street Bypass Fund and the Streetscape Fund will be funded as grant receivables are collected and through future General Fund and TIF Capital Projects Fund transfers. The unassigned deficit in the City Hall Renovation Fund will be funded by debt proceeds.

K. Designated Net Position

The designated net position of the City as of June 30, 2015 consisted of the following:

Proprietary Funds:

Designated for Water Capital	\$ 1,094,719
Designated for Water Operations	<u>744,101</u>
Total Designated Water Fund Net Position	<u>1,838,820</u>
Designated for Wastewater Capital	1,519,756
Designated for Wastewater Operations	<u>415,380</u>
Total Designated Wastewater Fund Net Position	<u>1,935,136</u>
Total Designated Net Position	\$ <u>3,773,956</u>

V. OTHER INFORMATION

A. RETIREMENT PLANS

1. VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM – DEFINED BENEFIT PLAN

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis, and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2015, the retirement system consisted of 437 participating employers.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125. The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives – one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2014, the measurement date selected by the State of Vermont, VMERS was funded at 98.32% and had a plan fiduciary net position of \$534,525,477 and a total pension liability of \$543,652,090 resulting in a net pension liability of \$9,126,613. As of June 30, 2015, the City’s proportionate share of this was 1.4065% resulting in a liability of \$128,361. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2014, the City’s proportion of 1.4065% was a decrease of 0.0091% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$192,867.

As of June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportional share of contributions	\$ 0	\$ 2,653
Difference between projected and actual earnings on pension plan investments	0	395,814
City's required employer contributions made subsequent to the measurement date	199,673	0
Total	\$ 199,673	\$ 398,467

The deferred outflows of resources resulting from the City’s required employer contributions made subsequent to the measurement date in the amount of \$199,673 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows.

CITY OF ST. ALBANS, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

Year Ended		
June 30		
2016	\$	79,694
2017		79,694
2018		79,693
2019		79,693
2020		79,693
Total	\$	398,467

Summary of System Provisions

Membership: Full time employees of participating municipalities. The City elected coverage under Group B and Group C provisions.

Creditable Service: Service as a member plus purchased service.

Average Final Compensation (AFC): Groups B and C – Average annual compensation during the highest three (3) consecutive years.

Service Retirement Allowance:

Eligibility: Group B – The earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service. Group C – Age 55 with five (5) years of service.

Amount: Group B – 1.75% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC. Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC.

Maximum benefit is 60% of AFC for Group B and 50% of AFC for Group C. The previous amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance:

Eligibility: Age 55 with five (5) years of service for Group B.

Amount: Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Group B members.

Vested Retirement Allowance:

Eligibility: Five (5) years of service.

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Disability Retirement Allowance:

Eligibility: Five (5) years of service and disability as determined by Retirement Board.

Amount: Immediate allowance based on AFC and service to date of disability.

Death Benefit:

Eligibility: Death after five (5) years of service.

Amount: For Groups B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability annuity computed as of date of death.

Optional Benefit and Death after Retirement: For Groups B and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.

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

Post-Retirement Adjustments: Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in the Consumer Price Index but not more than 3% for Groups B and C.

Member Contributions: Group B – 4.75% effective July 1, 2014 (increased from 4.625%). Group C – 9.625% effective July 1, 2014 and 9.75% effective January 1, 2015 (increased from 9.5%).

Employer Contributions: Group B – 5.375% effective July 1, 2014 (increased from 5.125%). Group C – 6.875% from July 1, 2014 to December 31, 2014 (increased from 6.625%) and then 7.0% effective January 1, 2015.

Retirement Stipend: \$25 per month payable at the option of the Board of Trustees.

Significant Actuarial Assumptions and Methods

Interest Rate: A select-and-ultimate interest rate set, specified as follows. The interest rate set is restarted every year.

Year 1: 6.25%	Year 10: 8.50%
Year 2: 6.75%	Year 11: 8.50%
Year 3: 7.00%	Year 12: 8.50%
Year 4: 7.50%	Year 13: 8.50%
Year 5: 7.75%	Year 14: 8.50%
Year 6: 8.25%	Year 15: 8.50%
Year 7: 8.25%	Year 16: 8.75%
Year 8: 8.25%	Year 17 and later: 9.00%
Year 9: 8.50%	

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Equity	31.50%	6.70%
Fixed Income	33.00%	2.94%
Alternatives	15.50%	6.26%
Multi-strategy	20.00%	5.98%

Nominal long-term expected rates of return for these asset classes are equal to the sum of the expected long-term real rates and the expected long-term inflation rate of 3.0%.

Discount Rate: The discount rate used to measure the total pension liability was 8.23%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 8.23%, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (7.23%) or one percent higher (9.23%).

Impact of a 1% Change in the Discount Rate		
	Discount Rate	Net Pension Liability
Current Rate	8.23%	128,361
1% Decrease	7.23%	1,081,369
1% Increase	9.23%	(671,183)

Additional Information

Additional information regarding the State of Vermont Municipal Employees’ Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

2. CITY OF ST. ALBANS PENSION PLAN - DEFINED BENEFIT 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 2015 was \$494,618 which was computed through an actuarial valuation performed as of January 1, 2015.

There are 20 active members and 54 retirees and beneficiaries. Additionally, there are 8 former employees with vested rights.

The market value of plan assets maintained at Prudential Investments is \$3,942,733 as of June 30, 2015.

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.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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.

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 of 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 payable under the normal form or the option is elected.

Disability Benefit: If a member who has completed at least 10 years of Continuous Service becomes totally and permanently disable 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, two thirds of the amount, or one half 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, 2015

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

	Target Allocation
Domestic Equity	38.00%
Fixed Income	62.00%
Total	100.00%

Net Pension Liability

The City’s net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as for June 30, 2015 using and annual actuarial valuation as of June 30, 2015. Because the measurement date is the same as the reporting date, no adjustments have been necessary to roll forward the data.

Significant Actuarial Assumptions and Methods

The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Cost Method	Entry Age Normal
Amortization Method	15 Year Level Dollar of the existing Net Pension Liability as of the valuation date
Remaining Amortization Term	15 Years; fresh start method with amortization of remaining unfunded amortized each year
Asset Valuation	Market Value
Interest Rate of Return	6.07%
Salary Increases	5.00% annually
Inflation	2.50%
COLA Adjustment	None
Mortality	RP-2000 Mortality Table

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Discount Rate: The discount rate was determined as follows:

	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	4.50%
International Equity	5.50%
Fixed Income	3.00%
Real Estate	4.00%
Cash	1.00%
 Real Rate of Return	 3.57%
 Inflation Assumption	 2.50%
 Total Nominal Return (Discount Rate)	 6.07%

The discount rate used to measure the total pension liability was 6.07%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will continue to be made at the current rate and that contributions will be made at rates at least equal to the actuarially determined contribution rates. Based on those assumptions, the net pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability: The change in the Net Pension Liability for the Plan follows.

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at June 30, 2014	\$ 6,343,614	\$ 3,960,398	\$ 2,383,216
Changes for the year:			
Service cost	226,520	0	226,520
Interest	423,309	0	423,309
Changes in assumptions	335,956	0	335,956
Differences between actual and expected experience	(188,267)	0	(188,267)
Contributions - employer	0	200,000	(200,000)
Contributions - member	0	36,594	(36,594)
Net investment income	0	233,965	(233,965)
Administrative expenses	0	(31,191)	31,191
Benefit Payments, including refunds of member contributions	(449,104)	(449,104)	0
Net changes	348,414	(9,736)	358,150
Balances at June 30, 2015	\$ 6,692,028	\$ 3,950,662	\$ 2,741,366

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability, calculated using the discount rate of 6.07%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.07%) or one percentage point higher (7.07%) than the current rate.

Impact of a 1% Change in the Discount Rate		
	Discount Rate	Net Pension Liability
Current Rate	6.07%	2,741,366
1% Decrease	5.07%	3,440,469
1% Increase	7.07%	2,150,610

Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2015 the City recognized pension expense of \$431,123. At June 30, 2015 the City reported deferred outflows of resources and deferred inflows or resources related to the Plan from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 0	\$ 156,403
Changes in assumptions - Mortality	279,096	0
Net difference between projected and actual earnings on plan investments	4,334	0
Total	\$ 283,430	\$ 156,403

The amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized as pension expense as follows.

Year Ended June 30		
2016	\$	26,080
2017		26,080
2018		26,080
2019		26,080
2020		22,707
Total	\$	127,027

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

3. DEFERRED COMPENSATION PLAN

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 or VMERS may open a 457 account without a City match. Total employer contributions to the 457 Plan for the year were \$11,071.

B. 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.

C. 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 valuations as of April 1, the approved budgets and the State education property tax liability. Taxes are due and payable on August 29, November 26, February 27 and May 29, and become delinquent on June 1. The City assesses an 8% penalty on delinquent taxes and interest is assessed at 1% per month after each installment date for the first twelve months and 1.5% per month thereafter. Unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale. The tax rates for 2015 are as follows:

CITY OF ST. ALBANS, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

	Residential	Non-Residential
Education	1.4413	1.5442
General City	.8044	.8044
Library	.0413	.0413
Library Bond	.0073	.0073
Veteran's Exemption	.0027	.0027
Total Tax Rate per \$100 of Assessed Value	2.2970	2.3999

D. 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. This cleanup met EPA requirements, however, additional cleanup costs will be necessary depending on the future use of the property.

E. 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.

F. SUBSEQUENT EVENTS

In a special election in September 2015, voters approved the issuance of bonds or notes in an amount not to exceed \$2.5 million for the purpose of reconstructing Fairfield Street, including sidewalks, curbs, and paving, as well as water, wastewater and stormwater infrastructure. Voters also approved bonds or notes in an amount not to exceed \$1,225,000 for the purpose of reconstructing sidewalks and curbs on Lake and Main Streets and voters approved bonds or notes in an amount not to exceed \$700,000 for the purpose of reconstructing the treatment filter at the Fairfax Reservoir.

Subsequent to year end, the City executed a lease/purchase agreement with Leasing 2, Inc. for a vactor. The lease requires annual payments of \$34,357 beginning September 1, 2016 through September 1, 2021. Interest is 3.13% and it is secured by the vactor.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

Also subsequent to year end, the City took over management of the Franklin Grand Isle Court Division program. This entity was merged with the City's Community Justice Center to form Franklin Grand Isle Restorative Justice Center. The City assumed a deficit of \$9,483 as part of the merger.

G. TAX INCREMENT FINANCING DISTRICT

The City Council approved the establishment of a Tax Increment Financing (TIF) District on April 30, 2012 which was later approved by the Vermont Economic Progress Council (VEPC) in August 2012. The TIF District will allow the City to undertake and pay for infrastructure improvements that will allow for increased economic and community development. The City cannot incur any new TIF District debt until the voters authorize an overall debt level. This level of \$43 million was approved on November 6, 2012. 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 wastewater system improvements. To date, the City has issued bonds totaling \$14.5 million of the \$16 million authorized.

In March 2015, voters authorized 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.

H. 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
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2015

	Original/Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Property Taxes	\$ 3,938,426	\$ 4,052,390	\$ 113,964
Payments on Prior Year Taxes	300,000	0	(300,000)
Penalty on Taxes	35,000	27,465	(7,535)
Interest on Taxes	35,000	38,096	3,096
State Payments/RR Taxes	8,385	8,921	536
Interest on Savings	3,000	1,593	(1,407)
Public Works Garage Lease	33,097	36,900	3,803
City Hall Lease	47,437	53,100	5,663
PILOT	85,000	75,520	(9,480)
Insurance Reimbursements and Miscellaneous	35,000	77,408	42,408
City Clerk	100,500	108,319	7,819
Planning and Development	31,500	28,886	(2,614)
Assessing	22,900	22,212	(688)
Fire Department	77,500	112,563	35,063
Police, Dispatch and Animal Control	1,659,899	1,621,581	(38,318)
Community Justice Center	502,100	525,229	23,129
Parking Garage	0	61,948	61,948
Public Works and Parks	168,500	397,582	229,082
Recreation Programs	358,250	387,691	29,441
	<u>7,441,494</u>	<u>7,637,404</u>	<u>195,910</u>
Total Revenue			
EXPENDITURES			
Administration	387,667	393,137	(5,470)
City Clerk	73,089	67,460	5,629
Finance	54,445	46,023	8,422
Planning and Development	277,303	362,988	(85,685)
Planning and Development Capital	50,000	18,366	31,634
County and District Functions	211,683	226,477	(14,794)
Audit and Audit Consultants	11,000	8,908	2,092
Assessing	49,720	46,748	2,972
Debt Service - Principal	163,084	169,461	(6,377)
Debt Service - Interest	21,918	19,485	2,433
Professional Services - Legal	65,000	78,727	(13,727)
Fire Department	409,183	385,629	23,554
Fire Department Capital	52,947	48,923	4,024
Police, Dispatch and Animal Control	3,316,374	3,385,178	(68,804)
Police Department Capital	134,792	80,888	53,904
Community Justice Center	500,640	532,366	(31,726)
Parking Garage	0	37,859	(37,859)
Public Works, Highway, Parks	665,043	750,915	(85,872)
Public Works Capital	481,733	653,147	(171,414)
Recreation Programs	454,379	471,260	(16,881)
Recreation Capital	25,580	28,871	(3,291)
Library Bond and Expenses	35,914	67,002	(31,088)
	<u>7,441,494</u>	<u>7,879,818</u>	<u>(438,324)</u>
Total Expenditures			
Excess/(Deficiency) of Revenue Over Expenditures	<u>\$ 0</u>	(242,414)	<u>\$ (242,414)</u>
Fund Balance - July 1, 2014		<u>709,580</u>	
Fund Balance - June 30, 2015		<u>\$ 467,166</u>	

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, 2015

	2015	2014
Total Pension Liability:		
Service Cost	\$ 226,520	\$ 54,376
Interest	423,309	372,888
Changes in Assumptions	335,956	0
Differences Between Actual and Expected Experience	(188,267)	0
Benefit Payments, Including Refunds of Member Contributions	(449,104)	(432,133)
Net Change in Total Pension Liability	348,414	(4,869)
Total Pension Liability, beginning	6,343,614	6,348,483
Total Pension Liability, ending	6,692,028	6,343,614
Plan Fiduciary Net Position:		
Contributions - Employer	200,000	200,000
Contributions - Members	36,594	40,043
Net Investment Income	233,965	249,941
Benefit Payments, Including Refunds of Member Contributions	(449,104)	(432,133)
Administrative Expenses	(31,191)	(28,753)
Net Change in Fiduciary Net Position	(9,736)	29,098
Plan Fiduciary Net Position, beginning	3,960,398	3,931,300
Plan Fiduciary Net Position, ending	3,950,662	3,960,398
Net Pension Liability, ending	\$ 2,741,366	\$ 2,383,216
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.04%	62.43%
Covered Employee Payroll	\$ 508,580	\$ 538,265
Net Pension Liability as a Percentage of Covered Employee Payroll	539.02%	442.76%

Notes to the Schedule:

Benefit Changes: none

Changes in Assumptions:

For Fiscal Year 2015, the investment rate of return is 6.07% per year, previously 6.23% per year.

The assumed pre and post retirement mortality rates were based on the RP-2000 Mortality Table. This is a change from the previous year when mortality rates were based on the UP-84 Mortality Table (setback 1 year for males and 6 years for females).

GASB No. 67 required supplementary information is not available for fiscal years prior to 2014.

Data for future years will be added prospectively.

CITY OF ST. ALBANS, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS
 PENSION TRUST FUND
 JUNE 30, 2015

	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially Determined Contribution	\$ 494,618	\$ 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>200,000</u>	<u>161,606</u>	<u>209,825</u>	<u>153,737</u>	<u>201,136</u>
Contribution Deficiency/(Excess)	\$ <u>294,618</u>	\$ <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	\$ 508,580	538,265	647,286	714,519	471,413	471,413	628,509	1,290,469
Contributions as a Percentage of Covered-Employee Payroll	39.33%	37.16%	30.90%	27.99%	34.28%	44.51%	24.46%	15.59%

Annual Money-Weighted Rate of Return, Net of Investment Expense 4.64% 4.98%

Notes to the Schedule:

Valuation Date: June 30, 2015

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	Entry Age Normal
Amortization Method	15 Year Level Dollar
Remaining Amortization Period	15 Years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	5.00%
Investment Rate of Return	6.07%
Retirement Age	55
Mortality	RP-2000 Mortality Table

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

CITY OF ST. ALBANS, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VMERS DEFINED BENEFIT PLAN
 JUNE 30, 2015

	2015
Total Plan Net Pension Liability	\$ 9,126,613
City's Proportion of the Net Pension Liability	1.4065%
City's Proportionate Share of the Net Pension Liability	\$ 128,361
City's Covered Employee Payroll	\$ 3,262,108
Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	3.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability as of June 30, 2014	98.32%

Notes to the Schedule:

Benefit Changes: none

Changes in Assumptions: none

Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2015

	2015
Contractually Required Contributions (Actuarially Determined)	\$ 199,673
Contributions in Relation to the Actuarially Determined Contributions	199,673
Contribution Excess/(Deficiency)	\$ 0
Covered Employee Payroll	\$ 3,262,108
Contributions as a Percentage of Covered Employee Payroll	6.12%

Notes to the Schedule:

Valuation Date: June 30, 2014

Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

CITY OF ST. ALBANS, VERMONT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue Funds	Capital Projects Funds	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$ 12,972	\$ 0	\$ 12,972
Receivables	12,942	331,997	344,939
Assets Held for Resale	201,606	0	201,606
Advances to Other Funds	50,476	0	50,476
Loans Receivable (Net of Allowance for Doubtful Accounts)	<u>107,385</u>	<u>0</u>	<u>107,385</u>
Total Assets	<u>\$ 385,381</u>	<u>\$ 331,997</u>	<u>\$ 717,378</u>
LIABILITIES			
Accounts Payable	\$ 12,511	\$ 153,090	\$ 165,601
Due to Other Funds	110,538	296,533	407,071
Advances from Other Funds	<u>0</u>	<u>131,395</u>	<u>131,395</u>
Total Liabilities	<u>123,049</u>	<u>581,018</u>	<u>704,067</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	<u>107,725</u>	<u>265,044</u>	<u>372,769</u>
Total Deferred Inflows of Resources	<u>107,725</u>	<u>265,044</u>	<u>372,769</u>
FUND BALANCES (DEFICIT)			
Nonspendable	252,082	0	252,082
Restricted	11,972	0	11,972
Unassigned	<u>(109,447)</u>	<u>(514,065)</u>	<u>(623,512)</u>
Total Fund Balances/(Deficits)	<u>154,607</u>	<u>(514,065)</u>	<u>(359,458)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 385,381</u>	<u>\$ 331,997</u>	<u>\$ 717,378</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, 2015

	Special Revenue Funds	Capital Projects Funds	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Intergovernmental	\$ 435,890	\$ 343,996	\$ 779,886
Investment Income	120	0	120
Loan Repayments	966	0	966
Donations	95,200	0	95,200
Other Revenue	<u>0</u>	<u>440</u>	<u>440</u>
Total Revenues	<u>532,176</u>	<u>344,436</u>	<u>876,612</u>
EXPENDITURES			
Current:			
General Government	35,429	0	35,429
Public Safety	58,718	0	58,718
Culture and Recreation	411	0	411
Community Development	384,425	0	384,425
Capital Outlay:			
General Government	0	453,212	453,212
Public Works	<u>0</u>	<u>532,656</u>	<u>532,656</u>
Total Expenditures	<u>478,983</u>	<u>985,868</u>	<u>1,464,851</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>53,193</u>	<u>(641,432)</u>	<u>(588,239)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of Long-Term Debt	0	350,000	350,000
Transfers In	<u>88,374</u>	<u>56,667</u>	<u>145,041</u>
Total Other Financing Sources	<u>88,374</u>	<u>406,667</u>	<u>495,041</u>
Net Change in Fund Balances	141,567	(234,765)	(93,198)
Fund Balances/(Deficit) - July 1, 2014	<u>13,040</u>	<u>(279,300)</u>	<u>(266,260)</u>
Fund Balances/(Deficit) - June 30, 2015	<u>\$ 154,607</u>	<u>\$ (514,065)</u>	<u>\$ (359,458)</u>

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2015

	Community Development Fund	OJP and Police Grants Fund	VCDP Grants Fund	Fonda/Solo Building Fund	Taylor Park Trust Fund	Total
ASSETS						
Cash	\$ 7,841	\$ 0	\$ 0	\$ 0	\$ 5,131	\$ 12,972
Receivables	0	6,041	6,901	0	0	12,942
Assets Held for Resale	201,606	0	0	0	0	201,606
Advances to Other Funds	50,476	0	0	0	0	50,476
Loans Receivable (Net of Allowance for Doubtful Accounts)	107,385	0	0	0	0	107,385
Total Assets	<u>\$ 367,308</u>	<u>\$ 6,041</u>	<u>\$ 6,901</u>	<u>\$ 0</u>	<u>\$ 5,131</u>	<u>\$ 385,381</u>
LIABILITIES						
Accounts Payable	\$ 5,526	\$ 6,041	\$ 944	\$ 0	\$ 0	\$ 12,511
Due to Other Funds	104,581	0	5,957	0	0	110,538
Total Liabilities	<u>110,107</u>	<u>6,041</u>	<u>6,901</u>	<u>0</u>	<u>0</u>	<u>123,049</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	107,385	0	340	0	0	107,725
Total Deferred Inflows of Resources	<u>107,385</u>	<u>0</u>	<u>340</u>	<u>0</u>	<u>0</u>	<u>107,725</u>
FUND BALANCES (DEFICIT)						
Nonspendable	252,082	0	0	0	0	252,082
Restricted	6,841	0	0	0	5,131	11,972
Unassigned	(109,107)	0	(340)	0	0	(109,447)
Total Fund Balances/(Deficit)	<u>149,816</u>	<u>0</u>	<u>(340)</u>	<u>0</u>	<u>5,131</u>	<u>154,607</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 367,308</u>	<u>\$ 6,041</u>	<u>\$ 6,901</u>	<u>\$ 0</u>	<u>\$ 5,131</u>	<u>\$ 385,381</u>

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, 2015

	Community Development Fund	OJP and Police Grants Fund	VCDP Grants Fund	Fonda/Solo Building Fund	Taylor Park Trust Fund	Total
REVENUES						
Intergovernmental	\$ 0	\$ 58,718	\$ 377,172	\$ 0	\$ 0	\$ 435,890
Investment Income	120	0	0	0	0	120
Loan Repayments	966	0	0	0	0	966
Donations	92,500	0	0	0	2,700	95,200
Total Revenues	<u>93,586</u>	<u>58,718</u>	<u>377,172</u>	<u>0</u>	<u>2,700</u>	<u>532,176</u>
EXPENDITURES						
Current:						
General Government	0	0	35,429	0	0	35,429
Public Safety	0	58,718	0	0	0	58,718
Culture and Recreation	0	0	0	0	411	411
Community Development	34,425	0	350,000	0	0	384,425
Total Expenditures	<u>34,425</u>	<u>58,718</u>	<u>385,429</u>	<u>0</u>	<u>411</u>	<u>478,983</u>
Excess/(Deficiency) of Revenue Over Expenditures	<u>59,161</u>	<u>0</u>	<u>(8,257)</u>	<u>0</u>	<u>2,289</u>	<u>53,193</u>
OTHER FINANCING SOURCES (USES)						
Transfer In	0	0	7,917	80,457	0	88,374
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>7,917</u>	<u>80,457</u>	<u>0</u>	<u>88,374</u>
Net Change in Fund Balances	59,161	0	(340)	80,457	2,289	141,567
Fund Balances/(Deficit) - July 1, 2014	90,655	0	0	(80,457)	2,842	13,040
Fund Balances/(Deficit) - June 30, 2015	<u>\$ 149,816</u>	<u>\$ 0</u>	<u>\$ (340)</u>	<u>\$ 0</u>	<u>\$ 5,131</u>	<u>\$ 154,607</u>

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2015

	<u>Federal Street Bypass Fund</u>	<u>City Hall Renovation Fund</u>	<u>Total</u>
ASSETS			
Receivables	\$ <u>331,997</u>	\$ <u>0</u>	\$ <u>331,997</u>
Total Assets	\$ <u><u>331,997</u></u>	\$ <u><u>0</u></u>	\$ <u><u>331,997</u></u>
LIABILITIES			
Accounts Payable	\$ 147,892	\$ 5,198	\$ 153,090
Due to Other Funds	255,626	40,907	296,533
Advances from Other Funds	<u>131,395</u>	<u>0</u>	<u>131,395</u>
Total Liabilities	<u>534,913</u>	<u>46,105</u>	<u>581,018</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	<u>265,044</u>	<u>0</u>	<u>265,044</u>
Total Deferred Inflows of Resources	<u>265,044</u>	<u>0</u>	<u>265,044</u>
FUND BALANCES (DEFICIT)			
Unassigned	<u>(467,960)</u>	<u>(46,105)</u>	<u>(514,065)</u>
Total Fund Balances/(Deficit)	<u>(467,960)</u>	<u>(46,105)</u>	<u>(514,065)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u><u>331,997</u></u>	\$ <u><u>0</u></u>	\$ <u><u>331,997</u></u>

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Federal Street Bypass Fund	City Hall Renovation Fund	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Intergovernmental Revenues	\$ 343,996	\$ 0	\$ 343,996
Other Revenue	<u>0</u>	<u>440</u>	<u>440</u>
Total Revenues	<u>343,996</u>	<u>440</u>	<u>344,436</u>
EXPENDITURES			
Capital Outlay	<u>532,656</u>	<u>453,212</u>	<u>985,868</u>
Total Expenditures	<u>532,656</u>	<u>453,212</u>	<u>985,868</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(188,660)</u>	<u>(452,772)</u>	<u>(641,432)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of Long-Term Debt	0	350,000	350,000
Transfers In	<u>0</u>	<u>56,667</u>	<u>56,667</u>
Total Other Financing Sources	<u>0</u>	<u>406,667</u>	<u>406,667</u>
Net Change in Fund Balances	(188,660)	(46,105)	(234,765)
Fund Balance/(Deficit) - July 1, 2014	<u>(279,300)</u>	<u>0</u>	<u>(279,300)</u>
Fund Balance/(Deficit) - June 30, 2015	<u><u>\$ (467,960)</u></u>	<u><u>\$ (46,105)</u></u>	<u><u>\$ (514,065)</u></u>

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
TAX SALE ESCROW FUND				
ASSETS				
Cash and Cash Equivalents	\$ 136,133	\$ 19,073	\$ 138,454	\$ 16,752
Total Assets	<u>136,133</u>	<u>19,073</u>	<u>138,454</u>	<u>16,752</u>
LIABILITIES				
Due to Others	136,133	19,073	138,454	16,752
Total Liabilities	<u>\$ 136,133</u>	<u>\$ 19,073</u>	<u>\$ 138,454</u>	<u>\$ 16,752</u>
SAFF FUND				
ASSETS				
Cash and Cash Equivalents	\$ 11,500	\$ 300	\$ 219	\$ 11,581
Total Assets	<u>11,500</u>	<u>300</u>	<u>219</u>	<u>11,581</u>
LIABILITIES				
Accounts Payable	0	2,000	3	1,997
Due to Others	11,500	300	2,216	9,584
Total Liabilities	<u>\$ 11,500</u>	<u>\$ 2,300</u>	<u>\$ 2,219</u>	<u>\$ 11,581</u>
EXPLORER FUND				
ASSETS				
Cash and Cash Equivalents	\$ 0	\$ 712	\$ 168	\$ 544
Total Assets	<u>0</u>	<u>712</u>	<u>168</u>	<u>544</u>
LIABILITIES				
Accounts Payable	0	438	0	438
Due to Others	0	106	0	106
Total Liabilities	<u>\$ 0</u>	<u>\$ 544</u>	<u>\$ 0</u>	<u>\$ 544</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 147,633	\$ 20,085	\$ 138,841	\$ 28,877
Total Assets	<u>147,633</u>	<u>20,085</u>	<u>138,841</u>	<u>28,877</u>
LIABILITIES				
Accounts Payable	0	2,438	3	2,435
Due to Others	147,633	19,479	140,670	26,442
Total Liabilities	<u>\$ 147,633</u>	<u>\$ 21,917</u>	<u>\$ 140,673</u>	<u>\$ 28,877</u>

CITY OF ST. ALBANS, VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Grant Title Pass-Through Grantor/ Federal Grant/Program Title	CFDA Number	Grant Number	Grant Amount	Expenditures
<u>U.S. Department of Homeland Security</u>				
Passed through State of Vermont Department of Public Safety				
Hazard Mitigation Grant	97.039	02140-34000-060 FEMA-DR-4022-VT	7,145	\$ 4,579
Hazard Mitigation Grant	97.039	02140-34000MC-060 FEMA-DR-4022-VT	143	94
Homeland Security Grant Program	97.067	02140-73164V-118 EMW-2013-SS-00063	20,600	16,000
Homeland Security Grant Program	97.067	02140-73164V-111 EMW-2013-SS-00063	151,006	88,595
Homeland Security Grant Program	97.067	02140-71264V-100 EMW-2011-SS-00038	7,200	<u>1,200</u>
Total U.S. Department of Homeland Security				<u>110,468</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-2012	350,000	<u>350,000</u>
Total U.S. Department of Housing and Urban Development				<u>350,000</u>
<u>U.S. Department of Transportation</u>				
Passed through State of Vermont Agency of Transportation				
Highway Planning and Construction	20.205	08126-CA0386	300,000	219,725
Highway Planning and Construction	20.205	08126-CA0322	300,000	57,085
Highway Planning and Construction	20.205	EA 8000017-100; CA0194	2,213,904	368,909
Highway Planning and Construction	20.205	TDG3049 Tiger 3	1,291,623	99
Passed through State of Vermont Department of Public Safety				
National Priority Safety Programs	20.616	02140-1415-4062	1,000	237
DUI Enforcement	20.608	02140-1115-5145	3,500	1,020
State and Community Highway Safety	20.600	02140-1415-2037	2,500	2,500
State and Community Highway Safety	20.600	02140-1415-1041	3,000	<u>2,597</u>
Total U.S. Department of Transportation				<u>652,172</u>

CITY OF ST. ALBANS, VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Grant Title Pass-Through Grantor/ Federal Grant/Program Title	CFDA Number	Grant Number	Grant Amount	Expenditures
<u>U.S. Department of Justice</u>				
Direct Programs				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2010-WE-AX-0060	699,943	\$ 110,774
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2014-WE-AX-0046	299,921	19,699
Bulletproof Vest Partnership Program	16.607	2009BUBX08045029	19,387	2,824
Edward Byrne Memorial Justice Assistance Grant	16.738	2013-DJ-BX-0180	14,597	2,921
Edward Byrne Memorial Justice Assistance Grant	16.738	2010-DJ-BX-0236	81,245	19,225
Edward Byrne Memorial Justice Assistance Grant	16.738	2014-DJ-BX-0368	14,251	14,251
Passed through State of Vermont Department of Corrections				
Second Chance Act Prisoner Reentry Initiative	16.812	03520-1404	30,000	22,500
CJC - Truancy	16.540	03440-20388-13	100,270	<u>26,964</u>
Total U.S. Department of Justice				<u>219,158</u>
Total				<u>\$ 1,331,798</u>

Basis of Presentation

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

Subrecipients:

Of the Federal expenditures presented in the schedule, the City of St. Albans, Vermont provided Federal Awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amounts Provided to Subrecipients
Community Development Block Grant	14.228	\$ 350,000

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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, 2015 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 December 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.

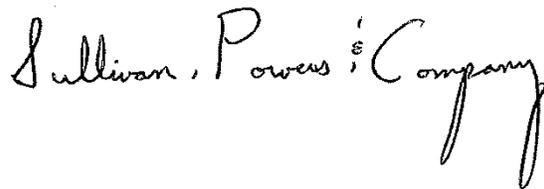
Compliance and Other Matters

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".

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.

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

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

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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, 2015. 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, 2015.

Report on Internal Control Over Compliance

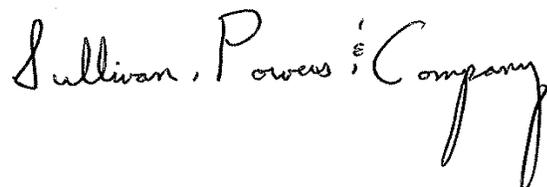
Management of the City of St. Albans, Vermont is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to previously. In planning and performing our audit of compliance, we considered the City of St. Albans, Vermont's 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.

February 8, 2016
Montpelier, Vermont
VT Lic. #92-000180



CITY OF ST. ALBANS, VERMONT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2015

There were no prior year audit findings noted.

CITY OF ST. ALBANS, VERMONT
SCHEDULE OF FINDINGS AND
DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2015

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>
14.228	Community Development Block Grants	U.S. Department of Housing and Urban Development

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

The auditee did qualify as a low risk auditee.

CITY OF ST. ALBANS

ANNUAL SCHOOL REPORT



For Fiscal Year

July 1, 2014 to June 30, 2015

Dear Franklin Central Supervisory Union (FCSU) Community:

On behalf of our Supervisory Union (SU), I would like to thank you for your continued support throughout the past school year. It is such a great pleasure for us to be able to reciprocate that support by providing you a supervisory union that does everything possible to benefit the overall school community – community members, parents, and of course, our students.

I am pleased to have the opportunity to prepare this report for you. I believe it will clearly depict an SU that continues to be on the way up; one that is the center of the community and focuses on meeting the individual needs of our students, while being very conscientious of accountability, maintaining high standards, and providing an excellent education.

Now in my second year as your superintendent, I have had the opportunity to become involved in the life of our communities and in every aspect of our schools. From this perspective, I continue to see a union of school districts that has much to offer our students and our community. We offer much in terms of quality of education, variety of co-curricular programs, and wonderful people (students and teachers).

As many of you know, we have an opportunity to expand upon these positive qualities with the recently passed bill, Act 46. At a time where our state is facing lower student enrollment and higher school costs, this law was created to minimize these issues. When fully implemented, it will reduce bureaucracy and increase efficiencies, while cutting costs and giving much needed tax breaks to our community. It will result in better outcomes and opportunities for students at a cost that our three communities can afford today and into the future.

An FCSU study committee was created during the summer of 2015 to research this complex law and discuss the implications of its implementation. While Act 46 affords very attractive financial incentives, the Committee conducted the study with the understanding that a decision to unify school districts must be based on whether or not it is the right long-term move for students and taxpayers, regardless of the incentives. Through much discussion and debate, they eventually voted to send the report and Articles of Agreement to the State Board of Education in hopes to move forward with this project. On January 19, the State Board unanimously and enthusiastically voted to approve our report and send it to the voters on Town Meeting Day, 2016. The full report and Articles are included in your Annual Report and can also be found on our Act 46 link at fcsuvt.org

I believe everyone involved in this undertaking was guided by the commitment to enhance learning opportunities and equity for all students and to find efficiencies within our educational system that respect the financial investments of our communities and taxpayers. Our current governance structure was put into place at the turn of the century – no, not moving into the 21st century but from the 19th to the 20th century. It has been labeled archaic by many. At best, this structure is complicated and time consuming. At worse, it prevents us from meeting our obligations to students and taxpayers.

Students in our three communities can be better served by having a common and aligned curriculum from PreK through 12th grade. Our research has shown that there will be long term savings through efficiencies and streamlined operations. A single school board can more effectively direct our resources to support learning for our students if we reduce redundancy. We can share our collective wisdom through expanded and more diverse professional development for our leadership teams, our teachers, and our support staff, resulting in continuous improvement in instruction for our students. We can deploy our resources to better support our students when we are one school district. In addition, these resources can be strategically aligned with a common mission and vision to prepare our students for the next stage of their lives in a rapidly changing world. A single board will be charged with holding the administration accountable to those outcomes for all of our students, regardless of the school in which they are enrolled.

While tax savings are not the primary incentive in making this change, they cannot be ignored. Within the next 5 years, there is a potential of 4.6 million dollars in tax savings for our three communities. It is also important to note that, because we have a statewide property tax system, those districts who delay moving forward will pay the costs for all of the districts who do not delay. Finally, while the law has several carrots to motivate districts to move in this direction, it also has sticks. Those supervisory unions who have not merged by 2017 will be forced to unify by the State Board of Education and will not have a say on how or with whom they will be merged.

The chief objection that has been voiced to unifying our governance structure is the fear of loss of local control. While I cannot speak for other SU's, this should not be an issue with Franklin Central. In many ways, we have already united as a supervisory union. We know each other. We are colleagues and neighbors. Would we rather vote separately for our school budgets and board members despite the cost in money and inefficiencies, or would we rather fully commit to the community we have already forged?

Our communities share strong educational values, and we are very proud of the high quality education that our students receive. Bringing Fairfield, St. Albans City and St. Albans Town together around these shared values will expand upon this tradition of quality while also reducing costs through efficiencies of a shared system. We can optimize opportunities for our students and better serve our taxpayers. While our administrators have always collaborated across districts, there are limitations to what can be done while we are separate entities. Unification will allow our educational governance structure to reflect our shared values and direct our collective efforts to what matters – our students.

Personally, as your superintendent and a taxpayer within our SU, I believe it all boils down to trust. We must get past the past. This gives us the opportunity to promote the notion that St. Albans Town and City can work together. It will send a clear message that our neighbor seven miles up the hill has much in common with St. Albans (and vice versa). It is time to get past our history and look to the future, for the sake of our children and taxpayers.

In closing, I would like to thank the members of all of our school boards for their incredible interest and investment in our schools. It is a great pleasure to work with these thoughtful and caring community members in this elected responsibility. Thank you for your support, time, and belief in our schools.

Most importantly, I would like to thank my highly committed and dedicated staff. Our caring individuals put our students first every single day. We have a professional team of individuals who truly go above and beyond, meeting the needs of our students and their families.

Warmest personal regards,



Kevin Dirth
Superintendent

Saint Albans City School 2016 Annual Report

St. Albans City School has seen another year filled with challenges, rewards, changes, surprises, joy, and heartbreak. This year, the school continued its focus on positive relationships, rigorous curricula, making things relevant, and wellness of the whole child. Technology and 21st Century skills continue to be integrated into learning from PreK through Grade 8. An emphasis on stewardship for the child, the school, the environment, and the entire community remains in the curriculum. This year also marked the beginning of our PreK for all 3 year olds and all-day PreK for 4 year olds that qualify for the Federal PreK expansion program. This was the implementation of Act 166. Although the additional students added costs, they also increased our student count driving down the cost per equalized pupil, which actually lowered the tax burden. For the first time this year we began our universal lunch program. This program (at no cost to taxpayers) allows for all students, regardless of economic status, to enjoy a free breakfast, lunch, and snack every school day. Having well-fed children is absolutely essential to effective learning. All the educational spending we can muster won't help if a child hasn't eaten.

Much of the hard work that has been put forth by the staff over the past years is starting to pay some dividends. Higher than expected SBAC and Science NECAP scores for our eighth grade students were experienced this year and we believe it is a trend that will continue in future years. We are quite proud as this continues our NECAP trend in recent years where older students have surpassed the state average, even as we have many students enter our doors much lower than their state peers. No doubt, there is much more work to do, but we believe that the changes put into place over the past number of years have allowed us to turn the corner and we are very excited about the future for our students. However, at the same time we are seeing our test scores rise, we are also detecting a marked rise in the poverty and trauma that our young students are experiencing. This year has been as bad as any in memory. Teachers and administrators must deal with this on a daily basis as our schools have become so much more to children than just a place to learn. Unfortunately for many, it is their safe harbor.

Our school building is in the best shape it has been in many years. This is due in part to the bond that voters approved 5 years ago. That money was used to make marked improvements to the school. The other reason the school is in such good shape is that the school has developed a pro-active maintenance schedule to detect the issues while they are still small maintenance problems and before they can develop into large repair problems. Please feel free to make arrangements to visit the school and see the upgrades and changes.

This year, the St. Albans City School Board has again adopted a fiscally conservative budget that provides for enhanced learning opportunities in a highly efficient manner. Many of you may have heard much in the news regarding the cost-containment measures of Act 46. At the time that I am writing this, the state legislation is discussing revoking, revising, or delaying these measures. Whether they do or not will have no effect on the St. Albans City School Budget. The City School budget will easily come in under the cost-containment cap that the state has assigned. Unlike many of the schools in our area, our cap was reasonable and within the parameters that we would normally bring our budget in at. This is because the caps were calculated based on past years budget increases. The more conservative a school has been, the less punitive the cap. Although the usual cost drivers still exist, with health insurance again driving up expenses, the City School Board is proud to present to the voters a budget with less than a 3% increase in the cost-per-equalized pupil spending. This is only possible due to the constant vigilance of the school administration and staff.

This town meeting day, the citizens of St. Albans City, St. Albans Town, and Fairfield Town will have an incredibly important decision to make. They will have the opportunity to vote on changing our educational structure for the first time in over 100 years. Due to the unsustainable cost of educating students around the state, our legislature has passed Act 46, a comprehensive law that addresses school governance, among other things. This law encourages separate school districts such as ours, to consolidate in an effort to provide more equalized learning opportunities, as well as cut costs. In the case of Franklin Central, the state will reduce the tax rate over 5 years by \$.10, \$.08, \$.06, \$.04, and \$.02 if a merger between the three school districts is approved by voters before July 1, 2016. This is why the Franklin Central Supervisory Union Board and the 3 communities created a committee to study such a merger. The committee approved sending its report to the State Board of Education for its approval. On January 19, 2016 the State Board of Education unanimously ruled that “the proposed formation of a new unified union school district by the member districts of the Franklin Central Supervisory Union is in the best interests of the State, the students, and the school districts.” They approved the report of our study committee, which cleared the path to put this item on the ballot for the voters' consideration.

A unified district, if approved by the voters, would include the schools from the three communities; St. Albans City School, St. Albans Town Educational Center, Fairfield Center School, Bellows Free Academy, and the Northwest Technical Center. All schools would be governed by one board with representatives from each community elected at large by all communities. All staff would be employed by one single employer. There would be just one budget to be approved by voters each year that would include all the schools and the Supervisory Union expenses. Many voters don't realize that there is a Supervisory Union that employs the Superintendent, his staff, administrators, and special educators. The Supervisory Union budget presently is passed down to the member districts as an assessment and voters never have the opportunity to vote on it. In a new consolidated district, this would now be part of the union budget which citizens would vote on, providing greater transparency. This consolidation will allow our schools to position itself better to provide our children with a 21st century education. The status quo is no longer sustainable and the time for change is now. If voters turn down this consolidation, the state has indicated that they will do it to us anyway in a couple of years, without tax incentives.

Finally, I would like to welcome our two newest Board members, Tayt Brooks, and Patrick Daunais. Both were appointed this year to fill empty seats and have immediately added value and much needed perspective to our Board. I would also like to once again acknowledge the incredible work performed by our staff. The classroom is where all the magic happens, and I believe that the educators in our classrooms are the finest anywhere. Their successful work and commitment demonstrates the dedication they bring to their craft. Our Principal Joan Cavallo, Vice-Principal Georgie Andrews, and Superintendent Dr. Kevin Dirth have continued to provide strong leadership as we bring our school forward into 2017.

Respectively submitted,

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

WARNING
FOR THE CITY OF ST. ALBANS SCHOOL DISTRICT
ANNUAL MEETING: March 1, 2016

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 1st day of March, 2016, for the purpose of voting upon Articles I to VII, 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 in the morning (7:00 a.m.) and close at seven o'clock in the evening (7:00 p.m.).

ARTICLE I

To elect from the legal voters of the City of St. Albans, two (2) School Board Commissioners to fill the remaining two years of three (3) year terms.

ARTICLE II

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 III

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 IV

Shall the legal voters of the City of St. Albans School District approve the school board to expend \$12,591,180 which is the amount that the school board has determined to be necessary for the ensuing fiscal year beginning July 1, 2016? It is estimated that this proposed budget, if approved, will result in education spending of \$12,866.26 per equalized pupil. This projected spending per equalized pupil is 1.91% higher than spending for the current year.

ARTICLE V

Shall the legal voters of the City of St. Albans School District approve the use of \$500,000 of the current (June 30, 2015) 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.)

ARTICLE VI

Shall the City of St. Albans School District, which the State Board of Education has found necessary to include in the proposed supervisory district, join with the St. Albans Town School District, Fairfield School District, and BFA/NWTC Union District #48, which the State Board of Education has found necessary to include in the proposed supervisory district, for the purpose of forming a supervisory district, as provided in Title 16, Vermont Statutes Annotated, and as proposed in the FCSU Act 46 Study Committee's Report and Articles, upon the following conditions and agreements:

- (a) Grades. The supervisory district shall operate and manage a school offering instruction in grades Pre-K through 12.
- (b) Board of School Directors. The Board of School Directors shall consist of no more than two (2) representatives from Fairfield (1/2 vote each); no more than four (4) representatives from St. Albans City; no more than four (4) representatives from St. Albans Town, with Board members being elected at-large by all three (3) communities.
- (d) Assumption of debts and ownership of school property. The supervisory district shall assume the indebtedness of member districts, acquire the school properties of member districts, and pay for them, all as specified in the final report.
- (e) Final Report. The provisions of the final report approved by the State Board of Education on the 19th day of January, 2016, which is on file in the town clerk's office, shall govern the supervisory district.

ARTICLE VII

To elect ten (10) school director(s) from the nominees below to serve on the proposed supervisory district board from the date of the organization meeting for terms as provided in the final report:

Please select no more than two (2) representatives from Fairfield (1/2 vote each);

One for a one year term

One for a two-year term

Please select no more than four (4) representatives from St. Albans City;

Two for a one year term

One for a two year term

One for a three year term

Please select no more than four (4) representatives from St. Albans Town;

One for a one year term

One for a two year term

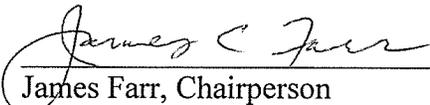
Two for a three year term

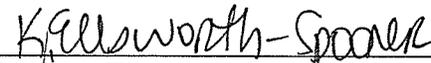
Informational Hearing

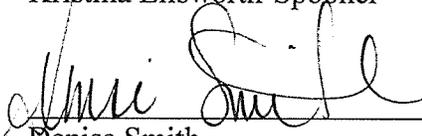
The legal voters of the St. Albans City School District are hereby warned and notified to meet in the St. Albans City School Library, 29 Bellows Street, St. Albans, VT, on **Thursday, February 25, 2016, at 6:00 p.m.**, to conduct an informational meeting on the budget.

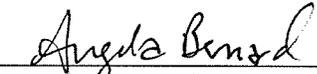
Dated at St. Albans City, Vermont, the 14th day of January, 2016.

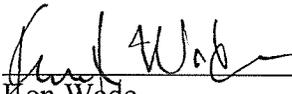
St Albans City School Board of Commissioners

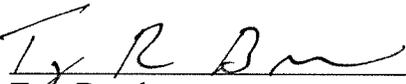

James Farr, Chairperson

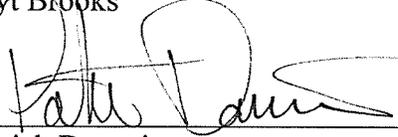

Kristina Ellsworth-Spooner


Denise Smith


Angela Bernard


Ken Wade


Tayt Brooks


Patrick Daunais

Estimated Tax Rate FY17

ESTIMATES

	FY16 Budget	FY16 Tax Rate	FY17 Budget	FY17 Tax Rate
School Budgets				
City School Budget	12,192,110	0.896	12,591,180	0.849
BFA Union - City Share	6,088,646	0.554	5,986,740	0.517
		<u>1.450</u>		<u>1.366</u>
CLA		97.79%		97.94%
Total Tax rate		1.483		1.395

The Tax Commissioner recommended a property yield of \$9,955 for every \$1.00 of homestead tax per \$100 of equalized property value. **New and updated data have changed the proposed property yield to \$9,870.** Using these tax rates and the current St. Albans City CLA of 97.94% the **estimated** projected 2016 Homestead School Tax Rate is \$1.395

Proposed FY17 Education Budgets

Expenses:	FY16 Budget	FY17 Budget	Increase
St. Albans City Elementary School	12,192,110	12,591,180	3.27%
Bellows Free Academy Union High School- City share of Budget	6,088,646	5,986,740	-1.67%
Expense Total	18,280,756	18,577,920	
Revenue	2,351,785	2,396,728	1.91%
Categorical Grants, Federal Grants, Interest, etc.			
Amt to be requested from Ed Spending Fund	15,928,971	16,181,192	1.58%
Education Tax Rate	1.4501	1.3663	-5.78%
St. Albans City Education Tax Rate (based on CLA of 97.94%)			
Homestead	1.483	1.395	-5.92%

St. Albans City School Fund Revenues

Title	FY15 Actual	FY16	Proposed FY17
General Operating	9,749,767	9,997,825	10,372,052
Food Service	20,000	20,000	0
Special Education	1,529,053	1,619,043	1,660,220
Other Grant Funding	518,480	555,242	558,908
Total Revenues	11,817,300	12,192,110	12,591,180

St. Albans City School Fund Expenses

Title	FY15 Actual	FY16	Proposed FY17
Instruction-General	5,489,600	5,908,788	6,144,775
Special Education	2,613,116	3,010,622	3,073,505
Other Expenses	2,860,442	2,717,459	2,813,992
Grant Expenses	518,479	555,241	558,908
Total Expenses	11,481,637	12,192,110	12,591,180

Bellows Free Academy Union High School

Title	FY15 Actual	FY16	Proposed FY17
BFA Total Budget	20,584,541	20,955,427	21,144,321
City Share	5,854,765	6,088,646	5,986,740
Based on City/Town student FTE's	49.94%	48.65%	48.08%

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 does indeed takes this responsibility seriously. We are aware 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 fiscal year 2017 (FY17) budget to be presented to the voters is for the amount of \$21,144,321 – this figure was directly affected by a reduction in the number of students (approximately 50 students) entering the Academy for the budget period and the desire to remain with the cost containment level set by the legislature. This figure represents a corresponding reduction in staff equivalent to about 8.4 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 FY17 has been kept to only 0.9%. We have been able to set the BFA tuition rate at \$16,400 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.

Vermont legislature approved Act 46 in 2015 which creates a multi-year process that provides phases of incentives for communities to voluntarily merge into the most common governance model. Act 46 calls for a unification of all the school districts in the supervisory union into a single supervisory district with the most significant difference that governance would be by a single board of directors, replacing the current five boards. Additionally, there would be a single budget that includes all the expenditures and revenues and results in the same school tax rate for each member towns.

BFA Board members have participated in the Franklin Central Supervisory Union (FCSU) Act 46 study committee and this committee voted to send the Articles of Agreement and Report for accelerated merger to the State Board of Education for approval. We received notification on January 20, 2016 that the Board of Education approved the report and Articles. The voters of St. Albans City, Town and Fairfield will have the opportunity to vote on whether they want to see a merger of their schools into one district. Unification may present numerous opportunities to streamline processes, and realize operational and fiscal efficiencies.

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 2016-2017 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 23, 2016, at 6:30 p.m.

I also wish to encourage and remind the community to please vote on Tuesday, March 1, 2016 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
527-6402
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
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Julie Regimbal
Special Education Dir.
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jregimbal@fcsuvt.org

Preston Randall
Interim Director Guidance
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prandall@fcsuvt.org

Bellows Free Academy UHSD #48
Principal's Annual Report
January 2016

I am pleased to present the 2016 Annual Report from Bellows Free Academy. Our focus remains on ensuring the best environment for teaching and learning and creating a school culture where all students thrive academically and socially. We believe that the relationships and connections students forge with their teachers and advisors will enable them to be successful regardless of their chosen path after high school. The strength of our school is the many programs and opportunities we provide so that all students can find a place to learn and grow. Your continued support for our school is essential in the development of our students and community.

There are many highlights to report in our professional development efforts. Our Continuous Improvement Team completed a thoughtful and comprehensive plan in accordance with the Agency of Education Standards and Expectations. This work will guide our path forward so that all students will benefit from a more clearly articulated curriculum, high quality assessments and current instructional practice.

Our staff worked on generating student achievement data based on departmental goals, teacher designed assessments and well formatted curriculum maps. To support these efforts, faculty members attended a variety of professional development learning opportunities including one in July featuring national researcher Rick Wormeli. We are using Wormeli's work on grading and assessment in addition to Thomas Guskey's book, On Your Mark, to support our transition to a more standards based grading system. Additionally, we have completed a curriculum audit through our partnership with the Vermont Adolescent Literacy and Learning Initiative and Vermont Reads Institute. This work supports classroom instruction that will promote teaching strategies to improve each student's literacy skills.

In conjunction with our literacy initiative, our Five-Year New England Association of Secondary Schools and Colleges (NEASC) Progress Report was submitted in October, 2015. This document reflects our efforts to meet all NEASC recommendations from the school's site visit in October, 2010. It also outlines our next steps to address accreditation standards for the next five years which include Core Values and Beliefs, Curriculum, Instruction, Assessment, Leadership and Organization, School Resources and Community Resources.

In March, 2015 our students participated in the first year of the statewide SBAC exams. I am glad to report that we had a 97% participation rate. BFA maintains the same Adequate Yearly Progress status we held during the 2014-15 school year. We are working to use our SBAC data to inform our school improvement goals and support instructional practice. Additionally, a team of BFA teachers has designed a process to implement Personalized Learning Plans (PLP) for all students beginning with the graduating class of 2020. The PLP's will focus on students achieving success in content area standards as well as the AOE Transferrable Skills, which we have adopted as our school-wide academic expectations for accreditation. Specifically, they are as follows: Clear and Effective Communication, Self-direction, Creative and Practical Problem Solving, Responsible and Involved Citizenship, and Informed and Integrative Thinking.

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

WARNING
FOR THE BELLOWS FREE ACADEMY UNION HIGH SCHOOL DISTRICT #48
ANNUAL MEETING: March 1, 2016

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 1, 2016**, 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 in the morning (7:00 a.m.) and close at seven o'clock in the evening (7:00 p.m.).

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, approve the school board to expend \$21,144,321 which is the amount that the school board has determined to be necessary for the ensuing fiscal year beginning July 1, 2016? It is estimated that this proposed budget, if approved, will result in education spending of \$16,308.97 per equalized pupil. This projected spending per equalized pupil is 1.04% higher than spending for the current year.

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 23, 2016, 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 1, 2016.**

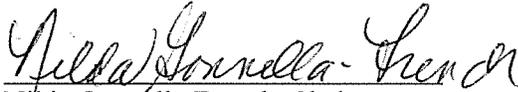
Polling Places and Times

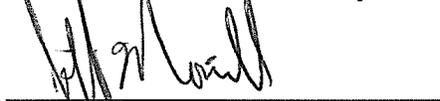
St. Albans City Residents - St. Albans City Hall, 100 North Main Street; polls open at 7:00 a.m. and close at 7:00 p.m.

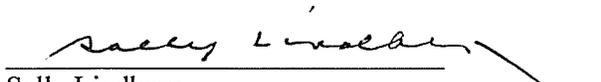
St. Albans Town Residents – Collins Perley Sports Complex, 890 Fairfax Road; polls open at 7:00 a.m. and close at 7:00 p.m.

Dated at St. Albans, Vermont, this 20th day of January, 2016.

BELLOWS FREE ACADEMY UNION HIGH SCHOOL DISTRICT #48 SCHOOL BOARD


Nilda Gonnella-French, Chairperson

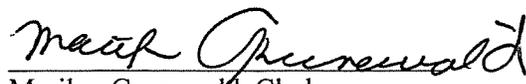

Jeff Morrill


Sally Lindberg


Richard Bettinger


Albert Corey

Received for record and recorded prior to the posting this 21st day of January, 2016.


Marilyn Grunewald, Clerk

NORTHWEST TECHNICAL CENTER

71 South Main St., St. Albans, VT ~ (802) 527-0614

nwtc.fcsuvt.org

The Northwest Technical Center (NWTC) provides quality career and technical education to area high school students and adults. At the NWTC, students from Bellows Free Academy and Missisquoi Valley Union High School have the opportunity to choose from ten different career and technical programs and twelve 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 NWTC 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 and Franklin Grand Isle Workforce Investment Board by 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 Career Development Center offers continuing education courses to serve the employment and training needs of our community and surrounding counties.

Highlights of our year include:

New England Association of Schools and Colleges (NEASC)

The five year visiting committee voted to continue our accreditation as a result of their visit in April 2015. We are accredited through April 2020 when we will welcome our decennial visit. Commendations from the visit were an increase in programming for our math interventionist, increasing our Digital Video Production program from part time to full time, and our math Accuplacer results increase from 30% to 90%.

Career Development Office

NWTC's Career Development Office is proud to deliver the largest selection of continuing education courses offered by a Vermont regional technical center. High school students and adults have access to 50 courses taught locally, along with access to hundreds of online courses. As part of the student's personalized learning plans, the Career Development Office at NWTC is a strong option for many of our students (and their families).

The Career Development Office at the NWTC 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 2016 include Professional Development for Educators, Pharmacy Technician Certification, and online courses.

Expanded Opportunity

We have made substantial improvements including a new Automotive Technology lab, a new Culinary Arts restaurant, increased community involvement, and accessibility of enrichment opportunities through our Career Development Office.

We have specialized attention for our feeder schools including a growing middle school Career Exploration Day program for students to experience career and technical education earlier. 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 NWTC. 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.

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 NWTC’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.

Academic Skill Development

We continue to administer 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.

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, and Engineering Technologies. 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 2016

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. 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.

Because our public Mission is *to provide maximum wellness opportunity for the largest number of people...* we strive to offer as many wellness options as possible at the lowest possible price. During the past year we have truly concentrated on reaching out to the community to determine how we can more fully fulfill our mission. We have partnered with a number of talented local fitness instructors to increase our number and variety of class offerings. .

We know variety is important to most people in order to continue on a path to better health. We expect to continue to look at options for providing healthy choices to our community. 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 offer over 100 different wellness classes every month.

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. This year, our attention has been on the softball field. We excavated the infield, upgraded drainage, installed a new playing surface and are replacing the backstop and adjacent fencing. Through the process, we also expect to make spectator areas more handicap accessible.

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 , Spinning ®, and more.

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.

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 our 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 262 children in the Supervisory Union, mostly three to five year olds. 70 of these children are in sites prequalified by the Agency of Education and we send \$3000 per child to the sites to offset the cost of a ten hour a week high quality preschool experience. Next year, this amount, which is set by the AOE is \$3,092.

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 as well as multiple programs in Chittenden County that are prequalified by the state 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 2016/2017 school year is expected to be \$2,138,423, which is \$701,101 more than last year, but includes a federal increase in revenue of \$433,293 through the Preschool Expansion Grant, which allows us to serve 32 income eligible four year olds for a full day of preschool, five days a week and provide them with wrap around comprehensive services.

Our assessment to the local budgets in the SU is increased by \$128,746 or 11%. 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. We began implementing ACT 166 in the FY 2016 school year and with the addition of all the three year olds have seen a 64% increase in the identified students that are eligible for special education. This increase represents additional funding to support the needed increased special education services. 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 find us on facebook by looking for the Franklin County Early Childhood Programs.

St. Albans City School Summary of Estimated Revenues

<u>Revenues</u>	<u>FY15 Actual</u>	<u>FY16 Adopted</u>	<u>FY17 Proposed</u>	
Interest	42,481	38,000	40,000	
Basic Education Grant	9,585,114	9,839,465	10,194,452	
Transportation Aid	112,641	114,589	132,600	
Miscellaneous Revenue	9,531	5,000	5,000	
General Operating	9,749,767	9,997,054	10,372,052	
Food Service Contract	20,000	20,000	0	
Food Service	20,000	20,000	0	
Mainstream Block Grant	251,297	251,297	262,711	
Expenditure Reimbursement	1,143,987	1,323,373	1,356,483	
Extraordinary Reimbursement	0	44,373	41,027	
IDEAB Grant	133,769	0	0	
Special Education	1,529,053	1,619,043	1,660,220	
Grant Funding:				
IEP Medicaid Grant	10,765	0	0	
EPSDT Medicaid Grant	20,620	19,460	19,500	
Tobacco Grant	3,720	4,359	0	
Consolidated Federal Grant	483,375	532,194	539,408	
Grant Funding	518,480	556,013	558,908	
Total Revenues	11,817,300	12,192,110	12,591,180	3.27%

FY16 Education Spending per Equalized Pupil (for comparison)	\$11,938.89	
FY17 Cost Containment threshold for SACS, per Act 46	\$12,337.65	3.34%
FY17 Education Spending, based on proposed budget	\$10,194,452	
Frozen Equalized Pupil Count to be used for FY17 Budget	792.34	
Proposed FY17 Education Spending per Equalized Pupil	\$12,866.26	
FY17 Exclusions	\$666.91	
FY17 Education Spending per Equalized Pupil	\$12,199.35	2.18%

St. Albans City School
Summary of Expenses for FY17 Budget

Department	FY15 Actual	FY16 Adopted	FY17 Proposed
Instruction General	215,647	296,425	291,945
Instruction K-8	3,030,596	3,171,631	3,264,976
Assessment & Testing	3,976	10,382	7,500
Curriculum Initiatives	6,285	10,000	10,000
Art	224,855	243,361	226,573
Technology Integration	126,899	133,893	144,758
World Languages	7,375	15,000	15,000
Technology Education	67,044	70,166	74,908
Practical Arts	59,377	62,964	65,720
Music	226,394	231,309	225,059
Physical Education	264,704	283,350	289,957
Co-Curricular Activities	23,531	39,165	39,185
Outdoor Wellness	46,529	45,924	51,106
Summer School	2,577	25,000	25,000
21st Century - Open Doors	10,000	10,000	10,000
Guidance Services	124,938	135,791	147,849
HUB (SSC)	124,787	141,194	148,345
Health Services	159,818	161,542	165,978
Action Planning	2,703	3,577	3,115
Home School Coordinator	599	0	4,570
Media (Library)	92,966	95,887	97,368
Instruction Supported Technology	237,217	224,434	233,628
Academic Intervention	7,310	16,150	16,150
Early Retirement	9,689	29,065	19,377
Early Childhood Program	413,784	452,578	566,708
Instruction-General	5,489,600	5,908,788	6,144,775
Spec. Ed. Services provided by SU	0	1,757,569	1,825,167
Spec. Ed. Support Staff	0	1,102,076	1,108,907
Spec. Ed. EEE Local Assmnt	36,838	150,977	139,431
Spec. Ed. Direct Instruction	2,039,316	0	0
Spec. Ed. Other Support Services	21,951	0	0
Spec. Ed. SLP	353,643	0	0
Spec. Ed. Transportation	27,599	0	0
IDEA B Grants	133,769	0	0
Special Education	2,613,116	3,010,622	3,073,505
Board of Education/School Treasurer	55,129	71,078	69,762
Franklin Central Supervisory Union	365,981	345,777	684,977
Short Term Debt / Bank Charges	28,278	28,800	28,800
Long Term Debt	531,708	533,128	528,416
Operations & Maintenance	1,046,003	792,381	864,233
Transportation	294,251	316,150	21,000
Principal's Office	491,425	537,542	550,242
Food Service	47,667	92,603	66,562
Other Expenses	2,860,442	2,717,459	2,813,992
IEP Medicaid Grant	10,765	0	0
EPSDT Medicaid Grant	20,620	19,458	19,500
Tobacco Grant	3,720	3,589	0
School Wide Program (CFG)	483,374	532,194	539,408
Grant Expenses	518,479	555,241	558,908
Total Expenses to be Voted	11,481,637	12,192,110	12,591,180

3.27%

St. Albans City School
SPECIAL EDUCATION FUNDING BREAKDOWN

<u>REVENUES</u>	<u>FY15 ACTUAL</u>	<u>FY16 ADOPTED</u>	<u>FY17 PROPOSED</u>
Mainstream Block Grant	\$ 251,297	\$ 251,297	\$ 262,711
Expenditure Reimbursement	1,143,987	1,323,373	1,356,482
Extraordinary Reimbursement	-	44,373	41,027
IDEA-B Subgrant	133,769	-	-
Total Revenues	<u>\$ 1,529,053</u>	<u>\$ 1,619,043</u>	<u>\$ 1,660,220</u>
<u>EXPENSES</u>	<u>FY15 ACTUAL</u>	<u>FY16 ADOPTED</u>	<u>FY17 PROPOSED</u>
Special Education & IDEAB	\$ 2,173,085	\$ 1,102,076	\$ 1,108,907
Services Provided by SU	-	1,757,569	1,825,167
Spec. Ed. - Preschool	36,838	150,977	139,431
Spec. Ed. - Other Support Services	21,951	-	-
Spec. Ed. - Speech & Language	353,643	-	-
Spec. Ed. - Transportation	27,599	-	-
Total Expenses	<u>\$ 2,613,116</u>	<u>\$ 3,010,622</u>	<u>\$ 3,073,505</u>

District: St. Albans City County: Franklin		T176 Franklin Central				Property dollar equivalent yield 9,870	Homestead tax rate per \$9,870 of spending per equalized pupil 1.00
				11,065	Income dollar equivalent yield per 2.0% of household income		
Expenditures		FY2014	FY2015	FY2016	FY2017		
1.	Budget (local budget, including special programs, full technical center expenditures, and any Act 14 expenditures)	\$11,729,352	\$12,030,005	\$12,192,110	\$12,591,180		
2.	plus Sum of separately warned articles passed at town meeting	-	-	-	-		
3.	minus Act 144 Expenditures, to be excluded from Education Spending(Manchester & West Windsor only)	-	-	-	-		
4.	Locally adopted or warned budget	\$11,729,352	\$12,030,005	\$12,192,110	\$12,591,180		
5.	plus Obligation to a Regional Technical Center School District if any	-	-	-	-		
6.	plus Prior year deficit repayment of deficit	-	-	-	-		
7.	Total Budget	\$11,729,352	\$12,030,005	\$12,192,110	\$12,591,180		
8.	S.U. assessment (included in local budget) - informational data	-	-	-	-		
9.	Prior year deficit reduction (included in expenditure budget) - informational data	-	-	-	-		
Revenues							
10.	Offsetting revenues (categorical grants, donations, tuitions, surplus, etc., including local Act 144 tax revenues)	\$2,452,703	\$2,444,891	\$2,352,645	\$2,396,728		
11.	plus Capital debt aid for eligible projects pre-existing Act 60	-	-	-	-		
12.	minus All Act 144 revenues, including local Act 144 tax revenues(Manchester & West Windsor only)	-	-	-	-		
13.	Offsetting revenues	\$2,452,703	\$2,444,891	\$2,352,645	\$2,396,728		
14.	Education Spending	\$9,276,649	\$9,585,114	\$9,839,465	\$10,194,452		
15.	Equalized Pupils	771.46	766.62	779.33	792.34		
16.	Education Spending per Equalized Pupil	\$12,024.80	\$12,503.08	\$12,625.54	\$12,866.26		
17.	minus Less ALL net eligible construction costs (or P&I) per equalized pupil	\$707.16	\$694.66	\$684.09	\$667		
18.	minus Less share of SpEd costs in excess of \$50,000 for an individual (per eqpup)	\$8.55	\$4.00	\$2.57	NA		
19.	minus Less amount of deficit if deficit is SOLELY attributable to tuitions paid to public schools for grades the district does not operate for new students who moved to the district after the budget was passed (per eqpup)	-	-	-	NA		
20.	minus Less SpEd costs if excess is solely attributable to new SpEd spending if district has 20 or fewer equalized pupils (per eqpup)	-	-	-	NA		
21.	minus Estimated costs of new students after census period (per eqpup)	-	-	-	NA		
22.	minus Total tuitions if tuitioning ALL K-12 unless electorate has approved tuitions greater than average announced tuition (per eqpup)	-	-	-	NA		
23.	minus Less planning costs for merger of small schools (per eqpup)	-	-	-	NA		
24.	minus Teacher retirement assessment for new members of Vermont State Teachers' Retirement System on or after July 1, 2015 (per eqpup)	NA	NA	-	NA		
25.	Allowable growth per pupil spending threshold (secs. 37 & 38, Act 46, 2015)	threshold = \$15,456 NA	threshold = \$16,166 NA	threshold = \$17,103 NA	District Threshold \$12,337.65		
26.	plus Excess Spending per Equalized Pupil over threshold (if any)	-	-	-	-		
27.	Per pupil figure used for calculating District Equalized Tax Rate	\$12,025	\$12,503	\$12,626	\$12,199.35		
28.	District spending adjustment (minimum of 100%)	131.404% <small>based on \$9,151</small>	134.659% <small>based on \$9,285</small>	133.476% <small>based on \$9,459</small>	NA		
Prorating the local tax rate							
29.	Anticipated district equalized homestead tax rate (to be prorated by line 30) [\$12,199.35 ÷ (\$9,870.00 / \$1,000)]	\$1.2352 <small>based on \$0.94</small>	\$1.3197 <small>based on \$0.98</small>	\$1.3214 <small>based on \$0.99</small>	\$1.2360 <small>based on \$1.00</small>		
30.	Percent of St. Albans City equalized pupils not in a union school district	66.28%	66.52%	67.79%	68.72%		
31.	Portion of district eq homestead rate to be assessed by town (68.72% x \$1.24)	\$0.8187	\$0.8779	\$0.8958	\$0.8494		
32.	Common Level of Appraisal (CLA)	99.36%	98.11%	97.79%	97.94%		
33.	Portion of actual district homestead rate to be assessed by town (\$0.8494 / 97.94%)	\$0.8240 <small>based on \$0.94</small>	\$0.8948 <small>based on \$0.98</small>	\$0.9160 <small>based on \$0.99</small>	\$0.8673 <small>based on \$1.00</small>		
<p>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.</p>							
34.	Anticipated income cap percent (to be prorated by line 30) [(\$12,199.35 ÷ \$11,065) x 2.00%]	2.37% <small>based on 1.80%</small>	2.42% <small>based on 1.80%</small>	2.40% <small>based on 1.80%</small>	2.21% <small>based on 2.00%</small>		
35.	Portion of district income cap percent applied by State (68.72% x 2.21%)	1.57% <small>based on 1.80%</small>	1.61% <small>based on 1.94%</small>	1.63% <small>based on 1.94%</small>	1.52% <small>based on 2.00%</small>		
36.	Percent of equalized pupils at Bellows Free Academy UHSD	33.72%	33.48%	32.21%	31.28%		
37.		-	-	-	-		

- Following current statute, the Tax Commissioner recommended a property yield of \$9,955 for every \$1.00 of homestead tax per \$100 of equalized property value. The Tax Commissioner also recommended an income yield of \$11,157 for a base income percent of 2.0% and a non-residential tax rate of \$1.538. **New and updated data have changed the proposed property yield to \$9,870 and the income yield to \$11,065.**

- Final figures will be set by the Legislature during the legislative session and approved by the Governor.

- The base income percentage cap is 2.0%.

City of Saint Albans, Department of Public Schools

BASIC FINANCIAL STATEMENTS

June 30, 2015

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, 2015, 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, 2015, 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, supplementary information on pages 25-26, and Schedule of Proportionate Share of the Net Pension Liability on page 27, 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.

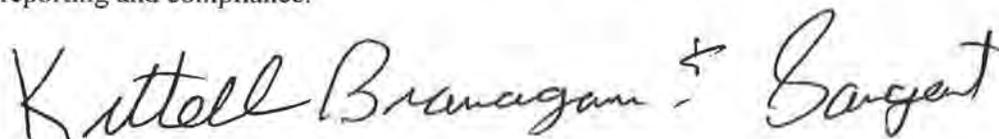
Other Information

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 12, 2015 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 "Kristell Branagan" followed by a small star symbol and the word "Sargent".

St. Albans, Vermont
November 12, 2015

City of St. Albans, Department of Public Schools
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015

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, 2015. 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, 2015

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 \$619,542 from \$4,226,065 to \$4,845,607.

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, 2015. 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>2015</u>	<u>2014</u>
ASSETS		
Current and Other Assets	\$ 3,093,208	\$ 2,612,230
Capital Assets, net of depreciation	7,970,964	8,178,494
Bond Issuance cost, net of amortization	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 11,064,172</u>	<u>\$ 10,790,724</u>
LIABILITIES		
Current Liabilities	\$ 1,786,034	\$ 1,647,283
Long-term Debt Outstanding	<u>4,432,531</u>	<u>4,917,376</u>
TOTAL LIABILITIES	<u>\$ 6,218,565</u>	<u>\$ 6,564,659</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	\$ 3,053,588	\$ 2,776,273
Restricted	29,408	24,393
Unrestricted	<u>1,762,611</u>	<u>1,425,399</u>
TOTAL NET POSITION	<u>\$ 4,845,607</u>	<u>\$ 4,226,065</u>

District-Wide Statement of Activities

Governmental Activities Expenses	\$ 11,702,728	\$ 11,400,991
Charges for Services	(98,322)	(96,304)
Operating Grants and Revenues	<u>(12,173,135)</u>	<u>(11,872,074)</u>
Net (Expense) Revenue and Changes in Net Position	<u>568,729</u>	<u>567,387</u>

City of St. Albans, Department of Public Schools
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015

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

	<u>General & Special Revenue Fund</u>	
	<u>2015</u>	<u>2014</u>
REVENUES	\$ 12,374,613	\$ 12,019,994
EXPENDITURES	<u>12,032,386</u>	<u>12,846,117</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	342,227	(826,123)
FUND BALANCE – Beginning of year	<u>1,449,792</u>	<u>2,275,915</u>
FUND BALANCE – End of year	<u>\$ 1,792,019</u>	<u>\$ 1,449,792</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 principal balance of \$4,408,376, and a Qualified Zone Academy Bond with a principal balance of \$509,000. You may view a schedule of payments and rates in Note 6 to the financial statements.

The following is a schedule of our Capital Assets:

<u>Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
29 Bellows Street Construction in Progress	\$ 10,269	\$ 0	\$ 10,269
Land & Land Improvements	703,571	167,725	535,846
Buildings	11,515,639	4,352,298	7,163,341
Furniture, Fixtures & Equipment	<u>1,266,417</u>	<u>1,004,909</u>	<u>261,508</u>
TOTAL	<u>\$ 13,495,896</u>	<u>\$ 5,524,932</u>	<u>\$ 7,970,964</u>

Retirement

In compliance with the Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions requires employers participating in a cost-sharing, multiple-employer defined benefit pension plan to recognize their proportional share of total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. See Note 9, starting on page 17 for detailed information regarding City of St. Albans Department of Public Schools’ proportional share of the overall amounts of the Vermont State Teachers’ Retirement System (VSTRS). This is the first year this is required information.

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, 2015

ASSETS

	<u>Governmental Activities</u>
CURRENT ASSETS	
Cash	\$ 2,781,637
Accounts receivable	40,236
Due from State of Vermont	48,618
Due from FCSU	215,467
Prepaid expenses	<u>7,250</u>
TOTAL CURRENT ASSETS	3,093,208
CAPITAL ASSETS, net of depreciation	<u>7,970,964</u>
TOTAL ASSETS	<u><u>\$ 11,064,172</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accounts payable	\$ 676,347
Due to other funds	1,942
Accrued salaries and taxes	577,839
Accrued interest	9,913
Unearned income	35,148
Current portion bonds and notes payable	<u>484,845</u>
TOTAL CURRENT LIABILITIES	1,786,034
BONDS AND NOTES PAYABLE	<u>4,432,531</u>
TOTAL LIABILITIES	<u>6,218,565</u>
NET POSITION	
Invested in capital assets, net of related debt	3,053,588
Restricted	29,408
Unrestricted	<u>1,762,611</u>
TOTAL NET POSITION	<u>4,845,607</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 11,064,172</u></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, 2015

<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 Governmental Activities</u>
Governmental activities:				
Instruction	\$ 5,925,833	\$ -	\$ 10,072,209	\$ 4,146,376
Special Education	2,607,476	-	1,529,053	(1,078,423)
Student Support Services	486,538	-	31,385	(455,153)
Staff Support Services	56,872	-	-	(56,872)
Board of Education	55,129	-	-	(55,129)
Superintendent's Office	340,327	-	-	(340,327)
Debt Service	75,142	-	-	(75,142)
Operation and Maintenance	810,794	1,200	-	(809,594)
Transportation	299,892	-	112,641	(187,251)
ESL Services	25,654	-	-	(25,654)
Early Retirement	9,689	-	-	(9,689)
Food Service	500,659	97,122	380,885	(22,652)
Other Grants	55,986	-	46,962	(9,024)
Unallocated:				
Depreciation	<u>452,737</u>	<u>-</u>	<u>-</u>	<u>(452,737)</u>
 Total governmental activities	 <u>\$ 11,702,728</u>	 <u>\$ 98,322</u>	 <u>\$ 12,173,135</u>	 <u>568,729</u>
 General revenues:				
Unrestricted investment earnings				42,482
Miscellaneous Revenue				<u>8,331</u>
 Total general revenues				 <u>50,813</u>
 Change in net position				 619,542
 Net position, beginning				 <u>4,226,065</u>
 Net position, ending				 <u>\$ 4,845,607</u>

City of Saint Albans, Department of Public Schools
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2015

ASSETS

	Governmental Fund Types		
	General Fund	Special Revenue Fund	Total
ASSETS			
Cash	\$ 2,781,637	\$ -	\$ 2,781,637
Accounts receivable	40,236	-	40,236
Due from State of Vermont	48,618	-	48,618
Due from FCSU	215,467	-	215,467
Due from Other Funds	-	126,716	126,716
Prepaid expenses	7,250	-	7,250
TOTAL ASSETS	\$ 3,093,208	\$ 126,716	\$ 3,219,924

LIABILITIES AND FUND BALANCE

LIABILITIES			
Accounts payable	\$ 579,039	\$ 97,308	\$ 676,347
Due to other funds	128,658	-	128,658
Accrued salaries and taxes	577,839	-	577,839
Accrued interest	9,913	-	9,913
Unearned income	35,148	-	35,148
TOTAL LIABILITIES	1,330,597	97,308	1,427,905
FUND BALANCES			
Restricted	-	29,408	29,408
Committed	1,762,611	-	1,762,611
TOTAL FUND BALANCE	1,762,611	29,408	1,792,019
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,093,208	\$ 126,716	\$ 3,219,924

See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

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

Total fund balances - governmental funds	\$ 1,792,019
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	13,495,896
Accumulated Depreciation	(5,524,932)
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>(4,917,376)</u>
Total net position - governmental activities	<u>\$ 4,845,607</u>

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, 2015

	Governmental Fund Types		
	General Fund	Special Revenue Fund	Total
REVENUES			
Education Spending Grant	\$ 9,697,755	\$ -	\$ 9,697,755
Special Education Grant	1,395,284	-	1,395,284
Interest	42,819	-	42,819
Food Service Reimbursement	20,000	-	20,000
Medicaid IEP	10,765	-	10,765
Medicaid EPSDT	20,620	-	20,620
School Wide Program	483,375	-	483,375
IDEA-B Grant	133,769	-	133,769
Tobacco Grant	3,720	-	3,720
Miscellaneous	9,531	-	9,531
Total Revenues Before Non-Budget Revenues	11,817,638	-	11,817,638
Non-Budgeted Grants	46,615	-	46,615
Food Service	-	510,360	510,360
TOTAL REVENUES	11,864,253	510,360	12,374,613
EXPENDITURES			
Instruction	5,557,550	-	5,557,550
Special Education	2,479,347	-	2,479,347
Board of Education	55,129	-	55,129
Superintendent's Office	340,327	-	340,327
Food Service Support	47,667	-	47,667
Debt Service	559,987	-	559,987
Operation and Maintenance	1,045,992	-	1,045,992
Transportation	294,251	-	294,251
ESL Services	25,654	-	25,654
Early Retirement	9,689	-	9,689
Medicaid IEP	10,765	-	10,765
Medicaid EPSDT	20,620	-	20,620
School Wide Program	483,375	-	483,375

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, 2015

	Governmental Fund Types		
	General Fund	Special Revenue Fund	Total
EXPENDITURES (continued)			
IDEA-B Grant	133,769	-	133,769
Tobacco Grant	3,720	-	3,720
Early Childhood Program K-5	413,784	-	413,784
Total Expenditures Before Non-Budget Expenses	11,481,626	-	11,481,626
Food Service	-	505,345	505,345
Grant Expenses	45,415	-	45,415
 TOTAL EXPENDITURES	<u>11,527,041</u>	<u>505,345</u>	<u>12,032,386</u>
 EXCESS OF REVENUES OVER EXPENDITURES	337,212	5,015	342,227
 OTHER FINANCING SOURCES (USES)			
Transfers	(24,393)	24,393	-
 EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES	312,819	29,408	342,227
 FUND BALANCE, Beginning of Year	<u>1,449,792</u>	<u>-</u>	<u>1,449,792</u>
 FUND BALANCE, End of Year	<u>\$ 1,762,611</u>	<u>\$ 29,408</u>	<u>\$ 1,792,019</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, 2015

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	\$ 342,227
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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.</p>	
Depreciation Expense	(452,738)
Capital Outlays	245,208
<p>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.</p>	484,845
Change in net position of governmental activities	\$ 619,542

City of Saint Albans, Department of Public Schools
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS
 June 30, 2015

	<u>Private- Purpose Trusts</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
ASSETS		
Cash	\$ 2,703	\$ 54,922
Due From Other Funds	<u>1,942</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 4,645</u>	<u>\$ 54,922</u>
 <u>LIABILITIES AND NET POSITION</u>		
LIABILITIES		
Due to Students for Activities	<u>\$ -</u>	<u>\$ 54,922</u>
NET POSITION		
Restricted	<u>4,645</u>	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 4,645</u>	<u>\$ 54,922</u>

See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

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, 2015

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.

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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, 2015

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 special revenue fund accounts for special programs and grants that have been restricted.

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.

City of Saint Albans, Department of Public Schools
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

- * 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, 2015

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, 2015

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, 2015 the carrying amount of cash deposits was \$2,839,262 and the bank balance was \$2,889,764. Of the bank balance \$380,139 was covered by federal deposit insurance, and \$2,509,625 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, 2015 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>18,197</u>	<u>10,269</u>	<u>(18,197)</u>	<u>10,269</u>
Total capital assets, not being depreciated	<u>70,297</u>	<u>10,269</u>	<u>(18,197)</u>	<u>62,369</u>
Capital assets, being depreciated:				
Land Improvements	629,521	21,950	-	651,471
Equipment	1,249,838	16,579	-	1,266,417
Buildings	<u>11,301,032</u>	<u>214,607</u>	<u>-</u>	<u>11,515,639</u>
Total capital assets, being depreciated	<u>13,180,391</u>	<u>253,136</u>	<u>-</u>	<u>13,433,527</u>
Accumulated depreciation for:				
Land Improvements	(133,876)	(33,849)	-	(167,725)
Equipment	(978,704)	(26,205)	-	(1,004,909)
Buildings	<u>(3,959,614)</u>	<u>(392,684)</u>	<u>-</u>	<u>(4,352,298)</u>
Total accumulated depreciation	<u>(5,072,194)</u>	<u>(452,738)</u>	<u>-</u>	<u>(5,524,932)</u>
Total capital assets, being depreciated	<u>8,108,197</u>	<u>(199,602)</u>	<u>-</u>	<u>7,908,595</u>
Governmental activities capital assets, net	<u>\$ 8,178,494</u>	<u>\$ (189,333)</u>	<u>\$ (18,197)</u>	<u>\$ 7,970,964</u>

City of St. Albans, Department of Public Schools
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2015

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	\$ -	\$ 2,372,000	\$ (2,372,000)	\$ -

NOTE 6 LONG-TERM DEBT

Long-term debt consists of the following:

	Beginning Balance	Additions	Principal Reduction	Ending Balance	Current Portion
Qualified School Construction Bond, payable in varying amounts each May 15 and November 15 through 2025, with interest of \$8,260.	\$ 4,828,221	\$ -	\$ (419,845)	\$ 4,408,376	\$ 419,845
Qualified Zone Academy Bond, payable \$65,000 installments each May 15 and November 15 through 2023, interest rate 1.25%	<u>574,000</u>	<u>-</u>	<u>(65,000)</u>	<u>509,000</u>	<u>65,000</u>
	<u>\$ 5,402,221</u>	<u>\$ -</u>	<u>\$ (484,845)</u>	<u>\$ 4,917,376</u>	<u>\$ 484,845</u>

City of St. Albans, Department of Public Schools
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2015

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, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	484,845	19,633	504,478
2021-2025	2,283,225	87,063	2,370,288
2026-2030	<u>209,926</u>	<u>24,780</u>	<u>234,706</u>
	<u>\$ 4,917,376</u>	<u>\$ 218,132</u>	<u>\$ 5,135,508</u>

NOTE 7 RESTRICTED/COMMITTED FUND BALANCES – GOVERNMENTAL FUNDS

Restricted Fund Balances at June 30, 2015 are as follows:

Special Revenue Fund:

Restricted for – Hot Lunch Program \$ 29,408

Committed Fund Balances at June 30, 2015 are as follows:

General Fund:

Committed for – Future Capital Use \$ 1,552,207

Committed for – Toutant 26,602

Committed for – Efficiency 36,050

Committed for – Tech Access 147,752

\$ 1,762,611

NOTE 8 RESTRICTED NET ASSETS – FIDUCIARY FUNDS

At June 30, 2015, the School District had \$4,645 appropriated for use in accordance with various trust agreements.

City of St. Albans, Department of Public Schools
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2015

NOTE 9 TEACHERS RETIREMENT - VSTRS

Information Required Under GASB Statement No. 68

Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions requires employers participating in a cost-sharing, multiple-employer defined benefit pension plan to recognize their proportional share of total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The schedules below have been prepared to the Department of Public Schools' proportional share of the overall amounts of the Vermont State Teachers' Retirement System (VSTRS) plan. City of St. Albans Department of Public Schools' portion has been allocated based on City of St. Albans Department of Public Schools' proportional share of employer contributions to the total contributions to VSTRS during the fiscal year.

Reporting Date, Measurement Date, and Valuation Date

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the City of St. Albans, Department of Public Schools' reporting date June 30th and for the City of St. Albans, Department of Public Schools' reporting period June 30, 2015. These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 68 requires that the current measurement date be no earlier than the end of the employer's prior fiscal year. For the reporting date of City of St. Albans, Department of Public Schools, the State has chosen to use the end of the prior fiscal year (June 30, 2014) as the measurement date, and the year ended June 30, 2014 as the measurement period.

The total pension liability is determined by an actuarial valuation performed as of the measurement date, or by the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. The State has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of June 30, 2013, to the measurement date of June 30, 2014.

Schedule A – Employer Allocations as of June 30, 2013 and June 30, 2014

Fiscal Year Ended June 30, 2013		
Reported Salaries	Employer Proportion	Net Pension Liability
\$ 4,524,397	0.8027%	\$ 8,115,700

Fiscal Year Ended June 30, 2014					
Reported Salaries	Employer Proportion	Proportionate Share of Total Contributions	Net Pension Liability	Net Pension Liability 1% Decrease	Net Pension Liability 1% Increase
\$ 4,714,500	0.8317%	\$ 427,818	\$ 7,971,241	\$ 10,468,720	\$ 5,874,769

City of St. Albans, Department of Public Schools
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2015

NOTE 9 TEACHERS RETIREMENT – VSTRS (continued)

Schedule B – Allocations of Pension Amounts as of June 30, 2014

		Deferred Outflows of Resources				
Employer Proportion	Net Pension Liability	Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportional Share of Contributions
.8317%	\$ 7,971,241	\$ -	\$ -	\$ -	\$ -	\$ 219,545

Deferred Inflows of Resources					
Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportional Share of Contributions	Difference Between Employer Contributions and Proportionate Share of Total Contributions
\$ -	\$ -	\$ -	\$ (778,984)	\$ -	\$ -

Pension Expense Recognized		
Proportionate Share of Pension Plan Expense	Change in Proportional Share of Contributions	Total
\$ 769,616	\$ 73,182	\$ 842,798

Schedule C – Employers’ Proportionate Share of June 30, 2014 Deferred Outflows/Inflows

Fiscal Year Ending					Total
June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	Thereafter	
\$ (114,784)	\$ (114,784)	\$ (187,966)	\$ -	\$ -	\$ (417,534)

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

City of St. Albans, Department of Public Schools
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2015

NOTE 9 TEACHERS RETIREMENT – VSTRS (continued)

http://finance.vermont.gov/reports_and_publications/cafr

Plan Description

The Vermont State Teachers' Retirement System is a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation. It covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2015, the retirement system consisted of 288 participating employers.

The plan was created in 1947, and is governed by Title 16, V.S.A. Chapter 555.

Management of the plan is vested in the VSTRS Board of Trustees, which consists of the Secretary of Education (ex-officio); the State Treasurer (ex-officio); the Commissioner of Financial Regulation (ex-officio); two trustees and one alternate who are members of the system (each elected by the system under rules adopted by the Board) and one trustee and one alternate who are retired members of the system receiving retirement benefits (who are elected by the Association of Retired Teachers of Vermont).

The Pension Plan is divided into the following membership groups:

- Group A – for public school teachers employed within the State of Vermont prior to July 1, 1981 and who elected to remain in Group A
- Group C – for public school teachers employed within the State of Vermont on or after July 1, 1990, or hired before July 1, 1990 and were a member of Group B at that time

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

VSTRS	GROUP A	GROUP C - GROUP #1*	Group C - Group #2++
Normal service retirement eligibility (no reduction)	Age 60 or 30 years of service	Age 62 or with 30 years of service	Age 65 or when the sum of age and service equals 90
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave, sick leave and bonus/incentives	Highest 3 consecutive years, excluding all payments for anything other than service actually performed	Highest 3 consecutive years, excluding all payments for anything other than service actually performed
Benefit formula - normal service retirement	1.67% x creditable service x AFC	1.25% x service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 6/30/90 x AFC + 1.67% x service after 7/1/90 x AFC, 2.0% after attaining 20 years

City of St. Albans, Department of Public Schools
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2015

NOTE 9 TEACHERS RETIREMENT – VSTRS (continued)

VSTRS	GROUP A	GROUP C - GROUP #1*	Group C - Group #2++
Maximum Benefit Payable	100% of AFC	53.34% of AFC	60% of AFC
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement; minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5%, minimum of 1% after 12 months of normal retirement or age 65
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction
Medical Benefits	Health subsidy based on member's service credit	Health subsidy based on member's service credit	Health subsidy based on member's service credit
Dental	Member pays full premium	Member pays full premium	Member pays full premium
Employee Contributions	2.5% of gross salary	5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14	5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14
Employer Contributions	Varies based on actuarial recommendation	Varies based on actuarial recommendation	Varies based on actuarial recommendation

* Group #1 are members who were within 5 years of normal retirement (age 62 or 30 years of service) on June 30, 2010

++ Group #2 are members who were less than 57 years of age or had less than 25 years of service on June 30, 2010

Significant Actuarial Assumptions and Methods

The total pension liability as of June 30, 2014 was determined by rolling forward the total pension liability as of June 30, 2014 to June 30, 2014 using the actuarial assumptions outlined below. These assumptions were selected on the basis of the experience study that was performed for the five year period ending June 30, 2010.

Interest Rate: A select-and-ultimate interest rate set, specified below. The interest rate set is restarted every year;

Year 1: 6.25%	Year 10: 8.50%
Year 2: 6.75%	Year 11: 8.50%
Year 3: 7.00%	Year 12: 8.50%
Year 4: 7.50%	Year 13: 8.50%
Year 5: 7.75%	Year 14: 8.50%
Year 6: 8.25%	Year 15: 8.50%
Year 7: 8.25%	Year 16: 8.75%
Year 8: 8.25%	Year 17 and later: 9.00%
Year 9: 8.50%	

City of St. Albans, Department of Public Schools
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2015

NOTE 9 TEACHERS RETIREMENT – VSTRS (continued)

Salary Increases: Representative values of the assumed annual rates of future salary increases are as follows:

Age	Annual Rate of Salary Increase
25	8.40%
30	7.05%
35	6.15%
40	5.45%
45	4.95%
50	4.60%
55	4.35%
60	4.25%
64	4.25%

Deaths After Retirement: The 1995 Buck Mortality Tables set back three years for males and one year for females, for retirees, terminated vested members and beneficiaries; the RP-2000 Disabled Life Table with projection to 2016 using Scale AA for disabled retirees. The tables used contain a margin to reflect anticipated mortality improvement after the valuation date.

Inflation: the separately stated assumptions for investment return, salary increases and cost of living adjustments are consistent with an expected annual inflation rate of 3.00% to 3.25% per year.

Spouse's Age: Husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 3% per annum for Group A members and 1.5% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement).

Actuarial Cost Method: The individual entry age normal actuarial cost method was used. For actuarial valuations prior to June 30, 2006, the entry age normal method with frozen initial liability was used.

Asset Valuation Method: The amount of the assets for valuation purposes equals the preliminary asset value plus 20% of the difference between the market and preliminary asset values. The preliminary asset value is equal to the previous year's asset value (for valuation purposes) adjusted for contributions less benefit payments and expenses and expected investment income. If necessary, a further adjustment is made to ensure that the valuation assets are within 20% of the market value.

Member Data: 351 members terminated on June 30, 2013 and retired on July 1, 2013 were included with a valuation status as members receiving benefits. 409 members who were active on June 30, 2013 and terminated on July 1, 2013, were included with a valuation status as inactive. For those terminated members with at least five years of service, the system will automatically vest them six years after their termination if they do not withdraw.

City of St. Albans, Department of Public Schools
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2015

NOTE 9 TEACHERS RETIREMENT – VSTRS (continued)

Health and Medical Benefits for Retirees: Not included in this valuation.

Long-term expected rate of return

The long-term expected rate of return on System investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.8.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	31.50%	6.70%
Fixed Income	33.00%	2.94%
Alternatives	15.50%	6.26%
Multi-strategy	20.00%	5.98%

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 3.0%

Discount rate

The discount rate used to measure the total pension liability was 8.15%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

City of St. Albans, Department of Public Schools
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2015

NOTE 9 TEACHERS RETIREMENT – VSTRS (continued)

The following presents the entity's proportionate share of the net pension liability calculated using the discount rate of 8.15 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (7.15%) or one percent higher (9.15%):

1% Decrease (7.15%)	Discount Rate (8.15%)	1% Increase (9.15%)
\$ 10,468,720	\$ 7,971,241	\$ 5,874,769

During the year ended June 30, 2015, the State of Vermont contributed \$649,098 on behalf of the City of St. Albans, Department of Public Schools.

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 \$27,398. 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 SUPERVISORY UNION ASSESSMENTS

The District pays an annual assessment to Franklin Central Supervisory Union for its proportionate share of expenses relating to the Superintendent's Office, the business office and curriculum development. The District paid \$355,688 of such expenses during the year ended June 30, 2015.

NOTE 12 INTERFUND RECEIVABLE AND PAYABLE BALANCES

Individual fund interfund receivable and payable balances are as follows at June 30, 2015:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 128,658
Special Revenue - Private Purpose Trusts	1,942	-
Special Revenue - Hot Lunch Fund	<u>126,716</u>	<u>-</u>
	<u>\$ 128,658</u>	<u>\$ 128,658</u>

NOTE 13 INTERFUND TRANSFER

During the year ended June 30, 2015, the School District created a special revenue fund for the food service program and transferred the cumulative balance of the revenues or expenses in the amount of \$24,393 from the General Fund to the new fund.

City of St. Albans, Department of Public Schools
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 14 DISCLOSURE OF SUBSEQUENT EVENTS

In accordance professional accounting standards, the School District has evaluated subsequent events through November 12, 2015, which is the date this financial statement were available to be issued. All subsequent events requiring recognition as of June 30, 2015, have been incorporated into the financial statements herein.

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, 2015

	Budgeted Amounts		Actual	Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property Taxes				
Education Spending Grant	\$ 9,697,114	\$ 9,704,839	\$ 9,697,755	\$ (7,084)
Special Education Grant	1,543,725	1,543,725	1,395,284	(148,441)
Interest	38,000	38,000	42,819	4,819
Food Service Reimbursement	20,000	20,000	20,000	-
Medicaid IEP	44,487	44,487	10,765	(33,722)
Medicaid EPSDT	13,067	13,067	20,620	7,553
School Wide Program	504,205	504,205	483,375	(20,830)
IDEA-B Grant	158,983	158,983	133,769	(25,214)
Tobacco Grant	5,424	5,424	3,720	(1,704)
Miscellaneous	5,000	5,000	9,531	4,531
Total Revenues Before				
Non-Budget Revenues	12,030,005	12,037,730	11,817,638	(220,092)
Non-Budgeted Grants	-	55,613	46,615	(8,998)
TOTAL REVENUES	12,030,005	12,093,343	11,864,253	(229,090)
EXPENDITURES				
Instruction	5,953,252	5,955,502	5,557,550	397,952
Special Education	2,845,874	2,845,874	2,479,347	366,527
Board of Education	70,034	70,034	55,129	14,905
Superintendent's Office	332,883	332,883	340,327	(7,444)
Food Service Support	40,400	40,400	47,667	(7,267)
Debt Service	559,942	559,942	559,987	(45)
Operation and Maintenance	797,195	798,395	1,045,992	(247,597)
Transportation	312,000	312,000	294,251	17,749
ESL Services	39,500	39,500	25,654	13,846
Early Retirement	-	-	9,689	(9,689)
Medicaid IEP	44,487	44,487	10,765	33,722
Medicaid EPSDT	13,067	13,067	20,620	(7,553)

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, 2015

	Budgeted Amounts		Actual	Final Budget
	Original	Final		Positive (Negative)
EXPENDITURES (continued)				
School Wide Program	504,205	504,205	483,375	20,830
IDEA-B Grant	158,983	158,983	133,769	25,214
Tobacco Grant	5,424	5,424	3,720	1,704
Early Childhood Program K-5	<u>352,759</u>	<u>352,759</u>	<u>413,784</u>	<u>(61,025)</u>
Total Expenditures Before Non-Budget Expenses	12,030,005	12,033,455	11,481,626	551,829
Grant Expenses	<u>-</u>	<u>59,888</u>	<u>45,415</u>	<u>14,473</u>
TOTAL EXPENDITURES	<u>12,030,005</u>	<u>12,093,343</u>	<u>11,527,041</u>	<u>566,302</u>
EXCESS OF REVENUE OVER EXPENDITURES	-	-	337,212	337,212
OTHER FINANCING SOURCES (USES)				
Transfer (to) Special Revenue Fund	<u>-</u>	<u>-</u>	<u>(24,393)</u>	<u>(24,393)</u>
EXCESS/(DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312,819</u>	<u>\$ 312,819</u>

See Accompanying Notes to Basic Financial Statements.

City of St. Albans, Department of Public Schools
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - VSTRS
 For the Year Ended June 30, 2015

	<u>2013</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.8027%	0.8317%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 8,115,700</u>	<u>\$ 7,971,241</u>
Total	<u>\$ 8,115,700</u>	<u>\$ 7,971,241</u>
District's covered-employee payroll	\$ 4,524,397	\$ 4,714,500
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	60.59%	64.02%

Significant Actuarial Assumptions and methods are described in Note 7 to the financial statements. There were no changes in methods or assumptions during the year ended June 30, 2015.

City of St. Albans, Department of Public Schools

ADDITIONAL REPORTS REQUIRED BY
THE SINGLE AUDIT ACT

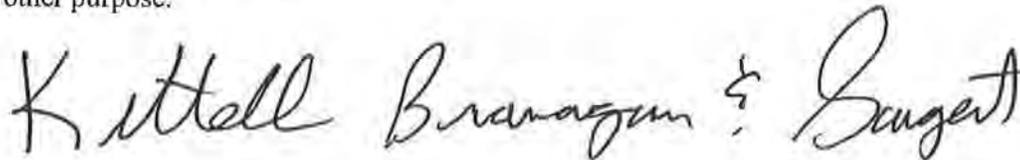
June 30, 2015

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Kristell Branagan & Sargent". The signature is written in black ink and is positioned above the typed date and location.

St. Albans, Vermont
November 12, 2015



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, 2015. 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.

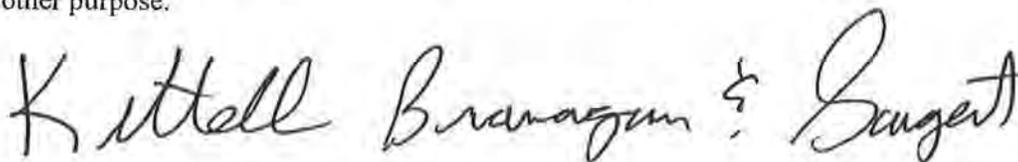
We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of St. Albans, Department of Public Schools compliance.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Kristell Brannagan & Sargent". The signature is written in black ink and is positioned below the "Purpose of this Report" section.

St. Albans, Vermont
November 12, 2015

Basis for Qualified Opinion on Special Education Grants (84.027)

As described in the accompanying schedule of findings and questioned costs, the City of Saint Albans, Department of Public Schools did not comply with requirements regarding CFDA 84.027 Special Education Grants as described in finding number 2015-1 for Allowable Costs/Cost Principles. Compliance with such requirements is necessary, in our opinion, for the City of Saint Albans, Department of Public Schools to comply with the requirements applicable to that program.

Qualified Opinion on Special Education Grants (84.027)

In our opinion, except for the noncompliance described in the Basis for Qualified opinion paragraph, the 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 each of its major federal programs for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City of Saint 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 each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Other Matters

City of Saint 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 Saint 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.

City of St. Albans, Department of Public Schools
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2015

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 no
- Significant deficiency(ies) identified _____ yes none
- Noncompliance material to financial statements noted? _____ yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified yes _____ no
- Significant deficiency(ies) identified _____ yes 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? 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: \$300,000

Auditee qualified as low-risk auditee? _____ yes no

Basis for Qualified Opinion on Special Education Grants (84.027)

As described in the accompanying schedule of findings and questioned costs, the City of Saint Albans, Department of Public Schools did not comply with requirements regarding CFDA 84.027 Special Education Grants as described in finding number 2015-1 for Allowable Costs/Cost Principles. Compliance with such requirements is necessary, in our opinion, for the City of Saint Albans, Department of Public Schools to comply with the requirements applicable to that program.

Qualified Opinion on Special Education Grants (84.027)

In our opinion, except for the noncompliance described in the Basis for Qualified opinion paragraph, the 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 each of its major federal programs for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City of Saint 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 each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Other Matters

City of Saint 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 Saint 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

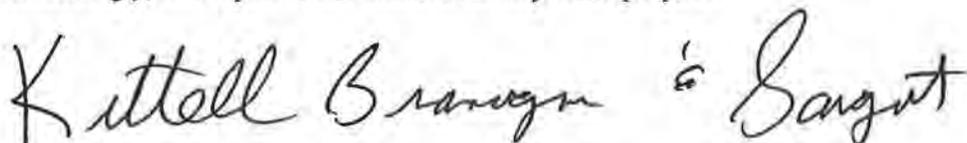
Management of City of St. Albans, Department of Public Schools, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of St. Albans, 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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-1 to be material weaknesses.

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.

Handwritten signature in cursive script that reads "Kittell Brannigan & Sargent".

St. Albans, Vermont
November 12, 2015

City of St. Albans, Department of Public Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

Section II – FINANCIAL STATEMENT FINDINGS

None

Section III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESS

IDEA-B (84.027)

2015-1 Allowable Costs/Cost Principles (Material Weakness)

Criteria: Accounting standards require that an entity's internal controls prevent misstatements and non-compliance from occurring without detection. To be allowable under Federal awards, costs must be necessary and reasonable for the performance of administration of Federal awards.

Condition: During the audit, Payroll testing found that one employee had been incorrectly charged to IDEA-B.

Questioned Costs: \$11,862

Cause: The City of Saint Albans, Department of Public Schools staff copy payroll information from other employees when creating new employees in their payroll module. They did not change the charge code and incorrectly charged the employee time to the IDEA-B grant.

Effect: The federal grant was overcharged by \$11,862 without detection.

Recommendation: The City of Saint Albans, Department of Public Schools should implement review procedures to identify errors in payroll when setting up new employees.

Management Response: The City of Saint Albans, Department of Public Schools immediately amended the grant reports upon discovery of the error and the overpayment was deducted from fiscal year 2016 payments to correct the error. To help detect future misstatements that could occur, the Grant Coordinator will print out a detailed expense report on a monthly to be able to review the actual costs being charged from the payroll process and verify they have not accidentally assigned someone to a grant that should not have been.

City of St. Albans, Department of Public Schools
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2015

Section II – FINANCIAL STATEMENT FINDINGS

None

Section III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESS

IDEA-B (84.027)

2015-1 Allowable Costs/Cost Principles (Material Weakness)

Criteria: Accounting standards require that an entity’s internal controls prevent misstatements and non-compliance from occurring without detection. To be allowable under Federal awards, costs must be necessary and reasonable for the performance of administration of Federal awards.

Condition: During the audit, Payroll testing found that one employee had been incorrectly charged to IDEA-B.

Questioned Costs: \$11,862

Cause: The City of Saint Albans, Department of Public Schools staff copy payroll information from other employees when creating new employees in their payroll module. They did not change the charge code and incorrectly charged the employee time to the IDEA-B grant.

Effect: The federal grant was overcharged by \$11,862 without detection.

Recommendation: The City of Saint Albans, Department of Public Schools should implement review procedures to identify errors in payroll when setting up new employees.

Management Response: The City of Saint Albans, Department of Public Schools immediately amended the grant reports upon discovery of the error and the overpayment was deducted from fiscal year 2016 payments to correct the error. To help detect future misstatements that could occur, the Grant Coordinator will print out a detailed expense report on a monthly to be able to review the actual costs being charged from the payroll process and verify they have not accidentally assigned someone to a grant that should not have been.

City of St. Albans, Department of Public Schools
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2015

Title I (84.010)

2014-1 Allowable Costs/Cost Principles

Condition: Periodic time certifications did not meet federal requirements.

Recommendation: The City of St. 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.

Current Status: The City of St. Albans, Department of Public Schools began using the updated time periodic certification forms beginning with the December 2014 semi-annual time certifications.

IDEA-B (84.027)

2014-2 Allowable Costs/Cost Principles

Condition: Periodic time certifications did not meet federal requirements.

Recommendation: The City of St. 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.

Current Status: The City of St. Albans, Department of Public Schools began using the updated time periodic certification forms beginning with the December 2014 semi-annual time certifications.

City of St. Albans, Department of Public Schools
CORRECTIVE ACTION PLAN
June 30, 2015

November 12, 2015

U.S. Department of Education

City of St. Albans, Department of Public Schools respectfully submits the following corrective action plan for the year ended June 30, 2015.

Kittell, Branagan & Sargent
154 North Main St.
St. Albans Vermont 05478

Audit Period: 7/1/14-6/30/15

The findings from the June 30, 2015 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule

FINANCIAL STATEMENT FINDINGS

None

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESS

IDEA-B (84.027)

2015-1 Allowable Costs/Cost Principles (Material Weakness)

Recommendation: The City of Saint Albans, Department of Public Schools should implement review procedures to identify errors in payroll when setting up new employees.

Action Taken: The City of Saint Albans, Department of Public Schools immediately amended the grant reports upon discovery of the error and the overpayment was deducted from fiscal year 2016 payments to correct the error. To help detect future misstatements that could occur, the Grant Coordinator will print out a detailed expense report on a monthly to be able to review the actual costs being charged from the payroll process and verify they have not accidentally assigned someone to a grant that should not have been.

If the Cognizant or Oversight Agency for Audit has any questions regarding this plan, please call Martha Gagner at (802) 524-2600 x 15.

NOTES

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