

Annual Report

City of St. Albans, Vermont

July 1, 2012 to June 30, 2013



SAINT ALBANS
Vermont

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



CITY OF ST. ALBANS DIRECTORY

EMERGENCY NUMBERS:	
Fire--emergency	911
Fire--non-emergency	524-2132
Police--emergency	911
Police--non-emergency & Animal Control	524-2167
AmCare Ambulance Svc.-emergency	911
Northwestern Medical Center Hospital	524-5911
CITY CONTACT INFORMATION:	
Hours:	
City Hall: 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 Business Development	524-1500, ext. 260
Director of Planning & Development	524-1500, ext. 259
FAX	524-1505
Finance	524-1500, ext. 256, 257 or 258
Listers	524-1500, ext. 263
Planning & Zoning	524-1500, ext. 262 & 265
Public Works Director	524-1500, ext. 267
Recreation Department	524-1500, ext. 266 & 268
Utility Billing	524-1500, ext. 257
Wastewater Treatment Plant	524-1509
Community Justice Center	524-7006
Water Treatment Plant	524-2495
SCHOOLS:	
Franklin Central Supervisory Union	524-2600
St. Albans Elementary School	527-0565
Bellows Free Academy	527-6400
Collins-Perley Sports Complex	527-1202

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What an exciting year it has been for the City of Saint Albans! It's been a time of transformation, action, and collaboration. We are fortunate to live in a special place, and with a renewed sense of civic pride, we've been taking positive steps to build a stronger community. From economic development to public safety, from recreation to public works, we're taking steps today that will have a lasting impact for decades to come.

Perhaps nothing exemplifies this more than the Streetscape Project. As the 2013 construction season unfolded, we saw years of hard work and planning move to action as we watched our beautiful downtown come back to life. New businesses are filling empty storefronts, private investment is following our public improvements, and Main Street is bustling.

Economic development is one of the cornerstones of a healthy community, and in the past year we've made tremendous progress in this regard. The TIF (Tax Increment Financing) program is well underway. A new state office building, a parking garage, the ACE Hardware project are just a few examples of development that is bringing jobs and investment to Saint Albans. From the multi-million dollar expansion at Mylan to the many smaller entrepreneurial startups and expansions, all are marked by a sense of optimism about what makes Saint Albans a great place to live, work and play.

In the public safety arena, we face challenges like all communities throughout Vermont. I'm pleased to report that we are seeing positive trends in our crime statistics. This is a reflection the professional and innovative approach to law enforcement that is taken by the St. Albans Police Department which continues to serve both the City and the Town while providing dispatch services for 22 communities throughout northern Vermont.

We owe a debt of gratitude to the staff and many volunteers at both the St. Albans City Fire Department and the Community Justice Center who work tirelessly to keep us safe and secure. The work of these organizations often goes unnoticed until there is a crisis, but we are fortunate that day in and day out, they are working to improve our quality of life.

In 2013 our Public Works Department kept up with the demands of the Streetscape Project, expanded paving activities, replaced several key sidewalks and kept up with a multitude of winter weather events. At the water and wastewater plants, our crews continue to ensure that we can count on reliable service when we turn on a tap or flush a toilet.

Recreation is thriving and we're pleased that members from other communities in Franklin County and beyond participate in our programs. Improvements in our parks have led to more sporting and community events throughout the year. Who would have thought we'd be launching fireworks from Taylor Park? Spectacular!

Under the direction of the City Manager, our administrative staff continues to run efficiently and effectively to ensure that your tax dollars are well-managed. Along with your elected City Council, dozens of dedicated community volunteers appointed to serve on our municipal boards have kept the community's best interests at heart while working to improve the quality of life in Saint Albans.

As I reach the end of my first term, I'd like to congratulate the citizens of Saint Albans. We've worked together and we've accomplished a lot. There is still much more to do, but today, we are well-positioned to keep the positive momentum going. It is an honor to serve as your Mayor and I am proud to be a member of such a great community.

Sincerely,



Elizabeth M. Gamache

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

March 4, 2014

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 4, 2014, 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 Three for a term of three years;
- City Council Member to represent Ward Four for a term of three years;
- Three Trustees for the St. Albans Free Library, for a term of three years each;
- Any other officer or officers required by law to be elected at said meeting.

Article 2: City Budget

Shall the voters adopt the City Council's proposed budget for FY 2015 totaling \$7,405,580 with an estimated municipal tax rate of \$.8242 on the Grand List?

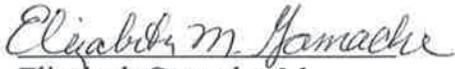
Article 3: Taylor Park Fountain Restoration

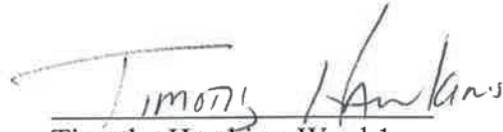
Shall the voters authorize borrowing up to \$225,000 over ten years for the restoration of the Taylor Park fountain and associated improvements with such indebtedness to be repaid by the St. Albans Rotary Club?

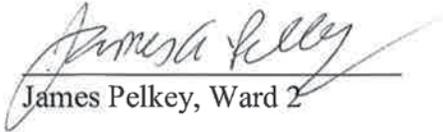
Article 4: Franklin County Home Health Agency

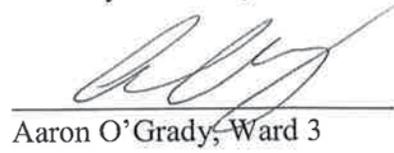
Shall the City of St. Albans appropriate the sum of \$13,788 for home health services provided by the Franklin County Home Health Agency, Inc.?

Adopted and approved at a Special Meeting of the St. Albans City Council, duly called, noticed, and held on January 27, 2014.

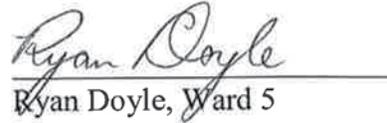

Elizabeth Gamache, Mayor

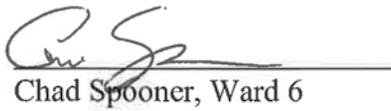

Timothy Hawkins, Ward 1

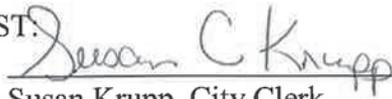

James Pelkey, Ward 2


Aaron O'Grady, Ward 3

Jeff Young, Ward 4


Ryan Doyle, Ward 5


Chad Spooner, Ward 6

ATTEST: 
Susan Krupp, City Clerk

City of St. Albans General Fund
2015 Proposed Budget

General Fund, 2015, Revenue	2012 Budget	2012 Actual	2013 Budget	2013 Actual	2014 Budget	2015 Budget	Budget:Budget	Page	Notes, 2015
1 Property Taxes	3,716,816	3,850,436	3,728,198	3,474,586	3,827,616	3,902,512	2.0%		
2 Payments on Prior Years' Taxes	224,800	307,100	324,200	279,121	300,000	300,000	0.0%		
3 General Revenue Categories									
4 Penalty on Taxes	26,976	42,126	28,500	19,924	35,000	35,000	0.0%		
5 Interest on Taxes	35,968	54,665	40,000	35,782	50,000	35,000	-30.0%		
6 State Payments, RR Taxes	8,500	8,385	8,500	8,385	8,385	8,385	0.0%		
7 Interest on Savings	7,500	3,561	6,500	2,867	3,500	3,000	-14.3%		
8 WWW Pro-rata Lease, PW Garage	30,000	30,000	30,750	30,750	32,290	33,097	2.5%		
9 WWW Pro-rata Lease, City Hall	43,000	43,000	44,075	44,075	46,280	47,437	2.5%		
10 PILOT	55,000	81,449	75,000	87,031	80,000	85,000	6.3%		
11 Insurance Reimbursements & Misc.	25,000	47,450	35,000	19,259	45,000	35,000	-22.2%		
12 City Clerk	89,000	107,795	89,000	106,830	106,500	100,500	-5.6%	2	
13 Planning & Development	56,500	127,721	44,500	31,028	44,500	31,500	-29.2%	4	
14 Assessing	27,500	23,510	27,500	23,846	23,000	22,900	-0.4%	6	
15 Fire Department	63,500	57,518	71,000	75,611	76,500	77,500	1.3%	8	
16 Police, Dispatch, Animal Control	1,486,696	1,397,605	1,431,461	1,423,456	1,388,990	1,659,899	19.5%	10	
17 Community Justice Center	373,110	427,577	453,394	412,791	500,529	502,100	0.3%	14	
18 Public Works	167,300	343,415	120,500	194,048	130,000	168,500	29.6%	15	
19 Recreation Programs, including Barlow	390,923	442,697	388,880	525,746	406,882	358,250	-12.0%	19	
20 Total Revenue	6,828,089	7,396,010	6,946,958	6,795,136	7,104,972	7,405,580	4.2%		
21 Cost Centers									
22 Administration	248,554	228,405	414,201	259,586	403,945	387,667	-4.0%	1	
23 City Clerk	58,726	49,885	66,125	65,671	69,592	73,089	5.0%	2	
24 Finance	50,064	31,606	47,292	42,010	52,530	54,445	3.6%	3	
25 Planning & Development	232,890	341,506	245,031	257,809	278,345	277,303	-0.4%	4	
26 Planning & Development Capital	53,250	30,000	37,500	48,388	50,000	50,000	0.0%	4	
27 County/Regional Functions	167,882	166,933	158,569	150,687	161,285	211,683	31.2%	5	
28 Audit Fees	15,000	25,430	10,000	6,430	9,000	11,000	22.2%	5	
29 Assessing	83,920	75,661	43,846	48,180	51,525	49,720	-3.5%	6	
30 Debt Service, Principal and Interest	271,681	249,040	212,759	266,274	217,866	185,001	-15.1%	7	
31 Professional Services: Legal	70,000	76,786	70,000	71,395	70,000	65,000	-7.1%	5	
32 Fire Department	531,651	741,760	546,417	543,336	452,150	409,183	-9.5%	8	
33 Fire Department Capital	70,627	60,932	78,018	50,080	74,385	52,947	-28.8%	9	
34 Police, Dispatch, Animal Control	3,310,471	3,191,126	3,212,803	3,058,861	3,161,527	3,316,374	4.9%	10	
35 Police Department Capital	107,916	82,320	86,250	69,596	96,792	134,792	39.3%	13	
36 Community Justice Center	353,265	409,132	438,549	408,024	490,684	500,640	2.0%	14	
37 Public Works, Highway, Parks	543,215	531,281	533,426	500,296	592,175	665,043	12.3%	15	
38 Public Works Capital	315,345	497,987	359,441	298,114	414,415	481,733	16.2%	18	
39 Recreation Programs, including Barlow	335,007	455,536	381,730	443,830	438,191	454,379	3.7%	19	
40 Recreation Capital	8,625	31,470	5,000	147,582	20,565	25,580	24.4%	22	
41 Total Expenditures	6,828,089	7,276,795	6,946,958	6,736,149	7,104,972	7,405,580	4.2%		

Dear St. Albans City Residents:

The year 2013 was a quiet year for the Clerk's Office in relation to elections. However, 2014 brings the March 4, 2014 Annual Meeting; August 26, 2014 Primary Election Day and November 4, 2014 General Election.

During 2013, the Clerk's office recorded 480 Births, 159 Deaths, 60 Marriages and registered 582 dogs, Property sales for 2013 remained low.

A Rabies Clinic has been scheduled for March 22, 2014 from 10:00 AM to 1:00 PM at Walkers enabling dog and cat owners to have their pets receive the rabies vaccine at a discounted price. Dog Licenses are due by April 1, 2014. Pet Owners will be receiving a notice with their water bills in March 2014 reminding them of the need to license their dogs. Per State Statute the City is required to perform a Dog Census every year.

One very important issue for the Clerk's office this year and for coming years is the lack of space available in the Office Vault. Currently, there is minimal room for the storage of vital records, Land Records and military records, etc. The Cotts Computerized Recording System has helped in that the documents are now available via computer for easy retrieval; however, a hard copy still needs to be available. The proposed City Hall Renovations includes the expansion of the vault which would double the current size of the vault.

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

Sincerely,



Susan Krupp
City Clerk/Treasurer

St. Albans Community Justice Center

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

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

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

1. The Justice Center coordinates the **Reparative Board Program** and receives referrals from both Probation and Parole and from Franklin County District Court. The six boards meet monthly and are led by 22 community volunteers. Last year, the boards saw a total of 149 reparative cases and volunteers contributed more than 800 hours of service to their community. Clients also completed more than 970 hours of community service as required by their reparative contracts. The goal of the reparative boards is to assist offenders in taking responsibility for their crimes, repair the harm caused, and ask offenders to make changes in order to not reoffend.
The Reparative Board Program is supported by a grant from the Vermont Department of Corrections.
2. The Justice Center coordinates two Offender Reentry Programs.
The Circles of Support and Accountability (COSA) Program works with reentering offenders who have caused serious harm to victims, families and community. The Justice Center recruits, trains, and supervises three volunteers to work with each program participant. The volunteers provide support and accountability in order to promote a safe community and successful offender reentry. During the past year, community volunteers provided more than 1900 hours of service to the program. In return, clients in the COSA program are expected to give back to their community, completing up to 20 hrs of community service each week until they gain employment. Service is provided to Public Works, Recreation and other local non-profits. The COSA program currently serves 5 clients per year.
The One Stop Reentry Resource Center provides case-management and transitional housing services to offenders who have been referred by Franklin/GI Probation and Parole. One Stop participants learn employment and life skills, access services, and offer community service to partnering agencies. Clients work with Case-Managers for at least 3-6 months developing the skills and resources to live independently. The program serves approximately 8 clients per year with transitional housing and an additional 30-40 clients per year with case-management. Preliminary outcomes results indicate that the program is having a net positive result on Vermont finances, saving the state well above the costs of the grant (due to lower recidivism). Both offender reentry programs are supported by grants and contracts from the Vermont Department of Corrections.
3. The Justice Center operates the **Parallel Justice Program** for victims of crime. Services include outreach and referral, property repair and replacement (income eligible), advocacy and support. The program is collaboration between the Community Justice Center, Voices Against

Violence, the Vermont Center for Crime Victim Services, St. Albans Police and the local barracks of the State Police. In the past year, the program has contacted more than 225 victims of crime and provided direct services to around 20%. The Parallel Justice Program is supported by a grant from the United Way of Franklin and Grand Isle Counties.

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

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

If you would like to learn more about any or all of these programs, please contact the Community Justice Center at 524-7006. The Center is located at 26 Catherine Street. The Justice Center relies on local volunteers and concerned citizens to deliver its restorative programs.





For the calendar year 2013 the St. Albans City Fire Department responded to 295 emergency incidents. The incidents ranged from: building fires, motor vehicle accidents, carbon monoxide alarms, fire alarms, chimney fires, mutual aid calls, etc.

The past several years have seen many changes to the Fire Department. All necessary in order to create an emergency fire response organization that can and will meet the needs of our community moving forward, while reducing personnel cost to ensure the future sustainability and vitality of the Fire Department. We are doing everything we have always done, but in new ways that we haven't utilized in the past. The most notable is the shift in reliance from a large full time staff that was supported by a small group of volunteers (previously referred to as the "Call Force"). Today the Fire Department is comprised of two and a half full time members who are supported by a large group of part time Firefighters. Part time Firefighters are paid members of the Fire Department who are dedicated professionals who receive the same training as full time Firefighters. That change coupled with shared and consolidated leadership at the very top of the Fire Department has reduced overall payroll and benefits by approximately one million dollars a year. This has allowed the Department to reduce the budget while allowing us to acquire (or plan for the acquisition of) new apparatus and equipment as the needs of the community change.

Most nights we have one to two qualified Firefighters in the station from 9:00pm until 6:00am to provide for overnight station coverage.

The St. Albans City Fire Department is a growing, thriving public safety entity that is proud of its history and enthusiastically embracing the changes we are undergoing.

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

Gary L. Taylor, Fire Chief

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



From left: Michelle Boudreau, Zoning Administrator; Kristen Smith, City Hall Administrative Coordinator; Chip Sawyer, Director of Planning & Development.

Thank you for reviewing the St. Albans City Planning & Development Department's Annual Report for 2013. Our department has played a hand in many major City accomplishments and new initiatives throughout the year.

Community Development

Streetscape Projects

When the \$3 million Downtown Streetscape Project broke ground in 2012, it was the largest public investment in Downtown St. Albans in decades. Once started, it helped create momentum for an investment worth millions more in the new parking garage under construction in the City's core. Nevertheless, the Streetscape Project, completed in 2013, will be known as the project that started it all. Benefitting from the leadership and efforts of many officials and volunteers since the first design stages in 2009, this project reconstructed sidewalks, installed beautiful new streetlights and trees, improved crosswalks and safety, provided new street furniture, and used the opportunity to significantly extend the useful life of utilities in the ground. The Streetscape Project rejuvenated the Downtown setting and helped breath new life into many of our businesses as well.

And there will be more than one; the designs of the first Streetscape Project will be expanded through Downtown St. Albans as quickly as the City is able. 2013 also included planning to pursue funding and designs for streetscape improvements north to Hoyt Street and down the first block of Lake Street. The City's goal is to see this level of rejuvenation spread throughout our commercial core and eventually into our neighborhoods.



Our new Downtown streetscape.

Tax Increment Financing

In 2013 the City hit the ground running with the new opportunities represented by our Tax Increment Financing (TIF) district. With this important tool, local and state taxes on new property values in the City's economic core can be set aside to pay for special bonds on projects to bring more economic development than the community has seen in quite some time. In 2013 City voters authorized up to \$16 million in public investments with substantial margins of approval. Without TIF and the support of the voters, the City would not be seeing the construction of the new Downtown Ace Hardware Store, the new parking garage, the new State office building or the continued expansion of Mylan Technologies and the jobs that come with it. With TIF, public projects and private investment go hand in hand, and the City was able to prove that concept substantially just within its first year of use.

Federal Street Multi-Modal Connector

Reconfiguration of the Federal Street corridor from one end of the City to the other has been a priority for decades. The City recently began to pursue this project in earnest, and 2013 saw a significant step forward with federal environmental approval, a major hurdle in any project this big. This project continues to move forward in design stages, and the City is pursuing funding to begin the first phases of construction.

Taylor Park Fountain Restoration

Efforts to address the state of the Taylor Park Fountain continued into 2013, as architects and engineers joined the City in exploring different options for ensuring another 125 years of life and beauty for our ladies of the park. Design stages were nearly completed with a few key details left to determine how the water will be supplied to the refurbished fountain and how the concrete pool will be reconstructed. Also in 2013, the St. Albans Rotary Club announced that it would ensure the fundraising for the Fountain restoration. Thanks to their commitment, we ended 2013 knowing that we would see this project become a reality.

Planning & Zoning

New Zoning Administrator

The City benefits from a great team in the Planning and Zoning office downstairs in City Hall. In 2013, the City promoted Michelle Boudreau to the position of Zoning Administrator. Michelle will continue to provide excellent customer service and permitting and policy support during an increasingly exciting time in the City. Rounding out the great team in the Planning and Zoning office is Kristen Smith, City Hall Administrative Coordinator.



A joint meeting of the Development Review Board and Design Advisory Board

Permitting and Development Review

The City's Zoning staff and the Design Advisory and Development Review Boards were busy in 2013. A total of 270 permits were issued, slightly higher than the number in 2012. Many significant projects were reviewed, including the new Downtown Ace Hardware Store, the core parking garage and the new State office building.

The Form and Character of St. Albans

The City Planning Commission was also very busy in 2013. This board started the year by developing a proposed form based code for the core area of the community surrounding Downtown. The new code would be a clearer and more streamlined and prescriptive alternative to the City's current design review process. The code was integrated into the Planning Commission's next large undertaking: major revisions to the City's Land Development Regulations or "zoning." Work on this project continues into 2014.

State Investment in Our Planning Program

The quality of the City's planning program and initiatives resulted in yet another Vermont Municipal Planning Grant award in late 2013. The City has attracted State planning grants every year for more than a decade now. The new grant will fund a project to study the City's housing mix and needs

Downtown Program

A Time of Continuing Transition

In 2013 the City's Downtown Board continued to show how successful the merger with the St. Albans for the Future nonprofit board of directors could be. This was been a strong board and set of committees with valuable ideas and energy. Early 2013 the City's Downtown Program made further changes when the past position of Downtown Manager was redesigned, resulting in the hiring of our first Director of Business Development, Marty Manahan. The City also explored the use of a part-time coordinator for the ever-popular Downtown Holiday Raffle retail program. Michele Bessett, former owner of As the Crow Flies, used her knowledge of Downtown to great effect and oversaw our most successful raffle program yet.

Setting a Course for Downtown

While providing oversight and input for major City Downtown projects, the Downtown Board also engaged in its own strategic planning efforts for a 2014 workplan. Late in 2013 the board and its committees devised a set of objectives for 2014 that include the creation of a Downtown website, an information guide for businesses, an updated market study, further Francophone outreach efforts, a public conversation on public facilities in Downtown, assistance for businesses on accessibility issues, expansion and maintenance of the City's new Streetscape design, board recruitment and the exploration of fundraising capacities.

Our City's Planning & Development Boards

The Planning & Development Staff have the enjoyment of working with three important City boards. With this year's annual report, we would like to extend a special thanks to the local community members who contributed significant amounts of time and energy into guiding our City through numerous challenges and opportunities in 2013:

Development Review Board

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

**Planning Commission / Design
Advisory Board**

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

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

Elizabeth Gamache, Chair
Jeff Bean
Mike Blouin
Katy Collin
Tim Hawkins
Sharon Holcomb
John Holzscheiter
Sandy Mayotte
Mike McCarthy
Laz Scangas
Jim Walsh
Jeff Young
Michele Bessett

Stacie Callan
Pauline Cray
Jay Cummings
Mike Curtis
Henry Demar
Donna Howard
Sheri Moore
Jeff Morrill
Keri Poquette
Jennifer Savage
Tim Smith
David Southwick

St. Albans City

BUSINESS DEVELOPMENT DEPARTMENT REPORT

Martin Manahan, Director of Business Development

As anyone who takes a ride through downtown will see, Business Development has been busy over the past year in St. Albans. St. Albans City is fortunate to have the vision of a strong Council and Administration as well as the support of the tax payers. Business Development is an important tool for a vibrant downtown. Just over a year ago we had over 15 empty storefronts in downtown; today we have landlords looking at multiple offers.

With the Downtown streetscape project finishing up in the fall, we saw many downtown property owners investing in new facades. Restaurants now have the ability to offer outdoor seating while wider sidewalks make a much more pedestrian friendly atmosphere to shop and dine. We have had a number of downtown buildings transfer ownership with new investors looking at downtown properties as a wise investment.

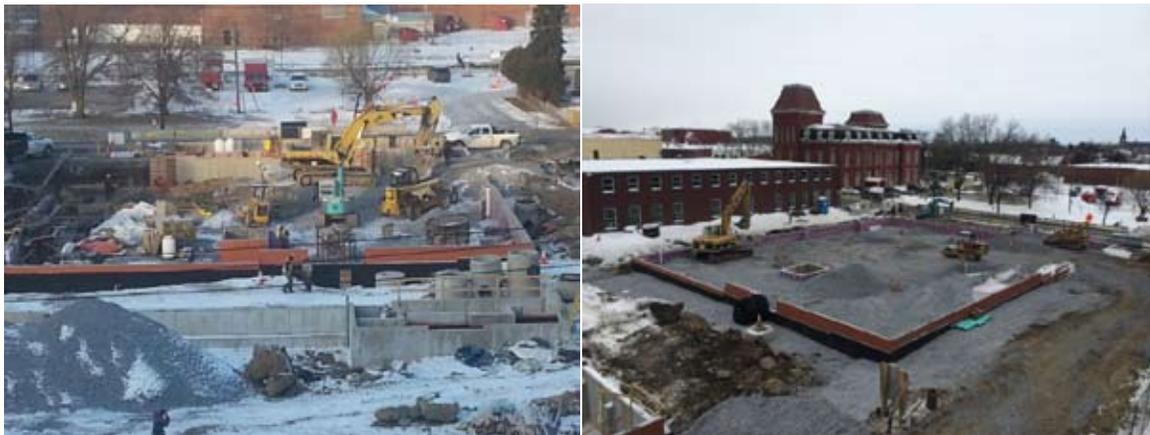
St. Albans City was one of the busiest when it comes to construction projects. Replacing a number of blighted buildings on the corner of Congress and Main is a 13,000 square foot locally owned Ace Hardware Store which is scheduled to be completed in early summer. The Ace building is a beautifully designed brick façade building that will replicate other downtown buildings while providing much needed parking in the rear of the building. The voter approved parking garage is well underway in the core lot and will provide approximately 370 spaces for downtown shops and businesses as well as the new 45,000 square foot State office building also under construction in the core lot off Federal St. The parking garage is scheduled for completion in November with the State office building coming online in December. Both buildings are designed to blend with our historical downtown. As a result of the State leasing this new space on Federal St., Mylan Pharmaceuticals has purchased the old State building on Houghton St. with plans to expand onto that site.

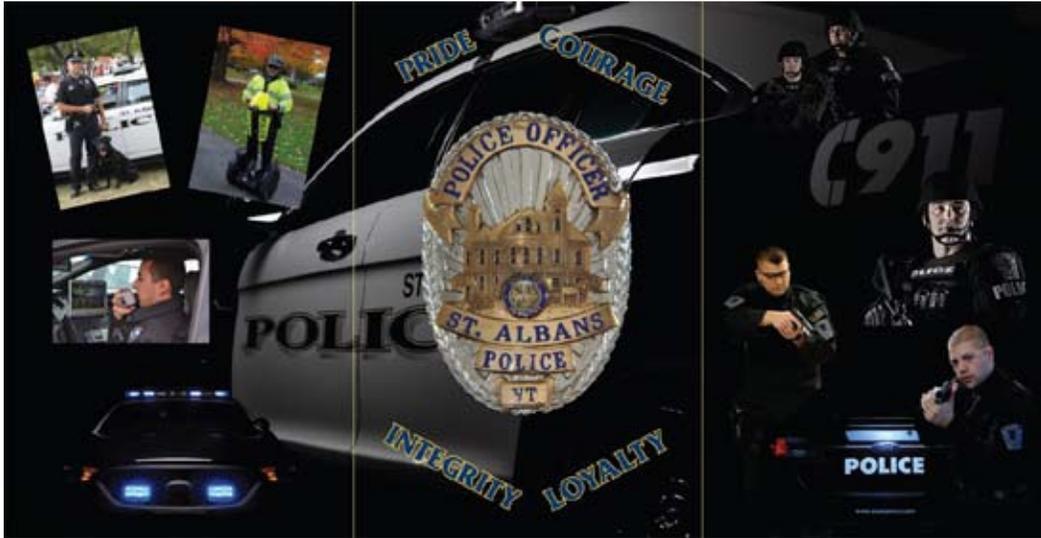
The St. Albans Co-Op has been busy revitalizing Federal St. with the opening of their new retail store in 2013 replacing a number of blighted buildings with a nicely landscaped setting. Although we had some sad news with the closure of the Bowling Alley, when one door closes another opens and this space will be the new home to 14th Star Brewery, with plans to have a tap room and tours available to the public.

We have several exciting projects well underway and a number of success stories some of which I have highlighted here. However, the project we are most proud of has to be the St. Albans House on Lake St. There is no better example of a successful public/private partnership than this. As developer Jim Cameron said, "This project would not have happened without the City of St. Albans!" We beg to differ; this would not have happened without the vision and steadfastness of Jim Cameron and Green Dolphin Construction, as well as the early financial support of our locally owned Peoples Trust Co. and an option purchased through Preservation

Trust. The St. Albans House dates back to the 1800's with a rich history of serving our railroad employees and community. This building was literally falling down before our eyes due to years to neglect and deferred maintenance. Jim Cameron saw through it all and had a vision of what it could be; Jim refused to give up when most others would have. After a lot of sweat and tears, hard work and endless meetings, Jim brought the St. Albans House back to life all while preserving the history of the building. There is great retail space on the first floor; Mountainside Financial with 11 employees occupies the second floor with four beautiful apartments on the third and fourth floors all serviced by a new elevator system.

St. Albans has a rich history and an exciting future, I am proud to be a small part of it.





During the Calendar year 2013 the St. Albans Police Department responded to 10,378 calls for police service, arrested 568 adult offenders, 56 juvenile offenders and took 150 public inebriates into protective custody. The total number of individuals taken into custody by the Police Department in 2013 was 718. The Police Department also conducted 2,492 Motor Vehicle stops which resulted in the issuance of 673 (27%) 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 1,447 Parking Tickets were issued in 2013. The Department also handled an additional 1,500 general services or citizen assistance calls in which no incident report was filed or mandated. Friday's continue to be the busiest day of the week and the busiest time of the day is between 2:00 and 6:00 p.m. daily. St. Albans Police Officers conducted 514 (documented) foot patrols and conducted 21,120 Security Checks (I.E; Critical Infrastructure, Businesses and Requested Personal Property checks throughout the Town and City.

The Community did experience a tragic homicide on September 25th on North Main Street near the intersection of Lakeview Terrace. In a road rage incident Matthew Webster, 30, of Swanton shot and killed Anna Alger, 30, of Highgate. On September 17th approximately 54 individuals were arrested by more than 80 Law Enforcement Officers, throughout the region as we wrapped up a large criminal drug investigation dubbed "Operation Northern Lights". The investigation revolved around the illicit drug sales of heroin, cocaine, prescription pills, and meth. This operation took more than 5 months from start to finish and was part of the ongoing efforts of the St. Albans Police Department and our Law Enforcement partners here in Franklin County to root out criminal drug activity in our community(s).

On Christmas Eve, the St Albans City Fire Department and the St Albans Police Department went "above and beyond the call of duty" when they made a few kids' Christmases just a little better. (The employees contributed more than \$1,500.00 to the project). St Albans' Bravest and St Albans' Finest delivered toys and food to 12 families as part of Operation Holiday Heroes — St Albans. Some 35 children received toys purchased with donations from the employees of both departments. They were selected after being identified as part of families in need. At each home, children were greeted by Santa and his Firefighter and Police Officer helpers who arrived in their emergency vehicles with lights and sirens blaring. The emergency responders were able to greet people on a personal level as opposed to the sometimes negative circumstances they often encounter. There were lots of smiles all around, and both departments vow to make the project an ongoing tradition for future years.

Gary L. Taylor, Police Chief

The St. Albans City Public Works Department

2013 Annual Report

The Public Works department has continued with the annual sidewalk replacement program installing new sidewalk and curb on the north side of Aldis Street in addition to crosswalk improvements and new signage. Also, the sidewalk on the north side of Brainerd Street to the Messenger Street intersection was replaced. We plan to continue east on the north side to High Street this coming spring.

The annual street paving project was completed at a cost of \$250,000. Our hope is to do an additional \$260,000 in paving during fiscal year 2014/2015.

The Maquam Shore Water Treatment Plant recently completed the installation of a new heating system. Also the software upgrade at both the Fairfax & Maquam Shore plants has been completed. We are in the final phase of the South Dam Pump House upgrade as well. All water testing requirements have been met and are within the industry standards. The Water Distribution System has installed several new isolation valves at various points in the water system.

The Wastewater Collection System camera inspections for portions of the Interceptor lines have been completed. All known problem areas for the Sewer Collection System have been cleaned of any obstructions. The replacement of 800 feet of sewer main was completed in the Downtown area. All City owned sewer pump stations have been cleaned and inspected. The Wastewater Treatment plant has processed a total of 1150 tons of sludge which has been shipped to the landfill in New York State. The amount of sludge processed is up significantly from previous years as a result of the construction of the City owned centrifuge equipment.



St. Albans Recreation Department

The St. Albans Recreation Department and Commission work to develop quality recreational programming for the members of our community. The goal is to provide fun, quality offerings that appeal to all members of our community. The Commission is made up of seven community members. Meetings are held on the first Wednesday of the month at 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 ~ Elk's Club ~ St. Albans Rotary Club**



The Recreation Department is responsible for providing programming and events for all community members. The department manages The Barlow Street Community Center and grounds where the office is located, Houghton Park, The St. Albans City Pool and Hard'ack Recreation Area.

A few of the new programs offered during this past year include: Indoor Bocce for Adults on Friday AM in the Gym, Pickleball for Adults on Mondays and Thursdays in the gym during the winter and on our beautiful new courts at Barlow Street during the spring, summer and fall. A Winery Tour of Quebec in the Fall, Fireworks in the Park in conjunction with the Winter Carnival, Afternoon Fun! A program for kids afterschool at Barlow Street Community Center, and The 1st Annual Glow Run to name a few.

Pictured above are St. Albans Recreation Day Campers headed out on a weekly field trip. Our Day Camp is famous for great staff, *active* days outdoors, splashing away at the St. Albans City Pool each afternoon, free lunches and fantastic field trips! Day Camp is a great way for your kids/grandkids to spend the summer. We allow families to choose one to five days per week, making the schedule and fee a perfect fit for each family.

The Recreation Department has lots of fun in the works! We'll be offering Hoopnotics classes soon both Fitness and Dance, Irish Step Dancing, St. Pat's Parade & Festivities, Beginner Bootcamp, The Easter Egg Hunt, The Father Daughter Gala & Silent Auction, Winter Carnival featuring The Duct Tape Derby, Baseball for 4 year olds, Dirty Rec Run at Hard'ack, more bus trips and all kids of camps and classes this summer featuring sports, arts, dance, food, film and music.

The St. Albans Recreation Department was recently received a \$6000.00 Vermont State Parks & Recreation Facilities Grant. This grant will help replace the starting blocks at the St. Albans City Pool. Our pool is home to the St. Albans Sharks Swim Team, as well as host to the League Championship Meet in July. The Sharks have been Division II State Champs for three years in a row! A group of students from St. Albans City School will be working with us this year to design, build and implement a solar heat system for the pool. This will make the water more comfortable early in the season, allow warmer water for adult programs and lessons, and extend our season.

Several community organizations, businesses, as well as other St. Albans City Departments partner with and support the recreation department on a regular basis to make these programs and events both possible and affordable to all who participate. Volunteer instructors and coaches are the backbone of the recreation program. If you have a skill or interest that you would be willing to share, please contact the recreation department. If there is a program or event you'd like to see happen, let us know that too. You can reach the office at 524-1500 X266 or X268 or k.viens@stalbanstvt.com or stop by the office.

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

St. Albans Free Library
Annual Report 2012-2013

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 2014-2015 is \$124,204 and \$202,972 from the City of St. Albans; this request is a 1.5% increase from funding received in fiscal year 2013-2014.

With the growth of technology and changes in how we get information, many think the role of the library is on decline. In fact, the opposite is true. People come through the doors every day – each one with a unique purpose. Some are here for a traditional reason – to borrow a book, while others come to get information through technology or personal interactions.

In 2012-2013, our Library was visited by 72,073 people who checked out over 57,924 items and attended over 232 programs. Our meeting room was used by over 114 community groups who met here to study, to collaborate, and to share information. Almost 10,000 users accessed information using our public access computers. The Library continued offering non-traditional resources for information by subscribing to 6 databases and to Vermont Online for downloading audio and ebooks.

For the past few years, the Library has been looking for ways to balance the traditional needs and operations of a public library while meeting the technology needs of our patrons. In 2013, this meant the St. Albans Free Library became the 36th Vermont library to join VOKAL, the Vermont Organization of Koha Automated Libraries, a project of the Green Mountain Library Consortium dedicated to creating a shared catalog and Integrated Library System in Vermont. Koha now provides our patrons with access to manage their own accounts, suggest new titles the Library should purchase and renew their own books. Patrons really like the easy access they have to their account status and the way that they can individualize email communications regarding due dates, receipts and holds ready.

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 stalbanfreelibrary@myfairpoint.net to sign up.

St. Albans Free Library		
Budget for 2014-2015		
	2013-2014	2014-2015
Operating Revenues		
City of St. Albans	\$199,973.00	\$202,972.00
Town of St. Albans	\$122,369.00	\$124,204.00
William Clark Trust	\$7,000.00	\$7,000.00
Ethel Peabody Trust	\$1,300.00	\$1,500.00
Fine/Desk Income	\$6,500.00	\$5,000.00
Gift Funds	\$4,000.00	\$5,000.00
TOTAL	\$341,142.00	\$345,676.00
Operating Expenditures		
Adult Materials	\$6,500.00	\$6,500.00
Adult Periodicals	\$2,000.00	\$2,000.00
Online References	\$4,500.00	\$5,000.00
Juv Materials	\$6,500.00	\$6,500.00
YA Materials	\$500.00	\$500.00
Juv Periodicals	\$500.00	\$500.00
Juv Programs	\$2,000.00	\$2,000.00
Gift Funds	\$3,500.00	\$3,500.00
Salaries	\$98,000.00	\$101,975.00
Wages	\$96,606.00	\$96,449.00
Wages-Cleaning	\$6,100.00	\$6,630.00
Soc Sec	\$15,450.00	\$15,450.00
Work Comp	\$1,500.00	\$1,500.00
Building Repairs	\$4,500.00	\$4,500.00
Building Reserve	\$1,500.00	\$1,500.00
Building Insurance (CSTA)*	\$8,400.00	\$8,400.00
Employee Benefits (CSTA)*	\$42,016.00	\$40,917.00
Telephone (CSTA)*	\$1,300.00	\$1,500.00
Water & Sewer (CSTA)*	\$740.00	\$775.00
VT GAS	\$5,875.00	\$5,875.00
CVPS	\$10,810.00	\$10,810.00
Finance Officer Bond	\$200.00	\$200.00
Maintenance contracts	\$5,825.00	\$5,825.00
Postage	\$2,200.00	\$2,750.00
Payroll Services	\$2,000.00	\$2,000.00
Supplies	\$5,500.00	\$5,500.00
Technology (support & upgrades)	\$5,000.00	\$5,000.00
Verizon DSL	\$1,620.00	\$1,620.00
TOTAL	\$341,142.00	\$345,676.00
*billing is done through the City of St. Albans		



2013 City Report

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

Northwest Regional Planning Commission Projects & Programs:

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

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

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

Emergency 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.

In Saint Albans City the Northwest Regional Planning Commission:

- ☞ Conducted a community meeting under the Healthy People, Strong Communities project to gather input and share ideas on economic development, community health, bike and pedestrian safety, disaster resilience and the overall future of the community.
- ☞ Completed technical research on low impact development and Form Based Codes.
- ☞ Provided technical assistance for updating and rewriting the Development Regulation; provided Zoning, Design Review Districts and Form Base Code Maps.
- ☞ Coordinated the development of a Regional MS4 permit program and project management of a Flow Restoration Plan for Rugg Brook.
- ☞ Met with the planning commission as part of the enhanced municipal consultation process to review the town plan, identify training needs and discuss local and regional priorities.
- ☞ Completed Regional Review and Approval of the City Plan.
- ☞ Held water quality workshop for municipal road crew and provided free erosion control materials.
- ☞ Provided over \$80,000 in environmental assessment funds for the St. Albans House.
- ☞ Assisted with updates to the Basic Emergency Operations Plan and served on the City Emergency Management Committee in local/regional emergency management activities.
- ☞ Updated the E-911 poster map, road atlas and road map.
- ☞ Awarded City Elementary School a \$20,000 Healthy People, Strong Communities Implementation Grant to install ½ mile walking and running path to benefit students and the public.
- ☞ Participated on the Advisory Committee for the Safe Routes to School Travel Plan and provided data.

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

**Transportation Advisory
Committee:**
Ryan Doyle

This year the Commission will further develop our Healthy People, Strong Communities project to promote economic development and community health, including providing over \$200,000 in implementation grants to community groups and adopting a new regional plan. We will also continue our programs in local and regional planning and project implementation and will provide other needed services to our member municipalities. The Commission has no regulatory or taxing authority; however, each year we do request a per capita assessment from our members in support of local and regional activities and to provide matching funds needed for state and federal programs.

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

Northwest Vermont Solid Waste Management District
Supervisor's Report

The Northwest Solid Waste District's (NWSWD) mission is to provide for the efficient, economical, and environmentally-sound reduction, reuse, recycling, and finally disposal of solid waste. In 2013 the NWSWD worked hard to make our operations more convenient, consistent, and cost effective for District residents. Some of this year's highlights include:

- **District operations recycled 139 tons more in 2013 than in 2012!**
- Served more households and increased the diversion of chemical waste through our permanent household hazardous waste collection site
- Increased the tonnage of recyclables processed at our Georgia Recycling Center by 30 tons
- Opened a permanent re-use facility at our Georgia Recycling Center
- In May we welcomed the Town of St. Albans as the newest District Municipality
- Worked with two new schools (Bakersfield and Fairfield) to begin composting their food scraps
- Creation of pilot recycling program for milk cartons at various local schools
- Continued investigation and enforcement of illegal dumping and burning of trash in the District

NWSWD by the Numbers

In the NWSWD, 6 District run recycling drop-off sites in Georgia, Montgomery, Bakersfield, Fletcher, St. Albans and North Hero, District run special events, 2 member town run sites (Alburgh and Grand-Isle), and mandatory curbside recycling by registered waste haulers allows easy access to recycling for all residents. Overall in 2013, after recycling, reuse and composting, the average District resident generated 3.55 pounds of waste per day, which is below the national average of 4.4 pounds per day! Way to go!

This year District operated sites and events disposed of 683 tons of trash and processed 768 tons of recyclables, setting the diversion rate for District Services at 53%. All of this effort meant that NWSWD residents and business recycled a grand total of more than 2,603 tons of material. Check out this list of what we were able to divert from landfills this year in Northwest VT:

- 41,064 pounds of Hazardous Waste
- 184 Freon containing appliances
- 159,600 pounds of scrap metal
- 1,696 propane tanks
- 6,544 pounds of batteries
- 2,040 tires
- 1,000 gallons of liquid latex paint
- 366,588 pounds of organic material
- 32,355 pounds of maple sap tubing
- 25,000+ pounds of clothing & goods reused
- 337 tons of household recyclables
- 144,463 pounds of electronics

As St. Albans City's representative on the District Board of Supervisors, I am available to discuss District activities with town residents. I can be reached through the District office at (802)524-5986. For more information about the District and our services, how to reduce and recycle your waste, or how to get involved call District staff at the above number 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.nwswd.org, find us on Facebook, or sign-up for our e-mail updates. More information can also be found in our Annual Report and Newsletter available at your Town Meeting.

Bill Cioffi

City of St. Albans
Department of Finance and Administration

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

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

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

Photo by Shawn Corrow, Cold Hollow Photography



Sarah McDuffy *Catherine Bushroy*
Kristin Smith *Margaret Strait*

CITY OF ST. ALBANS, VERMONT

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

JUNE 30, 2013

CITY OF ST. ALBANS, VERMONT
 AUDIT REPORT
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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, 2013 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.

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, the business-activities, each major fund, and the aggregate remaining fund information of the City of St. Albans, Vermont as of June 30, 2013 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 16 and the Schedule of Funding Progress for the Pension Trust Fund and the budgetary comparison information for the General Fund, presented in Schedules 1 and 2 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

As described in Note I.F. to the financial statements, effective June 30, 2013, the City of St. Albans, Vermont implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position".

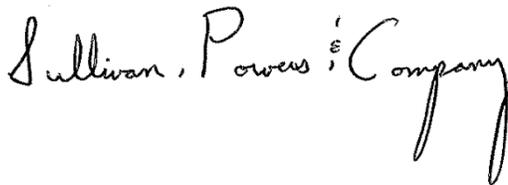
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Albans, Vermont's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

Other Reporting Required by "Government Auditing Standards"

In accordance with "Government Auditing Standards", we have also issued our report dated November 22, 2013 on our consideration of the City of St. Albans, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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.

November 22, 2013
Montpelier, Vermont
VT Lic. #92-000180

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

CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013

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, 2013. Please note that this section of the Basic Financial Statements is unaudited.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$20,053,169 (net position). Of this amount, \$708,115 (unrestricted net position) may be used to meet the City's ongoing obligations. The balance of net position is made up of \$19,129,516 net investment in capital assets and \$215,538 restricted for specific purposes.
- The City's total net position increased by \$649,650 (3.4%). Of this amount, net position attributable to governmental activities increased by \$25,299 (0.5%), and net position attributable to business-type activities increased by \$624,351 (4.5%).
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,289,208, a significant increase of \$912,474 over the prior year.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$709,897, or approximately 10.6% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013

Government-Wide Financial Statements

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

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

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

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

The government-wide financial statements can be found in Exhibits A and B of this report.

Fund Financial Statements

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

CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013

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

The City maintains three major governmental funds; the General Fund, the TIF (Tax Increment Financing) Fund, and the Streetscape Capital Project Fund. In addition to this, the City maintains a number of special revenue funds and a capital project fund, none of which qualify as major funds. These funds are consolidated into the column labeled Other Governmental Funds in the Fund Financial Statements. Combining financial statements containing more detailed information on these funds may be found in Schedules 3 through 6.

The basic governmental fund financial statements can be found in Exhibits C through E of this report. The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement is provided in Schedule 1 for the purpose of demonstrating compliance with the duly appropriated budget.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund and the Wastewater Fund.

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

Fiduciary funds, also known as trust and agency funds, account for resources for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the City. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has two fiduciary funds at this time, detailed in Exhibits I and J.

CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013

Notes to the Financial Statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes serve to explain, clarify, and expand upon the financial data presented in the financial statements, and provide some additional information as well. The notes can be found immediately following the basic financial statements.

In addition to the basic financial statements and accompanying notes, certain *Supplementary Information* is provided, including a budgetary comparison statement for the general fund and the City's progress in funding its obligation to provide pension benefits to its employees. The supplementary information can be found immediately following the notes to the financial statements in this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash and Investments	\$ 2,958,827	\$ 1,432,110	\$ 1,140,918	\$ 750,113	\$ 4,099,745	\$ 2,182,223
Other Assets	1,013,111	251,240	1,730,222	1,829,862	2,743,333	2,081,102
Capital Assets	8,199,957	6,625,394	20,759,660	19,725,233	28,959,617	26,350,627
Total Assets	<u>12,171,895</u>	<u>8,308,744</u>	<u>23,630,800</u>	<u>22,305,208</u>	<u>35,802,695</u>	<u>30,613,952</u>
Other Liabilities	1,618,587	765,760	260,671	165,119	1,879,258	930,879
Noncurrent Liabilities	4,930,374	1,975,155	8,910,088	8,304,399	13,840,462	10,279,554
Total Liabilities	<u>6,548,961</u>	<u>2,740,915</u>	<u>9,170,759</u>	<u>8,469,518</u>	<u>15,719,720</u>	<u>11,210,433</u>
Deferred Inflows of Resources	<u>29,806</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,806</u>	<u>-</u>
Net Position:						
Net Investment in Capital Assets	7,119,924	5,687,628	12,009,592	11,583,644	19,129,516	17,271,272
Restricted	215,538	214,623	-	-	215,538	214,623
Unrestricted/(Deficit)	<u>(1,742,334)</u>	<u>(334,422)</u>	<u>2,450,449</u>	<u>2,252,046</u>	<u>708,115</u>	<u>1,917,624</u>
Total Net Position	<u>\$ 5,593,128</u>	<u>\$ 5,567,829</u>	<u>\$ 14,460,041</u>	<u>\$ 13,835,690</u>	<u>\$ 20,053,169</u>	<u>\$ 19,403,519</u>

As noted earlier, net position serves as a useful indicator of a government's financial position over time. At the end of the most recent fiscal year, the City's assets exceeded liabilities by \$20,153,169. The City's total net position is split between governmental activities net position of \$5,593,128 and business-type activities net position of \$14,460,041.

CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013

The largest portion of the City's total net position \$19,129,516 (95.4%) reflects its investment in capital assets (construction in progress, equipment, land, buildings and infrastructure) net of any outstanding debt used to acquire or construct those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City strives, on an ongoing basis, to work reserves into the annual budget to provide for financial contingencies and reserves for a long-term capital plan. As was the case in 2012, the 2013 operations achieved that goal.

The City's total net assets also include \$215,538 (1.1%) of restricted net position. These are assets representing resources subject to external restrictions as to how they may be used. The remaining balance of unrestricted net position equal to \$708,115 (3.5%) 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

	Governmental Activities		Business-type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,213,946	\$ 1,778,771	\$ 4,847,728	\$ 4,766,285	\$ 7,061,674	\$ 6,545,056
Operating Grants & Contributions	1,106,294	2,377,447	-	-	1,106,294	2,377,447
Capital Grants & Contributions	1,264,603	933,940	452,696	79,587	1,717,299	1,013,527
General Revenues:						
Property Taxes	3,763,707	3,780,436	-	-	3,763,707	3,780,436
Other	172,636	237,911	51,744	50,395	224,380	288,306
Total Revenues	<u>8,521,186</u>	<u>9,108,505</u>	<u>5,352,168</u>	<u>4,896,267</u>	<u>13,873,354</u>	<u>14,004,772</u>
Expenses:						
General Government	760,536	1,387,110	-	-	760,536	1,387,110
Public Safety	4,504,074	4,682,229	-	-	4,504,074	4,682,229
Public Works	610,692	581,886	-	-	610,692	581,886
Culture and Recreation	540,147	472,500	-	-	540,147	472,500
Community Development	2,005,440	498,887	-	-	2,005,440	498,887
Interest on Long-Term Debt	74,998	50,438	-	-	74,998	50,438
Water	-	-	1,885,455	1,807,120	1,885,455	1,807,120
Sewer	-	-	2,842,362	2,505,130	2,842,362	2,505,130
Total Expenses	<u>8,495,887</u>	<u>7,673,050</u>	<u>4,727,817</u>	<u>4,312,250</u>	<u>13,223,704</u>	<u>11,985,300</u>
Change in Net Position	25,299	1,435,455	624,351	584,017	649,650	2,019,472
Beginning Net Position	<u>5,567,829</u>	<u>4,132,374</u>	<u>13,835,690</u>	<u>13,251,673</u>	<u>19,403,519</u>	<u>17,384,047</u>
Ending Net Position	<u>\$ 5,593,128</u>	<u>\$ 5,567,829</u>	<u>\$ 14,460,041</u>	<u>\$ 13,835,690</u>	<u>\$ 20,053,169</u>	<u>\$ 19,403,519</u>

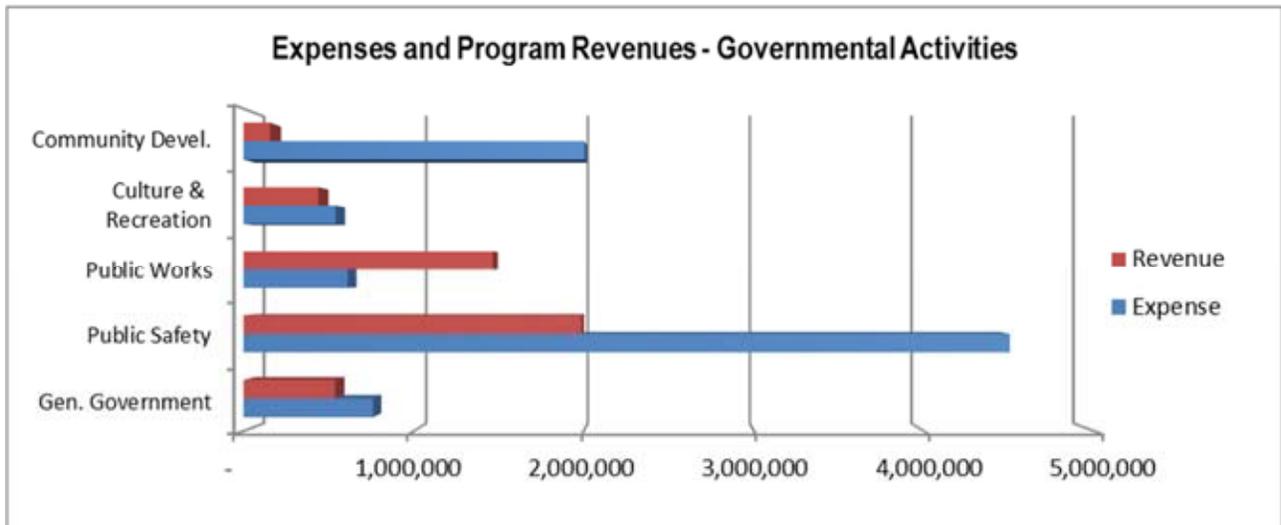
**CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Governmental Activities

Governmental activities increased the City’s net position by \$25,299 for the year ended June 30, 2013. Key elements of the change are as follows:

- Total governmental activities’ revenues decreased by 6.5% (\$587,319) from 2012 to 2013. During 2012 governmental activities reported a \$1.3 million increase in operating grants and contributions. Operating grants and contributions decreased by \$1.27 million from 2012 to 2013 reversing this trend. This was offset by a modest \$435,175 increase in charges for services, a \$330,663 increase in capital grants and contributions, as well as a small decrease (\$65,275) in other revenue for 2013.
- Total governmental activities’ expenses increased by 10.7% (\$822,837) from 2012 to 2013. This increase is driven by community development expenses which were up by approximately \$1.5 million. This increase was caused by the TIF fund which had significant activity during 2013. Increased activity on TIF related projects was offset by a decrease in general government, public safety, and interest on long-term debt.
- Public safety expenses end the year at 53% (\$4,504,074) of total governmental activities’ expenses. This is a slight decrease from the previous year when public safety expenses were 61% (\$4,682,229) of total governmental activities’ expenses. Public safety remains the largest category of expenses from year to year.

The follow graph titled Expense and Program Revenues – Governmental Activities, gives the reader an idea of how each major program is funded. The revenues included in this graph are program specific revenues such as user fees, capital grants, and operating grants. General revenues such as property revenues and interest earnings are excluded. The supporting data may be found on Exhibit B, the Statement of Activities. As noted previously, Public Safety is the largest category of expenses in the current year and historically.



CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013

The majority of revenue for governmental activities comes from property taxes, 44.2% of total revenue or \$3,763,707. The second largest category of revenue is charges for services coming in at 26% or \$2,213,946 of total revenue. This is a change from the previous year when operating grants claimed the number two spot with 26.1% of total revenue. This was due to a one time boost in operating grants during 2012. Operating grants for 2013 has dropped by to the third largest category of revenue at 13% or \$1,106,294 which is consistent with 2010 and 2011.

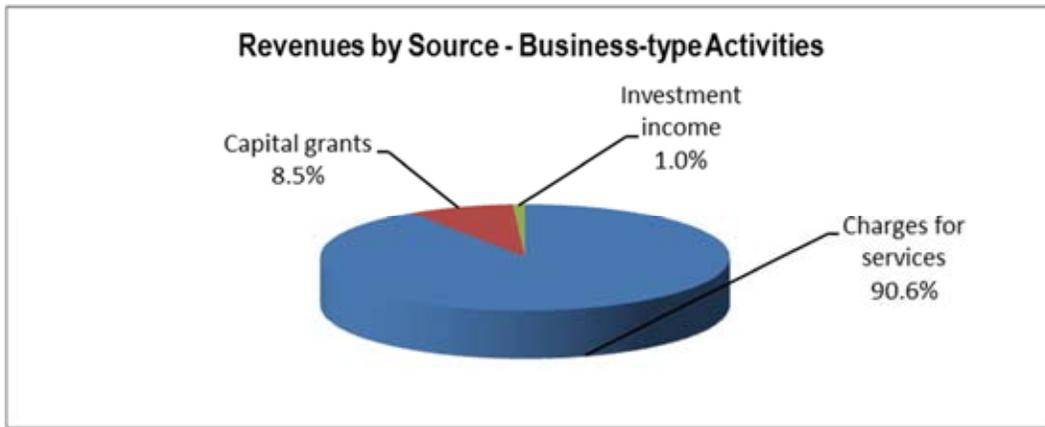
Business-type Activities

Business-type activities increase the City's net assets by \$624,351 during the current fiscal year. Key elements of this increase are as follows:

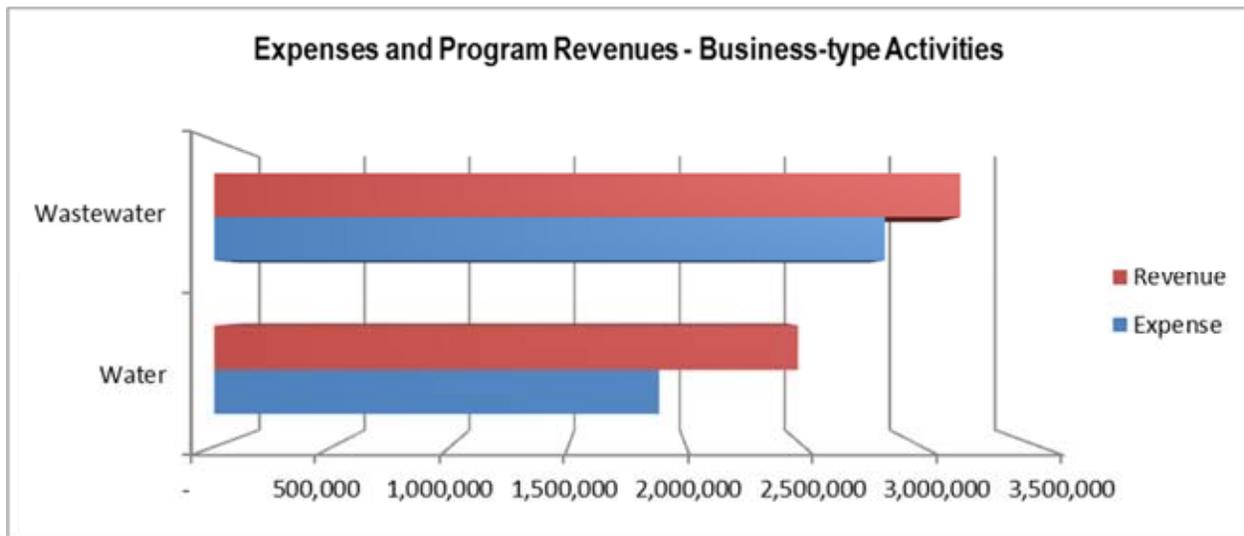
- Total revenues of \$5,352,168 were \$455,901 or 9.3% higher than the previous year due to an increase in the amount received for capital grants and contributions. A portion of the Streetscape project is allocable to the business-type activities as it improves the water and wastewater utilities beneath the street. Thusly, a portion of the grant revenue from the Streetscape project has been allocated to the business-type activities driving the increase in grant revenue.
- Operating revenues in the water and wastewater funds remained stable, increasing by \$66,443 or 1.4%.
 - In the wastewater fund this is due to a decrease in allocation fees received in the wastewater fund from \$136,546 in 2012 to \$95,507 in 2013. Allocation fees are paid when new water and wastewater connections are establish and as such are directly related to development activity in the water and wastewater district. This decrease in allocation fees was offset by an increase in charges for services leaving a net change in business-type activities operating revenues of \$49,427 and increase of 1.8%.
 - In the water fund the slight increase in operating revenues is caused by an increase charges for services of \$24,756 and a decrease in other income of \$7,707
- Total expenses of \$4,727,817 increased by \$415,567 (9.6%) when compared to the prior year. This increase is caused primarily by the following items:
 - Interest expense in the wastewater fund increased from \$14,425 in 2012 to \$151,522 in 2013. The City began paying on the bonds and note from the State Special Environmental Revolving Loan Fund that were used to fund the wastewater treatment facility upgrades completed in 2012. This \$137,097 increase is caused entirely by the annual payments on those loans.
 - Depreciation expense in the wastewater fund also increased significantly as a result of the completion of the wastewater treatment facility upgrades completed in 2012. These upgrades began depreciating halfway through 2012 and were depreciated for the entire year during 2013, causing an increase in depreciation of \$128,578.

The City's business-type activities are supported by user fees, also referred to as charges for services (\$4,847,728) with assistance from capital grants (\$452,696) and investment income (\$51,744). The percentage breakdown of revenue sources is illustrated in the following graph titled Revenues by Source – Business-type Activities.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013**



As the name suggests, business-type activities are accounted for in the same manner that businesses would account for operations. This being said, it is necessary that revenues meet or exceed expenses in order to continue operating. The graph titled Expenses and Program Revenues – Business-type Activities, demonstrates that during the current fiscal year, revenues exceeded expenses for both the water fund and the wastewater fund. Revenues and capital contributions exceeded expenses in the water fund by \$444,171 or 19.1% of total revenues (\$2,329,626). In the wastewater fund, revenues and capital contributions exceeded expenses by \$180,180 or 6% of total revenues (\$3,022,542).



FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

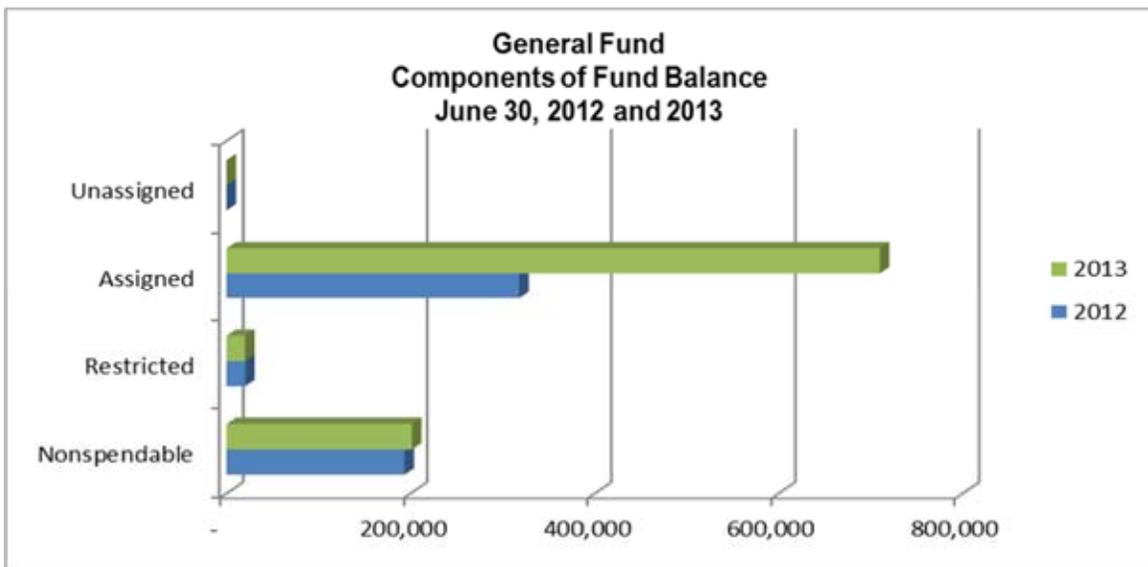
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Governmental Funds

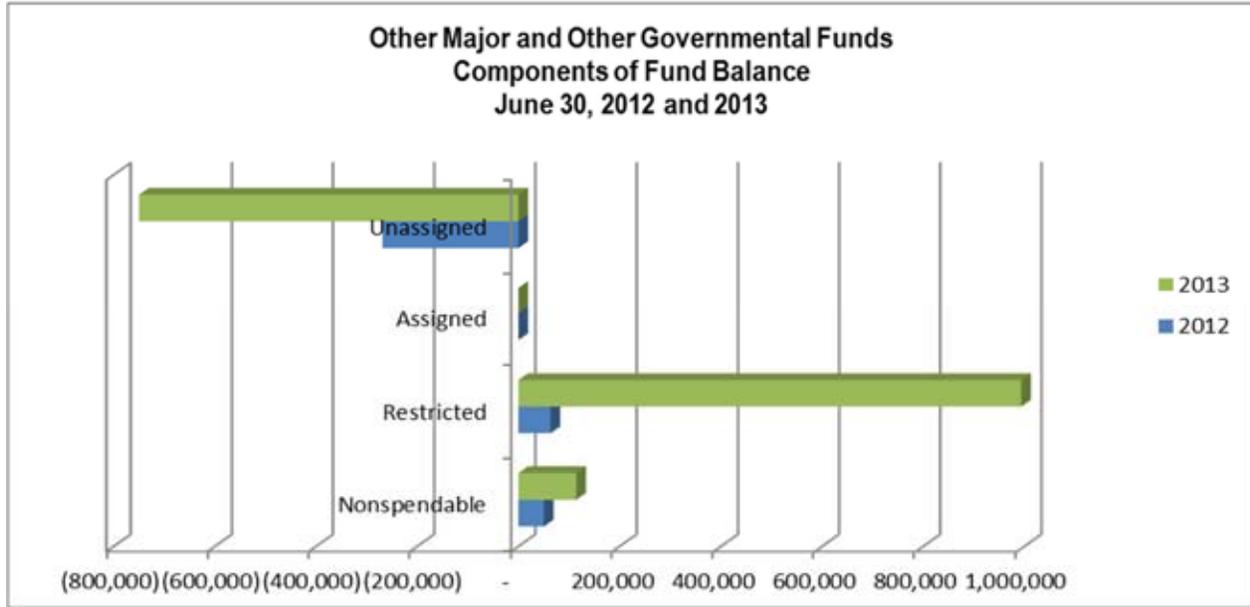
The focus of the City’s governmental funds is to provide information on current year revenue, expenditures, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s 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 \$1,289,208, an increase of \$912,474 over the prior year. Of this total amount, \$315,928 or is non-spendable (advances to other funds, land held for resale and inventories) and \$1,013,607 is restricted to indicate that it is not available for discretionary spending, because it is otherwise restricted by grant agreements, statutes, or bond covenants. Of the remaining amount, \$709,897 has been assigned by the City for various purposes (detailed in Footnote H. Net Position/Fund Balances) and unassigned fund balance is a deficit of \$750,224. The deficit unassigned fund balance is caused by timing of grant proceeds in the Streetscape fund and other governmental funds.



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 \$931,535, an increase of \$399,687 from the previous year. Of this amount, \$201,628 is non-spendable and \$20,000 is restricted unspent debt proceeds. The remaining amount of \$709,897 has been assigned as detailed in the footnotes. As demonstrated by the above graph, the increase in total fund balance for the general fund is captured almost entirely in assigned fund balance. 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 13.9% of total general fund expenditures.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
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In the governmental fund other than the general fund the two noteworthy changes to fund balance are a decrease in unassigned fund balance of \$481,066 and an increase in restricted fund balance of \$930,124. The change in unassigned fund balance is caused primarily by the Streetscape capital project fund which had \$489,134 in unavailable revenue from grant proceeds not received within sixty days of the end of the year. The increase in restricted fund balance is caused entirely by the TIF Fund which had unspent debt proceeds equal to that amount.

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 \$3,325,888, an increase of 15.4% from the previous year. Slightly more than half of the water fund’s net assets are invested in capital assets; 52.2% or \$1,737,264. In the wastewater fund, total net position is \$11,134,153, an increase of 1.6% from the previous year. The vast majority of net position in the wastewater fund is in the form of capital assets (net of related debt); 92.3% or \$10,272,328. Other factors concerning the finances of these funds have already been addressed in the discussion of the City’s business-type activities.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013**

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget for the year ended June 30, 2013 passed on the first vote in March of 2012 and there were no amendments made to the budget during the year. Actual revenues exceeded budgeted revenues by \$134,179.

Recreation revenue exceeded budgeted revenue in the amount of \$152,712 primarily from debt proceeds used for capital projects and equipment. Planning and Development also came in over budget by \$336,528 with the final payment from an agreement with J. L. Davis Properties revolving around the completion of Wal-Mart project. These favorable variances were offset by a shortfall of revenue from payments of prior years' taxes equal to \$324,200. The City's budget is prepared on a cash basis therefore includes budgeted revenue for cash payments on delinquent taxes, the revenue for which has been recognized in prior years on an accrual and modified accrual basis. Expenditures were underspent by \$265,508 driven by savings in Police, Dispatch and Animal Control of \$214,145 and in Administration of \$171,584. These favorable expenditure variances were offset by \$147,582 in unbudgeted in Recreation capital expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2013 were \$44,274,549 (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 \$3,933,827 from June 30, 2012 to June 30, 2013, or 9.8%. Combined accumulated depreciation at the end of the year is \$15,314,932. Capital assets for governmental activities increased by \$1,574,564, or 23.8%, net of accumulated depreciation. Capital assets for business-type activities increased by \$1,034,427 or 5.2%, net of accumulated depreciation. An increase in construction in progress related to the Streetscape Improvement Project, the Parking Garage, and the Fairfax Dam construction are driving the increase in all funds.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Summary of Capital Assets

	Governmental Activities		Business-type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
Capital Assets:						
Land	\$ 940,932	\$ 940,932	\$ 202,012	\$ 202,012	\$ 1,142,944	\$ 1,142,944
Construction in Progress	2,475,152	1,039,425	1,849,001	127,792	4,324,153	1,167,217
Buildings and Improvements	1,727,538	1,658,439	29,178,241	29,128,241	30,905,779	30,786,680
Machinery and Equipment	3,162,490	2,999,978	2,650,825	2,436,569	5,813,315	5,436,547
Infrastructure	2,088,358	1,807,335	-	-	2,088,358	1,807,335
	10,394,470	8,446,109	33,880,079	31,894,614	44,274,549	40,340,723
Less: Accumulated Depreciation	(2,194,513)	(1,820,715)	(13,120,419)	(12,169,381)	(15,314,932)	(13,990,096)
Total Assets, Net	<u>\$ 8,199,957</u>	<u>\$ 6,625,394</u>	<u>\$ 20,759,660</u>	<u>\$ 19,725,233</u>	<u>\$ 28,959,617</u>	<u>\$ 26,350,627</u>

Major capital asset activity for the year ended June 30, 2013 included the following:

- Construction in process increased substantially during the year. The major project is the Streetscape Improvement Project adding \$1.9 million to construction in process between the general fund, water fund and wastewater fund. In the water fund replacing the Fairfax South Reservoir Dam contributed \$971,000 to construction in process. Both of these projects are scheduled to be completed during FY2014 and will be capitalized and depreciated upon completion.
- Paving projects totaling \$101,480 and major sidewalk projects totaling \$78,840 were completed during the year contributing to the increase in governmental activities infrastructure.
- The tennis courts and basketball court at the Barlow Street Community Center was completely replaced for \$100,702; this was less than anticipated cost of \$120,000.

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

Long-Term Debt

The City began the year with \$9,815,171 in long-term debt outstanding. As of June 30, 2013 this amount had increased by \$3,448,274 or 3.5% to end the current year with \$13,263,445 in long-term debt outstanding. Long-term debt outstanding increased for both governmental activities (\$2,839,795) and business-type activities (\$608,479).

Summary of Long Term Debt

	June 30, 2012	Additions	Deletions	June 30, 2013
Governmental Activities	\$ 1,673,582	\$ 3,148,466	\$ 308,671	\$ 4,513,377
Business-type Activities	8,141,589	1,234,226	625,747	8,750,068
Total Government	<u>\$ 9,815,171</u>	<u>\$ 4,382,692</u>	<u>\$ 934,418</u>	<u>\$ 13,263,445</u>

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Factors contributing to the change include the following:

- The City's governmental activities debt increased with the addition of three loans and one capital lease. The three loans were \$100,600 for the construction of the Barlow Street Tennis and Basketball courts, \$17,113 for a portion of a new Mini Excavator, and \$3,000,000 for voter approved TIF projects. The capital lease for \$30,753 was to purchase a fifteen passenger van for the recreation department.
- New debt for the business-type activities included \$1,200,000 for the Fairfax Dam project, and \$17,114 in each the water and wastewater fund for the new Mini Excavator.
- Principal payments totaling \$308,671 were made on governmental activities debt and principal payments totaling \$625,747 were made on business-type activities debt.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors: Outlook and Future Development

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

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

In September 2013, voters authorized \$13 million in tax increment financing bonds for a parking garage. The parking garage is critical public infrastructure necessary to construct a forty thousand square foot office building and encourage additional private investment.

REQUESTS FOR INFORMATION

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,903,115	\$ 1,140,918	\$ 4,044,033
Investments	55,712	0	55,712
Receivables (Net of Allowance for Uncollectibles)	1,417,993	1,103,820	2,521,813
Loans Receivable	101,579	0	101,579
Notes Receivable	0	14,524	14,524
Land Held for Resale	63,814	0	63,814
Inventory	9,951	31,652	41,603
Internal Balances	(580,226)	580,226	0
Capital Assets			
Land	940,932	202,012	1,142,944
Construction in Progress	2,475,152	1,849,001	4,324,153
Other Capital Assets, (Net of Accumulated Depreciation)	4,783,873	18,708,647	23,492,520
Total Assets	<u>12,171,895</u>	<u>23,630,800</u>	<u>35,802,695</u>
LIABILITIES			
Accounts Payable	948,613	98,193	1,046,806
Accrued Payroll and Benefits Payable	90,005	9,014	99,019
Unearned Revenue	76,021	69,862	145,883
Accrued Interest Payable	8,434	83,602	92,036
Line of Credit Payable	495,514	0	495,514
Noncurrent Liabilities:			
Due within One Year	314,579	432,286	746,865
Due in More than One Year	4,615,795	8,477,802	13,093,597
Total Liabilities	<u>6,548,961</u>	<u>9,170,759</u>	<u>15,719,720</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid Property Taxes	29,806	0	29,806
Total Deferred Inflows of Resources	<u>29,806</u>	<u>0</u>	<u>29,806</u>
NET POSITION			
Net Investment in Capital Assets	7,119,924	12,009,592	19,129,516
Restricted:			
Revolving Loan Fund	213,407	0	213,407
Taylor Park	2,131	0	2,131
Unrestricted/(Deficit)	(1,742,334)	2,450,449	708,115
Total Net Position	<u>\$ 5,593,128</u>	<u>\$ 14,460,041</u>	<u>\$ 20,053,169</u>

CITY OF ST. ALBANS, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	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	\$ 760,536	\$ 492,848	\$ 43,000	\$ 0	\$ (224,688)	\$ 0	\$ (224,688)
Public Safety	4,504,074	1,197,101	791,777	0	(2,515,196)	0	(2,515,196)
Public Works	610,692	86,756	113,827	1,264,603	854,494	0	854,494
Culture and Recreation	540,147	436,241	4,132	0	(99,774)	0	(99,774)
Community Development	2,005,440	1,000	153,558	0	(1,850,882)	0	(1,850,882)
Interest on Long-term Debt	74,998	0	0	0	(74,998)	0	(74,998)
Total Governmental Activities	8,495,887	2,213,946	1,106,294	1,264,603	(3,911,044)	0	(3,911,044)
Business-Type Activities:							
Water	1,885,455	2,102,458	0	203,848	0	420,851	420,851
Sewer	2,842,362	2,745,270	0	248,848	0	151,756	151,756
Total Business-Type Activities	4,727,817	4,847,728	0	452,696	0	572,607	572,607
Total Primary Government	\$ 13,223,704	\$ 7,061,674	\$ 1,106,294	\$ 1,717,299	(3,911,044)	572,607	(3,338,437)
General Revenues:							
Property Taxes					3,763,707	0	3,763,707
Interest and Penalties on Delinquent Taxes					55,706	0	55,706
Unrestricted Investment Earnings					2,994	51,744	54,738
General State Grants					95,416	0	95,416
Other Revenues					17,670	0	17,670
Gain on Sale of Capital Assets					850	0	850
Total General Revenues					3,936,343	51,744	3,988,087
Change in Net Position					25,299	624,351	649,650
Net Position - July 1, 2012					5,567,829	13,835,690	19,403,519
Net Position - June 30, 2013					\$ 5,593,128	\$ 14,460,041	\$ 20,053,169

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

CITY OF ST. ALBANS, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	TIF Fund	Streetscape Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 2,837,844	\$ 0	\$ 0	\$ 65,271	\$ 2,903,115
Investments	55,712	0	0	0	55,712
Receivables (Net of Allowance for Uncollectibles)	438,852	0	765,775	213,366	1,417,993
Due from Other Funds	0	1,005,053	478,362	15,996	1,499,411
Advances to Other Funds	191,687	0	0	50,476	242,163
Loans Receivable (Net of Allowance for Doubtful Accounts)	0	0	0	101,579	101,579
Land Held for Resale	0	63,814	0	0	63,814
Inventory	9,951	0	0	0	9,951
Total Assets	<u>\$ 3,534,046</u>	<u>\$ 1,068,867</u>	<u>\$ 1,244,137</u>	<u>\$ 446,688</u>	<u>\$ 6,293,738</u>
LIABILITIES					
Accounts Payable	\$ 81,476	\$ 74,929	\$ 748,623	\$ 43,585	\$ 948,613
Accrued Payroll and Benefits Payable	89,004	0	0	1,001	90,005
Due to Other Funds	2,069,049	0	0	10,588	2,079,637
Advances from Other Funds	0	0	0	242,163	242,163
Line of Credit Payable	0	0	495,514	0	495,514
Unearned Revenue	66,413	0	0	9,608	76,021
Total Liabilities	<u>2,305,942</u>	<u>74,929</u>	<u>1,244,137</u>	<u>306,945</u>	<u>3,931,953</u>
DEFERRED INFLOWS OF RESOURCES					
Prepaid Property Taxes	29,806	0	0	0	29,806
Unavailable Revenue - Property Taxes	238,000	0	0	0	238,000
Unavailable Revenue - Other	28,763	0	489,134	286,874	804,771
Total Deferred Inflows of Resources	<u>296,569</u>	<u>0</u>	<u>489,134</u>	<u>286,874</u>	<u>1,072,577</u>
FUND BALANCES (DEFICIT)					
Nonspendable	201,638	63,814	0	50,476	315,928
Restricted	20,000	930,124	0	63,483	1,013,607
Assigned	709,897	0	0	0	709,897
Unassigned	0	0	(489,134)	(261,090)	(750,224)
Total Fund Balances/(Deficit)	<u>931,535</u>	<u>993,938</u>	<u>(489,134)</u>	<u>(147,131)</u>	<u>1,289,208</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,534,046</u>	<u>\$ 1,068,867</u>	<u>\$ 1,244,137</u>	<u>\$ 446,688</u>	

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.	8,199,957
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Reported as Deferred Inflows of Resources in the Funds.	1,042,771
Long-Term and Accrued Liabilities are not Due or Payable in the Current Period and, Therefore, are Not Reported in the Funds.	<u>(4,938,808)</u>
Net Position of Governmental Activities	<u>\$ 5,593,128</u>

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

CITY OF ST. ALBANS, VERMONT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	TIF Fund	Streetscape Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 3,753,707	\$ 0	\$ 0	\$ 0	\$ 3,753,707
Penalties and Interest	55,706	0	0	0	55,706
Intergovernmental Revenues	952,832	0	746,851	374,504	2,074,187
Charges for Services	1,610,276	0	0	0	1,610,276
Investment Income	2,867	0	0	127	2,994
Licenses and Permits	468,198	0	0	0	468,198
Other Revenue	92,883	1,340	0	3,240	97,463
Total Revenues	6,936,469	1,340	746,851	377,871	8,062,531
EXPENDITURES					
Current:					
General Government	788,333	0	0	24,717	813,050
Public Safety	4,015,975	0	0	124,820	4,140,795
Public Works	546,484	0	0	0	546,484
Culture and Recreation	433,372	0	0	2,552	435,924
Community Development	0	1,851,382	0	154,058	2,005,440
Capital Outlay:					
General Government	56,130	0	0	0	56,130
Public Safety	89,893	0	0	0	89,893
Public Works	238,917	108,658	1,235,985	91,085	1,674,645
Culture and Recreation	158,040	0	0	0	158,040
Debt Service:					
Principal	308,671	0	0	0	308,671
Interest	45,933	23,518	0	0	69,451
Total Expenditures	6,681,748	1,983,558	1,235,985	397,232	10,298,523
Excess/(Deficiency) of Revenues Over Expenditures	<u>254,721</u>	<u>(1,982,218)</u>	<u>(489,134)</u>	<u>(19,361)</u>	<u>(2,235,992)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of Long-Term Debt	148,466	3,000,000	0	0	3,148,466
Transfers In	0	0	0	3,500	3,500
Transfers Out	(3,500)	0	0	0	(3,500)
Total Other Financing Sources/(Uses)	144,966	3,000,000	0	3,500	3,148,466
Net Change in Fund Balances	399,687	1,017,782	(489,134)	(15,861)	912,474
Fund Balances/(Deficit) - July 1, 2012	<u>531,848</u>	<u>(23,844)</u>	<u>0</u>	<u>(131,270)</u>	<u>376,734</u>
Fund Balances/(Deficit) - June 30, 2013	<u>\$ 931,535</u>	<u>\$ 993,938</u>	<u>\$ (489,134)</u>	<u>\$ (147,131)</u>	<u>\$ 1,289,208</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, 2013

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)	\$	912,474
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$1,978,708) is allocated over their estimated useful lives and reported as depreciation expense (\$404,145). This is the amount by which capital outlays exceeded depreciation in the current period.		1,574,563
The issuance of long-term debt (\$3,148,466) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$308,671) 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.		(2,839,795)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount reflects the increase of unearned and unavailable revenue over last year.		499,028
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>(120,971)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>25,299</u></u>

The General Fund charges the Water and Sewer Funds for administrative expenses. These charges totaling \$74,825 have been eliminated from the Governmental Activities on the Statement of Activities.

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Water Fund	Wastewater Fund	Total
ASSETS			
Current Assets:			
Cash	\$ 582,325	\$ 558,593	\$ 1,140,918
Receivables (Net of Allowance for Uncollectible Accounts)	460,315	643,505	1,103,820
Notes Receivable, Current Portion	0	2,941	2,941
Inventory	19,377	12,275	31,652
Due from Other Funds	710,631	0	710,631
Total Current Assets	1,772,648	1,217,314	2,989,962
Noncurrent Assets:			
Notes Receivable	0	11,583	11,583
Capital Assets			
Land	155,000	47,012	202,012
Construction in Progress	1,465,683	383,318	1,849,001
Buildings, Distribution and Collection System and Improvements	7,318,389	21,859,852	29,178,241
Vehicles, Machinery and Equipment	1,197,988	1,452,838	2,650,826
Less Accumulated Depreciation	(3,684,406)	(9,436,014)	(13,120,420)
Total Noncurrent Assets	6,452,654	14,318,589	20,771,243
Total Assets	\$ 8,225,302	\$ 15,535,903	\$ 23,761,205
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 34,848	\$ 63,345	\$ 98,193
Accrued Payroll	3,940	5,074	9,014
Due to Other Funds	0	130,405	130,405
Unearned Revenue	69,862	0	69,862
Accrued Interest Payable	18,896	64,706	83,602
Bonds Payable - Current Portion	93,465	169,583	263,048
Notes Payable - Current Portion	53,660	115,578	169,238
Total Current Liabilities	274,671	548,691	823,362
Noncurrent Liabilities			
Compensated Absences Payable	56,478	103,542	160,020
Bonds Payable - Noncurrent Portion	3,411,129	3,703,793	7,114,922
Notes Payable - Noncurrent Portion	1,157,136	45,724	1,202,860
Total Noncurrent Liabilities	4,624,743	3,853,059	8,477,802
Total Liabilities	4,899,414	4,401,750	9,301,164
NET POSITION			
Net Investment in Capital Assets	1,737,264	10,272,328	12,009,592
Unrestricted	1,588,624	861,825	2,450,449
Total Net Position	3,325,888	11,134,153	14,460,041
Total Liabilities and Net Position	\$ 8,225,302	\$ 15,535,903	\$ 23,761,205

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Water Fund	Wastewater Fund	Total
Operating Revenues:			
Charges for Services	\$ 1,989,993	\$ 2,616,505	\$ 4,606,498
Penalties and Interest	13,777	16,097	29,874
Allocation Fees	79,800	95,507	175,307
Land Lease	15,000	0	15,000
Other Income	3,888	2,161	6,049
	<u>2,102,458</u>	<u>2,730,270</u>	<u>4,832,728</u>
Total Operating Revenues			
Operating Expenses:			
Salaries and Benefits	612,900	783,105	1,396,005
Other Purchased Services	104,228	236,906	341,134
Chemicals	152,153	360,259	512,412
Repairs and Maintenance	105,214	98,744	203,958
Insurances	52,950	52,950	105,900
Utilities	260,732	223,354	484,086
Supplies	16,731	21,705	38,436
Real Estate and State Water Taxes	59,222	4,704	63,926
Other Operating Costs	129,482	199,585	329,067
Depreciation	249,415	709,528	958,943
	<u>1,743,027</u>	<u>2,690,840</u>	<u>4,433,867</u>
Total Operating Expenses			
Operating Income	<u>359,431</u>	<u>39,430</u>	<u>398,861</u>
Nonoperating Revenues (Expenses):			
Investment Income	23,320	28,424	51,744
Proceeds from Loan Receivable	0	15,000	15,000
Interest Expense	(142,428)	(151,522)	(293,950)
	<u>(119,108)</u>	<u>(108,098)</u>	<u>(227,206)</u>
Total Nonoperating Revenues (Expenses)			
Net Income Before Capital Contributions	240,323	(68,668)	171,655
Capital Contributions	<u>203,848</u>	<u>248,848</u>	<u>452,696</u>
Change in Net Position	444,171	180,180	624,351
Net Position - July 1, 2012	<u>2,881,717</u>	<u>10,953,973</u>	<u>13,835,690</u>
Net Position - June 30, 2013	<u>\$ 3,325,888</u>	<u>\$ 11,134,153</u>	<u>\$ 14,460,041</u>

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 2,153,797	\$ 2,745,714	\$ 4,899,511
Other Receipts	18,888	2,161	21,049
Payments to Suppliers	(839,979)	(1,209,870)	(2,049,849)
Payment of Taxes	(59,222)	(4,704)	(63,926)
Payments for Wages and Benefits	<u>(612,397)</u>	<u>(785,003)</u>	<u>(1,397,400)</u>
Net Cash Provided by Operating Activities	<u>661,087</u>	<u>748,298</u>	<u>1,409,385</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from Notes Receivable	0	476	476
Decrease/(Increase) in Due from Other Funds	<u>(87,368)</u>	<u>181,421</u>	<u>94,053</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(87,368)</u>	<u>181,897</u>	<u>94,529</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions	203,848	198,848	402,696
Acquisition and Construction of Capital Assets	(1,477,611)	(465,759)	(1,943,370)
Proceeds of Long-Term Debt	1,217,113	17,113	1,234,226
Principal Paid on:			
General Obligation Bonds	(89,929)	(166,258)	(256,187)
Notes Payable	(134,289)	(222,229)	(356,518)
Capital Leases	(6,521)	(6,521)	(13,042)
Interest Paid on:			
General Obligation Bonds	(139,498)	(80,793)	(220,291)
Notes Payable	(3,746)	(8,231)	(11,977)
Capital Leases	<u>(195)</u>	<u>(195)</u>	<u>(390)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(430,828)</u>	<u>(734,025)</u>	<u>(1,164,853)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of Interest & Dividends	<u>23,320</u>	<u>28,424</u>	<u>51,744</u>
Net Cash Provided by Investing Activities	<u>23,320</u>	<u>28,424</u>	<u>51,744</u>
Net Increase in Cash	166,211	224,594	390,805
Cash - July 1, 2012	<u>416,114</u>	<u>333,999</u>	<u>750,113</u>
Cash - June 30, 2013	<u>\$ 582,325</u>	<u>\$ 558,593</u>	<u>\$ 1,140,918</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	359,431	39,430	398,861
Depreciation	249,415	709,528	958,943
(Increase)/Decrease in Receivables	4,795	17,605	22,400
(Increase)/Decrease in Inventory	(3,982)	1,693	(2,289)
Increase/(Decrease) in Accounts Payable	(14,507)	(18,060)	(32,567)
Increase/(Decrease) in Accrued Payroll	550	845	1,395
Increase/(Decrease) in Unearned Revenue	65,432	0	65,432
Increase/(Decrease) in Compensated Absences Payable	<u>(47)</u>	<u>(2,743)</u>	<u>(2,790)</u>
Net Cash Provided by Operating Activities	<u>\$ 661,087</u>	<u>\$ 748,298</u>	<u>\$ 1,409,385</u>
Schedule of Non-Cash Capital and Related Financing Activities:			
Issuance of Note Receivable	0	15,000	15,000
Contributions of Capital Assets	0	50,000	50,000

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Pension Trust Fund	Agency Fund SAFF Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 11,500	\$ 11,500
Investments	3,916,318	0	3,916,318
Receivables	14,982	0	14,982
Total Assets	3,931,300	11,500	3,942,800
LIABILITIES			
Due to Other Organizations	0	11,500	11,500
Total Liabilities	0	11,500	11,500
NET POSITION			
Held in Trust For:			
Employees' Pension Benefits	3,931,300	0	3,931,300
Total Net Position	\$ 3,931,300	\$ 0	\$ 3,931,300

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 200,000
Plan Members	61,483
Total Contributions	261,483
Net Investment Earnings	197,392
Total Additions	458,875
DEDUCTIONS	
Benefits - Pension	378,748
Administrative Expenses	26,270
Total Deductions	405,018
Change in Net Position	53,857
Net Position - July 1, 2012	3,877,443
Net Position- June 30, 2013	\$ 3,931,300

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

The City of St. Albans, Vermont (herein the "City") is a municipal corporation operating under a council-manager form of government. It is governed by seven (7) elected officials – a mayor and six (6) council members. The City is made up of six (6) individual wards, each being represented by one (1) of the six (6) elected council members. The City Council appoints a City Manager to oversee the general operations of the City.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the City conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. The Financial Reporting Entity

This report includes all of the funds of the City. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Based on these criteria, there are no entities that should be combined with the financial statements of the City.

B. Basis of Presentation

The accounts of the City are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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 Fund – This special revenue fund is used to account for all expenditures, revenues, and debt service related to the tax increment financing (TIF) district.

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

The City reports on the following major enterprise funds:

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

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

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net 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 current liabilities are generally reported on their balance sheets. Their reported fund balances (net current assets) are considered a measure of available spendable resources, and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

D. Basis of Accounting

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

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

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

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City’s policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

E. Use of Estimates

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

F. New Pronouncement – Deferred Outflows/Inflows of Resources

Effective June 30, 2013, the City implemented GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”. GASB Statement No 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, introduced and defined in GASB Concepts Statement No. 4. This statement amends the net asset reporting requirements in Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments”, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

G. Assets, Liabilities and Equity

1. Cash

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

2. Investments

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

3. Receivables

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

4. Internal Balances

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

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

CITY OF ST. ALBANS, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

5. Inventories

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

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

6. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest incurred during the construction phase for proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. The City has capitalized \$36,288 of interest in the proprietary funds. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Infrastructure assets are reported starting with fiscal year June 30, 2004. The City has elected to not report major general infrastructure assets retroactively.

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

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

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

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

7. Compensated Absences

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

8. Long-term Liabilities

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

9. Fund Equity

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

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

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

CITY OF ST. ALBANS, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

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

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

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

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.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The City’s cash and investments as of June 30, 2013 consisted of the following:

Cash:

Cash on Hand	\$ 600
Cash with Financial Institutions	<u>4,054,933</u>
 Total Cash	 <u>4,055,533</u>

Investments:

Mutual Funds – Cash Equivalents	55,712
Annuity Contracts	<u>3,916,318</u>
 Total Investments	 <u>3,972,030</u>
 Total Cash and Investments	 <u>\$ 8,027,563</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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 mutual funds are in the name of the City and are not exposed to custodial credit risk. The annuity contract is a group annuity contract issued by Prudential Retirement Insurance and Annuity Company (PRIAC). The following table shows the custodial credit risk of the City's deposits.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC/SIPC Insured	\$ 309,305	\$ 309,305
Uninsured, Uncollateralized (Offset by Debt to the Respective Bank)	<u>3,801,340</u>	<u>4,196,135</u>
Total Cash Deposits	<u>\$ 4,110,645</u>	<u>\$ 4,505,440</u>

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

Deposits are comprised of the following:

Cash with Financial Institutions	\$ 4,054,933
Mutual Funds – Cash Equivalents	<u>55,712</u>
Total Cash Deposits	<u>\$ 4,110,645</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.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization such as Standard and Poor's or Moody's rating services. These organizations look at a number of factors in order to evaluate the risk of an obligation and rate the risk. The rating allows the investor to make informed buying and selling decisions. The City's cash equivalents with the broker are exempt from credit risk analysis. The City does not have any policy to limit the exposure to credit risk.

Concentration of Credit Risk

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

B. Receivables

Receivables at June 30, 2013, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows.

	Governmental Activities	Business-Type Activities	Total
Delinquent Taxes	\$ 307,209	\$ 0	\$ 307,209
Penalties and Interest	44,730	0	44,730
Billed Services	0	782,604	782,604
Unbilled Services	0	235,084	235,084
Grants	964,890	0	964,890
Allocation Fees and Interest	0	57,494	57,494
Other	125,910	43,138	169,048
Reimbursements	6,254	0	6,254
Allowance for Doubtful Accounts	(31,000)	(14,500)	(45,500)
	<u>\$ 1,417,993</u>	<u>\$ 1,103,820</u>	<u>\$ 2,521,813</u>

C. Loans and Notes Receivable

Loans Receivable at June 30, 2013 consists of five (5) loans for community development as follows.

Governmental Funds

Loan Receivable; Local Business; Interest at 1%; Balloon Payment Plus Interest Due October 27, 2016; Secured by a Mortgage on Real Estate	\$ 65,000
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CITY OF ST. ALBANS, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

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

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

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CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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Deposits are comprised of the following:

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CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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Other	125,910	43,138	169,048
Reimbursements	6,254	0	6,254
Allowance for Doubtful Accounts	(31,000)	(14,500)	(45,500)
	<u>\$ 1,417,993</u>	<u>\$ 1,103,820</u>	<u>\$ 2,521,813</u>

C. Loans and Notes Receivable

Loans Receivable at June 30, 2013 consists of five (5) loans for community development as follows.

Governmental Funds

Loan Receivable; Local Business; Interest at 1%; Balloon Payment Plus Interest Due October 27, 2016; Secured by a Mortgage on Real Estate	\$ 65,000
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CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Loan Receivable; Local Business; Interest at 1%; Balloon Payment Plus Interest Due February 3, 2017; Secured By a Mortgage on Real Estate	\$ 35,000
Loan Receivable; Local Nonprofit; Interest at 0%; Balloon Payment Due December 31, 2032; Secured by a Mortgage Deed on Real Property	360,000
Loan Receivable; Local Nonprofit; Interest at 0%; Balloon Payment Due January 14, 2035; Secured by a Mortgage Deed on Real Property	480,001
Loan Receivable; Local Nonprofit; Interest at 0%; Balloon Payment Due March 15, 2037; Secured by a Mortgage Deed on Real Property	<u>579,600</u>
Total	<u>1,519,601</u>
Plus: Accrued Interest on Note	1,579
Less: Allowance for Doubtful Loans Receivable	<u>(1,419,601)</u>
Governmental Funds Reported Balance at June 30, 2013	<u>\$ 101,579</u>

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

<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Payments</u>	<u>Amounts</u> <u>Written Off</u>	<u>Balance</u> <u>June 30, 2013</u>
\$ <u>1,519,601</u> *	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	<u>\$1,519,601</u>

* The beginning balance has been restated by \$1,419,601 to reflect three (3) loans not previously reported.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Notes Receivable at June 30, 2013 consists of one (1) note for acquisition of a pump station in the Wastewater Fund as follows.

Proprietary Funds

Note Receivable; Local Contractor; Interest at 5%; Monthly Interest and Principal Payments of \$300; Due January 5, 2018	\$ <u>14,524</u>
Proprietary Funds Reported Balance at June 30, 2013	\$ <u>14,524</u>

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

<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Payments</u>	<u>Amounts</u> <u>Written Off</u>	<u>Balance</u> <u>June 30, 2013</u>
\$ 0	\$ 15,000	\$ 476	\$ 0	\$ 14,524

D. Land Held for Resale

The Land Held for Resale of \$63,814 consists of a parcel of land purchased within the TIF District of the City. This land was sold in fiscal year 2014 for \$63,814.

E. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 940,932	\$ 0	\$ 0	\$ 940,932
Construction in Progress	1,039,425	1,435,727	0	2,475,152
Total Capital Assets, Not Being Depreciated	<u>1,980,357</u>	<u>1,435,727</u>	<u>0</u>	<u>3,416,084</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,658,439	69,099	0	1,727,538
Vehicles, Machinery and Equipment	2,999,978	192,859	30,347	3,162,490
Infrastructure	1,807,335	281,023	0	2,088,358
	<u>6,465,752</u>	<u>542,981</u>	<u>30,347</u>	<u>6,978,386</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	745,527	36,650	0	782,177
Vehicles, Machinery and Equipment	902,313	298,622	30,347	1,170,588
Infrastructure	172,875	68,873	0	241,748
Totals	<u>1,820,715</u>	<u>404,145</u>	<u>30,347</u>	<u>2,194,513</u>
Total Capital Assets, Being Depreciated	<u>4,645,037</u>	<u>138,836</u>	<u>0</u>	<u>4,783,873</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,625,394</u>	<u>\$ 1,574,563</u>	<u>\$ 0</u>	<u>\$ 8,199,957</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 202,012	\$ 0	\$ 0	\$ 202,012
Construction in Progress	127,792	1,721,209	0	1,849,001
Total Capital Assets, Not Being Depreciated	329,804	1,721,209	0	2,051,013
Capital Assets, Being Depreciated:				
Buildings, Distribution and Collection				
Systems & Improvements	29,128,241	50,000	0	29,178,241
Machinery and Equipment	2,436,569	222,161	7,905	2,650,825
Totals	31,564,810	272,161	7,905	31,829,066
Less Accumulated Depreciation for:				
Buildings, Distribution and Collection				
Systems & Improvements	10,892,180	739,318	0	11,631,498
Machinery and Equipment	1,277,201	219,625	7,905	1,488,921
Totals	12,169,381	958,943	7,905	13,120,419
Total Capital Assets, Being Depreciated	19,395,429	(686,782)	0	18,708,647
Business-Type Activities Capital Assets, Net	\$ 19,725,233	\$ 1,034,427	\$ 0	\$ 20,759,660

Beginning balances in business-type activities' machinery and equipment and related accumulated depreciation have been increased by \$10,615 to reflect an asset that was removed in error in the prior year.

Depreciation was charged as follows:

Governmental Activities:		Business - Type Activities:	
General Government	\$ 6,754	Water	\$ 249,415
Public Safety	261,027	Sewer	709,528
Public Works	111,043		
Culture and Recreation	25,321		
Total Depreciation		Total Depreciation	
Expense - Governmental		Expense - Business-	
Activities	\$ 404,145	Type Activities	\$ 958,943

The City purchased a building known as the Fonda/Solo Building in 2007. This building, along with its 5.1 acre site, had pollution remediation obligations. The City has outstanding debt on this property totaling \$325,816. This building is being held for resale, however, in 2009, the City recognized an impairment loss due to the remediation liability. These remediation costs, however, were funded with grants. In 2012, the City demolished the building.

CITY OF ST. ALBANS, VERMONT
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F. Interfund Balances and Activity

The composition of Due From/(To) Other Funds at June 30, 2013 is as follows:

<u>Fund Name</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 0	\$ 2,069,049
TIF Fund	1,005,053	0
Streetscape Fund	478,362	0
Other Governmental Funds	15,996	10,588
Water Fund	710,631	0
Wastewater Fund	<u>0</u>	<u>130,405</u>
 Total	 <u>\$ 2,210,042</u>	 <u>\$ 2,210,042</u>

The composition of Advances To/(From) Other Funds at June 30, 2013 is as follows:

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

The advances will be repaid as receivables are collected and when the Fonda building site is sold.

Interfund transfers during the year ended June 30, 2013 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	VCDP Grants Fund	\$ <u>3,500</u>	Fund local match on grants
Total		<u>\$ 3,500</u>	

G. Unearned Revenue and Deferred Inflows of Resources

Unearned revenue in the General Fund consists of \$6,000 of parking fees received in advance; \$41,640 of payments for recreation programs for fiscal year 2014 and \$18,773 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 \$66,413.

Unearned revenue in the Other Governmental Funds consists of \$4,508 of grant revenue received in advance and \$5,100 of contributions for the Reconstitution Committee received in advance. The revenue will be recognized as the next phase of the project commences and as expenses are incurred. Total unearned revenue in the Other Governmental Funds is \$9,608.

CITY OF ST. ALBANS, VERMONT
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Unearned revenue in the Water Fund of \$69,862 consists of water fees received in advance. This revenue will be earned in 2014 as water fees are billed.

Deferred inflows of resources in the General Fund consists of \$29,806 of prepaid property taxes received in advance as well as \$238,000 of delinquent property taxes, penalties and interest on those taxes and \$28,763 in other receivables that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total deferred inflows of resources in the General Fund are \$296,569.

Deferred inflows of resources in the Streetscape Fund consists of \$489,134 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 \$101,579 of net loans receivable and \$185,295 of grants receivable 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 the receivables are collected. Total deferred inflows of resources in the Other Governmental Funds are \$286,874.

H. 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 sewer projects.

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

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

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

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

Long-term liabilities outstanding as of June 30, 2013 were as follows.

Bonds, Notes and Capital Leases Payable:

Governmental Activities:

	<u>Beginning Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2013</u>
Note Payable – Peoples Trust Company; Blouin Parking Lot; Interest at 3.50%; Monthly Principal and Interest Payments of \$1,252; Due November 4, 2020	\$ 108,430	\$ 0	\$ 10,428	\$ 98,002
Note Payable – Peoples Trust Company; 32 Nason Street Property; Interest at 3.75%; Monthly Principal and Interest Payments of \$997; Due December 25, 2016	48,345	0	10,328	38,017
Note Payable – Peoples Trust Company; Fonda Building Purchase; Interest at 2.25%; Due July 23, 2013; The City is Making Interest Only Payments and Renewing Each Year Until the Property is Sold. The Note was renewed until July 23, 2014 with interest at 1.75%	325,816	0	0	325,816
Note Payable – Peoples Trust Company; Fire Truck Purchase; Interest at 2.75%; Monthly Principal and Interest Payments of \$1,764; Due April 28, 2014	35,706	0	20,441	15,265

CITY OF ST. ALBANS, VERMONT
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	Beginning Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2013</u>
Bond Payable – Vermont Municipal Bond Bank; Retirement of the Fund Balance Deficit in the General Fund; Interest Varies from 1.90% to 4.87%; Annual Principal Payments Ranging from \$95,000 to \$100,000 Due Each November; Semi-Annual Interest Payments Due Each May and November Due November 15, 2014	\$ 285,000	\$ 0	\$ 95,000	\$ 190,000
Note Payable – Peoples Trust Company; Purchase of Little League Fields; Interest at 2.75%; Monthly Principal and Interest Payments of \$1,563; Due July 23, 2014	37,933	0	17,937	19,996
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	183,266	0	13,401	169,865
Bond Payable – Vermont Municipal Bond Bank; Library Improvements; Interest at 5.00%; Annual Principal Payments Ranging from \$35,000 to \$40,000 Due Each December; Semi-Annual Interest Payments Due Each June and December; Due December 1, 2014	105,000	0	35,000	70,000
Note Payable – Peoples Trust Company; Court House Parking Lot; Interest at 3.75%; Monthly Principal and Interest Payments of \$1,501; Due July 14, 2020	125,412	0	13,527	111,885
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	35,992	0	7,867	28,125

CITY OF ST. ALBANS, VERMONT
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	<u>Beginning Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2013</u>
<p>Note Payable – Peoples Trust Company; Federal Street Project Local Match; Interest at 1.75%; Monthly Principal and Interest Payments of \$2,222; Due June 30, 2013 at Which Time the City Refinanced the Note for One Year with the Same Payments and Interest at 1.65%.</p>	\$ 68,000	\$ 0	\$ 23,520	\$ 44,480
<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>	78,624	0	15,711	62,913
<p>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</p>	37,798	0	7,848	29,950
<p>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</p>	0	100,600	4,297	96,303
<p>Note Payable – Peoples Trust Company; TIF District Bond Anticipation Note; Interest at 1.65%; Interest and Principal of \$3,049,500 Due June 12, 2014; The City Intends to Refund this Note with Bonds Payable</p>	0	3,000,000	0	3,000,000
<p>Note Payable – Peoples Trust Company; One Third (33.34%) of Mini-Excavator; Interest at 3.20%; Monthly Principal and Interest Payments of \$501; Due May 23, 2023</p>	0	17,113	119	16,994

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

	Beginning Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2013</u>
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	\$ 195,000	\$ 0	\$ 25,000	\$ 170,000
Capital Lease Payable – Municipal Leasing; Recreation Van; Interest at 4.45%; Annual Principal and Interest Payments of \$4,987; Due October 15, 2018	0	30,753	4,987	25,766
Capital Lease Payable – Sun Trust Equipment Financing and Leasing Corporation; Twenty Percent (20%) of Backhoe Purchase; Interest at 2.99%; Due in Three (3) Payments of \$3,358; Due and Paid November 9, 2012	<u>3,260</u>	<u>0</u>	<u>3,260</u>	<u>0</u>
Total Governmental Activities	\$ <u>1,673,582</u>	\$ <u>3,148,466</u>	\$ <u>308,671</u>	\$ <u>4,513,377</u>

Business-Type Activities

Water Fund

Bond Payable – Vermont Municipal Bond Bank, USDA Refunding Bond; Water Improvements; Interest at 3.93%; Annual Payments of \$231,195 Beginning November 2012, Due November 15, 2036	\$ 3,594,525	\$ 0	\$ 89,930	\$ 3,504,595
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Note Payable – Peoples Trust Company; Fifty Percent (50%) Water Meter Loan; Interest at 2.75%; Annual Principal and Interest Payments of \$94,582; Due and Paid September 1, 2012	91,979	0	91,979	0
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CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

	Beginning Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2013</u>
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	\$ 35,991	\$ 0	\$ 7,867	\$ 28,124
Note Payable – Peoples Trust Company; One Third (33.34%) of Mini-Excavator; Interest at 3.20%; Monthly Principal and Interest Payments of \$501; Due May 23, 2023	0	17,113	119	16,994
Note Payable – Peoples Trust Company; Fairfax Dam Construction Interest at 3.70%; Monthly Principal and Interest Payments of \$7,083; Due August 17, 2032	0	1,200,000	34,323	1,165,677
Capital Lease Payable – Sun Trust Equipment Financing and Leasing Corporation; Forty Percent (40%) of Backhoe Purchase; Interest at 2.99%; Due in Three (3) Payments of \$6,716; Due and Paid November 9, 2012	<u>6,521</u>	<u>0</u>	<u>6,521</u>	<u>0</u>
Total Water Fund	<u>3,729,016</u>	<u>1,217,113</u>	<u>230,739</u>	<u>4,715,390</u>

Wastewater Fund:

Note Payable – Peoples Trust Company; Fifty Percent (50%) Water Meter Loan; Interest at 2.75%; Annual Principal and Interest Payments of \$94,582; Due and Paid September 1, 2012	\$ 91,979	\$ 0	\$ 91,979	\$ 0
Note Payable – Peoples Trust Company; Wastewater Line of Credit Refinancing; Interest at 2.75%; Monthly Principal and Interest Payment of \$10,581; Due April, 2014	226,772	0	122,264	104,508

CITY OF ST. ALBANS, VERMONT
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	Beginning Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>June 30, 2013</u>
Bond Payable – State of Vermont Special Environmental Revolving Loan Fund; Wastewater Treatment Facility Improvements; Interest at 0.00% Administrative Fee of 2.00%; Annual Principal and Administrative Fee Payments of \$88,677 Beginning September 2012; \$1,000,000 of the Bond was Granted to the City in 2011; Due September 1, 2031	\$1,419,221	\$ 0	\$ 58,410	\$1,360,811
Bond Payable – State of Vermont Special Environmental Revolving Loan Fund; Wastewater Treatment Facility Improvements; Interest at 0.00%; Administrative Fee of 2.00%; Annual Principal and Administrative Fee Payments of \$142,607 Beginning July 1, 2012; \$79,588 of the Bond was Granted to the City in 2012; Due July 1, 2031	2,459,331	0	101,218	2,358,113
Bond Payable – State of Vermont Special Environmental Revolving Loan Fund; Wastewater Treatment Facility Improvements; \$276,000 Authorized; Interest at 0.00%; Administrative Fee of 2.00%; Annual Principal and Administrative Fee Payments of \$9,851 Beginning September 1, 2012; Due September 1, 2031	161,082	0	6,630	154,452
Note Payable – State of Vermont Special Environmental Revolving Loan Fund; Wastewater Planning Loan; Interest at 0.00%; \$12,500 Authorized; Annual Payments of \$2,500 Beginning October 1, 2014; Due October 1, 2018	11,676	0	0	11,676

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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	Beginning Balance July 1, 2012	Additions	Deletions	Ending Balance June 30, 2013
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	\$ 35,991	\$ 0	\$ 7,867	\$ 28,124
Note Payable – Peoples Trust Company; One Third (33.34%) of Mini-Excavator; Interest at 3.20%; Monthly Principal and Interest Payments of \$501; Due May 23, 2023	0	17,113	119	16,994
Capital Lease Payable – Sun Trust Equipment Financing and Leasing Corporation; Forty Percent (40%) of Backhoe Purchase; Interest at 2.99%; Due in Three (3) Payments of \$6,716; Due and Paid November 9, 2012	6,521	0	6,521	0
Total Wastewater Fund	4,412,573	17,113	395,008	4,034,678
Total Business-Type Activities	\$ 8,141,589	\$ 1,234,226	\$ 625,747	\$ 8,750,068

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable	\$ 585,000	\$ 0	\$ 155,000	\$ 430,000	\$ 155,000
Notes Payable	1,085,322	3,117,713	145,423	4,057,612	155,738
Capital Leases Payable	3,260	30,753	8,248	25,765	3,841
Compensated Absences	301,573	43,895	0	345,468	0
Net Pension Obligation	0	71,529	0	71,529	0
Total Governmental Activities Long-Term Liabilities	1,975,155	3,263,890	308,671	4,930,374	314,579
Business-type Activities					
Bonds Payable	7,634,159	0	256,188	7,377,971	263,048
Notes Payable	494,388	1,234,226	356,517	1,372,097	169,238
Capital Leases Payable	13,042	0	13,042	0	0
Compensated Absences	162,810	0	2,790	160,020	0
Total Business-type Activities Long-Term Liabilities	\$ 8,304,399	\$ 1,234,226	\$ 628,537	\$ 8,910,088	\$ 432,286

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Compensated Absences are paid by the applicable fund where the employee is charged.

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

Year Ending June 30	Governmental Activities			Business-Type Activities	
	Principal	Interest	Capital Leases	Principal	Interest
2014	\$ 310,738	\$ 33,578	\$ 4,987	\$ 432,286	\$ 259,686
2015	270,381	23,601	4,987	338,120	248,845
2016	120,188	17,226	4,987	347,704	238,901
2017	98,523	13,641	4,987	338,224	229,466
2018	77,669	10,966	4,987	347,843	219,766
2019-2023	279,471	19,740	4,987	1,883,389	942,168
2024-2028	4,826	25	0	2,151,257	650,377
2029-2033	0	0	0	2,169,720	310,906
2034-2038	0	0	0	741,525	53,093
Unknown	3,325,816	0	0	0	0
Total	4,487,612	118,777	29,922	8,750,068	3,153,208
Less: Imputed Interest	0	0	(4,157)	0	0
Total	\$ 4,487,612	\$ 118,777	\$ 25,765	\$ 8,750,068	\$ 3,153,208

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

Beginning Balance	\$ 0
Proceeds of Line of Credit – Streetscape Fund	495,514
Proceeds of Line of Credit – TIF Fund	175,000
Proceeds of Short Term Borrowing – TIF Fund	1,300,000
Repayments of Line of Credit – TIF Fund	(175,000)
Repayments of Short Term Borrowing – TIF Fund	<u>(1,300,000)</u>
Ending Balance	<u>\$ 495,514</u>

The City has an available line of credit of \$1,000,000 with Peoples Trust Company. Interest is at 1.75% and matures February 1, 2014. The balance outstanding as of June 30, 2013 was \$495,514.

I. Net Position/Fund Balances

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

CITY OF ST. ALBANS, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
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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, 2013 consisted of the following:

Governmental Activities:

Restricted for Revolving Loan Fund by Grant Agreement	\$ 213,407
Restricted for Taylor Park by Donations	<u>2,131</u>
Total Governmental Activities	<u>\$ 215,538</u>

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

General Fund:

Nonspendable Advances to Other Funds	\$ 191,687
Nonspendable Inventories	9,951

TIF Fund:

Nonspendable Assets Held for Resale	63,814
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CITY OF ST. ALBANS, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

Revolving Loan Fund:

Nonspendable Advances to Other Funds	\$ <u>50,476</u>
Total Nonspendable Fund Balances	\$ <u><u>315,928</u></u>

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

Major Funds

General Fund:	
Restricted for Tennis Courts by Unspent Debt Proceeds	\$ 20,000
TIF Fund:	
Restricted for TIF Projects by Unspent Debt Proceeds	<u>930,124</u>
Total Major Funds	<u>950,124</u>

Non-Major Funds

Restricted for Community Development by Grant Agreements (Source of Revenue is Grant Revenue)	61,352
Restricted for Taylor Park Expenses by Donation (Source of Revenue is Donations)	<u>2,131</u>
Total Non-Major Funds	<u>63,483</u>
Total Restricted Fund Balances	\$ <u><u>1,013,607</u></u>

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

Major Funds

General Fund:	
Assigned for Downtown Redevelopment (JLD Proceeds)	\$ 450,498
Assigned for Stormwater Permitting (Lemnah Proceeds)	62,849
Assigned for Tennis Court Rehabilitation	5,000
Assigned for General Parking Improvements	25,017
Assigned for Fire Department Reserves	16,042
Assigned for Public Health and Safety Ordinances	31,200
Assigned for Sidewalks	50,000
Assigned for Public Works Reserves	18,850
Assigned for Record Preservation	67,609
Assigned for Reappraisal	44,434
Assigned for Police Department Expenses	1,088
Amounts Assigned in Excess of Available Fund Balance	<u>(62,690)</u>
Total Assigned Fund Balances	\$ <u><u>709,897</u></u>

CITY OF ST. ALBANS, VERMONT
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The unassigned deficits in the Streetscape Fund and Federal Street Bypass Fund will be funded as grant receivables are collected.

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

J. Designated Net Position

The designated net position of the City as of June 30, 2013 consisted of the following:

Proprietary Funds:

Water Fund:

Designated for Water Capital	\$ <u>830,201</u>
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Wastewater Fund:

Designated for Wastewater Capital	527,425
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Designated for Wastewater Debt Service	<u>134,709</u>
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Total Wastewater Fund	<u>662,134</u>
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Total Designated Net Position	\$ <u>1,492,335</u>
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V. OTHER INFORMATION

A. PENSION PLANS

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

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

Total payroll for the year was \$4,240,714 while covered payroll was \$2,882,919. Pension expense for the year ended June 30, 2013 was \$169,923.

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

The City also offers its employees a deferred compensation plan through the International City/County Management Association's Retirement Corporation (ICMA-RC) in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City has no liability for losses under this plan but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self-directed by each employee. For each employee not currently participating in the City's defined benefit plan or VMERS, the City will match the employee's contribution to the plan up to 5%. The City also provides the City Manager a 2.1% contribution of base pay without a required employee contribution amount. Employees remaining in the City's defined benefit plan may open a 457 account without a City match. Total employer contributions to the 457 Plan for the year were \$11,912.

B. DEFINED BENEFIT PENSION PLAN

Plan Description

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

Funding Policy

The Plan requires members to contribute either 2.5% or 7.5% of Annual Base Earnings, excluding overtime and any other additional compensation, depending on the benefit level elected. The total annual required contribution (ARC) to the system for 2013 was \$220,713 which was computed through an actuarial valuation performed as of June 30, 2012.

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

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

There are 30 active members and 50 retirees and beneficiaries. Additionally, there are 7 former employees with vested rights.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

The balance in the investment account maintained at Prudential Investments is \$3,916,318.

SCHEDULE OF EMPLOYER CONTRIBUTION

Year Ended	Annual Pension Cost	Actual Contribution	Percentage Contributed
12/31/2008	159,632	201,136	126%
12/31/2009	213,524	153,737	72%
12/31/2010	201,866	209,825	104%
6/30/2011	118,825	161,606	136%
6/30/2012	187,482	200,000	107%
6/30/2013	224,258	200,000	89%

NET PENSION OBLIGATION

	2013
Annual Required Contribution (ARC)	\$ 220,713
Interest on NPO	3,545
Annual Pension Cost (APC)	224,258
Employer/Employee Contributions Made	200,000
Increase/(Decrease) in NPO	24,258
NPO - June 30, 2012	47,271
NPO - June 30, 2013	\$ 71,529
Percentage of APC Contributed	89%

C. RISK MANAGEMENT

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

CITY OF ST. ALBANS, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013

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

D. PROPERTY TAXES

The City is responsible for assessing and collecting its own property taxes, as well as education taxes for the State of Vermont. Property taxes are assessed based on property valuation as of April 1, the approved budgets and the State education property tax liability. Taxes are due and payable on August 30, November 30, February 28 and May 30, and become delinquent on June 1. The City assesses an 8% penalty on delinquent taxes and interest is assessed at 1% per month after each installment date for the first twelve months and 1.5% per month thereafter. Unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale. The tax rates for 2013 are as follows:

	Residential	Non-Residential
Education	1.3173	1.4027
General City	.7881	.7881
Library	.0414	.0414
Library Bond	.0098	.0098
Veteran's Exemption	.0017	.0017
Total Tax Rate per \$100 of Assessed Value	2.1583	2.2437

E. POLLUTION REMEDIATION

On August 2, 2010, a Corrective Action Plan was prepared for the City of St. Albans, Vermont. Remedial actions were necessary at a property owned (Fonda/Solo Building) by the City. The remedial actions were undertaken by the City voluntarily. The clean-up was completed in December of 2012 at a total cost of \$813,787, of which \$755,892 was funded through federal grants.

F. CONTINGENT LIABILITIES

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

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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

G. SUBSEQUENT EVENTS

Subsequent to year end, the City secured a \$500,000 note from Peoples Trust Company for Streetscape related water and wastewater utility work. Interest is at 3.9% and the note will be repaid over 20 (twenty) years with monthly principal and interest payments of \$3,004. The City also secured a \$2,000,000 bond anticipation note from People's Trust Company for TIF District capital projects. Interest is at 1.5% and the note is due February 1, 2014 at which time permanent financing will be secured. Additionally, the City entered into a capital lease agreement for \$26,626 with Gorham Savings Bank for a pickup truck to be used by the Fire Department. Interest is at 3.97% and the lease will be repaid over 7 (seven) years with quarterly principal and interest payments of \$1,397.

H. TAX INCREMENT FINANCING DISTRICT

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

In March 2013, voters authorized \$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 \$13 million in general obligation bonds for the purpose of financing the costs associated with constructing the parking garage, acquisition of land and interests for development, and public street, water and sewer system improvements. A portion of the approved \$13 million bonds will be used to refinance the previously issued \$3 million debt.

CITY OF ST. ALBANS, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property Taxes	\$ 3,766,448	\$ 3,753,707	\$ (12,741)
Payments on Prior Year Taxes	324,200	0	(324,200)
Penalty on Taxes	28,500	19,924	(8,576)
Interest on Taxes	40,000	35,782	(4,218)
State Payments/RR Taxes	8,500	8,385	(115)
Interest on Savings	6,500	2,378	(4,122)
Public Works Garage Lease	30,750	30,750	0
City Hall Lease	44,075	44,075	0
Barlow Street School Rents	37,200	21,354	(15,846)
PILOT	75,000	87,031	12,031
Insurance Reimbursements and Miscellaneous	35,000	54,202	19,202
City Clerk	89,000	106,830	17,830
Planning and Development	44,500	381,028	336,528
Assessing	27,500	23,846	(3,654)
Fire Department	71,000	75,610	4,610
Police, Dispatch and Animal Control	1,431,461	1,363,254	(68,207)
Community Justice Center	453,394	412,791	(40,603)
Public Works and Parks	120,500	194,048	73,548
Recreation Programs	351,680	504,392	152,712
	<u>6,985,208</u>	<u>7,119,387</u>	<u>134,179</u>
Total Revenue	<u>6,985,208</u>	<u>7,119,387</u>	<u>134,179</u>
EXPENDITURES			
Administration	407,701	236,117	171,584
City Clerk	66,125	65,671	454
Finance	47,292	42,010	5,282
Planning and Development	245,031	257,807	(12,776)
Planning and Development Capital	37,500	48,388	(10,888)
County and District Functions	158,569	147,686	10,883
Audit and Audit Consultants	10,000	6,427	3,573
Assessing	43,846	48,180	(4,334)
Debt Service - Principal	179,998	228,230	(48,232)
Debt Service - Interest	32,761	38,044	(5,283)
Professional Services - Legal	70,000	71,391	(1,391)
Information Management	6,500	10,541	(4,041)
Fire Department	546,417	593,415	(46,998)
Fire Department Capital	78,018	0	78,018
Police, Dispatch and Animal Control	3,212,803	2,998,658	214,145
Police Department Capital	86,250	69,596	16,654
Community Justice Center	438,549	408,024	30,525
Public Works, Highway, Parks	613,427	588,977	24,450
Public Works Capital	279,441	196,423	83,018
Recreation Programs	386,730	443,830	(57,100)
Recreation Capital	0	147,582	(147,582)
Library Bond and Expenses	38,250	72,703	(34,453)
	<u>6,985,208</u>	<u>6,719,700</u>	<u>265,508</u>
Total Expenditures	<u>6,985,208</u>	<u>6,719,700</u>	<u>265,508</u>
Excess of Revenue Over Expenditures	\$ <u>0</u>	399,687	\$ <u>399,687</u>
Fund Balance - July 1, 2012		<u>531,848</u>	
Fund Balance - June 30, 2013		<u>\$ 931,535</u>	

See Disclaimer in Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 PENSION TRUST FUND
 JUNE 30, 2013

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess/ (Deficiency) of Assets Over AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess/ (Deficiency) as a Percentage of Covered Payroll (a-b/c)
1/1/2009	3,661,826	4,962,749	(1,300,923)	74%	1,290,469	-101%
1/1/2010	3,861,404	5,000,719	(1,139,315)	77%	628,509	-181%
1/1/2011	3,933,672	5,168,463	(1,234,791)	76%	571,413	-216%
1/1/2012	3,807,325	5,210,067	(1,402,742)	73%	571,413	-245%
6/30/2012	3,877,443	5,441,160	(1,563,717)	71%	714,519	-219%
6/30/2013	4,005,712	5,625,776	(1,620,064)	71%	647,286	-250%

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CITY OF ST. ALBANS, VERMONT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	Special Revenue Funds	Capital Projects Fund - Federal Street Bypass Fund	Total
ASSETS			
Cash	\$ 65,271	\$ 0	\$ 65,271
Receivables	28,071	185,295	213,366
Due from Other Funds	6,787	9,209	15,996
Advances to Other Funds	50,476	0	50,476
Loans Receivable (Net of Allowance for Doubtful Accounts)	<u>101,579</u>	<u>0</u>	<u>101,579</u>
Total Assets	<u>\$ 252,184</u>	<u>\$ 194,504</u>	<u>\$ 446,688</u>
LIABILITIES			
Accounts Payable	\$ 15,449	\$ 28,136	\$ 43,585
Accrued Payroll	1,001	0	1,001
Due to Other Funds	10,588	0	10,588
Advances from Other Funds	80,457	161,706	242,163
Unearned Revenue	<u>9,608</u>	<u>0</u>	<u>9,608</u>
Total Liabilities	<u>117,103</u>	<u>189,842</u>	<u>306,945</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	<u>101,579</u>	<u>185,295</u>	<u>286,874</u>
Total Deferred Inflows of Resources	<u>101,579</u>	<u>185,295</u>	<u>286,874</u>
FUND BALANCES (DEFICIT)			
Nonspendable	50,476	0	50,476
Restricted	63,483	0	63,483
Unassigned	<u>(80,457)</u>	<u>(180,633)</u>	<u>(261,090)</u>
Total Fund Balances/(Deficits)	<u>33,502</u>	<u>(180,633)</u>	<u>(147,131)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 252,184</u>	<u>\$ 194,504</u>	<u>\$ 446,688</u>

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CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Capital Projects Fund - Federal Street Bypass Fund	Total
REVENUES			
Intergovernmental	\$ 302,346	\$ 72,158	\$ 374,504
Investment Income	127	0	127
Donations	<u>3,240</u>	<u>0</u>	<u>3,240</u>
Total Revenues	<u>305,713</u>	<u>72,158</u>	<u>377,871</u>
EXPENDITURES			
General Government	24,717	0	24,717
Public Safety	124,820	0	124,820
Culture and Recreation	2,552	0	2,552
Community Development	154,058	0	154,058
Capital Outlay - Public Works	<u>0</u>	<u>91,085</u>	<u>91,085</u>
Total Expenditures	<u>306,147</u>	<u>91,085</u>	<u>397,232</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(434)</u>	<u>(18,927)</u>	<u>(19,361)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>3,500</u>	<u>0</u>	<u>3,500</u>
Total Other Financing Sources	<u>3,500</u>	<u>0</u>	<u>3,500</u>
Net Change in Fund Balances	3,066	(18,927)	(15,861)
Fund Balances/(Deficit) - July 1, 2012	<u>30,436</u>	<u>(161,706)</u>	<u>(131,270)</u>
Fund Balances/(Deficit) - June 30, 2013	<u>\$ 33,502</u>	<u>\$ (180,633)</u>	<u>\$ (147,131)</u>

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CITY OF ST. ALBANS, VERMONT
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 JUNE 30, 2013

	Revolving Loan Fund	OJP and Police Grants Fund	VCDP Grants Fund	SOLO Building Fund	EPA Grant Fund	Fonda Remediation Fund	Taylor Park Trust Fund	Reconstitution Donations Fund	Total
ASSETS									
Cash	\$ 63,977	\$ 3	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,291	\$ 0	\$ 65,271
Receivables	0	23,571	4,500	0	0	0	0	0	28,071
Due from Other Funds	0	0	847	0	0	0	840	5,100	6,787
Advances to Other Funds	50,476	0	0	0	0	0	0	0	50,476
Loans Receivable (Net of Allowance for Doubtful Accounts)	101,579	0	0	0	0	0	0	0	101,579
Total Assets	\$ 216,032	\$ 23,574	\$ 5,347	\$ 0	\$ 0	\$ 0	\$ 2,131	\$ 5,100	\$ 252,184
LIABILITIES									
Accounts Payable	\$ 0	\$ 14,610	\$ 839	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,449
Accrued Payroll	0	1,001	0	0	0	0	0	0	1,001
Due to Other Funds	2,625	7,963	0	0	0	0	0	0	10,588
Advances from Other Funds	0	0	0	54,548	0	25,909	0	0	80,457
Unearned Revenue	0	0	4,508	0	0	0	0	5,100	9,608
Total Liabilities	2,625	23,574	5,347	54,548	0	25,909	0	5,100	117,103
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue	101,579	0	0	0	0	0	0	0	101,579
Total Deferred Inflows of Resources	101,579	0	0	0	0	0	0	0	101,579
FUND BALANCES (DEFICIT)									
Nonspendable	50,476	0	0	0	0	0	0	0	50,476
Restricted	61,352	0	0	0	0	0	2,131	0	63,483
Unassigned	0	0	0	(54,548)	0	(25,909)	0	0	(80,457)
Total Fund Balances/(Deficit)	111,828	0	0	(54,548)	0	(25,909)	2,131	0	33,502
Total Liabilities and Fund Balances	\$ 216,032	\$ 23,574	\$ 5,347	\$ 0	\$ 0	\$ 0	\$ 2,131	\$ 5,100	\$ 252,184

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CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Revolving Loan Fund	O/P and Police Grants Fund	VCDP Grants Fund	SOLO Building Fund	EPA Grant Fund	Fonda Remediation Fund	Taylor Park Trust Fund	Reconstitution Donations Fund	Total
REVENUES									
Intergovernmental	\$ 0	\$ 124,820	\$ 169,397	\$ 0	\$ 8,129	\$ 0	\$ 0	\$ 0	\$ 302,346
Investment Income	127	0	0	0	0	0	0	0	127
Donations	0	0	0	0	0	0	2,840	400	3,240
Total Revenues	127	124,820	169,397	0	8,129	0	2,840	400	305,713
EXPENDITURES									
General Government	0	0	19,339	0	4,978	0	0	400	24,717
Public Safety	0	124,820	0	0	0	0	0	0	124,820
Culture and Recreation	0	0	0	0	0	0	2,552	0	2,552
Community Development	500	0	153,558	0	0	0	0	0	154,058
Total Expenditures	500	124,820	172,897	0	4,978	0	2,552	400	306,147
Excess/(Deficiency) of Revenue Over Expenditures	(373)	0	(3,500)	0	3,151	0	288	0	(434)
OTHER FINANCING SOURCES									
Transfer In	0	0	3,500	0	0	0	0	0	3,500
Total Other Financing Sources	0	0	3,500	0	0	0	0	0	3,500
Net Change in Fund Balances	(373)	0	0	0	3,151	0	288	0	3,066
Fund Balances/(Deficit) - July 1, 2012	112,201	0	0	(54,548)	(3,151)	(25,909)	1,843	0	30,436
Fund Balances/(Deficit) - June 30, 2013	\$ 111,828	\$ 0	\$ 0	\$ (54,548)	\$ 0	\$ (25,909)	\$ 2,131	\$ 0	\$ 33,502

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CITY OF ST. ALBANS, VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Grant Title Pass-Through Grantor/ Federal Grant/Program Title	CFDA Number	Grant Number	Grant Amount	Expenditures
<u>U.S. Department of Agriculture</u>				
Passed through State of Vermont Agency of Forests, Parks and Recreation				
Cooperative Forestry Assistance	10.664	0613OUCF	70,000	\$ 54,100
Total U.S. Department of Agriculture				<u>54,100</u>
<u>U.S. Department of Justice</u>				
Direct Programs				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2010-WE-AX-0060	400,000	129,739
Bulletproof Vest Partnership Program	16.607	2009BUBX08045029	19,387	2,096
Public Safety Partnership and Community Policing Grants - ARRA	16.710	2009-RK-WX-0861	228,684	60,203
PD - 2012 JAG	16.738	2012-DJ-BX-0659	15,743	15,743
Passed through State of Vermont Department of Corrections				
Second Chance Act Prisoner Reentry Initiative	16.812	03520-1171	62,500	16,782
CJC - Truancy	16.540	03440-20388-13	50,135	<u>13,420</u>
Total U.S. Department of Justice				<u>237,983</u>
<u>U.S. Department of Transportation</u>				
Passed through State of Vermont Agency of Transportation				
Highway Planning and Construction	20.205	08126-CA0277	355,680	152,118
Highway Planning and Construction	20.205	EA 8000017-100; CA0194	700,000	72,868
Highway Planning and Construction	20.205	TDG2039 Tiger 2	125,000	9,169
Highway Planning and Construction	20.205	TDG3049 Tiger 3	1,291,623	795,320
Highway Planning and Construction	20.205	EH11(10)	600,000	452,334
Highway Planning and Construction	20.205	SSMG069	75,000	<u>57,916</u>
Total U.S. Department of Transportation				<u>1,539,725</u>
Total				<u>\$ 2,086,890</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.

Sullivan, Powers & Co., P.C.

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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, 2013 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 November 22, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

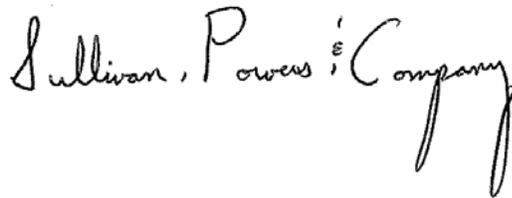
As part of obtaining reasonable assurance about whether the City of St. Albans, Vermont's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

However, we noted other matters that we reported in a separate letter to the management of the City of St. Albans, Vermont dated November 22, 2013.

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.

November 22, 2013
Montpelier, Vermont
VT Lic. #92-000180



Sullivan, Powers & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2013. 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, 2013.

Report on Internal Control Over Compliance

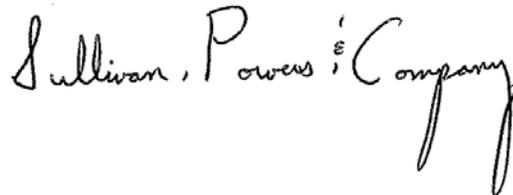
Management of the City of St. Albans, Vermont is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to previously. In planning and performing our audit of compliance, we considered the City of St. Albans, Vermont's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

November 22, 2013
Montpelier, Vermont
VT Lic. #92-000180



CITY OF ST. ALBANS, VERMONT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2013

There were no prior year audit findings noted.

CITY OF ST. ALBANS, VERMONT
SCHEDULE OF FINDINGS AND
DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2013

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:
Unqualified.

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

Noncompliance material to financial statements:
None noted.

Federal Awards

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

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

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

Major Programs:

<u>CFDA #</u>	<u>Program</u>	<u>Agency</u>
20.205	Highway Planning and Construction	U.S. Department of Transportation

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

The auditee did not qualify as a low risk auditee.

CITY OF ST. ALBANS

ANNUAL SCHOOL REPORT

For Fiscal Year

July 1, 2012 to June 30, 2013

FRANKLIN CENTRAL SUPERVISORY UNION SUPERINTENDENT'S REPORT

I am pleased to present the annual report of the Franklin Central Supervisory Union and its member district schools: Bellows Free Academy Union High School, Northwest Technical Center, Fairfield Center School, St. Albans City School, and St. Albans Town Educational Center. You will hear from school board chairs, principals and other school leaders about the work that each is undertaking to increase the learning for their students. I am proud to work with school leaders with such commitment to the provision of excellent educational opportunities to the students of our communities.

The focus of our work this year has been to align curriculum and instructional practice in each school to Common Core State Standards and Next Generation Science Standards. We are preparing our schools for the change to the new Smarter Balanced Assessment that will be given next school year. We continue to focus on improving learning outcomes for students so that they experience success after graduation in all areas of their lives: in further education, in their work lives, with their families, and as members of this community. To that end, we are dedicated to the provision of rigorous and relevant educational experiences designed to assure success for every learner. We are also dedicated to our schools continuing to engage and support families and community partners.

I personally want to thank the community for its continued generous support of our schools and the children they serve. In supporting our local schools, you demonstrate your support for our children and the future prosperity of this community.

While I cannot thank everyone who contributes to the success of our schools, there are some individuals whom I need to publicly thank. First, to the Executive Committee of the FCSU – Paul Bourbeau (Chair), Nilda Gonnella-French, Michael Malone, and James Farr: Your leadership and support have been integral to the continued success of our schools. To the Central Office Administrative Team – Stefanie Blouin, Curriculum Director; Joanne Wells, Special Education Administrator; and Martha Gagner, Business Manager: Thank you for your talent, dedication, and vision. To the Principals and Directors – Angela Stebbins of the Town School, Joan Cavallo of the City School, Jennifer Wood of Fairfield Center School, Chris Mosca of BFA, Leeann Wright of NWTC, Michelle Spence of the Early Education Program, and David Kimel of the Collins Perley Sports Center: Thank you for all your energy, vision and care on behalf of the learners and families served by our schools.

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

Respectfully,

Julie Regimbal
Interim Superintendent of Schools

St. Albans City School District Board Annual Report 2013-14

St. Albans City School continues to create a climate of equity and possibility where both qualitative and quantitative results are valued. It remains focused on building and maintaining relationships and relevant learning environments that empower students, parents, teachers, and all community members to make decisions about learning. In our changing world, students are taught to learn so that they may confidently meet and conquer the unforeseen challenges they will face in life. This only happens through the hard work and dedication of all school employees, the students' commitment, and the parental and community support. The importance of this cannot be overstated, as it is not just the children's future at stake but our community's as well.

It has been another exciting year at St. Albans City School. This year, the school has been awarded the National Green Ribbon School Award. This award is presented by the U.S. Department of Education to schools that demonstrate the ability to reduce energy costs, improve health and wellness, and promote environmental sustainability. St. Albans City School has a number of programs underway that contributed to winning this award. Composting, energy and water conservation, recycling, bicycling, our apple orchard, and an urban forest are just a few. Future programs such as a Christmas tree farm, a walking trail, a wetlands preservation area, maple sugaring, and a possible solar energy array are coming soon. The school sits on approximately 30 acres of land and is just beginning to realize all of its learning potential. Please visit the school's website (www.sacsvt.org) to learn more about how the school earned the Green Ribbon Award.

This year, St. Albans City School expanded on existing programs as well. The computer coding class was such a success that an entire day was dedicated to introducing all students at the school to the art of writing code. The Codesmyths group continues to develop their applications for iPads, and this program will be expanded in upcoming years. In addition, MathCounts and Engineering Week are existing programs that encourage extended learning. Virtual High School courses continue to be offered, and this year students can take one of five different foreign languages that are offered online.

St. Albans City School continues to operate one of the finest autism centers in the area. As the number of autistic children increases, this center of highly talented and trained individuals administers a tremendous service to our children while providing substantial savings to our community. These savings in special education are realized as these children no longer require off-site schooling at increased costs. In addition, the school recently learned that it has been recognized as a VT PBiS (Positive Behavior System) Exemplar School by the Vermont Agency of Education.

Community service remains high on the priorities list at St. Albans City School. Once again, the entire school joined in on the Veterans Day celebration at Taylor Park, showing their respect and gratitude for those who have given so much. Students also participated in cleanup day to help beautify the city. For the first time this year, St. Albans City School acted as an e-waste collection site, allowing residents to discard old, outdated electronic items. Google has recently recognized the school for the streetlight study that students performed and presented to our City Council.

The success of a school ultimately depends on what happens in the classroom. This year the teachers and paraeducators continue to excel, showing a remarkable level of increased commitment while always keeping the children in the foreground. Our community should remain thankful and proud to have them

at its school. Some indications of the staff's hard work have started to appear in the eighth grade NECAP scores. Over the last few years, St. Albans City School eighth graders have shown marked increases in science, math, and English NECAP test scores. There is still work to do, but these scores are encouraging. St. Albans City School continues to encourage its teachers to attend the Vermont Mathematics Initiative (VMI), a prestigious program developed to support highly effective mathematics instruction. The school also continues to foster its relationship with Johnson State College to provide student teachers, and with Goddard College which provides a self-directed means for employees to continue their formal education.

Four years ago, the community generously acknowledged the need for building improvements at the school by passing a bond measure to upgrade its electrical and mechanical systems. Work on these systems has progressed over the past three summers and is all but complete, on time, and on budget. The improvements will provide a safe and comfortable place to learn and work for many years to come. As this school is the City's largest asset, it should be, and is, something of which the community can be proud. All are invited to come and see how this bond has improved the building.

This year the St. Albans City School District Board of Commissioners sadly bid farewell to two of its members, Chris Chagnon and Alix Gibson. Their service and commitment to the board, school, and community are greatly appreciated, and they are missed. The board is pleased to welcome two new members, Denise Smith and Angela Bernard, who have generously stepped forward to fill the vacated seats and have immediately added value to the board.

The City School administrators, with the assistance of the Franklin Central Supervisory Union, have spent many hours drafting a budget for 2014-15 that balances the needs of the school with the resources of the community. This budget has been reviewed and unanimously adopted by the St. Albans City School District Board of Commissioners at its January regular meeting. This budget, as in the previous five years, has drawn a hard, responsible line on spending. The budget adopted by the Board, and up for voter approval this year, has a small increase of 2.56% for a total budget amount of \$12,030,005. The increase in this year's budget is significantly below the increase limit that Governor Shumlin requested that school boards respect. This budget reflects a per-pupil cost that is \$640 less per pupil than the state average for this current year. Developing a budget that can accommodate fair employee salaries, hikes in health care, higher energy costs, and increases in day-to-day operations while holding the line on spending continues to be challenging. This is especially true since St. Albans City School has produced budgets that have been very close to level funded for the past number of years. The St. Albans City School District Board of Commissioners invites all to a budget information presentation to be held on Thursday, February 27 at 6:00 p.m. at the St. Albans City School library. Please cast your vote at City Hall on Tuesday, March 4, 2014.

The outlook for St. Albans City School is very promising. Its talented and driven staff led by Principal Joan Cavallo and Assistant Principal Georgie Andrews continues to grow, learn, and lead by example. It is very fortunate to have the support of the Franklin Central Supervisory Union office led by Interim Superintendent Julie Regimbal. Most of all, however, this school will flourish due to the support it receives from you, the community that it serves.

Respectfully submitted,

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

**WARNING
FOR THE CITY OF ST. ALBANS SCHOOL DISTRICT
ANNUAL MEETING: March 4, 2014**

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 4th day of March, 2014, for the purpose of voting upon Articles I to IV, hereinafter set forth. Said articles are to be voted upon by use of the voter checklist and official printed ballots. The polls will be open at seven o'clock (7:00 a.m.) in the morning and close at seven o'clock (7:00 p.m.) in the evening.

ARTICLE I

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

ARTICLE II

To elect from the legal voters of the City of St. Albans, one (1) School Board Commissioner for a term of two (2) years to fill the remainder of a three (3) year term.

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

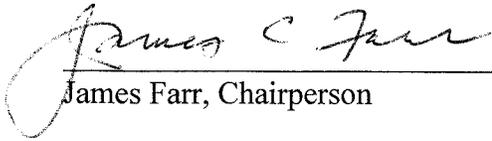
Shall the legal voters of the City of St. Albans School District appropriate \$12,030,005 necessary for the support of the PreK-8 school for the year beginning July 1, 2014?

Informational Hearing

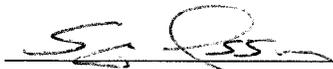
The legal voters of the St. Albans City School District are hereby warned and notified to meet in the St. Albans City School Library, 29 Bellows Street, St. Albans, VT, on **Thursday, February 27, 2014, at 6:00 p.m.**, to conduct an informational meeting on the budget.

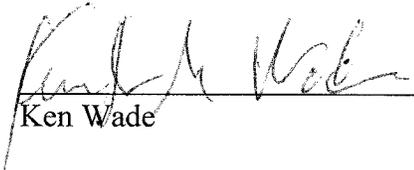
Dated at St. Albans City, Vermont, the 9th day of January, 2014.

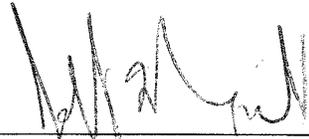
St Albans City School Board of Commissioners

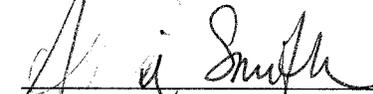

James Farr, Chairperson


Kristina Ellsworth-Spooner


Steve Messier


Ken Wade


Jeff Morrill


Denise Smith


Angela Bernard

Estimated Tax Rate FY15

ESTIMATES

	FY14 Budget	FY14 Tax Rate	FY15 Budget	FY15 Tax Rate
School Budgets				
City School Budget	11,729,352	0.819	12,030,005	0.895
BFA Union - City Share	5,621,943	0.496	5,855,265	0.547
		1.315		1.442
CLA		99.36%		98.11%
Total Tax rate		1.323		1.470

The base education homestead tax rate of \$1.01 and non-homestead tax rate of \$1.51 is based on the recommendation of the Governor's Office and subject to Legislative approval. Using these tax rates and the current City CLA of 98.11% the **estimated** projected 2015 Homestead School Tax Rate is \$1.47

Proposed FY15 Education Budgets

Expenses:	FY14 Budget	FY15 Budget	Increase
St. Albans City Elementary School	11,729,352	12,030,005	2.56%
Bellows Free Academy Union High School- City share of Budget	5,621,943	5,855,265	4.15%
Expense Total	17,351,295	17,885,270	
Revenue	2,452,703	2,444,891	-0.32%
Categorical Grants, Federal Grants, Interest, etc.			
Amt to be requested from Ed Spending Fund	14,898,592	15,440,379	3.64%
Education Tax Rate	1.3149	1.4423	9.69%
St. Albans City Education Tax Rate (based on CLA of 98.11%)			
Homestead	1.3234	1.47	11.08%

St. Albans City School Fund Revenues

Title	FY13 Actual	FY14	Proposed FY15
General Operating	9,146,448	9,425,649	9,740,114
Food Service	25,000	20,000	20,000
Special Education	1,582,084	1,718,158	1,702,708
Other Grant Funding	652,645	565,545	567,183
Total Revenues	11,406,177	11,729,352	12,030,005

St. Albans City School Fund Expenses

Title	FY13 Actual	FY14	Proposed FY15
Instruction-General	5,319,181	5,607,063	5,860,826
Special Education	2,699,512	3,005,544	3,004,857
Other Expenses	2,532,759	2,551,075	2,597,139
Grant Expenses	652,644	565,670	567,183
Total Expenses	11,204,096	11,729,352	12,030,005

Bellows Free Academy Union High School

Title	FY13 Actual	FY14	Proposed FY15
BFA Total Budget	19,955,225	20,493,411	20,913,767
City Share	5,624,189	5,621,943	5,855,265
Based on City/Town student FTE's	55.01%	51.40%	49.94%

BELLOWS FREE ACADEMY UHSD#48 BOARD REPORT

Bellows Free Academy Union High School District #48 is pleased to share its performance with the St. Albans community through its annual report. The Board of Directors, the staff, and the administration of the school take our role of providing all students the opportunity to learn respect, dependability, and productivity very seriously.

Additionally, the Mission of the Northwest Technical Center is to educate today's learners by providing 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.

Bellows Free Academy (BFA), along with the Northwest Technical Center (NWTC), strives for students to learn to be effective problem solvers, active community members, and lifelong learners. To this end, we provide both educational and social support.

The Board believes it is its task to present the community of St. Albans and other sending schools with a responsible budget that supports a quality educational program for your children while taking into consideration the needs and the means of the community. The Board has a fiduciary responsibility to the community, and it is indeed committed to this community. The Board is not immune to the effects of declining enrollments and to the fact that parents and students in the surrounding sending communities have a choice of a number of high schools to meet the diverse needs of their populations. BFA/NWTC constructs its budget using intensive interaction with staff, department heads, administrators, and Board members in order to examine all proposed expenditures and revenues. The FY15 budget was directly affected by a reduction in the number of students entering the Academy and therefore required a balancing of expenses while ensuring that educational content is provided that aligns with State and Federal requirements. The Board believes it has accomplished this challenging goal in a manner that will support delivery, yet meets the need to maintain a cost structure the community can bear. Our increase in the proposed budget for FY15 is 2.05%, which we believe provides financial stability for our residents during this current economy. We have been able to set the BFA tuition rate at \$15,100 per student and the NWTC tuition rate at \$12,500. The Board firmly believes that this proposed budget will continue to strengthen education excellence and, through grants and tuition revenue, support the financial resources of our community.

Lastly, the Board of Directors is so pleased to report that the Northwest Technical Center continues to thrive. 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. The Technical Center has been able to add new programs to reflect what businesses are seeking in graduates, and often partners with local institutions to create a learning environment utilizing the real world. The alliance between our local businesses and the Technical Center is a key factor to success. 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 numerous classes and space for our adult learners and have one of the highest numbers of adult classes in the State of Vermont. All of these factors reflect tremendously well on the resource that BFA is to our community.

On behalf of the Board of School Directors, I want to thank the community, the faculty, and the staff for supporting our youth through supporting the school. The Board looks forward to serving the school community during the 2014-2015 school year. Please attend the Bellows Free Academy Union High School District #48 informational meeting in the BFA Library (located in BFA North building) at Bellows Free Academy, 71 South Main Street, Saint Albans, Vermont, on Tuesday, February 25, 2014, at 6:30 p.m.

I also wish to encourage and remind the community to vote on the budget Tuesday, March 4, 2014 from 7:00 a.m. to 7:00 p.m. at your local polling places.

Sincerely,

Nilda Gonnella-French, Chair
BFA Board of School Directors

Bellows Free Academy UHSD #48 Principal's Report

BFA has a proud history as a school and serves as a touchstone for the greater St. Albans community. We are working to ensure that all students experience a guaranteed, viable and challenging school curriculum. Our work is based on our school's core values and beliefs which are as follows:

- All students learn respect, dependability and productivity.
- Students learn to be effective problem solvers, active community members and lifelong learners.

These commitments have guided our professional development throughout the school year and have helped ensure that our primary focus is always on teaching and learning. Presently, we are using research from Richard DuFour's work on creating professional learning communities and Robert Marzano's Teaching Strategies as the basis for our professional activities. We also hired Shannon Warden to serve as the Assistant Principal for Curriculum Development. Shannon's extensive background in teaching and learning has complemented the expertise of our teachers and the leadership of our department heads so that all students are expected to meet clear learning goals.

Our reading and math results based on the May 2013 NECAP indicate that our students are performing consistently with state averages. To enhance student achievement through literacy, we will be working closely with our colleagues from the Vermont Adolescent Literacy and Learning Initiative and Vermont Reads Institute. I look forward to updating you on our progress.

In 2013, BFA increased its percentage of students who scored higher than the state and national averages on the Advanced Placement tests. One hundred and forty students took a total of 286 AP exams. This reflects the highest number of exams taken by BFA students since the integration of AP exams into our curriculum. Our hope is to continue increasing the total number of students who take these rigorous examinations.

Our Virtual Learning Program is in its sixth year of implementation. A sample selection of online classes in which our students have enrolled includes: Mandarin Chinese, Bio-Technology, Caribbean Art History, and 20th Century Women in Literature. Our online courses feature 250 offerings, including 19 AP classes. Fifty students are eligible to enroll each semester in online classes every year. BFA also offers dual enrollment for students who would like to take college classes for credit. This year, we had three students dual enrolled for the fall semester and expect 13 to enroll for the spring semester. Our hope is to ensure as flexible an academic program as possible to meet the learning needs of every student.

Eighty-two percent of the graduating class of 2013 is either attending college or participating in a post-secondary educational experience. Additionally, 14% of our graduates have become productive members of the workforce. We are also proud of our students who seek military

experience to enhance their personal growth and serve our country. Going forward, we will be using grant funding to appoint a Career Coach who will help our students make connections between academic learning and career opportunities.

Our community is fortunate to have expert faculty and staff who demonstrate an unyielding commitment to our young people. One hundred percent of BFA's teachers are highly qualified (HQT), and 70% have advanced degrees. Our teachers frequently seek out current professional development opportunities to enhance their work with our students.

We have also focused on improving school culture and climate. Dr. Barnes Boffey has worked with our faculty on Reality Therapy and implementing a student success model so that every student feels connected to BFA. Our budget also includes funds to support students struggling with substance use and an in-school suspension program to help students learn better ways to meet their needs through social and instructional supports. We also submitted a special progress report to the New England Association of Schools and Colleges (NEASC). This report focused on measuring student success in meeting our civic and social expectations, evaluation of support programs and addressing several facilities issues. We expect the report will be accepted by the NEASC Committee on Public Secondary Schools and will guide our work when completing the five-year progress report due in March, 2015.

We have also made a concerted effort to enhance school safety. A sixteen member safety team meets regularly to review crisis protocols. We have also restricted access to the school building as part of our comprehensive plan to minimize risks and strengthen school safety procedures for all students and staff. Securing our school is a challenging but vital task. We are proud of the partnership we have formed with Chief Taylor and the St. Albans Police Department to support us in this effort.

Finally, we are proud to acknowledge the numerous co-curricular activities of our students. Two of our students now serve on the BFA School Board, eight students participated in a state-wide athletic leadership conference, two students were honored as National Merit Commended Scholars, and one student's work was selected for publication as part of the Vermont Young Writers Project. Thirty-four percent of our students participated in fall sports, our musical and theatrical performances played to packed houses, and 30 students now participate on our FIRST Robotics team. Finally, Powder Puff football included 64 students who raised nearly \$23,000 to support community members and their families dealing with catastrophic illness.

It is clear that BFA students have a wide variety of academic and co-curricular opportunities that will serve them well in their life beyond high school. We look forward to their personal growth and success and thank you for your continued support.

Respectfully submitted,

Chris Mosca
BFA Principal

WARNING
FOR THE BELLOWS FREE ACADEMY UNION HIGH SCHOOL DISTRICT #48
ANNUAL MEETING: March 4, 2014

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 4, 2014**, to vote on the articles herein set forth. Articles I to V to be voted by the Australian Ballot system. The polls open at seven o'clock (7:00 a.m.) in the morning and close at seven o'clock (7:00 p.m.) in the evening.

ARTICLE I

To elect a clerk.

ARTICLE II

To elect a treasurer.

ARTICLE III

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

ARTICLE IV

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 V

Shall the legal voters of the Bellows Free Academy Union High School District #48 consisting of the City of St. Albans and the Town of St. Albans, Vermont, appropriate \$20,913,767 which is necessary for the support of the 9-12 school system for the year beginning July 1, 2014?

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 25, 2014, 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 4, 2014.**

Polling Places and Times

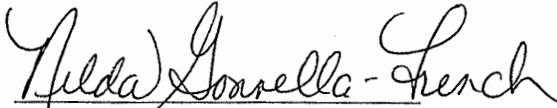
St. Albans City Residents - St. Albans City Hall, 100 North Main Street; polls open at 7:00 a.m. and close at 7:00 p.m.

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

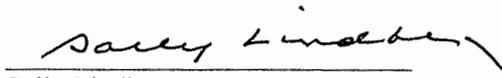
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Dated at St. Albans, Vermont, this 14th day of January, 2014.

BELLOWS FREE ACADEMY UNION HIGH SCHOOL DISTRICT #48 SCHOOL BOARD


Nilda Gonnella-French, Chairperson

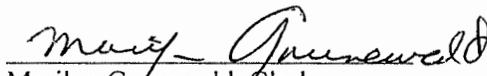

Bruce Scott


Sally Lindberg


Richard Bettinger


Albert Corey

Received for record and recorded prior to the posting this 22 day of January, 2014.


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

**NORTHWEST TECHNICAL CENTER
DIRECTOR'S REPORT
HIGHLIGHTS OF THE 2013-14 SCHOOL YEAR**

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

The Northwest Technical Center has been offering career and technical education since 1977. Many things have changed in technical education in the past decade. We strive to offer 21st century programs that are current with the trends in the industry. The NWTC works closely with the Franklin County Industrial Development Corporation, listening to the needs of the local employers. Students come from a wide variety of backgrounds with personal goals ranging from college to immediate employment or apprenticeship. In addition, our vibrant adult education programs offer adults a wide variety of opportunities to meet their unique individual needs.

Highlights of the year include:

Strategic Planning

At the start of the 2012-13 school year, faculty and staff engaged in strategic planning. Our purpose is to create a culture of continuous improvement for both staff and students. This year, we are implementing our action plan based on the goals, strategies and indicators of progress that were developed from our strategic plan. Staff works on this initiative during in-service days and embedded collaboration time. You can find our strategic action plan on our website at:

<http://nwtc.fcsuvt.org>

Curriculum Mapping

Fifty percent of our staff is enrolled in a University of Vermont Curriculum Mapping course. The goals of the course are:

- Understand how curriculum mapping can influence teaching and learning.
- Understand how curriculum mapping meets the “scope and sequence” criteria for accreditation and funding.
- Explore how technology can be integrated and utilized to improve efficiency in program design and program improvement.

We are using Rubicon Atlas software to map our curriculum.

Cooperative Education

Cooperative Education, or Co-op, is a unique plan of education that integrates classroom study with planned and supervised work experience. This educational pattern allows students to acquire practical skills as well providing exposure to the reality of the world of work beyond the school campus. Our objective is to provide every NWTC student with a work experience opportunity, be it job shadows; site visits; internships; or paid, supervised work.

Adult and Continuing Education

Our adult program continues to be very successful for area adult and high school learners. We have offered more than 150 courses this year with over 2,400 adult and high school enrollments. New courses this year include Clinical Medical Assisting and National Certification for Phlebotomy. Additionally, we will continue the free workshop series presented by Vermont Small Business Development Center.

Middle School Outreach

In an attempt to expand our presence in local middle schools as well as expose younger students to different career options, the NWTC has partnered with St. Albans City School, St. Albans Town Educational Center and Missisquoi Valley Union Middle School to pilot a NWTC Career Day. Students are asked to reflect on their career options and desires, and will be given an opportunity to have a hands-on learning experience at our center, in the career field of their choice.

Academic Skill Development

Last school year, we began administering the Accuplacer, a college entry level skills assessment to all students enrolled in NWTC programs. If needed, individualized support is given to students to help them become proficient. The Accuplacer is the assessment tool used by many area colleges to assess a student's basic skills as they apply for admission. It is the intent of the NWTC that all program completers and/or graduating students pass the Accuplacer before they head off to their respective college, technical school, or work endeavors. As of last semester, 72% of our students are proficient in the mathematics portion of the assessment.

English Integration

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

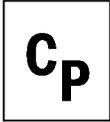
Dual Enrollment

We continue to offer FREE college credit in many of our programs through dual enrollment. With successful completion of the course work, students will earn transcribed college credit that can transfer to any college. The programs that currently offer college credit are: Medical Professions, Engineering Technologies, Marketing, Automotive Technology, Digital Arts, 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 2013

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

During the past year we were able to utilize Grants and Incentives to begin the last phase of upgrades to our boiler room. These improvements will increase efficiency and help offset ever increasing utility costs.

We were pleased to 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.

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. We are particularly pleased to be welcoming the State Firefighters' Convention back to Collins Perley this summer.

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

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

Fitness is critically important to people of all ages. While we are proud of our world champion weight lifters, we are just as proud of those who take a regular walk around the Rotary Fitness Path that surrounds the 52 acre site or those who walk inside during inclement weather. We encourage all of our neighbors to do some kind of aerobic exercise for at least one hour three times per week. In addition to walking, jogging and running on our outdoor path and track, we offer tennis, racquetball, wallyball, skating, aerobics, martial arts and a complete fitness gym with highly skilled trainers. We offer 100 exercise classes every month. Exercise programs include Tai Chi, Zumba, Aerobics, Belly Dancing, Boot Camp, and more. We are excited about our new free indoor walking/jogging program.

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

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

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

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

Sincerely,

Harold Hebert, President
Collins Perley Sports Center, Inc.

David Kimel, Manager

Franklin County Early Childhood Programs

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

Who We Serve: The program's target population is children from birth to school age, with an emphasis on three- to five-year-old children who are developmentally at risk or developmentally delayed and their families. We also offer an early learning opportunity for all four-year-olds for ten hours a week in the towns of Fairfield, St. Albans City, and St. Albans Town. We are currently serving 143 children in the Supervisory Union, mostly three- to five-year olds.

What We Do: The program takes referrals from families with young children, relatives, neighbors, community members, and other service providers. Referrals often result in the scheduling of a developmental screening, which is done in homes, preschool classrooms, childcare programs, and the elementary schools. Screenings may result in a recommendation for a comprehensive evaluation, which is used to determine eligibility for enrollment in the early childhood special education programs. If a child and family are determined eligible for services, a program plan is developed with the child's family that results in home-based 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 St. Albans Town Elementary Schools and the Barlow Street Community Center. We partner with Blooming Minds Child Care, Main Street School, and The Y's Time Childcare program to provide a ten-hour-a-week preschool experience for eligible children. The program also provides consultative services at other preschool and childcare programs in the district.

How We Are Funded: The program is operated with funds from a variety of federal, state, and local sources. The federal government provides funds to the State of Vermont, which provides the federal money to the local school district in the form of block and incentive grants. The State Legislature appropriates an additional amount of money for the public schools each year, and part of these funds is designated for early childhood education services. The Supervisory Union combines the block grant and local share for early childhood education from each participating school district. The total operating budget for the program's activities for the 2014/2015 school year is expected to be \$1,161,436, which is \$35,800 more than last year – a 3.18% increase. These funds will be acquired from a combination of the revenues mentioned above.

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

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

Michelle Spence
Program Coordinator

St. Albans City School Summary of Estimated Revenues

Revenues	FY13 Actual	FY14 Adopted	FY15 Proposed
Interest	44,716	40,000	38,000
Basic Education Grant	8,995,222	9,276,649	9,585,114
Transportation Aid	100,314	104,000	112,000
Miscellaneous Revenue	6,196	5,000	5,000
General Operating	9,146,448	9,425,649	9,740,114
Food Service Contract	25,000	20,000	20,000
Food Service	25,000	20,000	20,000
Mainstream Block Grant	237,142	246,679	0
Expenditure Reimbursement	1,152,258	1,242,930	0
Extraordinary Reimbursement	27,568	79,023	0
IDEAB Grant	165,116	149,526	0
Consolidated Spec Ed Revenue	0	0	1,702,708
Special Education	1,582,084	1,718,158	1,702,708
Grant Funding:			
IEP Medicaid Grant	41,387	41,591	44,487
EPSDT Medicaid Grant	43,401	24,627	13,067
Tobacco Grant	7,726	7,728	5,424
Consolidated Federal Grant	560,131	491,599	504,205
Grant Funding	652,645	565,545	567,183
Total Revenues	11,406,177	11,729,352	12,030,005

2.56%

Franklin Central Supervisory Union FY13 Audit was incomplete at the time of this printing. Complete copy of the FY13 Audit may be obtained by calling the Supervisory Union Office at 524-2600

St. Albans City School
Summary of Expenses for FY15 Budget

Department	FY13 Actual	FY14 Adopted	FY15 Proposed
Instruction General	239,492	259,377	293,670
Instruction K-8	2,778,579	2,898,398	3,013,880
Assessment & Testing	3,985	8,882	10,382
Curriculum Initiatives	17,153	10,383	10,383
Art	223,363	235,952	238,930
Computers	266,297	383,120	352,731
French	32,241	39,916	26,000
Technology Education	47,260	53,508	57,138
Practical Arts	45,326	43,677	60,170
Music	231,327	243,262	227,836
Physical Education	227,976	240,962	255,534
Co-Curricular Activities	24,802	38,356	38,512
Outdoor Wellness	0	24,645	44,300
Summer School	0	2,000	25,000
21st Century - Open Doors	10,000	10,000	10,000
English Language Learners	34,126	29,718	39,500
Guidance Services	144,542	158,455	165,342
HUB (SSC)	143,267	159,383	174,181
Health Services	150,982	150,949	156,168
Action Planning	33	3,730	3,730
Home School Coordinator	17,294	19,070	29,962
Media (Library)	82,823	92,693	96,247
Compensatory Education	22,131	80,000	178,471
Early Retirement	237,265	90,597	0
Early Childhood Program	338,917	330,030	352,759
Instruction-General	5,319,181	5,607,063	5,860,826
Spec. Ed. Services provided by SU	0	0	1,858,222
Spec. Ed. Support Staff	0	0	1,035,420
Spec. Ed. EEE Local Assmnt	67,958	128,861	111,215
Spec. Ed. Direct Instruction	2,081,574	2,308,170	0
Spec. Ed. Other Support Services	21,108	66,495	0
Spec. Ed. SLP	319,271	312,022	0
Spec. Ed. Transportation	44,485	40,470	0
IDEA B Grants	165,116	149,526	0
Special Education	2,699,512	3,005,544	3,004,857
Board of Education/School Treasurer	48,484	65,127	70,034
Franklin Central Supervisory Union	307,194	323,499	332,883
Short Term Debt / Bank Charges	30,522	31,060	27,400
Long Term Debt	560,796	545,543	532,542
Operations & Maintenance	841,031	759,628	797,195
Transportation	272,219	299,300	312,000
Principal's Office	431,929	479,720	484,685
Food Service	40,584	47,198	40,400
Other Expenses	2,532,759	2,551,075	2,597,139
IEP Medicaid Grant	41,387	41,591	44,487
EPSDT Medicaid Grant	43,401	24,627	13,067
Tobacco Grant	7,726	7,853	5,424
School Wide Program (CFG)	560,130	491,599	504,205
Grant Expenses	652,644	565,670	567,183
Total Expenses to be Voted	11,204,096	11,729,352	12,030,005

2.56%

St. Albans City School
SPECIAL EDUCATION FUNDING BREAKDOWN

<u>REVENUES</u>	<u>FY13 ACTUAL</u>	<u>FY14 ADOPTED</u>	<u>FY15 PROPOSED</u>
Mainstream Block Grant	\$ 237,142	\$ 246,679	\$ 251,297
Expenditure Reimbursement	1,152,258	1,242,930	1,292,428
Extraordinary Reimbursement	27,568	79,023	-
IDEA-B Subgrant	165,116	149,526	158,983
Total Revenues	<u>\$ 1,582,084</u>	<u>\$ 1,718,158</u>	<u>\$ 1,702,708</u>

<u>EXPENSES</u>	<u>FY13 ACTUAL</u>	<u>FY14 ADOPTED</u>	<u>FY15 PROPOSED</u>
Special Education & IDEAB	\$ 2,246,690	\$ 2,457,696	\$ 2,488,939
Spec. Ed. - Preschool	67,958	128,861	111,215
Spec. Ed. - Other Support Services	21,108	66,495	41,000
Spec. Ed. - Speech & Language	319,271	312,022	323,703
Spec. Ed. - Transportation	44,485	40,470	40,000
Total Expenses	<u>\$ 2,699,512</u>	<u>\$ 3,005,544</u>	<u>\$ 3,004,857</u>

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

T176
Franklin Central

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

9,382 **1.01**

Expenditures

		FY2012	FY2013	FY2014	FY2015	
1.	Budget (local budget, including special programs, full technical center expenditures, and any Act 144 expenditures)	\$11,294,570	\$11,476,209	\$11,729,352	\$12,030,005	1.
2.	plus Sum of separately warned articles passed at town meeting	-	-	-	-	2.
3.	minus Act 144 Expenditures, to be excluded from Education Spending	-	-	-	-	3.
4.	Act 68 locally adopted or warned budget	\$11,294,570	\$11,476,209	\$11,729,352	\$12,030,005	4.
5.	plus Obligation to a Regional Technical Center School District if any	-	-	-	-	5.
6.	plus Prior year deficit repayment of deficit	-	-	-	-	6.
7.	Gross Act 68 Budget	\$11,294,570	\$11,476,209	\$11,729,352	\$12,030,005	7.
8.	S.U. assessment (included in local budget) - informational data	-	-	-	-	8.
9.	Prior year deficit reduction (included in expenditure budget) - informational data	-	-	-	-	9.

Revenues

10.	Local revenues (categorical grants, donations, tuitions, surplus, etc., including local Act 144 tax revenues)	\$2,524,158	\$2,480,987	\$2,452,703	\$2,444,891	10.
11.	plus Capital debt aid for eligible projects pre-existing Act 60	-	-	-	-	11.
12.	plus Prior year deficit reduction if included in revenues (negative revenue instead of expenditures)	-	not allowed	not allowed	not allowed	12.
13.	minus All Act 144 revenues, including local Act 144 tax revenues	-	-	-	-	13.
14.	Total local revenues	\$2,524,158	\$2,480,987	\$2,452,703	\$2,444,891	14.
15.	Education Spending	\$8,770,412	\$8,995,222	\$9,276,649	\$9,585,114	15.
16.	Equalized Pupils (Act 130 count is by school district)	757.42	748.04	771.46	766.62	16.

17.	Education Spending per Equalized Pupil	\$11,579.32	\$12,025.05	\$12,024.80	\$12,503	17.
18.	minus Less ALL net eligible construction costs (or P&I) per equalized pupil	\$661.51	\$731.14	\$707.16	\$695	18.
19.	minus Less share of SpEd costs in excess of \$50,000 for an individual	\$23.16	\$6.40	\$8.55	\$6	19.
20.	minus Less amount of deficit if deficit is SOLELY attributable to tuitions paid to public schools for grades the district does not operate for new students who moved to the district after the budget was passed	-	-	-	-	20.
21.	minus Less SpEd costs if excess is solely attributable to new SpEd spending if district has 20 or fewer equalized pupils	-	-	-	-	21.
22.	minus Estimated costs of new students after census period	-	-	-	-	22.
23.	minus Total tuitions if tuitioning ALL K-12 unless electorate has approved tuitions greater than average announced tuition	NA	NA	-	-	23.
24.	minus Less planning costs for merger of small schools	-	-	-	-	24.
25.	plus Excess Spending per Equalized Pupil over threshold (if any)	-	-	-	-	25.
26.	Per pupil figure used for calculating District Adjustment	\$11,579	\$12,025	\$12,025	\$12,503	26.
27.	District spending adjustment (minimum of 100%) (\$12,503 / \$9,382)	135.526% <i>based on \$8,544</i>	137.855% <i>based on \$8,723</i>	131.404% <i>based on \$9,151</i>	133.267% <i>based on \$9,382</i>	27.

Prorating the local tax rate

28.	Anticipated district equalized homestead tax rate to be prorated (133.267% x \$1.010)	\$1.1791 <i>based on \$0.87</i>	\$1.2269 <i>based on \$0.89</i>	\$1.2352 <i>based on \$0.94</i>	\$1.3460 <i>based on \$1.010</i>	28.
29.	Percent of St. Albans City equalized pupils not in a union school district	64.850%	64.990%	66.280%	66.52%	29.
30.	Portion of district eq homestead rate to be assessed by town (66.520% x \$1.35)	\$0.7646	\$0.7974	\$0.8187	\$0.8954	30.
31.	Common Level of Appraisal (CLA)	92.59%	98.38%	99.36%	98.11%	31.
32.	Portion of actual district homestead rate to be assessed by town (0.895 / 98.11%)	\$0.8258 <i>based on \$0.860</i>	\$0.8105 <i>based on \$0.87</i>	\$0.8240 <i>based on \$0.94</i>	\$0.9126 <i>based on \$1.01</i>	32.

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

33.	Anticipated income cap percent to be prorated (133.267% x 1.84%)	2.44% <i>based on 1.80%</i>	2.48% <i>based on 1.80%</i>	2.37% <i>based on 1.80%</i>	2.45% <i>based on 1.84%</i>	33.
34.	Portion of district income cap percent applied by State (66.520% x 2.45%)	1.58% <i>based on 1.80%</i>	1.61% <i>based on 1.80%</i>	1.57% <i>based on 1.80%</i>	1.63% <i>based on 1.84%</i>	34.
35.	Percent of equalized pupils at Bellows Free Academy UHSD	35.15%	35.01%	33.72%	33.48%	35.
36.		-	-	-	-	36.

- Following current statute, the base education amount is calculated to be \$9,382. The tax commissioner has recommended base tax rates of \$1.01 and \$1.51. The administration also has stated that tax rates could be lower than the recommendations if statewide education spending is held down.
- Final figures will be set by the Legislature during the legislative session and approved by the Governor.
- The base income percentage cap is 1.84%.

Comparative Data for Cost-Effectiveness, FY2015 Report
16 V.S.A. § 165(a)(2)(K)

School: St Albans City School
S.U.: Franklin Central S.U.

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

FY2013 School Level Data

Cohort Description: K - 8, FY2013 enrollment ≥ 200
 (29 schools in cohort)

Cohort Rank by Enrollment (1 is largest)
 5 out of 29

School level data		Grades Offered	Enrollment	Total Teachers	Total Administrators	Stu / Tchr Ratio	Stu / Admin Ratio	Tchr / Admin Ratio
Smaller →	Georgia Elementary/Middle School	PK - 8	610	56.00	2.00	10.89	305.00	28.00
	St Johnsbury Schools	PK - 8	659	58.10	3.00	11.34	219.67	19.37
	St Albans Town Education Center	PK - 8	759	58.00	2.00	13.09	379.50	29.00
	St Albans City School	PK - 8	774	75.85	2.00	10.20	387.00	37.93
← Larger	Barre Town Elementary School	PK - 8	856	78.50	4.00	10.90	214.00	19.63
	Shelburne Community School	PK - 8	858	56.26	3.00	15.25	286.00	18.75
	Barre City Elementary/Middle School	PK - 8	921	90.50	3.00	10.18	307.00	30.17
Averaged SCHOOL cohort data			455.93	39.90	1.99	11.43	229.55	20.09

School District: St. Albans City
LEA ID: T176

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

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

FY2012 School District Data

Cohort Description: K - 8 school district, FY2012 FTE ≥ 200
 (28 school districts in cohort)

Grades offered in School District Student FTE enrolled in school district Current expenditures per student FTE **EXCLUDING** special education costs

Cohort Rank by FTE
 (1 is largest)
 8 out of 28

School district data (local, union, or joint district)

Smaller →	Georgia	PK-8	601.28	\$9,932
	St. Johnsbury	PK-8	652.04	\$12,499
	Duxbury/Waterbury Union #45	PK-8	680.84	\$10,100
	St. Albans City	K-8	694.71	\$11,335
← Larger	St. Albans Town	K-8	714.42	\$10,210
	Shelburne	K-8	750.24	\$11,291
	Barre Town	PK-8	850.64	\$9,770
Averaged SCHOOL DISTRICT cohort data			526.97	\$11,299

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

FY2014 School District Data

LEA ID	School District	Grades offered in School District	School district tax rate			Total municipal tax rate, K-12, consisting of prorated member district rates		
			SchlDist Equalized Pupils	SchlDist Education Spending per Equalized Pupil	SchlDist Equalized Homestead Ed tax rate	MUN Equalized Homestead Ed tax rate	MUN Common Level of Appraisal	MUN Actual Homestead Ed tax rate
Smaller →	T177 St. Albans Town	PK-8	715.16	11,935.62	1.2260	1.3099	102.40%	1.2792
	T117 Lyndon	PK-8	726.39	13,312.41	1.3675	1.3675	98.77%	1.3845
	T186 Shelburne	PK-8	751.03	13,458.25	1.3824	1.3842	100.20%	1.3814
	T176 St. Albans City	PK-8	771.46	12,024.80	1.2352	1.3149	99.36%	1.3234
← Larger	T012 Barre Town	PK-8	801.05	11,055.10	1.1356	1.1801	86.43%	1.3654
	T079 Georgia	PK-8	874.05	12,610.60	1.2954	1.2954	105.82%	1.2242
	T011 Barre City	PK-8	898.04	11,474.63	1.1787	1.2071	99.95%	1.2077

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

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

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

City of Saint Albans, Department of Public Schools

BASIC FINANCIAL STATEMENTS

June 30, 2013

**NORTHWEST TECHNICAL CENTER
DIRECTOR'S REPORT
HIGHLIGHTS OF THE 2013-14 SCHOOL YEAR**

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

The Northwest Technical Center has been offering career and technical education since 1977. Many things have changed in technical education in the past decade. We strive to offer 21st century programs that are current with the trends in the industry. The NWTC works closely with the Franklin County Industrial Development Corporation, listening to the needs of the local employers. Students come from a wide variety of backgrounds with personal goals ranging from college to immediate employment or apprenticeship. In addition, our vibrant adult education programs offer adults a wide variety of opportunities to meet their unique individual needs.

Highlights of the year include:

Strategic Planning

At the start of the 2012-13 school year, faculty and staff engaged in strategic planning. Our purpose is to create a culture of continuous improvement for both staff and students. This year, we are implementing our action plan based on the goals, strategies and indicators of progress that were developed from our strategic plan. Staff works on this initiative during in-service days and embedded collaboration time. You can find our strategic action plan on our website at: <http://nwtc.fcsuvt.org>

Curriculum Mapping

Fifty percent of our staff is enrolled in a University of Vermont Curriculum Mapping course. The goals of the course are:

- Understand how curriculum mapping can influence teaching and learning.
- Understand how curriculum mapping meets the “scope and sequence” criteria for accreditation and funding.
- Explore how technology can be integrated and utilized to improve efficiency in program design and program improvement.

We are using Rubicon Atlas software to map our curriculum.

Cooperative Education

Cooperative Education, or Co-op, is a unique plan of education that integrates classroom study with planned and supervised work experience. This educational pattern allows students to acquire practical skills as well providing exposure to the reality of the world of work beyond the school campus. Our objective is to provide every NWTC student with a work experience opportunity, be it job shadows; site visits; internships; or paid, supervised work.



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, 2013, 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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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's 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 19, 2013, on our consideration of the City of St. Albans, Department of Public Schools's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of St. Albans, Department of Public Schools's internal control over financial reporting and compliance.



St. Albans, Vermont
November 19, 2013

City of St. Albans, Department of Public Schools
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

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, 2013. Please use it in conjunction with the District's financial statements.

Brief Explanation of the Basic Financial Statements

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

Reporting the District-Wide Financials

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

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

Reporting the District's Most Significant Funds

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

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

City of St. Albans, Department of Public Schools
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

District as Trustee

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

Condensed Financial Information

District-Wide Statement of Net Assets

The following analysis focuses on the Net Assets, and the changes in Net Assets of the District as a whole. The total assets of the District increased \$685,201 from \$3,128,987 to \$3,814,188.

Unrestricted Net Assets, the portion of net assets that can be used to finance day-to-day operation without constraints established by debt covenants, enabling legislation or other legal requirements, was zero at June 30, 2013. This is due to a vote to reserve any Net Assets for future capital improvements to be used upon approval of the electorate.

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

	<u>2013</u>	<u>2012</u>
ASSETS		
Current and Other Assets	\$ 3,360,014	\$ 4,939,363
Capital Assets	7,337,548	5,815,038
Bond Issuance cost, net of amortization	<u>206,970</u>	<u>216,442</u>
TOTAL ASSETS	<u>\$ 10,904,532</u>	<u>\$ 10,970,843</u>
LIABILITIES		
Current Liabilities	\$ 1,688,123	\$ 1,919,790
Long-term Debt Outstanding	<u>5,402,221</u>	<u>5,922,066</u>
TOTAL LIABILITIES	<u>\$ 7,090,344</u>	<u>\$ 7,841,856</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	\$ 1,415,482	\$ (626,873)
Restricted	1,013,485	2,760,909
Unrestricted	<u>1,385,221</u>	<u>994,951</u>
TOTAL NET ASSETS	<u>\$ 3,814,188</u>	<u>\$ 3,128,987</u>

District-Wide Statement of Activities

Governmental Activities Expenses	\$ 11,244,748	\$ 11,601,395
Charges for Services	(111,533)	(126,424)
Operating Grants and Revenues	<u>(11,770,365)</u>	<u>(11,814,705)</u>
Net (Expense) Revenue and Changes in Net Assets	<u>637,150</u>	<u>339,734</u>

City of St. Albans, Department of Public Schools
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

<u>District-Wide Statement of Activities (cont'd)</u>	<u>2013</u>	<u>2012</u>
General Revenues		
Unrestricted investment earnings	44,717	52,826
Miscellaneous	<u>3,334</u>	<u>17,392</u>
Total General Revenues	<u>48,051</u>	<u>70,218</u>
Change in Net Assets	685,201	409,952
Net Assets, Beginning	<u>3,128,987</u>	<u>2,719,035</u>
Net Assets, Ending	<u>\$ 3,814,188</u>	<u>\$ 3,128,987</u>

Governmental Fund Balances and Transactions

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

The result of the audited Revenues and Expenditures for the year resulted in a surplus of \$216,248. In fiscal year 2012-2013, the district used Reserved Capital Project Funds totaling \$0 as approved by voters, for capital improvement at no additional expense to the taxpayers.

Budgeted expenditures for the District as a whole increased 0.94% for the year while budgeted revenues increased 0.64% over the previous year. A comparison of individual Budget and Actual Revenues and Expenditures including any variances can be found under Required Supplementary Information on page 19 of these Financial Statements.

Committed General Fund fund balance is \$1,262,430 at June 30, 2013. Of this amount, \$260,657 is yet to be spent from the amounts that were voted on March 2011 and March 2013, \$147,752 for Technology Access, and the remaining amount of \$854,021 for future capital projects. This is due to a vote to reserve any Net Assets for future capital improvements to be used upon approval of the electorate.

FUND FINANCIAL STATEMENTS
BALANCE SHEET – GOVERNMENTAL FUNDS

	<u>General & Capital Projects Fund</u>	
<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
TOTAL ASSETS	<u>\$ 3,528,578</u>	<u>\$ 5,366,669</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
TOTAL LIABILITIES	<u>\$ 1,252,663</u>	<u>\$ 1,552,668</u>
TOTAL FUND BALANCES - Restricted	1,013,485	2,760,909
- Committed	1,262,430	1,053,092
- Assigned	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,528,578</u>	<u>\$ 5,366,669</u>

City of St. Albans, Department of Public Schools
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

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

	<u>General & Capital Projects Fund</u>	
	<u>2013</u>	<u>2012</u>
REVENUES	\$ 11,930,098	\$ 12,011,346
EXPENDITURES	<u>13,468,184</u>	<u>13,601,984</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,538,086)	(1,590,638)
FUND BALANCE – Beginning of year	<u>3,814,001</u>	<u>5,404,639</u>
FUND BALANCE – End of year	<u>\$ 2,275,915</u>	<u>\$ 3,814,001</u>

Capital Assets

In compliance with the Governmental Financial Reporting Model (GASB 34) the District is reporting its Capital Assets as part of the Financial Statements. We have researched and documented the estimated historical costs of the various assets owned by the district, and applied appropriate charges against the cost to record depreciation. This information is presented below. As of June 30th the outstanding obligations against our Capital Assets are a Vermont Municipal Bond with a balance of \$35,000, a Qualified School Construction Bond with a balance of \$5,248,066, and a Qualified Zone Academy Bond with a balance of \$639,000. 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	\$ 525,727	\$ -	\$ 525,727
Land & Land Improvements	667,221	103,120	564,101
Buildings	9,617,282	3,611,203	6,006,079
Furniture, Fixtures & Equipment	<u>1,191,926</u>	<u>950,285</u>	<u>241,641</u>
TOTAL	<u>\$ 12,002,156</u>	<u>\$ 4,664,608</u>	<u>\$ 7,337,548</u>

Requests for Information

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

City of St. Albans, Department of Public Schools
DISTRICT - WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
June 30, 2013

ASSETS

	<u>Governmental Activities</u>
CURRENT ASSETS	
Cash	\$ 2,884,292
Accounts receivable	32,666
Due from Franklin Central Supervisory Union	428,970
Prepaid expenses	<u>14,086</u>
 TOTAL CURRENT ASSETS	 3,360,014
 CAPITAL ASSETS, net of depreciation	 7,337,548
 BOND ISSUANCE COST, net of amortization	 <u>206,970</u>
 TOTAL ASSETS	 <u>\$ 10,904,532</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accounts payable	\$ 482,012
Due to other funds	2,134
Due to State of Vermont	25,401
Accrued salaries and taxes	559,835
Accrued interest	9,913
Unearned income	4,804
Severance payable	84,179
Current portion bonds and notes payable	<u>519,845</u>
 TOTAL CURRENT LIABILITIES	 1,688,123
 BONDS AND NOTES PAYABLE	 <u>5,402,221</u>
 TOTAL LIABILITIES	 <u>7,090,344</u>
 NET POSITION	
Invested in capital assets, net of related debt	1,415,482
Restricted	1,013,485
Unrestricted	<u>1,385,221</u>
 TOTAL NET POSITION	 <u>3,814,188</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 10,904,532</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, 2013

<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	\$ 5,563,228	\$ -	\$ 9,563,079	\$ 3,999,851
Special Education	2,663,967	-	1,582,085	(1,081,882)
Student Support Services	520,321	-	84,788	(435,533)
Staff Support Services	83,839	-	-	(83,839)
Board of Education	48,484	-	-	(48,484)
Human Resources	27,243	-	-	(27,243)
Superintendent's Office	86,649	-	-	(86,649)
Fiscal Services	146,208	-	-	(146,208)
Curriculum Coordinator	25,131	-	-	(25,131)
IT (WAN)	21,963	-	-	(21,963)
Debt Service	71,473	-	-	(71,473)
Operation and Maintenance	710,236	2,861	-	(707,375)
Transportation	307,765	-	100,314	(207,451)
Early Retirement	46,861	-	-	(46,861)
Food Service	544,145	108,672	426,799	(8,674)
Other Grants	1,684	-	13,300	11,616
Non-Budgeted Expenses	200	-	-	(200)
Unallocated:				
Depreciation	365,879	-	-	(365,879)
Amortization	9,472	-	-	(9,472)
 Total governmental activities	 <u>\$ 11,244,748</u>	 <u>\$ 111,533</u>	 <u>\$ 11,770,365</u>	 <u>637,150</u>
 General revenues:				
Unrestricted investment earnings				44,717
Miscellaneous Revenue				<u>3,334</u>
 Total general revenues				 <u>48,051</u>
 Change in net position				 685,201
 Net position, beginning				 <u>3,128,987</u>
 Net position, ending				 <u>\$ 3,814,188</u>

See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2013

ASSETS

	Governmental Fund Types		
	General	Capital	Total
	Fund	Projects Fund	
ASSETS			
Cash	\$ 1,718,190	\$ 1,166,102	\$ 2,884,292
Accounts receivable	32,666	-	32,666
Due from Franklin Central Supervisory Union	428,970	-	428,970
Due from other funds	168,564	-	168,564
Prepaid expenses	14,086	-	14,086
	<u>\$ 2,362,476</u>	<u>\$ 1,166,102</u>	<u>\$ 3,528,578</u>
TOTAL CURRENT ASSETS	<u>\$ 2,362,476</u>	<u>\$ 1,166,102</u>	<u>\$ 3,528,578</u>

LIABILITIES AND FUND BALANCE

LIABILITIES			
Accounts payable	\$ 482,012	\$ -	\$ 482,012
Due to State of Vermont	25,401	-	25,401
Due to other funds	-	170,698	170,698
Accrued salaries and taxes	559,835	-	559,835
Accrued interest	9,913	-	9,913
Unearned income	4,804	-	4,804
	<u>1,081,965</u>	<u>170,698</u>	<u>1,252,663</u>
TOTAL LIABILITIES	<u>1,081,965</u>	<u>170,698</u>	<u>1,252,663</u>
FUND BALANCES			
Restricted	18,081	995,404	1,013,485
Committed	1,262,430	-	1,262,430
	<u>1,280,511</u>	<u>995,404</u>	<u>2,275,915</u>
TOTAL FUND BALANCE	<u>1,280,511</u>	<u>995,404</u>	<u>2,275,915</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,362,476</u>	<u>\$ 1,166,102</u>	<u>\$ 3,528,578</u>

See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2013

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

Total fund balances - governmental funds	\$ 2,275,915
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	12,002,156
Accumulated Depreciation	(4,664,608)
Bond Issuance cost, net of accumulated amortization, used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds	
	206,970
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	(5,922,066)
Severance payable	<u>(84,179)</u>
Total net position - governmental activities	<u>\$ 3,814,188</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, 2013

	Governmental Fund Types		
	General Fund	Capital Projects Fund	Total
REVENUES			
Education Spending Grant	\$ 9,095,536	\$ -	\$ 9,095,536
Special Education Grant	1,416,968	-	1,416,968
Interest	41,256	3,461	44,717
Food Service Reimbursement	25,000	-	25,000
Medicaid IEP	41,387	-	41,387
Medicaid EPSDT	43,401	-	43,401
School Wide Program	560,131	-	560,131
IDEA-B Grant	165,116	-	165,116
Tobacco Grant	7,726	-	7,726
Miscellaneous	6,195	-	6,195
Total Revenues Before Non-Budget Revenues	11,402,716	3,461	11,406,177
Food Service	510,621	-	510,621
Grant Revenue	13,300	-	13,300
TOTAL REVENUES	11,926,637	3,461	11,930,098
EXPENDITURES			
Instruction	5,177,882	-	5,177,882
Special Education	2,534,397	-	2,534,397
Board of Education	48,484	-	48,484
Human Resources	27,243	-	27,243
Superintendent's Office	86,649	-	86,649
Fiscal Services	146,208	-	146,208
Curriculum Coordinator	25,131	-	25,131
IT (WAN)	21,963	-	21,963
Debt Service	591,318	-	591,318
Operation and Maintenance	841,031	1,757,795	2,598,826
Transportation	272,219	-	272,219
Early Retirement	237,265	-	237,265
Medicaid IEP	39,756	-	39,756
Medicaid EPSDT	43,401	-	43,401
School Wide Program	560,131	-	560,131

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, 2013

	Governmental Fund Types		
	General Fund	Capital Projects Fund	Total
EXPENDITURES (continued)			
IDEA-B Grant	165,116	-	165,116
Tobacco Grant	7,299	-	7,299
Early Childhood Program K-5	338,917	-	338,917
Total Expenditures Before Non-Budget Expenses	11,164,410	1,757,795	12,922,205
Food Service	544,145	-	544,145
Grant Expenses	1,834	-	1,834
 TOTAL EXPENDITURES	 11,710,389	 1,757,795	 13,468,184
 EXCESS /(DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	 216,248	 (1,754,334)	 (1,538,086)
 FUND BALANCE, Beginning of Year	 1,064,263	 2,749,738	 3,814,001
 FUND BALANCE, End of Year	 \$ 1,280,511	 \$ 995,404	 \$ 2,275,915

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, 2013

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

Total net change in fund balances - governmental funds **\$ (1,538,086)**

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

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

Depreciation Expense	(365,879)
Amortization Expense	(9,472)
Capital Outlays	1,888,389

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

Severance Payable	190,404
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Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	519,845
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Change in net position of governmental activities	<u>\$ 685,201</u>
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See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools
FUND FINANCIAL STATEMENTS
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
 June 30, 2013

	<u>Private- Purpose Trusts</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 2,995	\$ 40,478
Due From Other Funds	<u>2,134</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 5,129</u>	<u>\$ 40,478</u>
 <u>LIABILITIES AND NET POSITION</u>		
LIABILITIES		
Due to Students for Activities	<u>\$ -</u>	<u>\$ 40,478</u>
NET POSITION		
Restricted	<u>5,129</u>	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 5,129</u>	<u>\$ 40,478</u>

See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
 For the Year Ended June 30, 2013

	<u>Private- Purpose Trusts</u>
REVENUE	
Interest income	\$ -
Donations	-
	<u>-</u>
TOTAL REVENUES	<u>-</u>
EXPENSES	
Supplies	<u>2,790</u>
NET INCOME	(2,790)
NET POSITION - Beginning of Year	<u>7,919</u>
NET POSITION - End of Year	<u>\$ 5,129</u>

See Accompanying Notes to Basic Financial Statements.

City of Saint Albans, Department of Public Schools
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The School District reports the following major governmental funds:

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

The School District reports the following trust funds:

Private – Purpose Trust Funds

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

Agency Funds

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

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

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

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

Budgetary Data

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

City of Saint Albans, Department of Public Schools
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Estimates

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

Deposits and Investments

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

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

Receivables and Payables

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

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

Capital Assets

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

City of St. Albans, Department of Public Schools
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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.

Unassigned – All amounts not included in other classifications.

City of St. Albans, Department of Public Schools
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2013 the carrying amount of cash deposits was \$2,927,765 and the bank balance was \$3,056,697. Of the bank balance \$410,166 was covered by federal deposit insurance, and \$2,646,531 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, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 52,100	\$ -	\$ -	\$ 52,100
Construction in Progress	709,790	1,877,595	(2,061,658)	525,727
Total capital assets, not being depreciated	761,890	1,877,595	(2,061,658)	577,827
Capital assets, being depreciated:				
Land Improvements	615,121	-	-	615,121
Equipment	1,181,131	10,795	-	1,191,926
Buildings	7,555,625	2,061,657	-	9,617,282
Total capital assets, being depreciated	9,351,877	2,072,452	-	11,424,329
Accumulated depreciation for:				
Land Improvements	(72,364)	(30,756)	-	(103,120)
Equipment	(921,998)	(28,287)	-	(950,285)
Buildings	(3,304,367)	(306,836)	-	(3,611,203)
Total accumulated depreciation	(4,298,729)	(365,879)	-	(4,664,608)
Total capital assets, being depreciated	5,053,148	1,706,573	-	6,759,721
Governmental activities capital assets, net	\$ 5,815,038	\$ 3,584,168	\$ (2,061,658)	\$ 7,337,548

City of St. Albans, Department of Public Schools
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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	\$ -	\$ 2,044,000	\$ (2,044,000)	\$ -

NOTE 6 LONG-TERM DEBT

Long-term debt consists of the following:

	Beginning Balance	Additions	Principal Reduction	Ending Balance	Current Portion
Vermont Municipal Bond Bank, payable in varying amounts, interest varies from 1.90% to 3.40%, currently 1.90%. Principal payments begin December 1, 2009.	\$ 70,000	\$ -	\$ (35,000)	\$ 35,000	\$ 35,000
Qualified School Construction Bond, payable in varying amounts each May 15 and November 15 through 2025, with interest of \$8,260.	5,667,911	-	(419,845)	5,248,066	419,845
Qualified Zone Academy Bond, payable \$65,000 installments each May 15 and November 15 through 2023, interest rate 1.25%	704,000	-	(65,000)	639,000	65,000
	<u>\$ 6,441,911</u>	<u>\$ -</u>	<u>\$ (519,845)</u>	<u>\$ 5,922,066</u>	<u>\$ 519,845</u>

City of St. Albans, Department of Public Schools
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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, 2013, are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 519,845	\$ 25,102	\$ 544,947
2015	484,845	23,695	508,540
2016	484,845	22,883	507,728
2017	484,845	22,070	506,915
2018	484,845	21,258	506,103
2019-2023	2,413,225	94,100	2,507,325
2024-2028	<u>1,049,616</u>	<u>57,820</u>	<u>1,107,436</u>
	<u>\$ 5,922,066</u>	<u>\$ 266,928</u>	<u>\$ 6,188,994</u>

NOTE 7 RESTRICTED/COMMITTED FUND BALANCES – GOVERNMENTAL FUNDS

Restricted Fund Balances at June 30, 2013 are as follows:

General Fund:	
Restricted for – Hot Lunch Program	<u>\$ 18,081</u>
Capital Projects Fund:	
Restricted for – Capital Expenditures	<u>\$ 995,404</u>

Committed Fund Balances at June 30, 2013 are as follows:

General Fund:	
Committed for – Future Capital Use	\$ 1,114,678
Committed for – Tech Access	<u>147,752</u>
	<u>\$ 1,262,430</u>

NOTE 8 RESTRICTED NET ASSETS – FIDUCIARY FUNDS

At June 30, 2013, the School District had \$5,129 appropriated for use in accordance with various trust agreements.

City of St. Albans, Department of Public Schools
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 9 PENSION

Public School Teachers within the State of Vermont are covered under the Vermont State Teachers' Retirement System (VSTRS). The VSTRS is a multiple-employer public employee pension plan and trust. It is a contributory, defined benefit plan to which its participating members make regular contributions to a trust fund and the State of Vermont deposits an annual contribution based on actuarial assumption of liabilities. The employees make contributions of 5.0% of eligible earnings. The School District does not make contributions and does not bear any responsibility for payment of future benefits. The State of Vermont is responsible for administration of the plan and payment of benefits to retirees. The School District acts as an agent for payments to the plan as required by state statute. Enrollment is mandatory for eligible employees. During the year ended June 30, 2013, the State of Vermont contributed approximately \$497,701 to the Vermont State Teachers' Retirement System on behalf of the District. The plan is governed by the State of Vermont statutes found in Title 16, V.S.A. Chapter 55. The State of Vermont issues financial reports for the plan. The financial reports can be obtained from the State of Vermont Retirement Office.

NOTE 10 NON-CASH TRANSACTIONS

The City of St. Albans, Department of Public Schools received Federal Commodities for use in food service in the amount of \$27,096. The value of the commodities received is not included in the food service budget and is not part of food service revenue or expenditures.

NOTE 11 EXCESS OF EXPENDITURES OVER BUDGET

Expenditures exceeded budgeted amounts in the General Fund by \$234,181. \$507,899 of Non-budgeted amounts contributed to the excess expenditures. These expenses were funded by non-budgeted revenues. All of the excess was offset by current year revenues in excess of budgeted amounts.

NOTE 12 SUPERVISORY UNION ASSESSMENTS

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 \$307,194 of such expenses during the year ended June 30, 2013.

NOTE 13 SEVERANCE PAYMENTS

Under the terms of the Master Agreement, five teachers per year may be granted an early retirement benefit. Additional teachers may be considered for the benefit at the discretion of the Board. To be considered for this early retirement benefit, a teacher with at least twenty years of full-time service must file a written application with the Superintendent by December 31st of the year prior to the year in which the teacher intends to retire. In each of the first two years of retirement, teachers will be paid an amount equal to 30% of his/her highest paid annual contracted salary amount. At June 30, 2013, four teachers had been approved for early retirement benefits. The total amount of severance payments due at June 30, 2013 was \$84,179.

City of St. Albans, Department of Public Schools
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 14 DISCLOSURE OF SUBSEQUENT EVENTS

In accordance professional accounting standards, the School District has evaluated subsequent events through November 19, 2013, which is the date this financial statement were available to be issued. All subsequent events requiring recognition as of June 30, 2013, have been incorporated into the financial statements herein.

The School District obtained a tax anticipation note on July 1, 2013, in the amount of \$1,936,000 with an interest rate of 1.39% due June 30, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive</u> <u>(Negative)</u>
REVENUES				
Property Taxes				
Education Spending Grant	\$ 9,094,372	\$ 9,094,372	\$ 9,095,536	\$ 1,164
Special Education Grant	1,510,461	1,510,461	1,416,968	(93,493)
Interest	40,000	40,000	41,256	1,256
Food Service Reimbursement	20,000	20,000	25,000	5,000
Medicaid IEP	45,792	45,792	41,387	(4,405)
Medicaid EPSDT	51,666	51,666	43,401	(8,265)
School Wide Program	524,634	524,634	560,131	35,497
IDEA-B Grant	179,282	179,282	165,116	(14,166)
Tobacco Grant	7,500	7,500	7,726	226
Miscellaneous	2,500	2,500	6,195	3,695
Total Revenues Before Non-Budget Revenues	11,476,207	11,476,207	11,402,716	(73,491)
Food Service	-	-	510,621	510,621
Grant Revenue	-	-	13,300	13,300
TOTAL REVENUES	<u>11,476,207</u>	<u>11,476,207</u>	<u>11,926,637</u>	<u>450,430</u>
EXPENDITURES				
Instruction	5,357,242	5,357,242	5,177,882	179,360
Special Education	2,808,564	2,808,564	2,534,397	274,167
Board of Education	63,503	63,503	48,484	15,019
Human Resources	27,256	27,256	27,243	13
Superintendent's Office	86,650	86,650	86,649	1
Fiscal Services	146,208	146,208	146,208	-
Curriculum Coordinator	25,585	25,585	25,131	454
IT (WAN)	21,964	21,964	21,963	1
Debt Service	582,225	582,225	591,318	(9,093)
Operation and Maintenance	761,529	761,529	841,031	(79,502)
Transportation	257,232	257,232	272,219	(14,987)
Early Retirement	204,969	204,969	237,265	(32,296)
Medicaid IEP	45,792	45,792	39,756	6,036
Medicaid EPSDT	51,666	51,666	43,401	8,265

See Accompanying Notes to Basic Financial Statements.

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

	Budgeted Amounts		Actual	Final Budget
	Original	Final		Positive (Negative)
EXPENDITURES (continued)				
School Wide Program	524,636	524,636	560,131	(35,495)
IDEA-B Grant	179,282	179,282	165,116	14,166
Tobacco Grant	8,524	8,524	7,299	1,225
Early Childhood Program K-5	285,300	285,300	338,917	(53,617)
Total Expenditures Before Non-Budget Expenses	11,438,127	11,438,127	11,164,410	273,717
Food Service	38,080	38,080	544,145	(506,065)
Grant Expenses	-	-	1,834	(1,834)
TOTAL EXPENDITURES	11,476,207	11,476,207	11,710,389	(234,182)
EXCESS OF REVENUE OVER EXPENDITURES	\$ -	\$ -	\$ 216,248	\$ 216,248

See Accompanying Notes to Basic Financial Statements.

City of St. Albans, Department of Public Schools

**ADDITIONAL REPORTS REQUIRED BY
THE SINGLE AUDIT ACT**

June 30, 2013

City of Saint Albans, Department of Public Schools
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor Number	Expenditures
Child Nutrition Cluster			
<u>U.S Department of Agriculture</u>			
Passed through Vermont Department of Education:			
School Lunch - Federal	10.555	4450-S023-13-00	\$ 221,951
School Breakfast - Federal	10.553	4452-S023-13-00	113,222
Summer Food Service	10.559	4455-S023-13-00	<u>29,532</u>
Cluster Subtotal			<u>364,705</u>
<u>U.S. Department of Education</u>			
Passed through Vermont Department of Education:			
Title I	84.410	4250-S023-13-01	498,045
Title II	84.318	4651-S023-13-01	<u>62,086</u>
Cluster Subtotal			<u>560,131</u>
IDEA-B	84.027	4226-S023-13-01	<u>165,116</u>
<u>U.S. Department of Agriculture</u>			
Passed through Vermont Department of Education:			
Child Car & Adult Food Program	10.558	4454-S023-13-00	6,769
Fresh Fruit & Vegetables	10.582	4449-S023-13-00	<u>45,734</u>
Cluster Subtotal			<u>52,503</u>
USDA Commodities	10.569	N/A	<u>514</u>
TOTAL			<u>\$ 1,142,969</u>

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



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

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

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

Report on Internal Control over Financial Reporting and on Compliance

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of St. Albans, Department of Public Schools, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of St. Albans, Department of Public Schools's basic financial statements, and have issued our report thereon dated November 19, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of St. Albans, Department of Public Schools'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 City of St. Albans, Department of Public Schools's internal control. Accordingly, we do not express an opinion on the effectiveness of City of St. Albans, Department of Public Schools's internal control.

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



St. Albans, Vermont
November 19, 2013



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's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of St. Albans, Department of Public Schools's major federal programs for the year ended June 30, 2013. City of St. Albans, Department of Public Schools's 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's 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'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 each major federal program. However, our audit does not provide a legal determination of City of St. Albans, Department of Public Schools's compliance.

Opinion on Each Major Federal Program

In our opinion, 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, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

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's 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'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.



St. Albans, Vermont
November 19, 2013

City of St. Albans, Department of Public Schools
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2013

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of City of St. Albans, Department of Public Schools.
2. There were no significant deficiencies disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of St. Albans, Department of Public Schools were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for the City of St. Albans, Department of Public Schools expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award programs for the City of St. Albans, Department of Public Schools.
7. The programs tested as major programs were:
 - School Breakfast Program #10.553
 - National School Lunch Program #10.555
 - Summer Food Service Program to Children #10.559
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of St. Albans, Department of Public Schools was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

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

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

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



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