



SAINT ALBANS

Vermont

City of St. Albans, Vermont

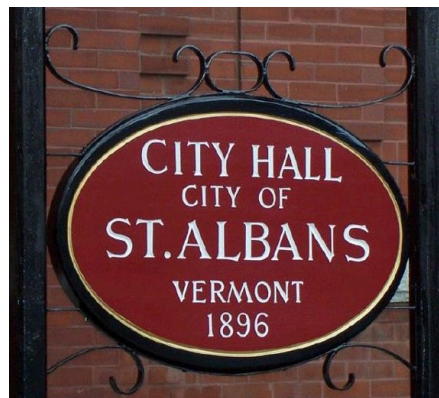
**Annual Financial Statements
For the Fiscal Year Ended June 30, 2023**

**CITY OF ST. ALBANS,
VERMONT**

**Annual Financial Statements
For the Year Ended June 30, 2023**



**Prepared by:
The Finance Department**



This page intentionally left blank

CITY OF ST. ALBANS, VERMONT
ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Governmental Fund Financial Statements:	
Balance Sheet – Governmental Funds	19
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statements of Activities	22
Proprietary Funds:	
Statement of Net Position – Proprietary Funds.....	23
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	24
Statement of Cash Flows – Proprietary Funds.....	25
Fiduciary Funds:	
Statement of Fiduciary Net Position – Fiduciary Funds.....	26
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	27
Notes to the Financial Statements.....	28
Required Supplementary Information:	
Schedule of Revenue and Other Financing Sources, Expenditures, and Other Financing Uses, and Changes in Fund Balance – Budget and Actual – General Fund	72
Pension:	
Schedule of Changes in Net Pension Liability and Related Ratios – City of St. Albans Pension Plan.....	73
Schedule of Employer Contributions and Investment Returns – City of St. Albans Pension Plan.....	74
Schedule of Proportionate Share of the Net Pension Liability – VMERS Defined Benefit Plan	75
Schedule of Contributions – VMERS Defined Benefit Plan	76

Combining and Individual Fund Financial Statements:

Combining Balance Sheet – Nonmajor Governmental Funds	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	78
Combining Balance Sheet – Nonmajor Special Revenue Funds	79
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	80
Combining Balance Sheet – Nonmajor Capital Projects Funds	81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	82
Combining Statement of Fiduciary Net Position – Custodial Funds	83
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds	84

FINANCIAL SECTION



SAINT ALBANS
Vermont

This page intentionally left blank



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Albans, Vermont (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Albans, Vermont, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining statements and individual fund financial statements for nonmajor governmental and custodial funds appearing on pages 77 through 84 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and individual fund financial statements for nonmajor governmental and custodial funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2024 on our consideration of the City'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 solely 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 effectiveness of the City's 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's internal control over financial reporting and compliance.

Marcum LLP

Merrimack, NH
January 31, 2024

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Management of the City of St. Albans, Vermont (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, 2023. Please note that this section of the financial statements is unaudited.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$27,001,829 (net position). Of this amount, \$122,190 is unrestricted net position. The balance of net position is made up of \$26,843,567 net investment in capital assets and \$36,042 restricted for Taylor Park.
- The City's total net position decreased by \$1,576,002. Of this amount, net position of the governmental activities decreased by \$287,024, and net position attributable to business-type activities decreased by \$1,288,978.
- At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of negative \$674,852, as compared to positive balance of \$99,236 in the previous year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was negative \$315,118, as compared to unassigned fund balance of negative \$162,658 in the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements

The government-wide financial statements provide a general overview of the City's operations presenting all data on a full accrual basis, similar to the way a private sector business would present its

CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

financial statements. There are two statements presented at the government-wide level: the Statement of Net Position and the Statement of Activities. Within each of these statements, governmental activities are presented separately from business-type activities. The governmental activities reflect the City's basic services as authorized by its charter: general administrative services, public safety (police, dispatch, fire, and animal control), public works, community development, and parks and recreation. 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 costs. The business-type activities of the City include water, wastewater, and stormwater operations.

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

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

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

The government-wide financial statements can be found on pages 17 and 18 of this report.

Fund Financial Statements

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

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

CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

governmental fund financial statements to the government-wide statements explaining the relationship between the two.

The City maintains two major governmental funds; the General Fund, and the TIF Debt Service Fund. In addition to this, the City maintains five special revenue funds and eleven capital project funds, none of which qualify as major funds. These funds are consolidated into the column labeled Nonmajor Funds in the fund financial statements. Combining financial statements containing more detailed information on these funds may be found on pages 77 through 84.

The basic governmental fund financial statements can be found on pages 19 through 22 of this report. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement is provided on page 72 for the purpose of demonstrating compliance with the duly appropriated budget.

Proprietary funds are used to account for a government's business-type activities at the fund level. There are two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains three enterprise funds: the Water Fund, Wastewater Fund, and the Stormwater 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, Wastewater, and Stormwater Fund operations. The Water and Wastewater Funds are considered to be major funds.

The proprietary fund financial statements of the City may be found on pages 23 through 25 of this report.

Fiduciary funds, also known as trust and custodial funds, account for resources for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the City. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has a Pension Trust Fund, detailed on pages 26 and 27 of this report. The City's Custodial Funds are comprised of three funds with consolidated amounts detailed on pages 26 and 27 of this report, with additional information on these funds presented on pages 83 and 84.

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

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

In addition to the basic financial statements and accompanying notes, certain *Required Supplementary Information* is provided, including a budgetary comparison statement for the General Fund, information on changes in the net pension liability, employer contributions to pensions, and investment returns. The supplementary information can be found immediately following the notes to the financial statements in this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Assets:						
Current assets	\$ 3,743,224	\$ 2,369,049	\$ 4,858,196	\$ 4,558,112	\$ 8,601,420	\$ 6,927,161
Capital assets	46,403,491	46,513,392	37,197,505	36,568,952	83,600,996	83,082,344
Other assets	1,783,925	2,098,425	97,080	-	1,881,005	2,098,425
Total assets	51,930,640	50,980,866	42,152,781	41,127,064	94,083,421	92,107,930
Total deferred outflows of resources	1,388,065	1,239,925	434,851	370,860	1,822,916	1,610,785
Total assets and deferred inflows of resources	\$ 53,318,705	\$ 52,220,791	\$ 42,587,632	\$ 41,497,924	\$ 95,906,337	\$ 93,718,715
Liabilities:						
Other liabilities	\$ 6,421,821	\$ 4,199,275	\$ 4,562,859	\$ 1,780,531	\$ 10,984,680	\$ 5,979,806
Noncurrent liabilities	36,319,828	35,749,871	20,815,091	21,106,630	57,134,919	56,856,501
Total liabilities	42,741,649	39,949,146	25,377,950	22,887,161	68,119,599	62,836,307
Total deferred inflows of resources	595,669	2,003,234	189,240	301,343	784,909	2,304,577
Net Position:						
Net investment in capital assets	11,555,530	12,790,579	15,288,067	15,905,422	26,843,597	28,696,001
Restricted	36,042	34,731	-	-	36,042	34,731
Unrestricted/(deficit)	(1,610,185)	(2,556,899)	1,732,375	2,403,998	122,190	(152,901)
Total net position	9,981,387	10,268,411	17,020,442	18,309,420	27,001,829	28,577,831
Total liabilities, deferred inflows of resources, and net position	\$ 53,318,705	\$ 52,220,791	\$ 42,587,632	\$ 41,497,924	\$ 95,906,337	\$ 93,718,715

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the most recent fiscal year, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$27,001,829. The City's total net position is split between governmental activities net position of \$9,981,387 and business-type activities net position of \$17,020,442.

The largest portion of the City's total net position \$26,843,597 reflects its investment in capital assets (construction in progress, vehicles, equipment, machinery, land, infrastructure, buildings and building improvements, and right to use buildings) net of any outstanding debt used to acquire or construct those assets. The City uses capital assets to provide services to citizens; consequently,

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. On an ongoing basis, the City strives to work reserves into the annual budget to provide for financial contingencies and reserves for a long-term capital plan.

The City's total net position includes \$36,042 of restricted net position. Restricted net position represents assets whose use is subject to external restrictions. The remaining balance of \$122,190 is the unrestricted net position, comprised of a deficit of \$1,610,185 in our governmental activities and \$1,732,375 in our business-type activities (water, wastewater, and stormwater), representing amounts without constraints that can be used to finance ongoing operations.

Summary of the Statement of Activities

	Governmental Activities		Business-type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 3,187,746	\$ 2,342,200	\$ 6,888,550	\$ 6,723,544	\$ 10,076,296	\$ 9,065,744
Operating grants & contributions	621,247	2,333,789	-	-	621,247	2,333,789
Capital grants & contributions	178,648	586,758	-	-	178,648	586,758
General revenues:						
Property taxes	6,380,843	6,288,379	-	-	6,380,843	6,288,379
Local option taxes	680,719	654,094	-	-	680,719	654,094
Other	3,443,875	1,514,993	61,389	140,651	3,505,264	1,655,644
Total revenues	14,493,078	13,720,213	6,949,939	6,864,195	21,443,017	20,584,408
Expenses:						
General government	2,272,228	2,388,819	-	-	2,272,228	2,388,819
Public safety	5,954,349	5,527,913	-	-	5,954,349	5,527,913
Public works	2,361,035	2,331,538	-	-	2,361,035	2,331,538
Culture and recreation	1,668,372	948,427	-	-	1,668,372	948,427
Community development	1,743,854	1,472,223	-	-	1,743,854	1,472,223
Interest on long-term debt	1,137,174	866,022	-	-	1,137,174	866,022
Water	-	-	2,727,102	2,403,173	2,727,102	2,403,173
Wastewater	-	-	4,954,243	3,833,959	4,954,243	3,833,959
Stormwater	-	-	200,662	182,326	200,662	182,326
Total expenses	15,137,012	13,534,942	7,882,007	6,419,458	23,019,019	19,954,400
Increase (decrease) in net position before transfers	(643,934)	185,271	(932,068)	444,737	(1,576,002)	630,008
Transfers	356,910	(616,177)	(356,910)	616,177	-	-
Increase (decrease) in net position	(287,024)	(430,906)	(1,288,978)	1,060,914	(1,576,002)	630,008
Beginning net position, as restated	10,268,411	10,699,317	18,309,420	17,248,506	28,577,831	27,947,823
Ending net position	\$ 9,981,387	\$ 10,268,411	\$ 17,020,442	\$ 18,309,420	\$ 27,001,829	\$ 28,577,831

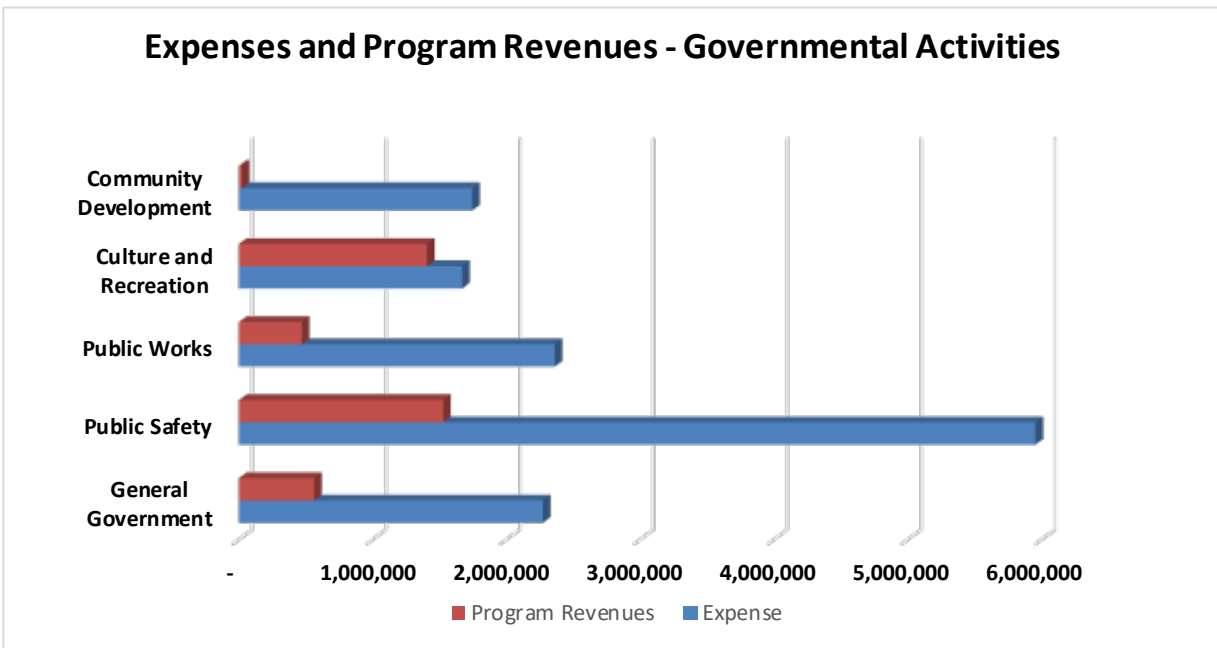
**CITY OF ST. ALBANS, VERMONT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Governmental Activities

Governmental activities decreased the City’s net position by \$287,024 for the year ended June 30, 2023:

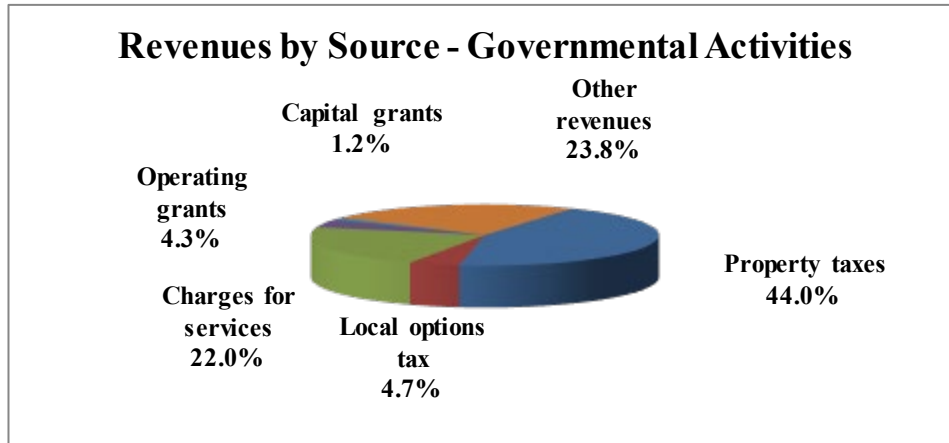
- Total governmental activities’ revenues increased by 5.63% or \$772,865 from 2022 to 2023.
- Total governmental activities’ expenses increased by 11.84% or \$1,602,070 from 2022 to 2023. Public safety remains the largest category of expenses from year to year and increased by 7.71% or \$426,436 from 2022 to 2023; while culture and recreation expenses increased by 75.91% or \$719,945.

The following graph entitled Expenses and Program Revenues – Governmental Activities, gives the reader an idea of how each major program is funded. The revenues included in this graph are program specific revenues including user fees, operating grants, and capital grants. General revenues such as property tax revenues and interest earnings are excluded. The supporting data may be found on the Statement of Activities, which is presented on page 18 of this report. As noted previously, public safety is the largest category of expenses in the current year and historically.



The majority of revenue for governmental activities comes from property taxes; 44.0% of total revenue or \$6,380,843. Charges for services is coming in at 22.0% or \$3,187,746 of total revenue. The following graph shows the distribution of governmental activities revenues by source for the year ended June 30, 2023.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

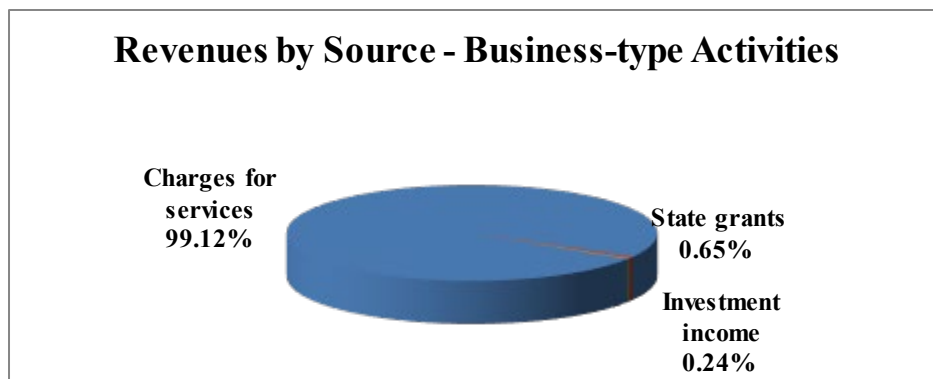


Business-Type Activities

Business-type activities decreased the City’s net position by \$1,288,978 during the current fiscal year. The majority of the decrease results from using wastewater fund reserves to empty the sludge tanks as part of the most recent upgrade. Other highlights are:

- Total revenues of \$6,949,939 were \$85,744 greater than the previous year.
- Total expenses of \$7,882,007 increased by \$1,462,549 from the previous year. Other than the extraordinary sludge removal project, the increases are driven by personnel, utilities, and repairs and maintenance expenses.

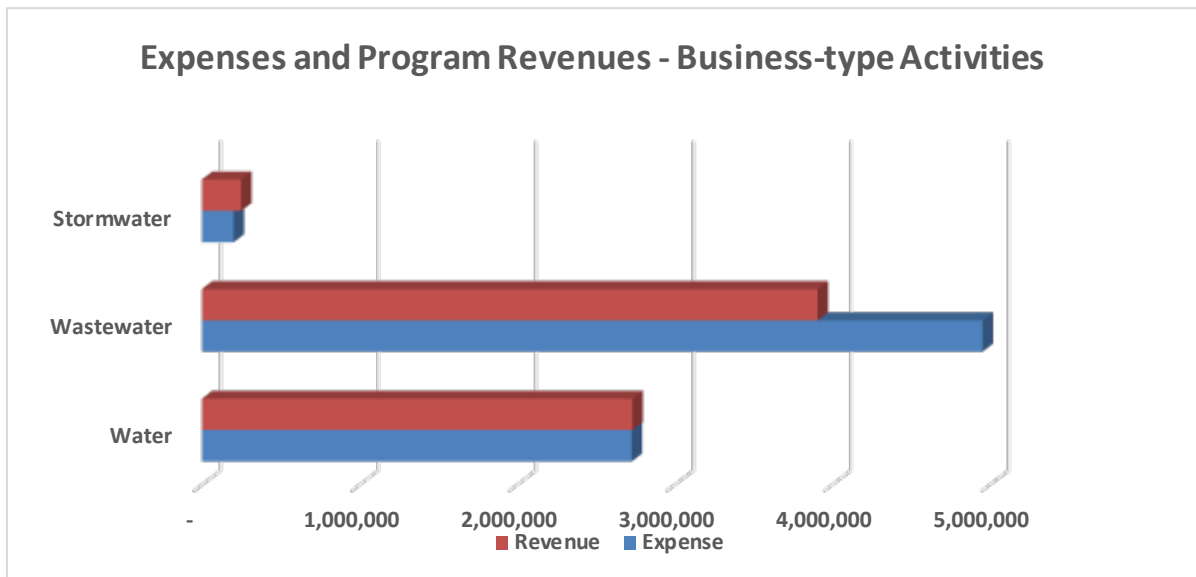
The City’s business-type activities are supported by user fees and allocation fees, also referred to as charges for services (\$6,888,550) with assistance from noncapital grants of (\$44,899). The percentage breakdown of revenue sources is illustrated in the following graph titled Revenues by Source – Business-type Activities.



As the name suggests, business-type activities are accounted for in the same manner that businesses would account for operations. Therefore, it is necessary that revenues meet or exceed expenses in order to continue operating. The graph titled Expenses and Program Revenues – Business-type Activities,

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

demonstrates that during the current fiscal year, revenues exceeded expenses for the Water and Stormwater Funds. Operating expenses in the Water and Stormwater Funds were both less than operating revenues. In the Water Fund, operating revenues were 4.93% or \$127,648 greater than operating expenses. In the Wastewater Fund, operating expenses exceeded operating revenues by \$713,518 or -15.44% of total operating expenses. In the Stormwater Fund, operating revenues exceeded operating expenses by \$48,162 or 24.00% of total operating expenses. Each year the amount that revenues exceed expenses in these funds increases unrestricted net position. Included in unrestricted net position are amounts that management has designated for particular purposes, such as future capital projects and debt service.



FINANCIAL ANALYSIS OF THE CITY’S FUNDS

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

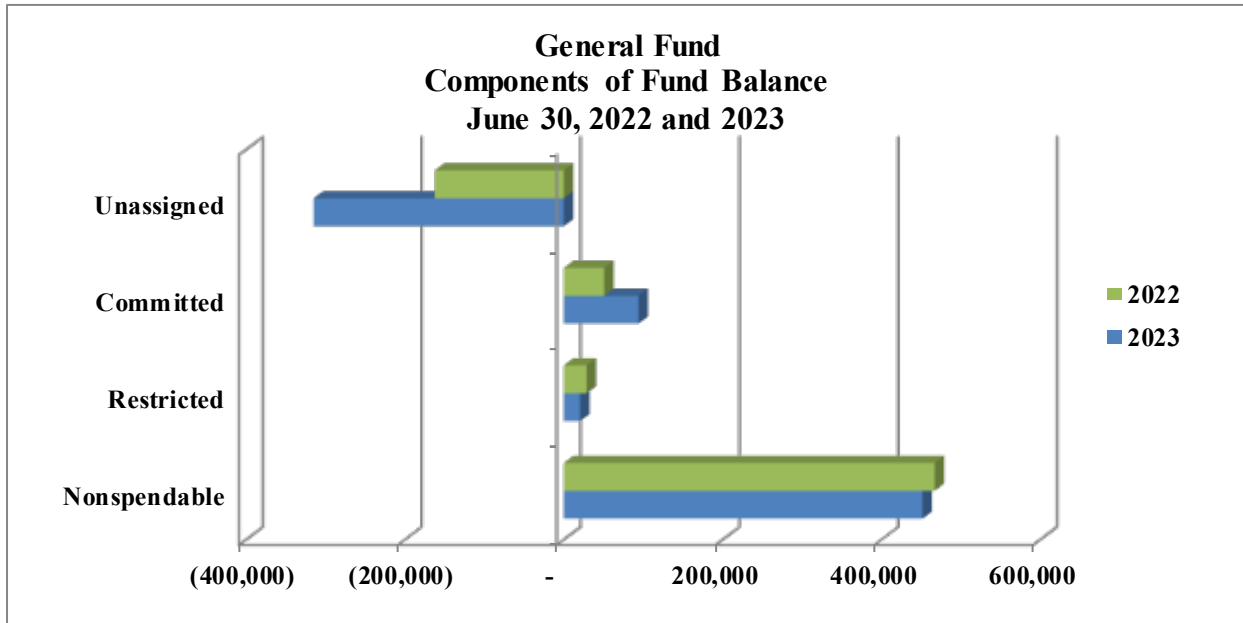
Governmental Funds

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

At the end of the current fiscal year, the City’s governmental funds reported a combined ending fund balance of negative \$674,852, a decrease of \$774,088 over the prior year. Nonspendable fund balance, mainly in the form of assets held for resale increased by \$1,074,433. Purchasing assets for

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

resale with short term debt is solely a balance sheet transaction where assets and liabilities each increase by the same amount. Though this has a net zero effect on total fund balance, the assets held for resale are nonspendable fund balance, creating a shift from unassigned to nonspendable. Additional factors contributing to the decrease in unassigned fund balance are expenditures in excess of revenues in various capital projects 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 \$250,431, a decrease of \$132,978 from the previous year. Of this amount, \$451,394 is nonspendable, \$20,305 is restricted, and \$93,850 is committed. 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 2.24% of total General Fund expenditures, however, this amount includes nonspendable balances which would not be available to finance General Fund expenditures if necessary.

The City’s unassigned General Fund balance at June 30, 2023, was negative \$315,118, a decrease of \$152,460 from the prior year. The decrease is largely attributable to budgetary overages in parking, public safety, and debt service.

General Fund Budgetary Highlights

In accordance with state law, the City of St. Albans adopts an annual voter-approved budget for its general fund. The Schedule of Revenue, Expenditures, and Changes in Fund Balance reported as required supplementary information presents budgeted amounts compared to actual amounts and the variance with final budget.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

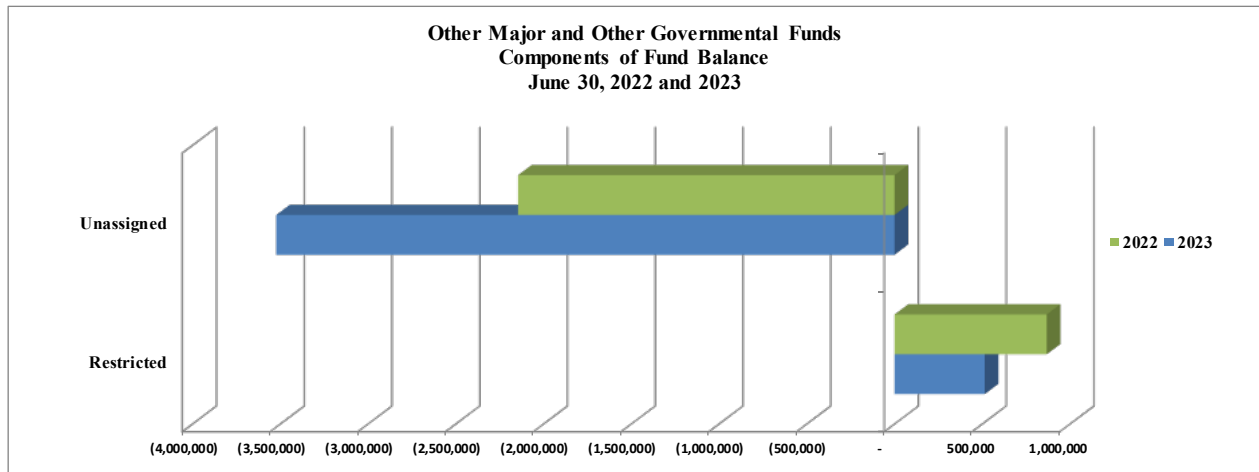
The City’s budget for the year ended June 30, 2023, passed on the first vote in March 2022 and there were no amendments made to the budget during the year. Actual revenues exceeded budgeted revenues by \$1,110,397, and actual expenditures were greater than budgeted amounts by \$1,424,060.

There was an overage in debt service for the General Fund, a portion of which is offset by transfers to the General Fund by the Water, Wastewater, and Stormwater Funds to pay for their respective shares of debt service costs for selected projects and purchases. Police, dispatch, and animal control reported a budgetary overage of \$267,187 resulting from budgeted vacancy savings that did not transpire and higher than anticipated utilities and communications costs at the new location. The parking garage was over budget by \$90,786 as a result of repair and maintenance costs to the gates at the facility. The City has plans in place to address the increase in damage to parking infrastructure in the FY25 budget. Loans and capital improvements were funded by grants that were not budgeted.

For other departments, the net cost of their operations was similar to the budgeted amounts, and any surplus or loss did not have a substantial impact on the City’s finances.

Other Major Governmental Funds

In addition to the General Fund, the City reports one major fund – the TIF Debt Service Fund. The TIF Debt Service Fund is used to account for TIF property tax revenues and the principal and interest cost on the related debt. The TIF Debt Service Fund made \$1,522,676 in debt principal and interest payments during the year. These were funded by incremental property tax revenues in the TIF district. The fund deficit at year end is \$556,797 which will be reduced in future years though increased TIF property tax revenues.



Proprietary Funds

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

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Total net position in the Water Fund is \$2,987,967, a decrease of \$151,438 from the previous year. Though overall net position is down, this is driven by a decrease in net investment in capital assets which is the value of the fund’s capital assets, less accumulated depreciation, less associated debt. The unrestricted net position has changed from \$110,489 to \$400,056; an increase of \$289,567.

In the Wastewater Fund, total net position is \$13,658,722, a decrease of \$1,157,057 from the previous year. While net investment in capital assets decreased by \$175,350, unrestricted net position decreased by \$981,707. The decrease in unrestricted net position is a result of spending accumulated reserve funds on completely emptying the sludge tanks at the facility as the final step of the most recent upgrade. These extraordinary sludge removal costs will continue into early FY24.

In both the Water Fund and the Wastewater Fund, the majority of net position is reflected in net investment in capital assets. The Water Fund net position is 86.6% net investment in capital assets and the Wastewater Fund net position is 92.8% net investment in capital assets.

The City Council established an ordinance creating the Stormwater Fund, effective July 1, 2018. The Stormwater Fund had minor activity and ended the year with net position of \$373,753. Other major factors concerning the finances of these funds have already been addressed in the discussion of the City’s business-type activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City’s capital assets for governmental and business-type activities as of June 30, 2023 were \$83,600,996 (after depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery, equipment and vehicles, infrastructure, and right to use buildings. The value of the City’s combined investment in capital assets, before depreciation increased by \$2,372,209 from \$116,824,207 at June 30, 2022 to \$119,196,416 at June 30, 2023. Combined accumulated depreciation at the end of the year is \$35,595,420.

Summary of Capital Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	2023	2022	2023	2022	2023	2022
Capital assets:						
Land	\$ 726,095	\$ 776,095	\$ 228,211	\$ 228,211	\$ 954,306	\$ 1,004,306
Construction in progress	461,631	12,006,299	1,859,201	19,587,596	2,320,832	31,593,895
Buildings and improvements	11,606,694	4,448,344	54,564,638	35,156,229	66,171,332	39,604,573
Right to use buildings	2,605,293	2,605,293	-	-	2,605,293	2,605,293
Vehicles, machinery, and equipment	5,199,489	5,707,125	3,526,506	3,719,184	8,725,995	9,426,309
Infrastructure	38,418,658	32,589,831	-	-	38,418,658	32,589,831
	59,017,860	58,132,987	60,178,556	58,691,220	119,196,416	116,824,207
Less: accumulated depreciation	(12,614,369)	(11,619,595)	(22,981,051)	(22,122,268)	(35,595,420)	(33,741,863)
Total assets, net	<u>\$ 46,403,491</u>	<u>\$ 46,513,392</u>	<u>\$ 37,197,505</u>	<u>\$ 36,568,952</u>	<u>\$ 83,600,996</u>	<u>\$ 83,082,344</u>

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Major capital asset activity for the year ended June 30, 2023 included the following:

- Construction in progress dropped off significantly as many major projects were completed and placed in service. In governmental activities this included the Kingman Street Streetscaping project, the Congress & Main project, the Police Department Renovations, the Greg Brown Lodge at Hard’ack, and the City Pool.
- Other governmental activities asset additions include the annual street improvement project, sidewalk improvements, four vehicles in the police department, and a plow truck in the public works department.
- Business-type activities reflect the completion of the WWTF Upgrade Phase II, and the underground utilities components of both the Kingman Street Streetscaping project and the Congress & Main project moving out of construction in progress.

Additional information on the City’s capital assets can be found in Note IV E Capital Assets.

Long-Term Liabilities

The City began the year with \$60,098,454 in long-term liabilities outstanding. As of June 30, 2023 this amount had increased by \$407,846 or 0.68% to end the current year with \$60,506,300 in long-term liabilities outstanding.

Summary of Long-term Liabilities

	June 30, 2022	Additions	Deletions	June 30, 2023
Governmental activities	\$ 37,976,311	\$ 2,674,923	\$ 2,049,497	\$ 38,601,737
Business-type activities	22,122,143	964,779	1,182,359	21,904,563
Total government	\$ 60,098,454	\$ 3,639,702	\$ 3,231,856	\$ 60,506,300

Factors contributing to the change include the following:

- Governmental activities debt increased. During the year the City issued \$100,000 in debt related to the construction of a new dispatch tower. The dispatch tower is an ongoing capital project.
- Debt of \$53,350 was issued to fund startup costs of the pool.
- TIF debt was issued for \$500,000 on the Federal Street project.
- Principal payments on TIF Debt totaled \$988,235, while \$273,000 in principal payments were made on the neighborhood sidewalks project.

Additional information about long-term debt can be found in Note IV L, Long-Term Liabilities.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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 Department at 100 North Main St., St. Albans, Vermont 05478. The report is available online at www.stalbansvt.com.

CITY OF ST. ALBANS, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and short-term investments	\$ 2,614,030	\$ -	\$ 2,614,030
Receivables (net of allowance)	941,972	2,432,030	3,374,002
Prepaid items	6,073	2,276	8,349
Inventories	13,312	75,605	88,917
Internal balances	(2,348,285)	2,348,285	-
Assets held for resale	2,516,122	-	2,516,122
Loans receivable (net of allowance)	1,535,398	-	1,535,398
Leases receivable	248,527	97,080	345,607
Capital assets:			
Land	726,095	228,211	954,306
Construction in progress	461,631	1,859,201	2,320,832
Other capital assets, (net)	<u>45,215,765</u>	<u>35,110,093</u>	<u>80,325,858</u>
Total assets	51,930,640	42,152,781	94,083,421
DEFERRED OUTFLOWS OF RESOURCES			
Related to the City's pension plan and participation in VMERS	<u>1,388,065</u>	<u>434,851</u>	<u>1,822,916</u>
Total assets and deferred outflows of resources	<u>\$ 53,318,705</u>	<u>\$ 42,587,632</u>	<u>\$ 95,906,337</u>
LIABILITIES			
Accounts payable	\$ 256,334	\$ 1,189,299	\$ 1,445,633
Accrued payroll and related liabilities	194,385	52,267	246,652
Unearned revenue	819,193	10,305	829,498
Short term notes payable	2,870,000	2,221,516	5,091,516
Noncurrent liabilities:			
Due within one year	2,281,909	1,089,472	3,371,381
Due in more than one year	<u>36,319,828</u>	<u>20,815,091</u>	<u>57,134,919</u>
Total liabilities	42,741,649	25,377,950	68,119,599
DEFERRED INFLOWS OF RESOURCES			
Prepaid property taxes	57,664	-	57,664
Related to the City's pension plan and participation in VMERS	289,478	92,160	381,638
Related to lease	<u>248,527</u>	<u>97,080</u>	<u>345,607</u>
Total deferred inflows	<u>595,669</u>	<u>189,240</u>	<u>784,909</u>
NET POSITION			
Net investment in capital assets	11,555,530	15,288,067	26,843,597
Restricted for Taylor Park	36,042	-	36,042
Unrestricted (deficit)	<u>(1,610,185)</u>	<u>1,732,375</u>	<u>122,190</u>
Total net position	<u>9,981,387</u>	<u>17,020,442</u>	<u>27,001,829</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 53,318,705</u>	<u>\$ 42,587,632</u>	<u>\$ 95,906,337</u>

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
FUNCTIONS/PROGRAMS							
GOVERNMENTAL ACTIVITIES							
General government	\$ 2,272,228	\$ 561,154	\$ -	\$ -	\$ (1,711,074)	\$ -	\$ (1,711,074)
Public safety	5,954,349	1,175,455	351,569	-	(4,427,325)	-	(4,427,325)
Public works	2,361,035	223,081	247,657	-	(1,890,297)	-	(1,890,297)
Culture and recreation	1,668,372	1,228,056	-	178,648	(261,668)	-	(261,668)
Community development	1,743,854	-	22,021	-	(1,721,833)	-	(1,721,833)
Interest on long-term debt	<u>1,137,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,137,174)</u>	<u>-</u>	<u>(1,137,174)</u>
Total governmental activities	15,137,012	3,187,746	621,247	178,648	(11,149,371)	-	(11,149,371)
BUSINESS-TYPE ACTIVITIES							
Water	2,727,102	2,732,252	-	-	-	5,150	5,150
Wastewater	4,954,243	3,907,474	-	-	-	(1,046,769)	(1,046,769)
Stormwater	<u>200,662</u>	<u>248,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,162</u>	<u>48,162</u>
Total business-type activities	<u>7,882,007</u>	<u>6,888,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(993,457)</u>	<u>(993,457)</u>
Total primary government	\$ <u>23,019,019</u>	\$ <u>10,076,296</u>	\$ <u>621,247</u>	\$ <u>178,648</u>	(11,149,371)	(993,457)	(12,142,828)
GENERAL REVENUES AND TRANSFERS							
Property taxes					6,380,843	-	6,380,843
Local option taxes					680,719	-	680,719
Interest and penalties on delinquent taxes					69,134	-	69,134
Unrestricted investment earnings					23,996	16,490	40,486
General grants					2,606,027	44,899	2,650,926
Other revenues					744,718	-	744,718
Transfers, net					<u>356,910</u>	<u>(356,910)</u>	<u>-</u>
Total general revenues and transfers					<u>10,862,347</u>	<u>(295,521)</u>	<u>10,566,826</u>
Change in net position					(287,024)	(1,288,978)	(1,576,002)
Net position - July 1, 2022, as restated					<u>10,268,411</u>	<u>18,309,420</u>	<u>28,577,831</u>
Net position - June 30, 2023					\$ <u>9,981,387</u>	\$ <u>17,020,442</u>	\$ <u>27,001,829</u>

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

CITY OF ST. ALBANS, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	TIF Debt Service Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and short-term investments	\$ 1,900,086	\$ -	\$ 713,944	\$ 2,614,030
Receivables (net of allowance)	790,584	-	151,389	941,973
Due from other funds	-	-	658,701	658,701
Prepaid items	6,073	-	-	6,073
Inventories	13,312	-	-	13,312
Assets held for resale	432,009	-	2,084,113	2,516,122
Loans receivable (net of allowance)	1,535,398	-	-	1,535,398
Lease receivable	248,527	-	-	248,527
	<u>4,925,989</u>	<u>-</u>	<u>3,608,147</u>	<u>8,534,136</u>
Total assets	\$ 4,925,989	\$ -	\$ 3,608,147	\$ 8,534,136
LIABILITIES				
Accounts payable	\$ 163,014	\$ -	\$ 93,320	\$ 256,334
Accrued payroll and related liabilities	189,546	-	-	189,546
Due to other funds	1,006,876	556,797	1,443,313	3,006,986
Unearned revenue	819,193	-	-	819,193
Short term notes payable	430,000	-	2,440,000	2,870,000
Other liabilities	4,840	-	-	4,840
	<u>2,613,469</u>	<u>556,797</u>	<u>3,976,633</u>	<u>7,146,899</u>
Total liabilities	2,613,469	556,797	3,976,633	7,146,899
DEFERRED INFLOWS OF RESOURCES				
Prepaid property taxes	57,664	-	-	57,664
Unavailable revenues	1,755,898	-	-	1,755,898
Related to lease	248,527	-	-	248,527
	<u>2,062,089</u>	<u>-</u>	<u>-</u>	<u>2,062,089</u>
Total deferred inflows of resources	2,062,089	-	-	2,062,089
FUND BALANCES (DEFICIT)				
Nonspendable	451,394	-	2,084,113	2,535,507
Restricted	20,305	-	513,712	534,017
Committed	93,850	-	-	93,850
Unassigned	(315,118)	(556,797)	(2,966,311)	(3,838,226)
	<u>250,431</u>	<u>(556,797)</u>	<u>(368,486)</u>	<u>(674,852)</u>
Total fund balances (deficit)	250,431	(556,797)	(368,486)	(674,852)
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>4,925,989</u>	\$ <u>-</u>	\$ <u>3,608,147</u>	\$ <u>8,534,136</u>

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

CITY OF ST. ALBANS, VERMONT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET
POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION
JUNE 30, 2023

Governmental Fund Balances	\$	(674,852)
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.		46,403,491
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,755,898
Deferred outflows of resources related to the City's participation in VMERS are applicable future periods and, therefore, are not reported in the funds.		1,388,065
Long-term and accrued liabilities are not due or payable in the current period and, therefore, are not reported in the funds.		(38,601,737)
Deferred inflows of resources related to the City's Defined Benefit Pension Plan and its participation in VMERS are applicable to future periods and, therefore, are not reported the funds.		<u>(289,478)</u>
Net Position of Governmental Activities	\$	<u><u>9,981,387</u></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, 2023

	General Fund	TIF Debt Service Fund	Nonmajor Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 5,007,338	\$ 1,349,605	\$ -	\$ 6,356,943
Local option taxes	680,719	-	-	680,719
Penalties and interest	69,134	-	-	69,134
Intergovernmental revenues	1,167,598	-	2,044,676	3,212,274
Charges for services	3,013,772	-	-	3,013,772
Contributions	-	-	78,648	78,648
Investment income	23,947	-	49	23,996
Licenses and permits	178,412	-	-	178,412
Other revenue	669,063	-	61,782	730,845
Total revenues	10,809,983	1,349,605	2,185,155	14,344,743
EXPENDITURES				
Current:				
General government	1,898,327	-	-	1,898,327
Public safety	4,560,825	-	903,813	5,464,638
Public works	914,577	-	66,577	981,154
Culture and recreation	1,437,990	-	4,858	1,442,848
Community development	353,097	-	890,758	1,243,855
Capital outlay:				
Public safety	197,631	-	-	197,631
Public works	333,977	-	1,555,594	1,889,571
Culture and recreation	32,990	-	-	32,990
Debt service:				
Principal	1,029,967	988,235	-	2,018,202
Interest	418,943	534,441	6,491	959,875
Total expenditures	11,178,324	1,522,676	3,428,091	16,129,091
Excess/(deficiency) of revenues over expenditures	(368,341)	(173,071)	(1,242,936)	(1,784,348)
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	153,350	-	500,000	653,350
Transfers in	84,213	-	274,897	359,110
Transfers out	(2,200)	-	-	(2,200)
Total other financing sources (uses)	235,363	-	774,897	1,010,260
Net change in fund balances	(132,978)	(173,071)	(468,039)	(774,088)
Fund balances (deficit) July 1, 2022, as restated	383,409	(383,726)	99,553	99,236
Fund Balances - June 30, 2023	\$ 250,431	\$ (556,797)	\$ (368,486)	\$ (674,852)

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, 2023

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

Net change in fund balances - total government funds	\$ (774,088)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets (\$1,837,374) is allocated over their estimated useful lives and reported as depreciation/amortization expense (\$1,947,275). This is the amount by which depreciation/amortization exceeded capital outlays in the current period.	(109,901)
The issuance of long-term debt (\$1,153,350) (e.g., bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$2,018,202) 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.	864,852
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount reflects the decrease in unavailable revenue over last year.	78,337
Governmental funds report employer pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.	(311,568)
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>(34,656)</u>
Change in net position of governmental activities	<u><u>\$ (287,024)</u></u>

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Water Fund	Wastewater Fund	Nonmajor Stormwater Fund	Total
ASSETS				
Current assets:				
Receivables (net of allowance)	\$ 1,539,742	\$ 846,115	\$ 46,173	\$ 2,432,030
Prepaid items	1,138	1,138	-	2,276
Inventories	49,542	26,063	-	75,605
Due from other funds	693,559	1,350,954	303,772	2,348,285
Lease receivable	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Total current assets	2,298,981	2,224,270	349,945	4,873,196
Noncurrent Assets:				
Lease receivable	82,080	-	-	82,080
Capital assets:				
Land	155,000	42,000	31,211	228,211
Construction in progress	1,835,336	23,865	-	1,859,201
Buildings, distribution and collection system, and improvements	11,325,246	43,239,392	-	54,564,638
Vehicles, machinery, and equipment	1,730,234	1,796,272	-	3,526,506
Less accumulated depreciation	<u>(6,372,468)</u>	<u>(16,608,583)</u>	<u>-</u>	<u>(22,981,051)</u>
Total noncurrent assets	<u>8,755,428</u>	<u>28,492,946</u>	<u>31,211</u>	<u>37,279,585</u>
Total assets	11,054,409	30,717,216	381,156	42,152,781
DEFERRED OUTFLOWS OF RESOURCES				
Related to the City's pension plan and participation in VMERS				
	<u>235,445</u>	<u>199,406</u>	<u>-</u>	<u>434,851</u>
Total assets and deferred outflows of resources	<u>\$ 11,289,854</u>	<u>\$ 30,916,622</u>	<u>\$ 381,156</u>	<u>\$ 42,587,632</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 978,256	\$ 211,043	\$ -	\$ 1,189,299
Accrued payroll	20,228	24,636	7,403	52,267
Unearned revenue	10,305	-	-	10,305
Short term notes payable	2,102,632	118,884	-	2,221,516
Compensated absences liability - current portion	4,295	6,569	-	10,864
Bonds payable - current portion	264,005	547,786	-	811,791
Loans payable - current portion	<u>27,110</u>	<u>239,707</u>	<u>-</u>	<u>266,817</u>
Total current liabilities	3,406,831	1,148,625	7,403	4,562,859
Noncurrent liabilities:				
Compensated absences liability - noncurrent portion	83,172	126,304	-	209,476
Bonds payable - noncurrent portion	3,636,320	8,053,028	-	11,689,348
Loans payable - noncurrent portion	55,370	6,864,595	-	6,919,965
Net pension liability	<u>972,657</u>	<u>1,023,645</u>	<u>-</u>	<u>1,996,302</u>
Total noncurrent liabilities	<u>4,747,519</u>	<u>16,067,572</u>	<u>-</u>	<u>20,815,091</u>
Total liabilities	8,154,350	17,216,197	7,403	25,377,950
DEFERRED INFLOWS OF RESOURCES				
Related to the City's pension plan and participation in VMERS				
	50,457	41,703	-	92,160
Related to lease	<u>97,080</u>	<u>-</u>	<u>-</u>	<u>97,080</u>
Total deferred inflows	<u>147,537</u>	<u>41,703</u>	<u>-</u>	<u>189,240</u>
NET POSITION				
Net investment in capital assets	2,587,911	12,668,945	31,211	15,288,067
Unrestricted	<u>400,056</u>	<u>989,777</u>	<u>342,542</u>	<u>1,732,375</u>
Total net position	<u>2,987,967</u>	<u>13,658,722</u>	<u>373,753</u>	<u>17,020,442</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 11,289,854</u>	<u>\$ 30,916,622</u>	<u>\$ 381,156</u>	<u>\$ 42,587,632</u>

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, 2023

	Water Fund	Wastewater Fund	Nonmajor Stormwater Fund	Total
OPERATING REVENUES				
Charges for services	\$ 2,669,018	\$ 3,849,009	\$ 248,284	\$ 6,766,311
Penalties and interest	19,173	29,911	540	49,624
Allocation fees	19,394	26,190	-	45,584
Other income	<u>9,667</u>	<u>2,364</u>	<u>-</u>	<u>12,031</u>
Total operating revenues	2,717,252	3,907,474	248,824	6,873,550
OPERATING EXPENSES				
Salaries and benefits	1,143,905	1,297,693	51,017	2,492,615
Other purchased services	116,201	946,564	65,287	1,128,052
Chemicals	212,186	562,096	-	774,282
Repairs and maintenance	229,515	212,005	58,144	499,664
Insurances	108,631	109,197	-	217,828
Utilities	261,658	337,147	-	598,805
Supplies	45,630	42,655	-	88,285
Real estate and state water taxes	68,033	5,003	-	73,036
Other operating costs	105,448	131,997	26,214	263,659
Depreciation	<u>298,397</u>	<u>976,635</u>	<u>-</u>	<u>1,275,032</u>
Total operating expenses	<u>2,589,604</u>	<u>4,620,992</u>	<u>200,662</u>	<u>7,411,258</u>
Operating income (loss)	127,648	(713,518)	48,162	(537,708)
NONOPERATING REVENUES (EXPENSES)				
Land lease	15,000	-	-	15,000
Intergovernmental revenue	-	44,899	-	44,899
Investment income	4,095	10,638	1,757	16,490
Interest expense	<u>(137,498)</u>	<u>(333,251)</u>	<u>-</u>	<u>(470,749)</u>
Total nonoperating revenues (expenses), net	<u>(118,403)</u>	<u>(277,714)</u>	<u>1,757</u>	<u>(394,360)</u>
Net income (loss) before transfers	9,245	(991,232)	49,919	(932,068)
Transfers in	-	1,726	-	1,726
Transfers out	<u>(160,683)</u>	<u>(167,551)</u>	<u>(30,402)</u>	<u>(358,636)</u>
Change in net position	(151,438)	(1,157,057)	19,517	(1,288,978)
Net position - July 1, 2022	<u>3,139,405</u>	<u>14,815,779</u>	<u>354,236</u>	<u>18,309,420</u>
Net position - June 30, 2023	<u>\$ 2,987,967</u>	<u>\$ 13,658,722</u>	<u>\$ 373,753</u>	<u>\$ 17,020,442</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, 2023

	Water Fund	Wastewater Fund	Nonmajor Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,687,680	\$ 3,893,353	\$ 240,225	\$ 5,821,258
Other receipts	19,394	26,190	540	46,124
Payments to suppliers	(114,888)	(2,139,191)	(149,645)	(2,403,724)
Payment of taxes	(68,033)	(5,003)	-	(73,036)
Payments for wages and benefits	(982,270)	(1,224,100)	(43,614)	(2,249,984)
Receipts for interfund services provided	48,572	693,576	-	742,148
Payments for interfund services provided	-	-	(18,861)	(18,861)
Net cash provided by operating activities	<u>590,455</u>	<u>1,244,825</u>	<u>28,645</u>	<u>1,863,925</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	1,726	-	1,726
Transfers out	(160,683)	(167,551)	(30,402)	(358,636)
Proceeds from land lease	15,000	-	-	15,000
Proceeds from noncapital grant	-	44,899	-	44,899
Net cash used by noncapital financing activities	<u>(145,683)</u>	<u>(120,926)</u>	<u>(30,402)</u>	<u>(297,011)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,760,586)	(265,044)	-	(2,025,630)
Proceeds of:				
Notes payable	-	251,369	-	251,369
Short term state revolving loans	1,648,655	-	-	1,648,655
Principal paid on:				
General obligation bonds	(199,438)	(787,611)	-	(987,049)
Interest paid on debt:	<u>(137,498)</u>	<u>(333,251)</u>	<u>-</u>	<u>(470,749)</u>
Net cash used by capital and related financing activities	<u>(448,867)</u>	<u>(1,134,537)</u>	<u>-</u>	<u>(1,583,404)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of interest and dividends	<u>4,095</u>	<u>10,638</u>	<u>1,757</u>	<u>16,490</u>
Net cash provided by investing activities	<u>4,095</u>	<u>10,638</u>	<u>1,757</u>	<u>16,490</u>
Net change in cash	-	-	-	-
Cash and short-term investments - July 1, 2022	-	-	-	-
Cash and short-term investments - June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 127,648	\$ (713,518)	\$ 48,162	\$ (537,708)
Depreciation	298,397	976,635	-	1,275,032
(Increase)/decrease in receivables	(1,004,933)	12,069	(8,059)	(1,000,923)
(Increase)/decrease in interfund receivable	48,572	693,576	(18,861)	723,287
(Increase)/decrease in inventories	(13,876)	(8,573)	-	(22,449)
Increase/(decrease) in accounts payable	978,256	211,043	-	1,189,299
Increase/(decrease) in accrued payroll	5,659	5,582	7,403	18,644
Increase/(decrease) in unearned revenue	(5,245)	-	-	(5,245)
Increase/(decrease) in compensated absences liability	9,164	16,288	-	25,452
Increase/(decrease) in net pension liability and related deferrals	<u>146,813</u>	<u>51,723</u>	<u>-</u>	<u>198,536</u>
Net cash provided by operating activities	<u>\$ 590,455</u>	<u>\$ 1,244,825</u>	<u>\$ 28,645</u>	<u>\$ 1,863,925</u>

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	<u>Pension Trust Fund</u>	<u>Custodial Funds</u>
ASSETS		
Cash and short-term investments	\$ -	\$ 63,259
Investments		
Annuity contract	457,694	-
Equity mutual funds	1,747,517	-
Fixed income mutual funds	<u>1,281,087</u>	<u>-</u>
 Total Assets	 <u>\$ 3,486,298</u>	 <u>\$ 63,259</u>
 NET POSITION		
Restricted for pension	3,486,298	-
Restricted for organizations and other governments	<u>-</u>	<u>63,259</u>
 Total Net Position	 <u>\$ 3,486,298</u>	 <u>\$ 63,259</u>

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Pension Trust Fund	Custodial Funds
ADDITIONS		
Contributions:		
Employer	\$ 210,300	\$ -
Plan members	40,916	-
Taxes collected for Maple Run School	-	6,997,712
Taxes collected for St. Albans Free Library	-	260,635
Contributions on behalf of nonprofits	-	77,571
	251,216	7,335,918
Total Contributions		
Net Investment Earnings	288,640	-
Total Additions	539,856	7,335,918
DEDUCTIONS		
Benefits - pension	464,042	-
Administrative expenses	51,079	-
Payment of taxes to Maple Run School	-	6,997,712
Payment of taxes to St. Albans Free Library	-	260,635
Payments on behalf of nonprofits	-	62,890
	515,121	7,321,237
Total Deductions		
Change in Net Position	24,735	14,681
Restricted Net Position - July 1, 2022	3,461,563	48,578
Restricted Net Position - June 30, 2023	\$ 3,486,298	\$ 63,259

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the City conform to accounting principles generally accepted in the United States of America (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 significant accounting policies employed in the preparation of these financial statements.

A. The Financial Reporting Entity

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

B. Basis of Presentation

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

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government, the City. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other exchange and 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 for 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 Debt Service Fund – This debt service fund is used to account for all property tax revenue generated by the TIF and all debt service related to the TIF district. The TIF district encompasses much of the City's downtown area.

The City reports on the following major enterprise funds:

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

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

Additionally, the City reports the following fund types:

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

Custodial Funds – These funds account for monies maintained for local nonprofit groups, Saint Albans for the Future (SAFF), and the Explorer Program. Additionally, these funds account for the collection and disbursement of taxes collected on behalf of the Maple Run Unified School District and St. Albans Free Library.

C. Measurement Focus

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

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources are generally reported on the Balance Sheets. The reported fund balances (net current position) are considered a measure of available spendable resources, and are segregated into nonspendable, restricted, committed, assigned, and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund equity. 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 economic resources measurement and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

the related cash flow takes place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under 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 GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity

1. Cash and Short-Term Investments

Cash balances of most City funds are deposited with and invested by the City Treasurer. The City considers all investments of one year or less to be short-term investments.

2. Investments

The City invests as allowed by state statute. Investments with readily determinable fair values are reported at their fair values, except for annuity contracts which are reported at cash surrender value. Unrealized gains and losses are included in revenue.

3. Receivables

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

4. Internal Balances

Activity between funds that is representative of lending or borrowing arrangements that are outstanding at the end of the fiscal year are referred to as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

5. Inventories, Prepaid Items, and Assets Held for Resale

Inventory quantities are determined by physical count and are valued at cost using the first in first out (FIFO) method. Inventories in the governmental funds consist of pool chemicals, salt, and sand. The cost of governmental funds inventories is recorded using the purchases method. Inventories in the proprietary funds consists primarily of chemicals.

Assets held for resale consist of properties purchased by the City which are planned to be or are in process of being sold. Assets held for resale are valued at the lower of cost or market.

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recognized using the consumption method.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

6. Pension

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

7. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one type of item which arises under the accrual basis of accounting that qualifies for reporting in this category. The governmental activities, the business-type activities, and the proprietary funds report deferred outflows of resources related to the City's defined benefit pension plan and the City's participation in VMERS. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

In addition to liabilities, the Statement of Financial Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets 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 three types which arise under the accrual basis of accounting that qualify for reporting in this category. The governmental activities, the business-type activities, and the proprietary funds report deferred inflows of resources from three sources: prepaid property taxes and deferred inflows of resources related to the City's defined benefit pension plan and the City's participation in VMERS, and deferred inflows of resources relating to leases. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows of resources are related. The governmental funds report deferred inflows of resources from three sources: prepaid property taxes, unavailable property taxes, penalties and interest, and unavailable other revenue (including loans and leases). These amounts are deferred and recognized as an inflow of resources in the future periods that the amounts become available or to which the inflows are related.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

8. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their acquisition value. Major outlays for capital assets and improvements are capitalized as constructed. Interest is not capitalized during the construction phase of capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

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
Right to Use Building	\$ 5,000	13 Years
Vehicles	\$ 5,000	4-15 Years
Machinery, Equipment, and Furniture	\$ 5,000	8-20 Years
Roads, Bridges, and Sidewalks	\$ 5,000	30-50 Years
Water and Wastewater Distribution and and Collection Systems	\$ 5,000	60 - 100 Years

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

9. Compensated Absences

It is the policy of the City to permit employees to accumulate earned but unused vacation time up to 240 hours. Public safety employees may accumulate earned but unused comp time up to 240 hours and all other employees may accumulate earned but unused comp time up to 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 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 240 hours with 160 hours vested for payment upon retirement, termination, or death. Liabilities for compensated absences are reported in governmental funds only if they have matured.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

10. Leases

City as a Lessor: The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund and proprietary fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term using the effective interest method. The following assumptions are made:

The City uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease, including renewal terms reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease receivable and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

City as a Lessee: At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. The following assumptions are made:

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease, including renewal terms reasonably certain to be exercised. Lease payments included in the measurement of the lease liability are comprised of fixed payments and purchase option price, if the City is reasonably certain that it will be exercised.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

11. Long-Term Liabilities

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

12. 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.

The City has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2023:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes General Fund reserves for prepaid expenditures, inventories, assets held for resale, and advances to other funds.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes amounts restricted for debt service, various special revenue funds, and permanent trust funds.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority. This fund balance classification includes 7.5% of the cumulative Local Option Tax revenues that have been committed to reduce the cost and increase the access to recreation programming for the disadvantaged and the elderly.

Unassigned - Represents amounts that are available to be spent in future periods and deficit funds. Positive unassigned fund balance can only be reported in the General Fund.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

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

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

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

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgets are approved at the annual City Meeting in March. Any budget changes require voter approval. There were no budget changes during the year. The legal level of budgetary control is at the department level.

Chapter 9 of the City's Revised Ordinances establishes budgetary control as follows:

- 241. Authorization of contract or debt by City Council.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

No contract shall be made whereby the City shall be beholden or bound for the payment of any sum of money, nor shall any debt be created against the City by any person or persons acting or pretending to act for the City, in any capacity whatever, unless the same shall have been previously authorized by the City Council.

242. Power of City officer to bind City for payment of money.

No City officer shall have any authority or power to bind the City for the payment of any sum of money for any purpose, or to make any contract whereby the City may become bound for the payment of any sum of money, unless such officer shall have been previously authorized to such action by City Council.

243. Expenditures for ordinary administration.

Nothing in this chapter shall be construed to prevent the expenditure by such officer of moneys in the ordinary administration of his department, which have been previously appropriated to such use by the City Council and authorized by the City Manager.

B. Excess of Expenditures Over Appropriations

The City reflected expenditures in excess of appropriations in the following departments for fiscal year 2023:

Administration and Finance	\$ (44,362)
HRA and Leave Buy Back	(40,932)
Debt Service - Principal and Interest	(265,512)
Fire Department	(27,690)
Police, Dispatch, and Animal Control	(267,187)
Police Department Capital	(24,929)
Library	(50,694)
Parking Garage	(90,786)
Public Works, Highway, Parks	(11,985)
Public Works Capital	(63,977)
Recreation Programs	(10,290)
Recreation Capital	(32,990)
Grant Expenditures	(626,344)
Transfers Out	(37,236)

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

C. Deficit Fund Balance

The City also has a deficit fund balance in the following funds at June 30, 2023:

TIF Debt Service Fund	\$ (556,797)
City Pool Fund (Non-Major)	(308,280) *
Streetscape Fund (Non-Major)	(149,875)
Sidewalk Fund (Non-Major)	(166,297) *
Hard'ack Improvement Fund (Non-Major)	(300,309) *
City Hall Block Fund (Non-Major)	(1,580,640)
Congress and Main St. Fund (Non-Major)	(460,910) *

The City intends to fund the over-expenditures in the above funds with a combination of capital contributions, grant funds, and issuance of debt.

*The projects have been financed through issuance of debt subsequent to the year end.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Short-Term Investments

The City's cash and cash short-term investments as of June 30, 2023 consisted of cash on hand and deposits in financial institutions.

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 City does not have any policy to limit the exposure to custodial credit risk. The following table shows the custodial credit risk of the City's deposits as of June 30, 2023.

	<u>Bank</u> <u>Balance</u>
FDIC Insured	\$ 500,000
Collateralized	<u>2,089,677</u>
Total Deposits	<u>\$ 2,589,677</u>

The uninsured and uncollateralized balance was \$429,864 at June 30, 2023.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

B. Investments

The Pension Trust Fund's (the Plan) investments as of June 30, 2023 consisted of the following:

Annuity contract	\$ 457,694
US Stocks	1,616,880
Emerging Market Stocks	40,793
US Bonds	894,867
International Bonds	386,220
Real Estate Mutual Fund	<u>89,844</u>
Total Investments	<u>\$ 3,486,298</u>

The annuity contract is a group annuity product issued by Prudential Retirement Insurance and Annuity Company (PRIAC).

Custodial Credit Risk

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 Plan does not have any policy to limit the exposure to custodial credit risk. The Plan does not invest in individual securities. The Plan's share of pooled investments in PRIAC and mutual funds are held by Prudential's trust department.

Interest Rate and Credit 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. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Plan does not have formal policies related to interest and credit risk. The Plan's debt related investments were comprised of \$894,867 in PGIM Corporate Bond Fund and \$386,220 in PIMCO International Bond Fund at June 30, 2023 with effective duration of 6.6 and 4.7 years, respectively. The PGIM holdings are rated by S&P as follows: 7.7% AAA, 13.2% AA, 29.2% A, 48.4% BBB, 1.5% BB. The PIMCO holdings are rated by S&P as AA.

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Plan's investments are held within one security. The Plan does not have any limitations on the amount that can be invested in any one issuer. Except for the Plan's investments in its share in PRIAC guaranteed deposit account

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

and mutual funds, the City does not have investments in a single issuer which are greater than 5% of total investments.

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Annuity contracts are valued at cash surrender value, and therefore, are not included in this disclosure.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the security's relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

The Pension Trust Fund (Plan) had the following fair value measurements as of June 30, 2023:

<u>Description</u>	<u>Fair Value Measurements Using:</u>		
	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Mutual funds			
Equity securities			
US Stocks	\$ 1,616,880	\$ 1,616,880	\$ -
Emerging Market Stocks	40,793	40,793	-
Real Estate Mutual Fund	89,844	89,844	-
Debt securities			
US Bonds	894,867	-	894,867
International Bonds	386,220	-	-
Total	<u>\$ 3,028,604</u>	<u>\$ 1,747,517</u>	<u>\$ 1,281,087</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

C. Receivables

Receivables at June 30, 2023, net of applicable allowances for uncollectible accounts, were as follows.

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Delinquent Taxes	\$ 297,640	\$ -	\$ 297,640
Penalties and Interest	53,167	-	53,167
Billed Services	-	1,064,380	1,064,380
Unbilled Services	-	352,525	352,525
Grants	435,350	-	435,350
Intergovernmental	-	1,011,028	1,011,028
Other	188,315	18,597	206,912
Allowance for Doubtful Accounts	<u>(32,500)</u>	<u>(14,500)</u>	<u>(47,000)</u>
Net Receivable	<u>\$ 941,972</u>	<u>\$ 2,432,030</u>	<u>\$ 3,374,002</u>

D. Loans Receivable

Loans receivable at June 30, 2023 consisted of the following loans for community development:

Loan receivable, local business Interest at 2%, monthly principal and interest payments; matures January 31, 2024	\$ 3,388
Loan receivable, local business Interest at 3%, interest-only payments due every six months. Principal payment due May 15, 2024; secured by a personal guaranty from borrowers	150,000
Loan receivable, local nonprofit Interest at 0%, balloon payment due October 30, 2044; secured by a mortgage deed on real property	350,000
Loan receivable, local nonprofit Interest at 0%, balloon payment due December 31, 2032; secured by a mortgage deed on real property	360,000

(continued)

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

(continued)

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	579,600
Loan receivable, local taxpayer Interest at 3%, balloon payment due April 30, 2025; secured by a mortgage deed on real property	199,000
Loan receivable, local business Interest at 1%, payment due May 18, 2025	115,000
Loan receivable, local business Interest at 2%, payment due June 30, 2027	126,275
Loan receivable, local business Interest at 2%, payment due June 30, 2027	87,601
Loan receivable; PeakCM Lake Street Hotel LLP; Interest at 3%; 5-year repayment terms	<u>800,000</u>
Total	3,250,865
Less: Allowance for Doubtful Loans Receivable	<u>(1,715,467)</u>
Net Balance at - June 30, 2023	<u>\$ 1,535,398</u>

A summary of the change in loans receivable for fiscal year 2023 is as follows:

<u>Balance</u> <u>July 01, 2022</u>	<u>Additions</u>	<u>Payments</u>	<u>Amounts</u> <u>Written Off</u>	<u>Balance</u> <u>June 30, 2023</u>
\$ <u>3,196,429</u>	\$ <u>271,275</u>	\$ <u>216,839</u>	\$ <u>-</u>	\$ <u>3,250,865</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

E. Leases Receivable

For the fiscal year ended June 30, 2022 the City implemented GASB Statement No. 87, *Leases*. As a result, the following leases receivable are reported at June 30, 2023:

	Interest Rate	Date of Maturity	Net Present Value End of Year
Governmental Activities/General Fund:			
School Barlow Lease	2.40%	04/30/26	\$ 248,527
Business Type Activities/Water Fund			
Branon Land Lease	2.00%	04/30/30	97,080
			\$ 345,607

F. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated/Amortized:				
Land	\$ 776,095	\$ -	\$ 50,000	\$ 726,095
Construction in Progress	12,006,299	1,369,443	12,914,111	461,631
Total Capital Assets, Not Being Depreciated/Amortized	12,782,394	1,369,443	12,964,111	1,187,726
Capital Assets, Being Depreciated/Amortized:				
Buildings and Building Improvements	4,448,344	7,423,784	265,434	11,606,694
Right to Use Buildings	2,605,293	-	-	2,605,293
Vehicles, Machinery, and Equipment	5,707,125	177,769	685,405	5,199,489
Infrastructure	32,589,831	5,828,827	-	38,418,658
Subtotal	45,350,593	13,430,380	950,839	57,830,134
Less Accumulated Depreciation/ Amortization for:				
Buildings and Building Improvements	1,729,400	229,190	524,200	1,434,390
Right to Use Buildings	200,407	200,407	-	400,814
Vehicles, Machinery, and Equipment	3,809,931	294,477	428,301	3,676,107
Infrastructure	5,879,857	1,223,201	-	7,103,058
Totals	11,619,595	1,947,275	952,501	12,614,369
Total Capital Assets, Being Depreciated/ Amortized	33,730,998	11,483,105	(1,662)	45,215,765
Governmental Activities Capital Assets, Net	\$ 46,513,392	\$ 12,852,548	\$ 12,962,449	\$ 46,403,491

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 228,211	\$ -	\$ -	\$ 228,211
Construction in Progress	19,587,596	1,920,913	19,649,308	1,859,201
Total Capital Assets, Not Being Depreciated	19,815,807	1,920,913	19,649,308	2,087,412
Capital Assets, Being Depreciated:				
Buildings, Distribution and Collection				
Systems & Improvements	35,156,229	19,408,409	-	54,564,638
Vehicles, Machinery, and Equipment	3,719,184	240,899	433,577	3,526,506
Subtotal	38,875,413	19,649,308	433,577	58,091,144
Less Accumulated Depreciation for:				
Buildings, Distribution and Collection				
Systems & Improvements	18,969,741	1,139,425	-	20,109,166
Vehicles, Machinery, and Equipment	3,152,527	135,607	416,249	2,871,885
Totals	22,122,268	1,275,032	416,249	22,981,051
Total Capital Assets, Being Depreciated	16,753,145	18,374,276	17,328	35,110,093
Business-Type Activities Capital Assets, Net	\$ 36,568,952	\$ 20,295,189	\$ 19,666,636	\$ 37,197,505

Depreciation/amortization was charged as follows:

Governmental Activities:		Business-Type Activities:	
General Government	\$ 255,755	Water	\$ 298,397
Public Safety	377,835	Sewer	976,635
Public Works	1,161,660		
Culture and Recreation	152,025		
Total - Governmental Activities	\$ 1,947,275	Total - Business-Type Activities	\$ 1,275,032

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

G. Interfund Balances and Activity

The composition of due from/to other funds at June 30, 2023 was as follows:

<u>Fund Name</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$ 1,006,876
TIF Debt Service Fund	-	556,797
Non-Major:		
Federal Street Project Fund	31,407	-
City Pool Fund	-	308,280
Restorative Justice Center	-	70,103
Taylor Park Trust Fund	2,262	-
Streetscape Fund	349,397	-
TIF Capital Project Fund	15,281	-
Hard'ack Playground Fund	29,817	-
Fonda Fund	230,537	-
Sidewalk Fund	-	165,711
Hard'ack Improvement Fund	-	300,309
City Hall Block Fund	-	138,000
Congress and Main Fund	-	460,910
Water Fund	693,559	-
Wastewater Fund	1,350,954	-
Stormwater Fund (Non-Major)	<u>303,772</u>	<u>-</u>
Total	<u>\$ 3,006,986</u>	<u>\$ 3,006,986</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Interfund transfers during the year ended June 30, 2023 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Municipal Planning Grants Fund (Non-Major)	\$ 2,200	Grant match
Wastewater Fund	General Fund	34,742	Fund City Hall debt service
Wastewater Fund	General Fund	2,506	Street Sweeper debt service
Wastewater Fund	Streetscape Fund (Non-Major)	13,631	Debt Proceeds for Wastewater Infrastructure Costs
Wastewater Fund	Fonda Fund (Non-Major)	116,672	Fund Wastewater portion of Fonda redevelopment projects
Stormwater Fund	Wastewater Fund	1,726	Wastewater expense reimbursement
Stormwater Fund	General Fund	10,022	Street Sweeper debt service
Stormwater Fund	Lake Champlain Basin Fund (Non-Major)	18,654	Grant match
Water Fund	General Fund	2,199	Fire Truck debt service
Water Fund	General Fund	34,744	Fund City Hall debt service
Water Fund	Fonda Fund (Non-Major)	116,672	Fund Water portion of Fonda redevelopment projects
Water Fund	Streetscape Fund (Non-Major)	<u>7,068</u>	Debt Proceeds for Water Infrastructure Costs
	Total	<u>\$ 360,836</u>	

The City reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes.

H. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the City that applies to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources presented in the Statement of Net Position, related to the City's net pension liability, are more fully discussed in Notes N-1 and N-2.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

I. Short Term Notes Payable

The schedule below details the changes in short-term capital borrowings during the year ended June 30, 2023, for both governmental and business-type activities:

	Interest Rate	Date of Maturity	Balance Beginning of Year	New Issues	Maturities	Balance End of Year
Governmental Activities:						
Kingman Street	1.85%	11/17/23	\$ 500,000	\$ -	\$ -	\$ 500,000
54 and 56-58 No Main St	1.95%	04/14/24	430,000	-	-	430,000
Tax Anticipation Note	1.75%	03/15/23	-	1,000,000	1,000,000	-
86 and 104 No Main	1.95%	12/22/23	-	1,440,000	-	1,440,000
100-120 Federal St	1.95%	10/19/23	-	500,000	-	500,000
Total Governmental Activities			<u>930,000</u>	<u>2,940,000</u>	<u>1,000,000</u>	<u>2,870,000</u>
Business-Type Activities:						
Aldis Hill Tank	0.00%	11/01/23	160,547	1,652,085	-	1,812,632
Kingman St - Water	0.00%	12/01/23	282,932	7,068	-	290,000
Kingman St - Wastewater	0.00%	03/01/23	251,369	13,631	265,000	-
Federal Street CSO	0.00%	06/30/24	10,498	18,935	-	29,433
Lo Welden CSO	0.00%	06/30/24	-	61,101	-	61,101
CSO Offline Storage	0.00%	06/30/24	-	28,350	-	28,350
Total Business-Type Activities			<u>705,346</u>	<u>1,781,170</u>	<u>265,000</u>	<u>2,221,516</u>
Total Short-Term Capital Borrowings			<u>\$ 1,635,346</u>	<u>\$ 4,721,170</u>	<u>\$ 1,265,000</u>	<u>\$ 5,091,516</u>

The purpose of the short-term direct borrowings is to provide resources for various capital construction or improvement projects. The forms of financing used for governmental activities were notes with local banks and the Vermont Municipal Bond Bank. The form of financing used for business-type activities was no-interest revolving loan programs. The Vermont EPA Local Assistance State Revolving Fund loan has a remaining balance available to draw down of \$1,217,491 at June 30, 2023. The Vermont Department of Conservation loans have a remaining balance available to draw down of \$35,717 at June 30, 2023.

J. Unearned Revenue

Unearned revenue in the General Fund includes recreation fees and parking garage passes that were paid/purchased in advance. The revenue will be recognized when services are performed. Additionally, unearned revenue in the General Fund consists of receipt of American Rescue Plan Act (ARPA) funds that will be recognized when the use of funds has occurred. Unearned revenue in the enterprise funds consists of water credits payable.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

K. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net assets by the City that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension will be recognized in pension expense in future years and are more fully described in Notes N-1 and N-2.

Deferred inflows of resources in the General Fund consist of prepaid property taxes, unavailable revenues, and deferred inflows related to the lease receivable. Unavailable revenues are reported in the governmental funds Balance Sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year. Unavailable revenues include \$278,164 of delinquent property taxes, penalties, and interest on those taxes and \$1,535,398 of net loans receivable that were not collected within 60 days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of \$248,527 in the General Fund and \$97,080 in the Water Fund are reported in connection with leases receivable will be recognized as the leases are repaid and as receivables are collected. The revenue from deferred inflows related to leases will be recognized using the effective interest method.

L. 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 governmental and proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from 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 12 to 30 year bonds. These bonds are direct borrowings held with the Vermont Municipal Bond Bank. The State of Vermont offers a number of no-interest revolving loan programs to utilize for predetermined purposes. The City has borrowed money from the Vermont Special Environmental Revolving Fund for wastewater projects.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Notes Payable - The City has other loans payable to finance various capital projects and purchases through local banks. This includes small equipment direct purchase financing agreements with local banks, which are collateralized by the corresponding equipment.

Lease Payable – Effective July 1, 2021, the City adopted the new lease accounting guidance in Governmental Accounting Standards Board Statement Number 87, *Leases*. As a result of the adoption of the new lease accounting guidance, the City recognized on July 1, 2021 (a) a lease liability in the governmental activities for the police building, which represents the present value of the remaining lease payments through June 13, 2034 discounted using the City’s incremental borrowing rate of 2.4%, and (b) a corresponding right-of-use asset.

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

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Long-term liabilities outstanding as of June 30, 2023 were as follows.

Bonds and Notes Payable:

<u>Governmental Activities:</u>	<u>Series</u>	<u>Interest</u>	<u>Amount</u>
	<u>Maturities</u>	<u>Rate(s) %</u>	<u>Outstanding</u>
	<u>Through</u>		<u>as of</u>
			<u>6/30/23</u>
Bonds Payable - Direct Borrowing:			
TIF District Bond	\$ 11/15/33	0.643-4.723%	\$ 9,085,000
City Hall Renovation	11/02/40	0.891-3.181%	1,656,000
TIF District Bond	11/01/33	0.891-3.181%	970,588
Fairfield Street	11/02/41	0.891-3.181%	228,000
Lake/Main Sidewalks	11/02/41	0.891-3.181%	931,000
Fire Truck	11/01/36	0.891-3.181%	332,500
Neighborhood Sidewalks	11/01/42	1.210-4.060%	800,000
Neighborhood Sidewalks	11/01/43	1.170-4.170%	1,680,000
Neighborhood Sidewalks	11/01/43	1.835-3.890%	1,638,000
TIF Project	11/01/38	1.835-3.890%	2,000,000
TIF Fonda	11/01/40	0.420-2.360%	900,000
Neighborhood Sidewalks	11/01/41	0.600-2.610%	1,425,000
TIF Kingman Street	11/01/41	0.600-2.610%	950,000
TIF Federal Street	11/01/46	3.722%	480,000
Total Bonds Payable			23,076,088
Loans Payable - Direct Borrowings:			
Fonda/Solo Building Purchase	08/12/23	1.50%	\$ 232,139
Hard'ack Groomer	11/01/24	2.95%	8,112
Street Sweeper	08/01/28	3.40%	60,953
Fire Vehicle	05/01/24	2.70%	6,979
Public Works Equipment	05/01/24	2.45%	33,881
Police Vehicle	05/01/25	2.35%	14,597
Dispatch Tower	05/01/31	2.90%	140,913
10 Maiden Lane and 12 Congress Street	04/26/41	0.00%	266,958
Land & Building	12/17/39	2.00%	352,475
Police Renovations	05/01/37	3.50%	983,752
City Pool	05/13/47	2.14%	4,800,000
VCF Passthrough to Congress/Main	05/14/30	3.00%	500,000
Dispatch Tower II	08/01/32	3.25%	92,912
Pool Setup Costs	05/01/28	2.80%	53,350
Total Loans Payable			7,547,021
Total Governmental Activities			\$ 30,623,109

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

	Series Maturities	Interest Rate(s) %	Amount Outstanding as of <u>6/30/23</u>
<u>Business-Type Activities:</u>			
Water Fund			
Bonds Payable - Direct Borrowings:			
USDA Refunding Bond	11/15/36	3.93%	\$ 2,386,083
Fairfax Water Plant	11/01/30	0.891-3.181%	373,333
Fairfield Street	11/02/41	0.891-3.181%	323,000
Streetscape Utilities	11/01/35	0.891-3.181%	146,420
Fairfax Dam	11/01/35	0.891-3.181%	671,489
Total Bonds Payable			<u>3,900,325</u>
Notes Payable - Direct Borrowings:			
Mini Excavator	08/01/25	3.00%	4,379
2021 International	07/15/25	2.50%	47,506
2021 Caterpillar Excavator	07/15/26	2.50%	30,595
Total Notes Payable			<u>82,480</u>
Total Water Fund			3,982,805
Wastewater Fund			
Bonds Payable - Direct Borrowings:			
Wastewater Treatment Facility Improvements	09/01/31	0.00%	765,517
Wastewater Treatment Facility Improvements	09/01/31	0.00%	86,886
Wastewater Treatment Facility Improvements	09/01/31	0.00%	1,326,545
Fairfield Street	11/02/41	0.891-3.181%	1,349,000
Streetscape Utilities	11/01/33	0.891-3.181%	146,420
WWTF Upgrade	11/01/39	0.00%	4,767,446
Kingman Utilities	03/01/52	0.00%	159,000
Total Bonds Payable			<u>8,600,814</u>
Loans Payable - Direct Borrowings:			
Street Sweeper	08/01/28	3.40%	14,058
Mini Excavator	08/01/25	3.00%	4,378
WWTF Upgrade	11/15/49	1.75%	7,007,765
2021 International	07/15/25	2.50%	47,506
2021 Caterpillar Excavator	07/15/26	2.50%	30,595
Total Loans Payable			<u>7,104,302</u>
Total Wastewater Fund			<u>15,705,116</u>
Total Business-Type Activities			<u>\$ 19,687,921</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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 - Direct Borrowings	\$ 24,014,073	\$ 500,000	\$ 1,437,985	\$ 23,076,088	\$ 1,457,985
Notes Payable - Direct Borrowings	7,296,590	653,350	402,919	7,547,021	618,442
Lease Payable	2,432,150	-	177,298	2,254,852	181,554
Compensated Absences Liability	428,502	65,948	15,886	478,564	23,928
Environmental Liability	15,409	-	15,409	-	-
Net Pension Liability	3,789,587	1,455,625	-	5,245,212	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 37,976,311</u>	<u>\$ 2,674,923</u>	<u>\$ 2,049,497</u>	<u>\$ 38,601,737</u>	<u>\$ 2,281,909</u>
BUSINESS-TYPE ACTIVITIES					
Bonds Payable - Direct Borrowings	\$ 13,135,664	\$ 265,000	\$ 899,525	\$ 12,501,139	\$ 811,791
Notes Payable - Direct Borrowings	7,266,999	202,617	282,834	7,186,782	266,817
Compensated Absences Liability	194,888	25,452	-	220,340	10,864
Net Pension Liability	1,524,592	471,710	-	1,996,302	-
Total Business-type Activities Long-Term Liabilities	<u>\$ 22,122,143</u>	<u>\$ 964,779</u>	<u>\$ 1,182,359</u>	<u>\$ 21,904,563</u>	<u>\$ 1,089,472</u>

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

The General Fund and enterprise funds have typically been used to liquidate pension liabilities.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Maturities of bonds and notes payable based on the City's intentions are as follows for governmental activities:

Year Ending June 30	Governmental Activities			
	Bonds Payable - Direct Borrowings		Loans Payable - Direct Borrowings	
	Principal	Interest	Principal	Interest
2024	\$ 1,457,985	\$ 760,526	\$ 618,442	\$ 174,078
2025	1,482,985	721,155	346,793	160,531
2026	1,507,985	678,838	340,436	152,348
2027	1,537,985	633,372	344,402	114,108
2028	1,562,985	584,569	348,445	136,026
2029-2033	8,354,928	2,064,747	2,132,758	513,340
2034-2038	4,548,235	748,877	1,514,082	293,579
2039-2043	2,385,000	209,432	1,101,663	151,410
2044-2048	238,000	8,919	800,000	42,847
Total	\$ 23,076,088	\$ 6,410,436	\$ 7,547,021	\$ 1,738,267

Maturities of lease payable based on the City's intentions are as follows for governmental activities:

Year Ending June 30	Principal	Interest
2024	\$ 181,554	\$ 54,116
2025	185,911	49,759
2026	190,373	45,297
2027	194,941	40,728
2028	199,620	36,050
2029-2033	1,072,306	106,044
2034	230,147	5,524
Total	\$ 2,254,852	\$ 337,518

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Maturities of bonds and notes payable based on the City’s intentions are as follows for business-type activities:

Year Ending June 30	Business-Type Activities			
	Bonds Payable - Direct Borrowings		Loans Payable - Direct Borrowings	
	Principal	Interest	Principal	Interest
2024	\$ 811,791	\$ 314,618	\$ 266,817	\$ 126,831
2025	826,503	295,075	263,095	121,530
2026	841,613	274,884	268,231	116,388
2027	857,132	253,992	240,152	111,141
2028	873,076	232,409	228,124	106,646
2029-2033	4,259,970	781,118	1,187,919	471,974
2034-2038	2,940,370	286,589	1,295,259	363,901
2039-2043	1,027,112	49,385	1,413,162	245,998
2044-2048	30,307	4,583	1,541,798	117,362
2049-2053	26,503	1,365	482,225	8,401
2054	<u>6,762</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 12,501,139</u>	<u>\$ 2,494,018</u>	<u>\$ 7,186,782</u>	<u>\$ 1,790,172</u>

M. Net Position and Fund Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The City has set a goal of obtaining a minimum unassigned General Fund balance of one month of General Fund operating expenditures. Due to the City’s focus on ambitious redevelopment, this goal has not yet been attained.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Following is a breakdown of the City's fund balances at June 30, 2023:

	General <u>Fund</u>	TIF Debt Service <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Nonspendable				
Prepaid Items	\$ 6,072	\$ -	\$ -	\$ 6,072
Inventories	13,313	-	-	13,313
Advances to other funds	-	-	-	-
Assets Held for Resale	<u>432,009</u>	<u>-</u>	<u>2,084,113</u>	<u>2,516,122</u>
Total Nonspendable	451,394	-	2,084,113	2,535,507
Restricted				
Asset Forfeiture	15,305	-	-	15,305
Drug Task Force	5,000	-	-	5,000
Restorative Justice Center	-	-	28,727	28,727
Taylor Park	-	-	36,042	36,042
Federal Street Project	-	-	29,947	29,947
TIF Capital Project Fund	-	-	8,783	8,783
Fonda Site	-	-	380,396	380,396
Hard'ack Playground	<u>-</u>	<u>-</u>	<u>29,817</u>	<u>29,817</u>
Total Restricted	20,305	-	513,712	534,017
Committed				
Recreation LOT	<u>93,850</u>	<u>-</u>	<u>-</u>	<u>93,850</u>
Unassigned	<u>(315,118)</u>	<u>(556,797)</u>	<u>(2,966,311)</u>	<u>(3,838,226)</u>
Total Fund Balance	<u>\$ 250,431</u>	<u>\$ (556,797)</u>	<u>\$ (368,486)</u>	<u>\$ (674,852)</u>

N. Retirement Plans

1. Vermont Municipal Employees' Retirement System – Defined Benefit Plan

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis, and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2023 the retirement system consisted of 359 participating employers.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

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

As of June 30, 2023, the City’s proportionate share of the net pension liability was \$4,162,324. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2023, the City’s proportion of 1.37202% was a decrease of 0.10153% from its proportion measured as of June 30, 2022.

For the measurement date year ended June 30, 2022, the City recognized pension expense of \$731,815.

As of June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportional share of contributions	\$ 70,988	\$ 322,345
Net difference between projected and actual earnings on pension plan investments	675,755	-
Difference between expected and actual experience	312,593	-
Changes in assumptions	212,797	-
City's required employer contributions made subsequent to the measurement date	<u>357,054</u>	<u>-</u>
Total	<u>\$ 1,629,187</u>	<u>\$ 322,345</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

The deferred outflows of resources resulting from the City’s required employer contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflows (Inflows) of Resources
2024	\$ 318,550
2025	237,214
2026	7,279
2027	386,745
Total	\$ <u>949,788</u>

Summary of System Provisions

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

Creditable Service: Service as a member plus purchased service.

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

Service Retirement Allowance:

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

Amount: Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC. Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC.

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

Early Retirement Allowance:

Eligibility: Age 55 with 5 years of service for Group B. No eligibility requirements for Group C.

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Vested Retirement Allowance:

Eligibility: Five years of service.

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

Disability Retirement Allowance:

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

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

Death Benefit:

Eligibility: Death after five years of service.

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

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

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

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

Member Contributions: Group B – 5.625% and Group C – 10.750% for fiscal year 2023.

Employer Contributions: Group B – 6.250% and Group C – 8.000% for fiscal year 2023.

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

Significant Actuarial Assumptions and Methods

These assumptions were selected on the basis of the experience study dated September 24, 2020.

Investment rate of return: 7.00%, net of pension plan investment expenses, including inflation.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Salary Increases: Varying service-based rates from 0-10 years of service, then a single rate of 4.50% for all subsequent years.

Deaths:

Pre-retirement: 40% PubG-2010 General Employee amount-weighted below-median and 60% of PubG-210 General Employee amount-weighted, with generational projection using scale MP-2019.

Healthy post-retirement: 104% of 40% PubG-2010 General Healthy Retiree amount-weighted below-median and 60% if PubG-2010 General Healthy Retiree amount-weighted, with generational projection using scale MP-2019.

Disabled post-retirement: PubNS-2010 Non-Safety Disabled Retiree amount-weighted with generational projection using scale MP-2019.

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

Cost-of-Living Adjustments to Benefits of Terminated Vested and Retired Participants: Assumed to occur at the rate of 1.2% per annum for Group B and C members.

Actuarial Cost Method: Entry Age Normal Method. Entry Age is the age at employment or, if date is unknown, current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

Asset Valuation Method: Smoothing method is used, under which the value of assets for actuarial purposes equals fair value less a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from fair value of assets by more than 20%.

Inflation: 2.30% per year

Long-Term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Passive Global Equities	24.00%	4.30%
Active Global Equities	5.00%	4.30%
US Equity - Large Cap	4.00%	3.25%
US Equity - Small/Mid Cap	3.00%	3.75%
Non-US Developed Market Equ	7.00%	5.00%
Private Equity	10.00%	6.50%
Emerging Market Debt	4.00%	3.50%
Private & Alternate Credit	10.00%	4.75%
Non-Core Real Estate	4.00%	6.00%
Core Fixed Income	19.00%	0.00%
Core Real Estate	3.00%	3.50%
US TIPS	3.00%	-0.50%
Infrastructure/Farmland	4.00%	4.25%
	<u>100.00%</u>	

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Discount Rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

<u>Impact of a 1% Change in the Discount Rate</u>		
	<u>Discount Rate</u>	<u>Net Pension Liability</u>
Current Rate	7.00%	\$ 4,162,324
1% Decrease	6.00%	\$ 6,237,062
1% Increase	8.00%	\$ 2,455,768

Additional Information

Additional information regarding the State of Vermont Municipal Employees’ Retirement System, including the details of the fiduciary net position, is available upon request from the State of Vermont.

2. City of St. Albans Pension Plan - Defined Benefit Plan

Plan Description

The City of St. Albans Pension Plan (the 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 12-month consecutive period and who agree to make minimum contributions. Effective January 1, 2010, the City stopped allowing new participants to enter the Plan.

Funding Policy

The Plan requires members to contribute either 2.5% or 7.5% of Annual Base Earnings, excluding overtime and any other additional compensation, depending on the benefit level elected. The total actuarially determined contribution to the Plan for fiscal year 2023 was \$210,300 which was computed through an actuarial valuation performed as of June 30, 2023.

There are 10 active members and 51 retirees and beneficiaries. Additionally, there are 9 former employees with vested rights.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Benefits

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

- (a) the sum of 0.75% of 1990 Annual Base Earnings multiplied by years of Participation Service completed prior to January 1, 1991;
- (b) for each Plan Year after January 1, 1991 and before July 1, 1995, the yearly amount of future service pension is equal to 0.75% of the rate of Annual Base Earnings. For each Plan Year after July 1, 1995 and before July 1, 1997, the yearly amount of future service pension is equal to 1.25% of the rate of Annual Base Earnings. After July 1, 1997, the yearly amount of future service pension is equal to 1.50% of the rate of Annual Base Earnings.
 - i. Effective July 1, 2001, the yearly amount of future service pension is equal to 1.50% of the rate of Annual Base Earnings for those participants electing on July 1, 2001 to make required employee contributions of 2.50% of Annual Base Earnings.
 - ii. Effective July 1, 2001, the yearly amount of future service pension is equal to 3.00% of the rate of Annual Base Earnings for those participants electing July 1, 2001 to make required employee contributions of 7.50% of Annual Base Earnings.
- (c) Effective July 1, 2001, the maximum amount was removed for all participants.

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

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

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

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

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

	<u>Target</u> <u>Allocation</u>
Domestic Equity	38.00%
Fixed Income	<u>62.00%</u>
Total	<u><u>100.00%</u></u>

Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as for June 30, 2023 using an annual actuarial valuation as of June 30, 2023. Because the measurement date is the same as the reporting date, no adjustments have been necessary to roll forward the data.

Significant Actuarial Assumptions and Methods

The total pension liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement.

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Discount Rate: The discount rate was determined as follows:

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

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Changes in Net Pension Liability: The change in net pension liability for the Plan was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2022	\$ 6,606,915	\$ 3,461,563	\$ 3,145,352
Changes for the year:			
Service cost	14,641	-	14,641
Interest	416,012	-	416,012
Differences between actual and expected experience	(8,038)	-	(8,038)
Contributions - employer	-	210,300	(210,300)
Contributions - member	-	40,916	(40,916)
Net investment income	-	288,640	(288,640)
Benefit payments, including refunds of member contributions	(464,042)	(464,042)	-
Administrative expenses	-	(51,079)	51,079
Net changes	(41,427)	24,735	(66,162)
Balances at June 30, 2023	\$ 6,565,488	\$ 3,486,298	\$ 3,079,190

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

Impact of a 1% Change in the Discount Rate		
	Discount Rate	Net Pension Liability
Current Rate	6.07%	\$ 3,079,190
1% Decrease	5.07%	\$ 3,675,275
1% Increase	7.07%	\$ 2,566,710

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2023 the City recognized pension expense of \$327,553. At June 30, 2023 the City reported deferred outflows of resources and deferred inflows or resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ 67,001	\$ 59,293
Net difference between projected and actual earnings on plan investments	<u>126,728</u>	<u>-</u>
Total	<u>\$ 193,729</u>	<u>\$ 59,293</u>

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

<u>Year Ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2024	\$ 51,969
2025	(6,530)
2026	105,025
2027	<u>(16,028)</u>
Total	<u>\$ 134,436</u>

3. Consolidation of Net Pension Liabilities (NPL) and Related Items

The following is a summary of all NPL-related items in the aggregate across both governmental and business-type activities. Details related to these items are presented separately for each plan in Notes M-1 and M-2.

	<u>Net Pension Liability</u>	<u>Total Deferred Outflows of Resources</u>	<u>Total Deferred (Inflows) of Resources</u>	<u>Total Pension Expense</u>
City of St. Albans Pension Plan	\$ 3,079,190	\$ 193,729	\$ 59,293	\$ 327,553
Vermont Municipal Employees' Retirement System - Defined Benefit Plan	<u>4,162,324</u>	<u>1,629,187</u>	<u>322,345</u>	<u>731,815</u>
Total	<u>\$ 7,241,514</u>	<u>\$ 1,822,916</u>	<u>\$ 381,638</u>	<u>\$ 1,059,368</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

4. Deferred Compensation Plan

The City also offers its employees a deferred compensation plan through the International City/County Management Association’s Retirement Corporation (ICMA-RC) in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City has no liability for losses under this plan. All of the investments are self-directed by each employee. For each employee not currently participating in the City’s defined benefit plan or VMERS, the City will match the employee’s contribution to the plan up to 5%. The City also provides the City Manager a 2.1% contribution of base pay without a required employee contribution amount. Employees remaining in the City’s defined benefit plan or VMERS may open a 457 account without a City match. Total employer contributions to the 457 Plan for the year were \$2,589.

O. Taxes Receivable and Excise Taxes

The City is responsible for assessing and collecting its own property taxes, as well as education taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the approved budgets and the State education property tax liability. Taxes are due and payable in August, November, February and May per dates stated on the annual tax bill, and become delinquent after the final date of payment listed. 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 2023 was as follows:

	<u>Homestead</u>	<u>Non- Homestead</u>
Education	\$1.6452	\$ 1.7382
General City	0.9834	0.9834
Library	0.0512	0.0512
Veteran's Exemption	0.0031	0.0031
Total Tax Rate per \$100 of Assessed Value	\$2.6829	\$ 2.7759

P. 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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

approved on November 6, 2012. With a TIF District, the value of properties within the TIF District is frozen at the time the TIF 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 20 years, the municipal and education property taxes generated on the incremental assessed value above the frozen baseline are shared, with 75% going to finance TIF District infrastructure debt and 25% going to the municipal General Fund and State Education Fund.

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

In March 2015 voters authorized the City to re-direct up to \$1.5 million of TIF funds previously approved for the parking garage for the purpose of making streetscape improvements on Lake and Main Streets and brownfield cleanup at the hotel development site on Lake Street.

In March 2019 voters authorized the City to borrow up to \$2.5 million for the Congress and Main Redevelopment project, issued and outstanding in fiscal year 2019, for the purpose of land acquisition, brownfield remediation, construction of public improvements and associated professional services and related costs.

In March 2020 voters authorized the City to borrow up to \$1.0 million for the Fonda redevelopment project for the purposes of brownfields remediation.

In March 2021 voters authorized the City to borrow up to \$1,555,000. Of this, \$1,000,000 was used to finance public improvements as part of the Kingman Street streetscaping project.

In March 2022 voters authorized the City to borrow up to \$500,000 for the purpose of land acquisition, brownfield cleanup, utility improvements, site work and professional services at 100-120 Federal Street.

Q. Commitments and Contingencies

NWSWD – The City is a participating member in the Northwest Vermont Solid Waste Management District (NWSWD). The City could be subject to a portion of the NWSWD’s debt if the NWSWD experiences financial problems. The NWSWD serves 19 member towns, and the City Council appoints a board representative.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Grants – 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.

Legal – The City currently has pending claims that management believes will not have a material effect on the financial statements.

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

R. Subsequent Events

Subsequent to year-end, the City issued or renewed the following direct borrowing debt:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
Republic First National loan for police cruisers	\$ 85,231	7.71%	07/03/23	07/03/26
Revenue Anticipation Note	\$ 2,000,000	2.00%	12/19/23	12/19/24
People's Trust loan for Dispatch Tower	\$ 477,747	3.50%	10/19/23	08/01/33
People's Trust loan for 100-120 Federal St. (renewed)	\$ 500,000	1.95%	10/19/23	10/19/24
People's Trust loan for Solo site (renewed)	\$ 232,139	2.00%	08/15/23	08/15/24
People's Trust loan for Plow Truck	\$ 50,000	3.00%	12/19/23	11/01/26
People's Trust loan for Capital Projects	\$ 1,210,000	3.50%	12/19/23	11/01/33
People's Trust loan for 86 and 104 North Main St (renewed)	\$ 1,440,000	2.00%	12/19/23	12/19/24

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

S. Reclassifications/Restatements

The City's major governmental funds for fiscal year 2023, as defined by GASB Statement 34, have changed from the previous fiscal year. Accordingly, the following reconciliation is provided:

	Fund Equity 6/30/22 (as previously reported)	Reclassification	Fund Equity 7/1/22 (as reclassified)
VDCP Grants Fund	\$ (7,747)	\$ 7,747	\$ -
City Pool Fund	482,081	(482,081)	-
Nonmajor Governmental Funds	<u>(374,781)</u>	<u>474,334</u>	<u>99,553</u>
Total	<u>\$ 99,553</u>	<u>\$ -</u>	<u>\$ 99,553</u>

Additionally, General Fund beginning fund balance and governmental activities beginning net position was decreased by \$350,798 attributable to an adjustment to prior year unearned revenue liability.

CITY OF ST. ALBANS, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES, EXPENDITURES
AND OTHER FINANCING USES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023
(Unaudited)

	Original/Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES AND OTHER FINANCING SOURCES			
Property Taxes	\$ 5,597,927	\$ 5,688,057	\$ 90,130
Penalty on Taxes	26,500	20,853	(5,647)
Interest on Taxes	47,500	25,681	(21,819)
PHSO Violations Revenue	30,000	22,600	(7,400)
State Payments/RR Taxes	5,000	5,021	21
Interest on Savings	3,000	4,228	1,228
Public Works Garage Lease	57,713	57,713	-
City Hall Lease	64,569	64,569	-
PILOT	55,000	55,544	544
Insurance Reimbursements and Miscellaneous	47,500	106,595	59,095
City Clerk	114,900	116,177	1,277
Planning and Development	78,800	103,360	24,560
Fire Department	77,000	83,352	6,352
Police, Dispatch and Animal Control	1,443,897	1,450,955	7,058
Parking Garage	153,686	202,971	49,285
Public Works and Parks	137,500	159,690	22,190
Recreation Programs	1,226,062	1,169,916	(56,146)
Library	-	50,694	50,694
Affiliation fees	102,000	125,569	23,569
Reimbursement for Stormwater Services	50,000	51,500	1,500
ARPA Grant COVID19	-	626,344	626,344
Transfers In	-	84,212	84,212
Issuance of debt	-	153,350	153,350
Total Revenues and Other Financing Sources	<u>9,318,554</u>	<u>10,428,951</u>	<u>1,110,397</u>
EXPENDITURES AND OTHER FINANCING USES			
Administration and Finance	357,057	401,419	(44,362)
HRA and Leave Buy Back	230,340	271,272	(40,932)
City Clerk	106,936	72,302	34,634
Planning, Development, and Assessing	286,760	256,127	30,633
County and District Functions	322,951	235,902	87,049
Audit and Audit Consultants	11,500	10,945	555
Debt Service - Principal and Interest	1,000,553	1,266,065	(265,512)
Professional Services - Legal	38,000	24,017	13,983
Fire Department	374,448	402,138	(27,690)
Fire Department Capital	4,000	-	4,000
Police, Dispatch, and Animal Control	3,891,500	4,158,687	(267,187)
Police Department Capital	350,000	374,929	(24,929)
Library	-	50,694	(50,694)
Parking Garage	208,253	299,039	(90,786)
Public Works, Highway, Parks	635,099	647,084	(11,985)
Public Works Capital	270,000	333,977	(63,977)
Recreation Programs	1,231,157	1,241,447	(10,290)
Recreation Capital	-	32,990	(32,990)
Grant Expenditures	-	626,344	(626,344)
Transfers Out	-	37,236	(37,236)
Total Expenditures and Other Financing Uses	<u>9,318,554</u>	<u>10,742,614</u>	<u>(1,424,060)</u>
Deficiency of Expenditures and Other Financing Uses Over Revenues and Other Financing Sources	<u>\$ -</u>	<u>(313,663)</u>	<u>\$ (313,663)</u>
Fund Balance - July 1, 2022		383,409	
Non-budgeted items:			
Other redevelopment activity		202,320	
Welden Theatre		<u>(21,635)</u>	
Fund Balance - June 30, 2023		<u>\$ 250,431</u>	

See Accompanying Independent Auditors' Report.

CITY OF ST. ALBANS, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 CITY OF ST. ALBANS PENSION PLAN

(Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service Cost	\$ 14,641	\$ 14,237	\$ 12,587	\$ 11,964	\$ 30,831	\$ 29,288	\$ 43,521	\$ 56,040	\$ 226,520	\$ 54,376
Interest	416,012	424,802	419,093	415,683	407,927	410,188	409,950	421,289	423,309	372,888
Changes in Assumptions	-	-	-	-	-	-	-	-	335,956	-
Differences Between Actual and Expected Experience	(8,038)	(98,994)	141,411	94,839	167,764	(12,752)	(6,635)	(294,671)	(188,267)	-
Benefit Payments, Including Refunds of Member Contributions	<u>(464,042)</u>	<u>(478,191)</u>	<u>(479,852)</u>	<u>(471,239)</u>	<u>(463,668)</u>	<u>(464,892)</u>	<u>(440,755)</u>	<u>(384,878)</u>	<u>(449,104)</u>	<u>(432,133)</u>
Net Change in Total Pension Liability	(41,427)	(138,146)	93,239	51,247	142,854	(38,168)	6,081	(202,220)	348,414	(4,869)
Total Pension Liability, beginning	<u>6,606,915</u>	<u>6,745,061</u>	<u>6,651,822</u>	<u>6,600,575</u>	<u>6,457,721</u>	<u>6,495,889</u>	<u>6,489,808</u>	<u>6,692,028</u>	<u>6,343,614</u>	<u>6,348,483</u>
Total Pension Liability, ending	6,565,488	6,606,915	6,745,061	6,651,822	6,600,575	6,457,721	6,495,889	6,489,808	6,692,028	6,343,614
Plan Fiduciary Net Position:										
Contributions - Employer	210,300	210,000	210,000	215,300	210,153	215,000	210,000	200,000	200,000	200,000
Contributions - Members	40,916	16,319	38,739	3,537	26,999	27,442	32,350	37,743	36,594	40,043
Net Investment Income (Loss)	280,872	(402,485)	790,339	76,642	139,318	273,153	439,577	9,080	233,965	249,941
Benefit Payments, Including Refunds of Member Contributions	(464,042)	(478,191)	(479,852)	(471,239)	(463,668)	(464,892)	(440,755)	(384,878)	(449,104)	(432,133)
Administrative Expenses	<u>(43,311)</u>	<u>(52,645)</u>	<u>(40,431)</u>	<u>(43,014)</u>	<u>(36,611)</u>	<u>(39,274)</u>	<u>(37,347)</u>	<u>(35,508)</u>	<u>(31,191)</u>	<u>(28,753)</u>
Net Change in Fiduciary Net Position	24,735	(707,002)	518,795	(218,774)	(123,809)	11,429	203,825	(173,563)	(9,736)	29,098
Plan Fiduciary Net Position, beginning	<u>3,461,563</u>	<u>4,168,565</u>	<u>3,649,770</u>	<u>3,868,544</u>	<u>3,992,353</u>	<u>3,980,924</u>	<u>3,777,099</u>	<u>3,950,662</u>	<u>3,960,398</u>	<u>3,931,300</u>
Plan Fiduciary Net Position, ending	<u>3,486,298</u>	<u>3,461,563</u>	<u>4,168,565</u>	<u>3,649,770</u>	<u>3,868,544</u>	<u>3,992,353</u>	<u>3,980,924</u>	<u>3,777,099</u>	<u>3,950,662</u>	<u>3,960,398</u>
Net Pension Liability, ending	<u>\$ 3,079,190</u>	<u>\$ 3,145,352</u>	<u>\$ 2,576,496</u>	<u>\$ 3,002,052</u>	<u>\$ 2,732,031</u>	<u>\$ 2,465,368</u>	<u>\$ 2,514,965</u>	<u>\$ 2,712,709</u>	<u>\$ 2,741,366</u>	<u>\$ 2,383,216</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.10%	52.39%	61.80%	54.87%	58.61%	61.82%	61.28%	58.20%	59.04%	62.43%
Covered Payroll	\$ 386,785	\$ 382,667	\$ 340,299	\$ 321,258	\$ 310,515	\$ 386,378	\$ 531,385	\$ 531,385	\$ 508,580	\$ 538,265
Net Pension Liability as a Percentage of Covered Payroll	796.10%	821.96%	757.13%	934.47%	879.84%	638.07%	473.28%	510.50%	539.02%	442.76%

Notes to the Schedule:

Benefit Changes: none
 Changes in Assumptions: none

See notes to the City's financial statements for summary of significant actuarial methods and assumptions.

See Accompanying Independent Auditors' Report.

CITY OF ST. ALBANS, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS
 CITY OF ST. ALBANS PENSION PLAN

(Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 314,908	\$ 320,956	\$ 263,834	\$ 304,709	\$ 297,245	\$ 269,698	\$ 288,768	\$ 322,117	\$ 494,618	\$ 312,844
Contributions in Relation to the Actuarially Determined Contribution	<u>210,300</u>	<u>210,000</u>	<u>210,000</u>	<u>215,300</u>	<u>210,153</u>	<u>215,000</u>	<u>210,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Contribution Deficiency/(Excess)	<u>\$ 104,608</u>	<u>\$ 110,956</u>	<u>\$ 53,834</u>	<u>\$ 89,409</u>	<u>\$ 87,092</u>	<u>\$ 54,698</u>	<u>\$ 78,768</u>	<u>\$ 122,117</u>	<u>\$ 294,618</u>	<u>\$ 112,844</u>
Covered Payroll	\$ 386,785	\$ 382,667	\$ 340,299	\$ 321,258	\$ 310,515	\$ 386,378	\$ 531,385	\$ 531,385	\$ 508,580	\$ 538,265
Contributions as a Percentage of Covered Payroll	54.37%	54.88%	61.71%	67.02%	67.68%	55.64%	39.52%	37.64%	39.33%	37.16%
	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	7.10%	-10.13%	18.00%	1.63%	2.88%	6.12%	12.13%	0.38%	4.64%	4.98%

Notes to the Schedule:

Valuation Date: June 30, 2023

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	15 Year Level Dollar
Remaining Amortization Period	15 Years
Asset Valuation Method	Fair Value
Inflation	2.50%
Salary Increases	5.00%
Investment Rate of Return	6.07%
Retirement Age	55 or Normal Retirement Date, if later
Mortality	RP-2000 Mortality Table

See Accompanying Independent Auditors' Report.

CITY OF ST. ALBANS, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (VMERS) DEFINED BENEFIT PLAN

(Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 303,372,035	\$ 147,184,198	\$ 252,974,064	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810
City's Proportion of the Net Pension Liability	1.37202%	1.47355%	1.64085%	1.51295%	1.50298%	1.50012%	1.50050%	1.42843%
City's Proportionate Share of the Net Pension Liability	\$ 4,162,325	\$ 2,168,827	\$ 4,150,932	\$ 2,624,840	\$ 2,114,343	\$ 1,817,479	\$ 1,931,081	\$ 1,101,261
City's Covered Payroll	\$ 4,652,464	\$ 4,976,083	\$ 4,165,337	\$ 3,704,242	\$ 3,154,740	\$ 3,009,913	\$ 2,801,683	\$ 2,512,609
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	89.46%	43.59%	99.65%	70.86%	67.02%	60.38%	68.93%	43.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%

Notes to the Schedule:

Benefit Changes: none

Changes in Assumptions: none

See Accompanying Independent Auditors' Report.

CITY OF ST. ALBANS, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN

(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contributions	\$ 343,277	\$ 327,619	\$ 340,074	\$ 339,191	\$ 290,690	\$ 263,259	\$ 244,983	\$ 228,052	\$ 199,673
Contributions in Relation to the Contractually Required Contributions	<u>343,277</u>	<u>327,619</u>	<u>340,074</u>	<u>339,191</u>	<u>290,690</u>	<u>263,259</u>	<u>244,983</u>	<u>228,052</u>	<u>199,673</u>
Contribution Excess/(Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 4,845,419	\$ 4,652,464	\$ 4,976,083	\$ 4,165,337	\$ 3,704,242	\$ 3,154,740	\$ 3,009,913	\$ 2,801,683	\$ 2,512,609
Contributions as a Percentage of Covered Payroll	7.08%	7.04%	6.83%	8.14%	7.85%	8.34%	8.14%	8.14%	7.95%

See notes to the City's financial statements for summary of significant actuarial methods and assumptions.

See Accompanying Independent Auditors' Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
ASSETS			
Cash and short-term investments	\$ 34,080	\$ 679,864	\$ 713,944
Receivables	151,389	-	151,389
Due from other funds	2,262	656,439	658,701
Assets held for resale	<u>-</u>	<u>2,084,113</u>	<u>2,084,113</u>
Total Assets	<u>\$ 187,731</u>	<u>\$ 3,420,416</u>	<u>\$ 3,608,147</u>
 LIABILITIES			
Accounts payable	\$ 52,859	\$ 40,461	\$ 93,320
Due to other funds	70,103	1,373,210	1,443,313
Notes payable	<u>-</u>	<u>2,440,000</u>	<u>2,440,000</u>
Total Liabilities	122,962	3,853,671	3,976,633
 FUND BALANCES (DEFICIT)			
Nonspendable	-	2,084,113	2,084,113
Restricted	64,769	448,943	513,712
Unassigned	<u>-</u>	<u>(2,966,311)</u>	<u>(2,966,311)</u>
Total Fund Balances/(Deficit)	<u>64,769</u>	<u>(433,255)</u>	<u>(368,486)</u>
Total Liabilities and Fund Balances	<u>\$ 187,731</u>	<u>\$ 3,420,416</u>	<u>\$ 3,608,147</u>

See Accompanying Independent Auditors' Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds	Capital Project Funds	Total
REVENUES			
Intergovernmental revenues	\$ 1,902,618	\$ 142,058	\$ 2,044,676
Contributions	-	78,648	78,648
Investment income	49	-	49
Other revenue	25,817	35,965	61,782
 Total Revenues	 1,928,484	 256,671	 2,185,155
EXPENDITURES			
Current:			
Public safety	903,813	-	903,813
Public works	-	66,577	66,577
Culture and recreation	4,858	-	4,858
Community development	890,758	-	890,758
Capital Outlay:			
Public works	-	1,555,594	1,555,594
Debt Interest	-	6,491	6,491
 Total Expenditures	 1,799,429	 1,628,662	 3,428,091
 Excess/(Deficiency) of Revenue Over Expenditures	 129,055	 (1,371,991)	 (1,242,936)
OTHER FINANCING SOURCES (USES)			
Issuance of long-term debt	-	500,000	500,000
Transfers in	20,854	254,043	274,897
 Total Other Financing Sources	 20,854	 754,043	 774,897
 Net Change in Fund Balances	 149,909	 (617,948)	 (468,039)
Fund balances/(Deficit) - July 1, 2022, as reclassified	(85,140)	184,693	99,553
Fund Balance/(Deficit) - June 30, 2023	\$ 64,769	\$ (433,255)	\$ (368,486)

See Accompanying Independent Auditors' Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2023

	Restorative Justice Center Fund	VCDP Grants Fund	Taylor Park Trust Fund	Lake Champlain Basin Fund	Municipal Planning Grants Fund	Total Nonmajor Special Revenue Funds
ASSETS						
Cash and short-term investments	\$ 300	\$ -	\$ 33,780	\$ -	\$ -	\$ 34,080
Receivables	151,389	-	-	-	-	151,389
Due from other funds	<u>-</u>	<u>-</u>	<u>2,262</u>	<u>-</u>	<u>-</u>	<u>2,262</u>
Total Assets	<u>\$ 151,689</u>	<u>\$ -</u>	<u>\$ 36,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,731</u>
LIABILITIES						
Accounts payable	\$ 52,859	\$ -	\$ -	\$ -	\$ -	\$ 52,859
Due to other funds	<u>70,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,103</u>
Total Liabilities	122,962	-	-	-	-	122,962
FUND BALANCES						
Restricted	<u>28,727</u>	<u>-</u>	<u>36,042</u>	<u>-</u>	<u>-</u>	<u>64,769</u>
Total Fund Balances	<u>28,727</u>	<u>-</u>	<u>36,042</u>	<u>-</u>	<u>-</u>	<u>64,769</u>
Total Liabilities and Fund Balances	<u>\$ 151,689</u>	<u>\$ -</u>	<u>\$ 36,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,731</u>

See Accompanying Independent Auditors' Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Restorative Justice Center Fund	VCDP Grants Fund	Taylor Park Trust Fund	Lake Champlain Basin Fund	Municipal Planning Grants Fund	Total Nonmajor Special Revenue Funds
REVENUES						
Intergovernmental revenues	\$ 897,513	\$ 898,505	\$ -	\$ 100,000	\$ 6,600	\$ 1,902,618
Investment income	-	-	49	-	-	49
Other revenue	23,817	-	2,000	-	-	25,817
Total Revenues	921,330	898,505	2,049	100,000	6,600	1,928,484
EXPENDITURES						
Current:						
Public safety	903,813	-	-	-	-	903,813
Community development	-	890,758	-	-	-	890,758
Culture and recreation	-	-	738	4,120	-	4,858
Total Expenditures	903,813	890,758	738	4,120	-	1,799,429
Excess/(Deficiency) of Revenue Over Expenditures	17,517	7,747	1,311	95,880	6,600	129,055
OTHER FINANCING SOURCES						
Transfer in	-	-	-	18,654	2,200	20,854
Total Other Financing Sources	-	-	-	18,654	2,200	20,854
Net Change in Fund Balances	17,517	7,747	1,311	114,534	8,800	149,909
Fund Balances/(Deficit) - July 1, 2022, as reclassified	11,210	(7,747)	34,731	(114,534)	(8,800)	(85,140)
Fund Balances - June 30, 2023	\$ 28,727	\$ -	\$ 36,042	\$ -	\$ -	\$ 64,769

See Accompanying Independent Auditors' Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2023

	Federal Street Fund	City Pool Fund	Streetscape Fund	TIF Capital Project Fund	Fonda Fund	Sidewalk Fund	Hard'ack Improvements Fund	Hard'ack Playground Fund	City Hall Block Fund	Lake Street Environmental Fund	Congress and Main St. Fund	Total Nonmajor Capital Project Funds
ASSETS												
Cash and short-term investments	\$ 500,000	\$ -	\$ 827	\$ -	\$ 179,037	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 679,864
Due from other funds	31,407	-	349,397	15,281	230,537	-	-	29,817	-	-	-	656,439
Assets held for resale	451,213	-	-	-	-	-	-	-	1,440,000	-	192,900	2,084,113
Total Assets	\$ 982,620	\$ -	\$ 350,224	\$ 15,281	\$ 409,574	\$ -	\$ -	\$ 29,817	\$ 1,440,000	\$ -	\$ 192,900	\$ 3,420,416
LIABILITIES												
Accounts payable	\$ 1,460	\$ -	\$ 99	\$ 6,498	\$ 29,178	\$ 586	\$ -	\$ -	\$ 2,640	\$ -	\$ -	\$ 40,461
Due to other funds	-	308,280	-	-	-	165,711	300,309	-	138,000	-	460,910	1,373,210
Notes payable	500,000	-	500,000	-	-	-	-	-	1,440,000	-	-	2,440,000
Total Liabilities	501,460	308,280	500,099	6,498	29,178	166,297	300,309	-	1,580,640	-	460,910	3,853,671
FUND BALANCES (DEFICIT)												
Nonspendable	451,213	-	-	-	-	-	-	-	1,440,000	-	192,900	2,084,113
Restricted	29,947	-	-	8,783	380,396	-	-	29,817	-	-	-	448,943
Unassigned	-	(308,280)	(149,875)	-	-	(166,297)	(300,309)	-	(1,580,640)	-	(460,910)	(2,966,311)
Total Fund Balances/(Deficit)	481,160	(308,280)	(149,875)	8,783	380,396	(166,297)	(300,309)	29,817	(140,640)	-	(268,010)	(433,255)
Total Liabilities and Fund Balances	\$ 982,620	\$ -	\$ 350,224	\$ 15,281	\$ 409,574	\$ -	\$ -	\$ 29,817	\$ 1,440,000	\$ -	\$ 192,900	\$ 3,420,416

See Accompanying Independent Auditors' Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Federal Street Fund	City Pool Fund	Streetscape Fund	TIF Capital Project Fund	Fonda Fund	Sidewalk Fund	Hard'ack Improvements Fund	Hard'ack Playground Fund	City Hall Block Fund	Lake Street Environmental Fund	Congress and Main St. Fund	Total Nonmajor Capital Project Funds
REVENUES												
Intergovernmental revenues	\$ -	\$ -	\$ 81,613	\$ -	\$ -	\$ 60,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,058
Contributions	-	-	-	-	-	-	46,023	32,625	-	-	-	78,648
Other revenue	-	12,965	-	-	-	-	-	-	-	-	23,000	35,965
Total Revenues	-	12,965	81,613	-	-	60,445	46,023	32,625	-	-	23,000	256,671
EXPENDITURES												
Current:												
Public works	-	-	-	-	66,577	-	-	-	-	-	-	66,577
Capital outlay:												
Public works	36,221	803,326	71,124	17,101	406,994	23,664	-	32,808	133,556	(2,650)	33,450	1,555,594
Debt interest	6,491	-	-	-	-	-	-	-	-	-	-	6,491
Total Expenditures	42,712	803,326	71,124	17,101	473,571	23,664	-	32,808	133,556	(2,650)	33,450	1,628,662
Excess/(Deficiency) of Revenue Over Expenditures	(42,712)	(790,361)	10,489	(17,101)	(473,571)	36,781	46,023	(183)	(133,556)	2,650	(10,450)	(1,371,991)
OTHER FINANCING SOURCES												
Issuance of long-term debt	500,000	-	-	-	-	-	-	-	-	-	-	500,000
Transfers in	-	-	20,699	-	233,344	-	-	-	-	-	-	254,043
Total Other Financing Sources	500,000	-	20,699	-	233,344	-	-	-	-	-	-	754,043
Net Change in Fund Balances	457,288	(790,361)	31,188	(17,101)	(240,227)	36,781	46,023	(183)	(133,556)	2,650	(10,450)	(617,948)
Fund balances/(deficit) - July 1, 2022, as reclassified	23,872	482,081	(181,063)	25,884	620,623	(203,078)	(346,332)	30,000	(7,084)	(2,650)	(257,560)	184,693
Fund Balance/(Deficit) - June 30, 2023	\$ <u>481,160</u>	\$ <u>(308,280)</u>	\$ <u>(149,875)</u>	\$ <u>8,783</u>	\$ <u>380,396</u>	\$ <u>(166,297)</u>	\$ <u>(300,309)</u>	\$ <u>29,817</u>	\$ <u>(140,640)</u>	\$ <u>-</u>	\$ <u>(268,010)</u>	\$ <u>(433,255)</u>

See Accompanying Independent Auditors' Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2023

	Maple Run Unified School District	St. Albans Free Library	SAFF and Explorer Program	Total Custodial Funds
ASSETS				
Cash and short-term investments	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 63,259</u>	\$ <u> 63,259</u>
Total Assets	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 63,259</u>	\$ <u> 63,259</u>
NET POSITION				
Restricted for organizations	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 63,259</u>	\$ <u> 63,259</u>
Total Net Position	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 63,259</u>	\$ <u> 63,259</u>

See Accompanying Independent Auditors' Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Maple Run Unified School District	St. Albans Free Library	SAFF and Explorer Program	Total Custodial Funds
ADDITIONS				
Taxes collected for Maple Run School	\$ 6,997,712	\$ -	\$ -	\$ 6,997,712
Taxes collected for St. Albans Free Library	-	260,635	-	260,635
Contributions on behalf of other entities	-	-	77,571	77,571
	<u>6,997,712</u>	<u>260,635</u>	<u>77,571</u>	<u>7,335,918</u>
Total Additions	6,997,712	260,635	77,571	7,335,918
DEDUCTIONS				
Payment of taxes to Maple Run School	6,997,712	-	-	6,997,712
Payment of taxes to St. Albans Free Library	-	260,635	-	260,635
Payments on behalf of other entities	-	-	62,890	62,890
	<u>6,997,712</u>	<u>260,635</u>	<u>62,890</u>	<u>7,321,237</u>
Total Deductions	6,997,712	260,635	62,890	7,321,237
Change in net position	-	-	14,681	14,681
Restricted net position - July 1, 2022	<u>-</u>	<u>-</u>	<u>48,578</u>	<u>48,578</u>
Restricted net position - June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,259</u>	<u>\$ 63,259</u>

See Accompanying Independent Auditors' Report.