



SAINT ALBANS

Vermont

City of St. Albans, Vermont

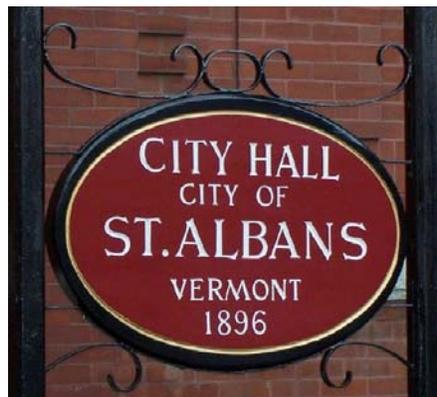
**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

CITY OF ST. ALBANS, VERMONT

Comprehensive Annual Financial Report For the Year Ended June 30, 2017



**Prepared by:
The Finance Department**



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CITY OF ST. ALBANS, VERMONT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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INTRODUCTORY SECTION



SAINT ALBANS
Vermont

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December 15, 2017

To the Honorable Mayor, Members of the City Council, and Citizens of the City of St. Albans:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the City of St. Albans, Vermont, for the fiscal year ended June 30, 2017.

This report consists of management's representations concerning the finances of the City of St. Albans, Vermont (the City). Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). The City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement as the costs of a framework providing absolute assurance would outweigh the benefits. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Melanson Heath, licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of St. Albans, Vermont, for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2017 are fairly presented in conformity with GAAP. The independent auditor's report is presented in the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

State statutes require an annual audit by independent certified public accountants. The City's audit firm is Melanson Heath. The independent auditors' report is located at the front of the financial section of this report. In addition, the City is required to undergo an annual audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform

Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to the Single Audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations, is not included in this year's CAFR but is available in a separate report.

Profile of the City

St. Albans, Vermont was chartered on August 17, 1763 and the City of St. Albans was incorporated in 1896. The City, an area of approximately two square miles, is surrounded on all sides by the Town of St. Albans. The City's most recent population estimate was 6,792. The City is empowered by state statute to levy a property tax on all real property located within its borders as well as provide water and wastewater services to users of the City of St. Albans Water System as described in the City's Water Ordinance.

The City operates under the Council-Manager system of government. Policy making and legislative authority are vested in the City Council consisting of the mayor and six other members. The mayor is elected at large and each of the six members is elected from one of six wards. Council members serve three-year terms with two members elected every year. The Mayor is elected for a two-year term. The Mayor and Council hire a City Manager who is charged with overseeing the day to day operations of the City.

The City provides a full range of services, including police and fire protection; snow removal; the construction and maintenance of streets and sidewalks; licenses and permits; vital statistics; recreational and cultural activities; and other general administrative services. Through its enterprise funds the City provides water and wastewater services to all City residents as well as residents in surrounding communities. Enterprise funds are designed to be self-supporting through the collection of user fees.

The City Manager, with input from the Director of Administration and department heads, presents an annual General Fund budget to the City Council for approval. Once the City Council approves the recommended budget, the budget is voted on by the registered voters of the City on the first Tuesday in March. The voters have the final level of approval of the budget and once approved it may not be amended without subsequent voter approval. Budgetary approval for the City's enterprise funds rests solely with the City Council.

Factors Affecting Financial Condition

Local Economy

The City of St. Albans is the county seat of Franklin County in the northwest corner of Vermont. The City's population reflects a steady decrease over the last ten years of about six percent. Median household incomes in the City are lower than the state as a whole. Unemployment in the City, for many years prior, was consistently higher than the state overall; that trend has changed the past several years.

The assessed value of taxable real property as of April 1, 2017 increased by 0.4% (\$21,380) compared to April 1, 2016. The percentage of taxes collected as of June 30, 2017, for the 2017 tax year was 98.3%, consistent with prior years. Total delinquencies, for the year as of June 30, 2017 were \$210,411 (1.69% of billed) compared to \$195,779 (1.63% of billed) the previous year.

During the past ten years, charges for services in the governmental funds have increased in amount and as a percentage of total revenues. For the year ended June 30, 2017, charges for services made up 24.1% of total revenues (excluding other financing sources) in governmental funds, reflecting an increase of 154.1% over the last ten-years. This increase in charges for services has been necessary to stabilize the property tax rate and diversify the City's revenue sources. To illustrate, property tax revenue which remains City's largest source of revenue, has increased only 58.9% over the last ten years, largely a result of growth in the grand list.

Long-term Financial Planning

The City Finance & Administration Department presents regular financial reports to elected officials and management. In addition to these reports, the City maintains a long-term capital improvement program (CIP). The CIP is a proposed schedule of public projects and improvements to be constructed or purchased by the City. The CIP includes a detailed plan for financing each of the projects.

As part of the annual budget process, the City reviews all General Fund revenues to determine budgetary needs. Enterprise funds are reviewed for adequate support of operations. The enterprise funds are fully self-supporting and receive administrative overhead support from the General Fund. Rates are reviewed annually in conjunction with the budgeting process and adjusted appropriately.

Relevant Financial Policies

The City implemented a comprehensive set of financial policies in July 2011 and has updated those policies as of the end of August 2012. The policy manual includes policies covering financial reporting, cash management, credit cards, debt, investments, purchasing, and fund balance. The purpose of the financial policy manual is to establish and maintain high standards for the accounting practices of the City, which guarantees that the City's financial statements have reliable, transparent data on which to base decisions. The Finance Department has also implemented a comprehensive procedures manual. Throughout the year finance staff works to improve and update the policies and procedures, as needed. The City is developing a multi-year budget forecast that would incorporate the impact of the CIP and organization-wide strategic goals and strategies that influence future operating budgets.

Major Initiatives

The City was approved for a Tax Increment Financing (TIF) district by the State of Vermont and local voters in 2012. The TIF district is a major piece of a larger downtown redevelopment plan. The purpose of the TIF district is to implement a series of eight projects to stimulate development and redevelopment in the City. These projects include the implementation of the Taylor Park Master Plan, the construction of a 365-space parking garage, clean-up and redevelopment of

multiple Brownfield sites, pedestrian improvements, streetscape projects, and a storm water treatment project. TIF in St. Albans has proven a critical element in spurring redevelopment in the downtown. Since the inception of TIF in 2012 the municipal grand list within the TIF district has grown by \$42.0 million. This impressive growth is a testament to the combination of private and public investment which has increased viability and accelerated revitalization of the City.

On October 30, 2014, the City opened the St. Albans Parking Garage with a ribbon cutting ceremony and a visit from the Governor. The 365-space parking garage fills a desperate need for parking in the downtown core, contributing to the vitality of downtown businesses. During FY17 the garage generated over \$180,000 in operating revenues and yielded a net “profit” of \$47,592. The City has contracts with the State of Vermont for a total of 275 spaces, none of which are dedicated or all utilized at the same time. This allows the City to sell spaces to monthly pass holders and hourly parkers.

In January 2015, the State of Vermont relocated its offices from Houghton Street to a brand new, privately owned 45,000 square foot office building on Federal Street. The construction of the new building was made possible by the sale of the Houghton Street location to Mylan Technologies in anticipation of an expansion by Mylan, and the agreement of the State of Vermont to relocate to downtown St. Albans. Additionally, the construction of the parking garage was critical to the move as parking was previously limited in the downtown. The transfer of the State-owned building to private ownership and the construction of the new office building, adds a combined \$18,369,000 to the grand list.

The City has partnered with PeakCM to construct an 84-room, nationally-franchised hotel on Lake Street in the heart of the St. Albans Downtown. The Lake Street Hotel was the final piece of the City’s downtown core project, and construction was completed in the Spring of 2017. In addition to the hotel, the City used TIF funds to complete streetscape work on Lake Street, and the road was paved during summer 2017. The City has a \$1.0 million investment in the hotel, and anticipates recouping the investment, with interest, within 5-years.

During 2017 the City began a major project to realign the intersection of Lake and Federal Streets and replace aging water and sewer infrastructure. That project also features significant improvements to parts of Federal, Market, and Catherine Streets and will be completed during FY18.

Along with projects in the TIF district, the City has begun to shift its focus into the neighborhoods with improvements to infrastructure and a focus on redeveloping blighted properties and rehabilitating substandard sidewalks and curbs. A bond vote in March 2016 authorized the City to bond \$4.95 million toward the reconstruction of all sidewalks and curbs that were rated as “fair” or “poor” by the City’s engineer. That project was begun in earnest in spring 2017 and will take several years to complete.

The City purchased 10 South Main Street in FY16 and subsequently rehabilitated and leased the property and is redeveloping 36 Diamond Street in partnership with the building trades program at our high school. The home at 36 Diamond Street was torn down completely, and construction of the new home was completed during FY17. By the end of the fiscal year, the City was nearing completion of the project, and the home was successfully sold shortly after the end of the fiscal year.

Construction on the City Hall renovation project began in the spring of 2015 with a complete overhaul of the building. Major improvements to the historic building, completed in FY16, include two new elevators, making the building handicapped accessible for the first time, along with a community room, larger vault space, increased storage, and modern mechanical systems.

In July 2015, the City of Saint Albans Community Justice Center merged with the Franklin- Grand Isle Court Diversion Program. This entailed the incorporation of a local nonprofit into City operations. The combined agency, the Franklin Grand-Isle Restorative Justice Center, serves clients throughout both Franklin and Grand Isle Counties. The merger allows for the City to provide services to individuals currently residing, or soon to be entering, our community, who have had interactions with the justice system. By using restorative justice principles and a victim-centered approach, the agency strives to assist these individuals to better contribute to the community.

As a result of the brutally cold 2014-2015 winter, the City experienced a higher than average number of water main breaks. We subsequently discovered that many of our older valves, which allow for us to isolate the impact of a break to a few blocks, could not be turned. In conjunction with repairing the water mains, the City installed a number of new valves in the system. For FY16 the City budgeted \$100,000 to replace additional underground valves; in FY17 a further \$75,000 was allocated for new valves.

Additionally, underground infrastructure has been replaced on Fairfield Street in conjunction with a state-sponsored paving project. The City financed this project with a voter-approved bond issuance of \$2.5 million, and completed the work in FY17. The work included storm water separation from the wastewater system, an important goal for the City as we work to improve water quality in our region. In addition to this project, the City made a significant investment in sidewalks on the south side of Main Street, completing the sidewalk improvements along Main Street.

In FY16 the City began replacing the water filter at its Fairfax plant. This investment was critical because water treated at this plant is gravity-fed into the distribution system, saving significant costs as compared to water treated at the Maquam plant. This project was completed, substantially under budget, in FY17.

Preliminary engineering and design work continues for the second phase of the Wastewater Treatment Facility upgrade, and an \$18 million bond was approved by voters in March 2017. The upgrade will address age-related issues at the facility and will allow the City to meet more stringent environmental requirements related to the removal of phosphorous from the wastewater stream. Preliminary estimates of the project cost are roughly \$18.0 million, and the City has secured a total \$4.1 million in grant financing and \$13.9 in low-interest loans from the USDA and the State of Vermont.

In FY17 the City also was nearing completion of a merger agreement for Hard'ack, a 95-acre ski and recreation area. The City has long had a relationship with Hard'ack, and both parties believe the merger will allow for improved recreational opportunities.

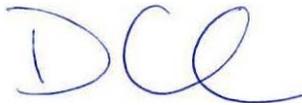
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of St. Albans for its comprehensive annual financial report for FY14, FY15, and FY16. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance and Administration Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. The City invites you to visit our website at www.stalbansvt.com.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "DCE", is positioned above the typed name of the signatory.

Dominic Cloud
City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of St. Albans
Vermont**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO



CITY OF ST. ALBANS, VERMONT
PRINCIPAL ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2017

Elected Officials

Mayor	Elizabeth Gamache
Council Member - Ward I	Timothy Hawkins
Council Member - Ward II	Jim Pelkey
Council Member - Ward III	Marie Bessette
Council Member - Ward IV	Michael McCarthy
Council Member - Ward V	Kate Laddison
Council Member - Ward VI	Chad Spooner
City Clerk/Treasurer	Susan Krupp



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FINANCIAL SECTION



SAINT ALBANS
Vermont

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INDEPENDENT AUDITORS' REPORT

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

Additional Offices:
Andover, MA
Greenfield, MA
Manchester, NH
Ellsworth, ME

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Albans, Vermont, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Albans, Vermont, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Budgetary Comparison for the General Fund, and the Pension and OPEB schedules appearing on pages 78 to 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

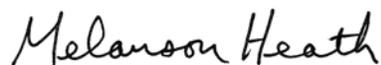
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information appearing on pages 82 through 88 is presented for purposes of additional analysis and is not a required 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 financial statements. The information has been subjected to the auditing

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2017 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.



December 15, 2017

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Management of the City of St. Albans (the City) offers readers of the basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. Please note that this section of the Basic 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 \$22,631,883 (net position). Of this amount, \$3,403,554 (unrestricted net position) may be used to meet the City's ongoing obligations. The balance of net position is made up of \$19,217,582 invested in capital assets net of related debt and \$10,747 restricted for specific purposes.
- The City's total net position decreased by \$971,958 (-4.1%). Of this amount, net position of the governmental activities decreased by \$408,045 (-4.8%), and net position attributable to business-type activities decreased by \$563,913 (-3.7%).
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,033,172. This is a decrease of \$947,307 from the prior year's combined ending fund balance of \$1,980,479.
- At the end of the current fiscal year, unassigned fund balance for the general fund was 128,832, as compared to a deficit of \$188,336 for 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 a general fund budget to actual comparison and combining financial statements.

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

CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund financial statements provide a detailed short-

CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

term view that helps the reader determine the level of financial resources that are available to finance the City's programs in the near future. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided that reconciles the governmental fund financial statements to the government-wide statements explaining the relationship between the two.

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

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

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

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

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

Fiduciary funds, also known as trust and agency funds, account for resources for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the City. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has a Pension Trust Fund, detailed in Exhibits I and J. The City has two Agency Funds with consolidated amounts detailed in Exhibit I and additional information on these funds may be found in Schedule 12.

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

**CITY OF ST. ALBANS, VERMONT
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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	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets:						
Cash and cash equivalents	\$ 5,200,412	\$ 6,117,272	\$ -	\$ -	\$ 5,200,412	\$ 6,117,272
Other assets	(1,546,808)	(2,462,135)	5,567,478	5,455,810	4,020,670	2,993,675
Capital assets	28,123,962	26,100,699	21,987,812	21,163,458	50,111,774	47,264,157
Total assets	<u>31,777,566</u>	<u>29,755,836</u>	<u>27,555,290</u>	<u>26,619,268</u>	<u>59,332,856</u>	<u>56,375,104</u>
Deferred outflows	1,200,094	829,969	346,704	272,070	1,546,798	1,102,039
Total assets and deferred outflows	<u>\$32,977,660</u>	<u>\$30,585,805</u>	<u>\$27,901,994</u>	<u>\$26,891,338</u>	<u>\$60,879,654</u>	<u>\$57,477,143</u>
Liabilities:						
Other liabilities	\$ 2,286,995	\$ 890,517	\$ 1,156,652	\$ 863,637	\$ 3,443,647	\$ 1,754,154
Noncurrent liabilities	22,213,718	20,892,883	12,071,962	10,824,507	34,285,680	31,717,390
Total liabilities	<u>24,500,713</u>	<u>21,783,400</u>	<u>13,228,614</u>	<u>11,688,144</u>	<u>37,729,327</u>	<u>33,471,544</u>
Deferred inflows of resources	359,615	277,028	158,829	124,730	518,444	401,758
Net Position:						
Net investment in capital assets	8,320,405	8,578,242	10,897,177	11,641,845	19,217,582	20,220,087
Restricted	10,747	440,834	-	-	10,747	440,834
Unrestricted/(deficit)	(213,820)	(493,699)	3,617,374	3,436,619	3,403,554	2,942,920
Total net position	<u>8,117,332</u>	<u>8,525,377</u>	<u>14,514,551</u>	<u>15,078,464</u>	<u>22,631,883</u>	<u>23,603,841</u>
Total liabilities, deferred inflows and net position	<u>\$32,977,660</u>	<u>\$30,585,805</u>	<u>\$27,901,994</u>	<u>\$26,891,338</u>	<u>\$60,879,654</u>	<u>\$57,477,143</u>

As noted earlier, net position serves as a useful indicator of a government's financial position over time. At the end of the most recent fiscal year, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22,631,883. The City's total net position is split between governmental activities net position of \$8,117,332 and business-type activities net position of \$14,514,551.

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The largest portion of the City's total net position \$19,217,582 (84.9%) reflects its investment in capital assets (construction in progress, equipment, land, buildings and infrastructure) net of any outstanding debt used to acquire or construct those assets. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. On an ongoing basis, the City strives to work reserves into the annual budget to provide for financial contingencies and reserves for a long-term capital plan.

The City's total net position includes \$10,747 (0.1%) of restricted net position. Restricted net position represents assets whose use is subject to external restrictions. The remaining balance of \$3,403,554 (15.0%) is unrestricted net position, which may be used to meet the government's ongoing financial obligations. Included in unrestricted net position are amounts that management has assigned for particular purposes, such as capital reserve funds and reserves for expenditures in subsequent years.

Summary of the Statement of Activities

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,279,530	\$ 2,189,534	\$ 5,489,032	\$ 5,177,476	\$ 7,768,562	\$ 7,367,010
Operating grants & contributions	1,173,226	1,333,954	-	109,666	1,173,226	1,443,620
Capital grants & contributions	553,071	1,324,321	-	-	553,071	1,324,321
General revenues:						
Property taxes	5,066,109	4,941,051	-	-	5,066,109	4,941,051
Other	401,157	316,127	43,311	29,606	444,468	345,733
Total revenues	<u>9,473,093</u>	<u>10,104,987</u>	<u>5,532,343</u>	<u>5,316,748</u>	<u>15,005,436</u>	<u>15,421,735</u>
Expenses:						
General government	1,934,671	1,205,537	-	-	1,934,671	1,205,537
Public safety	4,794,040	4,962,749	-	-	4,794,040	4,962,749
Public works	2,230,889	1,125,780	-	-	2,230,889	1,125,780
Culture and recreation	635,921	840,608	-	-	635,921	840,608
Community development	461,450	755,341	-	-	461,450	755,341
Interest on long-term debt	694,137	574,680	-	-	694,137	574,680
Water	-	-	2,273,575	2,023,263	2,273,575	2,023,263
Wastewater	-	-	2,952,711	2,935,021	2,952,711	2,935,021
Total expenses	<u>10,751,108</u>	<u>9,464,695</u>	<u>5,226,286</u>	<u>4,958,284</u>	<u>15,977,394</u>	<u>14,422,979</u>
Increase (decrease) in net position before transfers	(1,278,015)	640,292	306,057	358,464	(971,958)	998,756
Transfers	869,970	487,896	(869,970)	(487,896)	-	-
Increase (decrease) in net position	<u>(408,045)</u>	<u>1,128,188</u>	<u>(563,913)</u>	<u>(129,432)</u>	<u>(971,958)</u>	<u>998,756</u>
Beginning net position	8,525,377	7,397,189	15,078,464	15,207,896	23,603,841	22,605,085
Ending net position	<u>\$ 8,117,332</u>	<u>\$ 8,525,377</u>	<u>\$14,514,551</u>	<u>\$15,078,464</u>	<u>\$22,631,883</u>	<u>\$23,603,841</u>

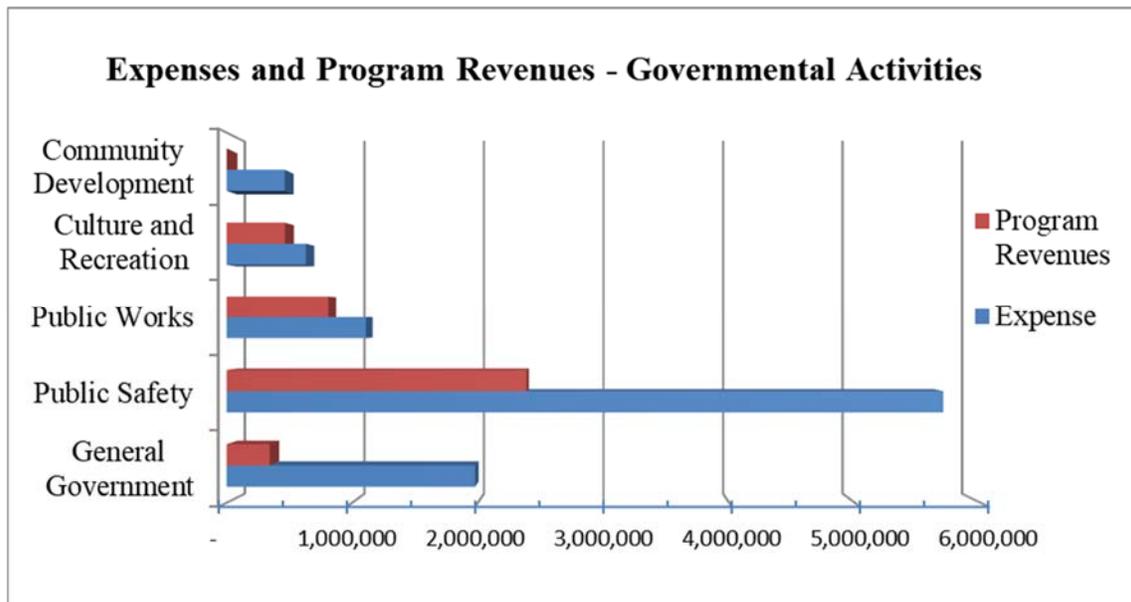
**CITY OF ST. ALBANS, VERMONT
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Governmental Activities

Governmental activities decreased the City’s net position by \$408,045 for the year ended June 30, 2017. Key elements of the change are as follows.

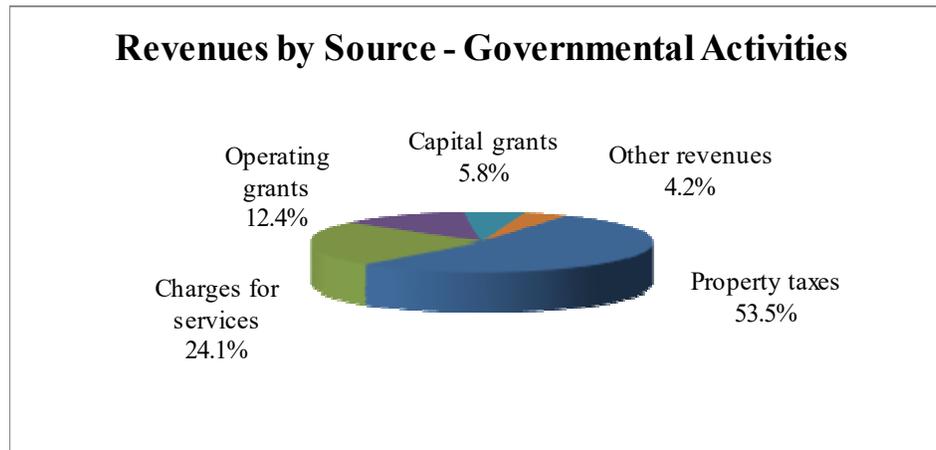
- Total governmental activities’ revenues decreased by 6.2% (\$631,894) from 2016 to 2017.
- Operating Grants and Contributions decreased by \$160,728 (12.0%) driven by a decrease in police grants.
- Capital Grants and Contributions decreased by \$771,252 (58.2%) which is primarily a result of a decrease in VTRANS and Efficiency Vermont grants.
- Property tax revenues increased 2.5% or \$125,058 from the previous year as a result of growth in the grand list within the TIF district.
- Total governmental activities’ expenses increased by 13.6% (\$1,286,413) from 2016 to 2017. Public safety expenses end the year at 44.6% (\$4,794,040) of total governmental activities’ expenses. Public safety remains the largest category of expenses from year to year.
- Interest on long-term debt expenses increased by 20.8% (119,457), the result of interest expenses associated with the City’s recent capital investments.

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



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The majority of revenue for governmental activities comes from property taxes; 53.5% of total revenue or \$5,066,109. The second largest category of revenue is charges for services coming in at 24.1% or \$2,279,530 of total revenue. The following graph shows the distribution of governmental activities revenues by source for the year ended June 30, 2017.



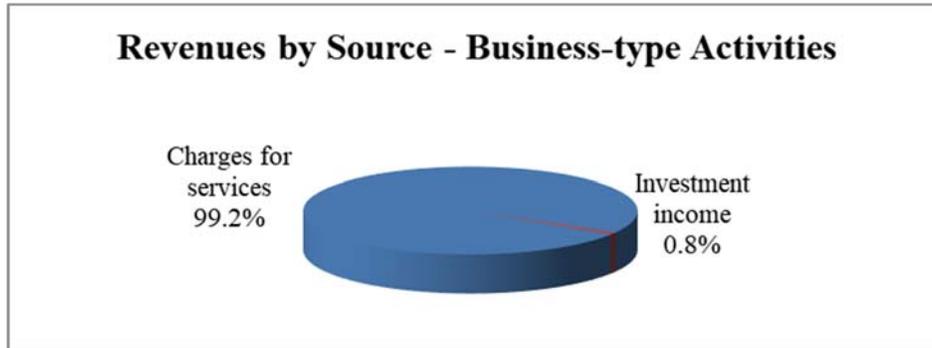
Business-type Activities

Business-type activities decreased the City's net position by \$563,913 during the current fiscal year. Key elements of this decrease are as follows.

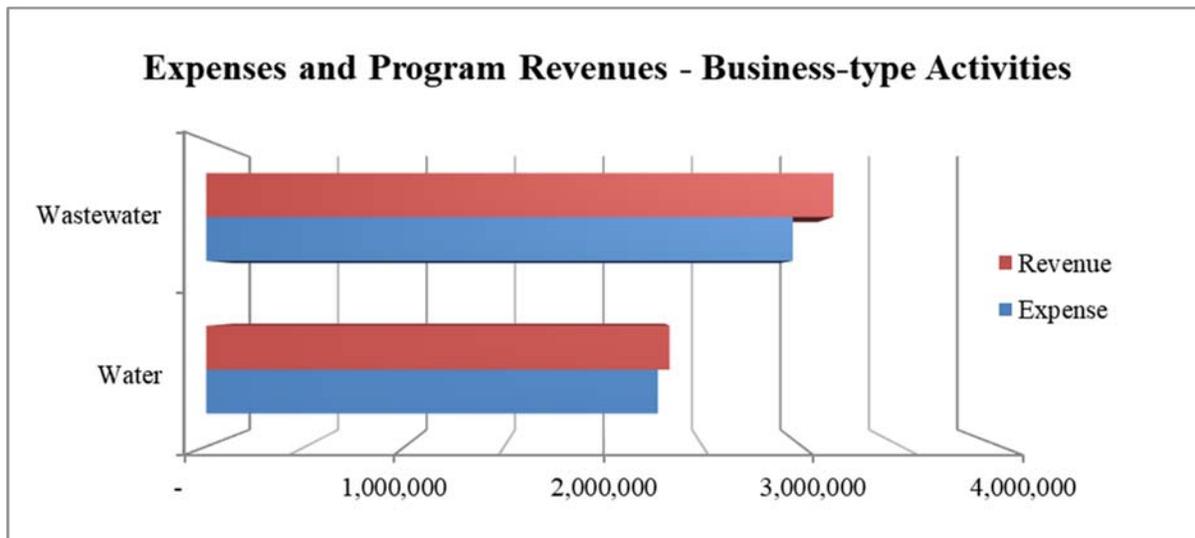
- Total revenues of \$5,532,343 were \$215,595 or 4.1% higher than the previous year.
- Operating revenues increased by \$311,556 or 6.0%. On the government-wide financial statements charges for services in the business-type activities are made up primarily of user fees and allocation fees. The increase from the previous year reflects an increase in user fees of \$259,929 from the previous year and an increase in allocation fees of \$22,601. Allocation fees are paid when a new water and/or wastewater connection is established and are therefore directly related to development activity in the water and wastewater district. This revenue source typically fluctuates from year to year, however, all revenue from allocation fees is designated as reserved for future capital needs and therefore the fluctuations do not have a negative impact on the City's ability to budget and set rates so that operating costs are covered.
- Total expenses of \$5,226,286 increased by \$268,002 from the previous year, largely driven by increased interest costs.

The City's business-type activities are supported by user fees and allocation fees, also referred to as operating revenues (\$5,489,032) with assistance from investment income (\$43,311). The percentage breakdown of revenue sources is illustrated in the following graph titled Revenues by Source – Business-type Activities.

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As the name suggests, business-type activities are accounted for in the same manner that businesses would account for operations. Therefore, it is necessary that revenues meet or exceed expenses in order to continue operating. The graph titled Expenses and Program Revenues – Business-type Activities, demonstrates that during the current fiscal year, revenues exceeded expenses for both the water fund and the wastewater fund. Operating revenues exceeded operating expenses in the water fund by \$381,999 or 16.49% of total operating revenues. In the wastewater fund, operating revenues exceeded operating expenses by \$398,989 or 12.64% of total operating revenues. 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 GOVERNMENT'S FUNDS

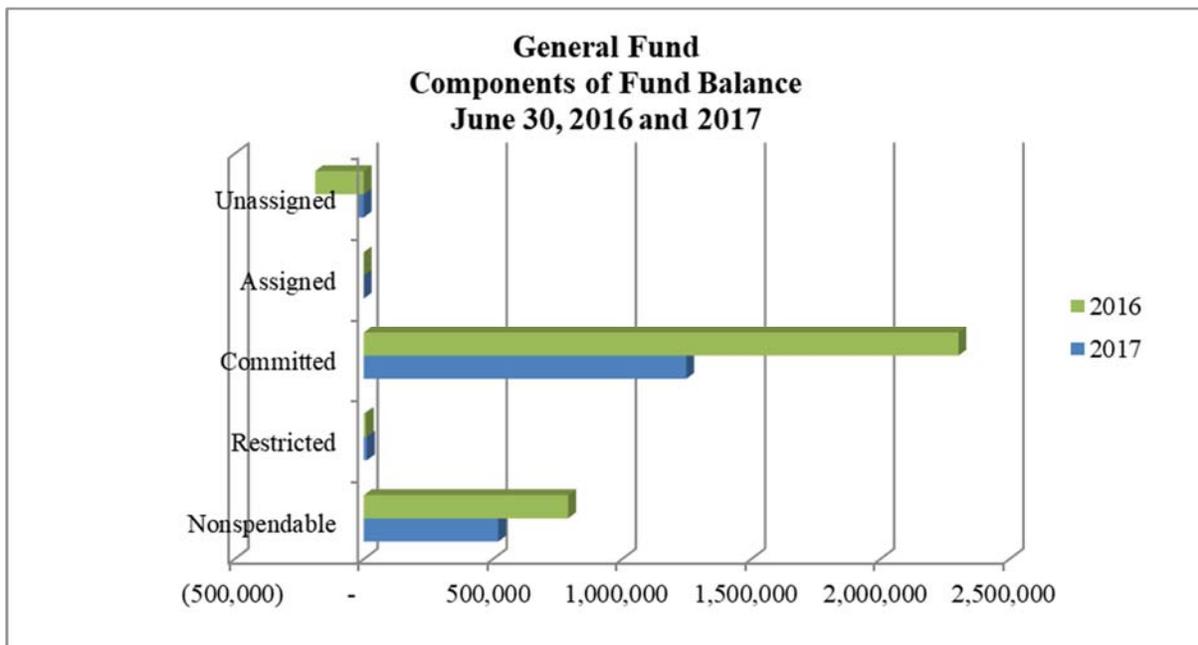
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Information presented and discussed in this section is specific to the fund financial statements.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,033,172, a decrease of \$947,307 over the prior year. Of this total amount, \$630,472 is non-spendable (assets held for resale, prepaid items and inventories) and \$714,181 is restricted, which indicates it is not available for discretionary spending, as it is otherwise restricted by grant agreements, statutes, or debt covenants. Of the remaining amount, \$988,453 has been committed for redevelopment and unassigned fund balance is a deficit of \$1,299,934. The deficit unassigned fund balance is primarily made up of deficits in the Sidewalk and Streetscape funds. The Sidewalk Fund deficit will be funded with the permanent financing of authorized unissued bonds. The City intends on funding the over-expenditure in the Streetscape major capital project with the general fund balance committed for redevelopment in fiscal year 2018.



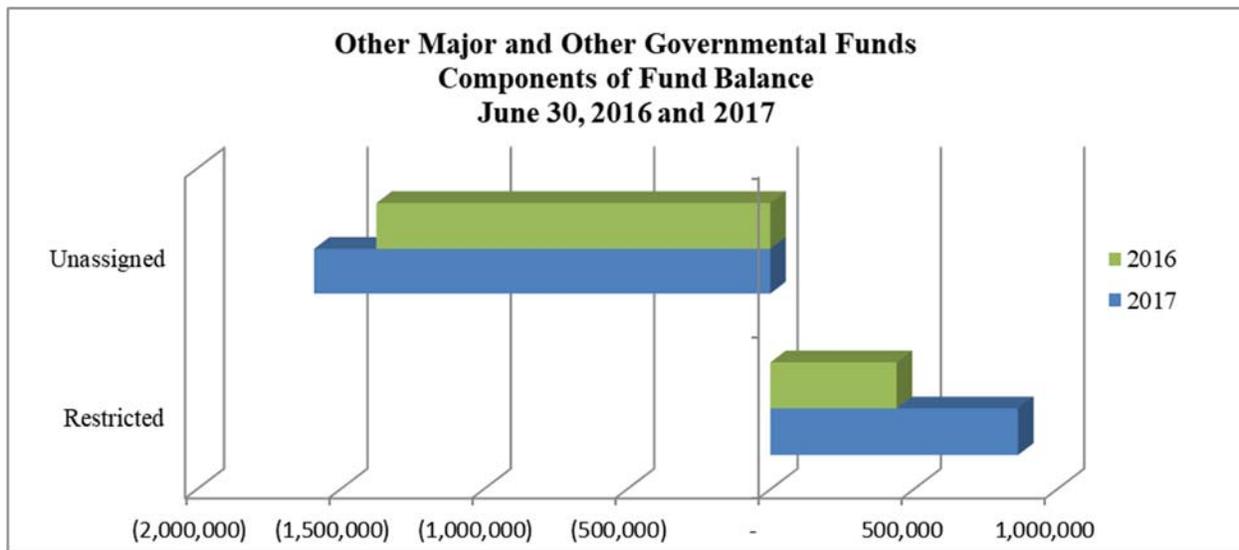
The general fund is the chief operating fund of the City. At the end of the year, total fund balance in the general fund was \$1,760,055, a decrease of \$1,153,273 from the previous year. Of this amount, \$630,472 is non-spendable and \$12,298 is restricted. \$988,453 has been committed for redevelopment, including funding the June 30, 2017 Streetscape fund balance deficit of (\$763,588). As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total general fund expenditures. Total fund balance represents approximately 21% of total general fund expenditures, however, this amount includes nonspendable balances which would not be available to finance general fund expenditures if necessary.

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The City's unassigned general fund balance at June 30, 2017, was \$128,832, an increase of \$317,168. Much of the increase results from the issuance of long-term debt to finance past capital cost incurred in the fund.

Additionally, in fiscal year 2017, the City reclassified property that was previously held for resale (non-spendable in 2016) to an investment designed to generate general fund revenue. Because there are no purpose constraints on this investment, the fund balance is now classified as unassigned.

During fiscal year 2017, the City loaned \$1,000,000 to a downtown hotel development project designed to continue the revitalization of our downtown area.



In the governmental funds other than the general fund the most noteworthy change to fund balance is a decrease in committed fund balance of \$1,313,731 which reflects expenditures made for redevelopment purposes, and an increase in the unassigned fund balance of \$317,168.

General Fund Budgetary Highlights

The City's budget for the year ended June 30, 2017 passed on the first vote in March 2016 and there were no amendments made to the budget during the year. Actual revenues exceeded budgeted revenues by \$10,702, and actual expenditures exceeded budgeted amounts by \$153,851.

Contributing to the overage in expenditures was \$197,352 in capital expenditures for the City's Fairfield Street project; these expenses are financed with long-term debt. There was also a transfer to the City's TIF district of \$144,363 which represents municipal collections within the district, and \$84,147 was transferred to finance overages in the City Hall renovation project. Health insurance deductible expenditures were \$68,748 under budget due to favorable experience as compared to estimates and recent history.

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On the revenue side, property taxes exceeded the budget by \$156,853, most of which was offset by the transfer to the City's TIF district. Fire department revenues were \$21,405 less than the budgeted amount due to a loss of miscellaneous revenues. Police department revenues were \$117,777 less than budget due to the loss of Federal grants. Further, dispatch revenues were \$83,345 less than budget due to the loss of municipal service contracts.

Other Major Governmental Funds

In addition to the general fund, the City reports two major funds – the TIF Debt Service Fund and the Sidewalks Fund. The TIF Debt Service Fund is used to account for TIF property tax revenues, the principal and interest cost on the related debt as well as the general fund subsidy of the debt service. The Debt Service Fund made \$1,088,633 in debt principal and interest payments during the year. These were funded by incremental property tax revenues in the TIF district and a contribution from the general fund. The fund balance at year end is zero due to transfer made from the TIF working capital project fund to fund debt payments in excess of tax incremental revenue.

The Sidewalk Fund is used to record and track the various sidewalk projects in the City. Fund balance decreased by \$400,833 during the year, reflecting the use of the short-term note payable, the line of credit (LOC) to fund projects during the year. The fund deficit in excess of the LOC represents drawdowns on the LOC not yet requested as of year-end.

Proprietary Funds

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

Total net position in the water fund is \$3,741,022, a decrease of 9.39% from the previous year. More than half of the water fund's net position is invested in capital assets net of related debt; 63.41% or \$2,200,985. In the wastewater fund, total net position is \$11,043,529, a decrease of 1.82% from the previous year. The vast majority of net position in the wastewater fund is invested in capital assets net of related debt; 78.74% or \$8,696,192. 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, 2017 were \$71,754,434 (before depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The City's combined investment in capital assets increased by \$4,657,375 from June 30, 2016 to June 30, 2017, or 6.94%. Combined accumulated depreciation at the end of the year is \$21,642,660. Capital

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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assets for governmental activities increased by \$2,023,263, net of accumulated depreciation. Capital assets for business-type activities increased by \$824,354, net of accumulated depreciation.

Summary of Capital Assets

	Governmental Activities		Business-type Activities		Total Government	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Capital assets:						
Land	\$ 776,095	\$ 776,095	\$ 197,000	\$ 197,000	\$ 973,095	\$ 973,095
Construction in progress	4,358,921	6,353,821	658,554	1,753,427	5,017,475	8,107,248
Buildings and improvements	4,448,344	1,557,076	34,837,029	31,986,644	39,285,373	33,543,720
Machinery and equipment	4,629,924	4,520,662	3,345,201	3,272,398	7,975,125	7,793,060
Infrastructure	18,503,366	16,679,936	-	-	18,503,366	16,679,936
	<u>32,716,650</u>	<u>29,887,590</u>	<u>39,037,784</u>	<u>37,209,469</u>	<u>71,754,434</u>	<u>67,097,059</u>
Less: accumulated depreciation	<u>(4,592,688)</u>	<u>(3,786,891)</u>	<u>(17,049,972)</u>	<u>(16,046,011)</u>	<u>(21,642,660)</u>	<u>(19,832,902)</u>
Total assets, net	<u>\$28,123,962</u>	<u>\$26,100,699</u>	<u>\$21,987,812</u>	<u>\$21,163,458</u>	<u>\$50,111,774</u>	<u>\$47,264,157</u>

Major capital asset activity for the year ended June 30, 2017 included the following:

- The completion of the City Hall Renovation project moved a total of \$2,891,268 from construction in progress to buildings and improvements.
- The completion of the Lake/Main Sidewalks project, which moved \$677,546 from construction in progress to infrastructure.
- Major additions to construction in progress in the governmental activities include \$520,670 for the Federal Street project and \$1,168,983 for the Lake Street Streetscape project.
- In business-type activities, major additions include \$2,254,215 for the Fairfield Street Reconstruction project, \$806,963 of which was moved from construction in progress; and \$522,652 for the Fairfax Filter project, \$456,806 of which was moved from construction in progress.

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

Long-term Debt

The City began the year with \$31,717,390 in long-term debt outstanding. As of June 30, 2017 this amount had increased by \$4,123,353 or 13% to end the current year with \$35,840,743 in long-term debt outstanding.

Summary of Long-term Debt

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Governmental activities	\$ 20,892,883	\$ 7,115,539	\$ 4,789,032	\$ 23,219,390
Business-type activities	10,824,507	4,691,158	2,894,312	12,621,353
Total government	<u>\$ 31,717,390</u>	<u>\$ 11,806,697</u>	<u>\$ 7,683,344</u>	<u>\$ 35,840,743</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Factors contributing to the change include the following:

- The City's governmental activities debt increased with the drawdown of bonds for the TIF capital projects of \$1,500,000 and for Fairfield Street of \$300,000.
- New debt for the business-type activities includes \$2,200,000 and \$700,000 for bonds drawn down to finance Fairfield Street and Fairfax Reservoir Filter, respectively.
- Fixed principal payments totaling \$962,600 were made on governmental activities and \$796,103 on business-type activities debt.

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

BUDGETARY STEWARDSHIP AND 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 is on Schedule 1 presenting Budgeted Amounts compared to Actual Amounts and the Variance with Final Budget.

As noted on Schedule 1, General Fund Total Revenue exceeded budget by \$10,702 and expenditures exceeded budgeted appropriations by \$153,851 with an Excess/(Deficiency) of Revenue Over Expenditures of \$(143,149). TIF revenues were received but not budgeted for \$144,363 with a corresponding unbudgeted transfer out the same amount. There was also a transfer of \$162,456 from the TIF fund to the service the debt. The City recognizes that the budget should include pass-through expenditures. The TIF revenues should be budgeted for, as well as the corresponding transfer-out expenditures.

The only significant budgetary overage occurred in the transfers out line item. In addition to the transfers to the TIF fund, \$273,781 was transferred to the Lake and Main sidewalk and curb project, and \$84,147 was transferred to finance overages on the City Hall renovation project. The transfers noted here are presented in the applicable departmental appropriation on page 81.

There were no other significant variances in revenues, expenditures, and other financing sources and uses other than the ones that have been detailed above.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors: Outlook and Future Development

The City is deeply engaged in economic development, transportation, and public infrastructure initiatives designed to increase the tax base and revitalize the City. The cornerstone of this effort is a Tax Increment Finance (TIF) District that was approved by the State of Vermont and local voters in 2012. In brief, tax increment financing allows a municipality to issue bonds for public

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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improvements and service those bonds using the municipal and education property taxes derived from the incremental increase in property values in the district.

The City partnered with Peak CM to construct an 84-room, nationally-franchised hotel on Lake Street in the heart of the St. Albans Downtown. The hotel opened in the Spring of 2017. The Lake Street Hotel was the final piece of the City's downtown core project, which also included the construction of the new State Office Building which opened on January 12, 2015, and a City-owned parking garage which opened to the public on October 30, 2014. All three of these projects were paramount to the City's TIF plan.

In a special election in September 2015, voters approved the issuance of bonds or notes in an amount not to exceed \$2.5 million for the purpose of reconstructing Fairfield Street, including sidewalks, curbs, and paving, as well as water, wastewater, and storm water infrastructure. Work on the project was completed in FY17. Voters approved bonds or notes in an amount not to exceed \$1,225,000 for the purpose of reconstructing sidewalks and curbs on Lake and Main Streets and voters approved bonds or notes in an amount not to exceed \$700,000 for the purpose of reconstructing the treatment filter at the Fairfax Reservoir. These projects were also completed in FY17.

In March of 2016 voters approved the issuance of \$4.95 million in bonds to substantially reconstruct all of the City's curbs and sidewalks that are in fair or poor condition. This is envisioned as a multi-year project; construction began in earnest in FY17.

In FY17 the City also invested roughly \$600,000 in several blighted properties in its downtown. One of those properties has been sold, and the City is marketing the remaining properties. The City also completed the renovation of 36 Diamond Street, a residential property that had been rehabilitated in partnership with the Building Trades program at Bellows Free Academy, the City's high school. This property was sold shortly after the close of the fiscal year.

REQUESTS FOR INFORMATION

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

Exhibit A

CITY OF ST. ALBANS, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,200,412	\$ -	\$ 5,200,412
Receivables (net of allowance for uncollectibles)	700,385	1,426,399	2,126,784
Loans receivable	205,805	-	205,805
Notes receivable	-	62,136	62,136
Prepaid expenses	77,298	-	77,298
Inventory	3,575	45,473	49,048
Internal balances	(4,033,470)	4,033,470	-
Assets held for resale	549,599	-	549,599
Investment property	150,000	-	150,000
Loan receivable, long-term	800,000	-	800,000
Capital assets			
Land	776,095	197,000	973,095
Construction in progress	4,358,921	658,554	5,017,475
Other capital assets, (net of accumulated depreciation)	<u>22,988,946</u>	<u>21,132,258</u>	<u>44,121,204</u>
Total assets	<u>31,777,566</u>	<u>27,555,290</u>	<u>59,332,856</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to the City's Pension plan and participation in VMERS	<u>1,200,094</u>	<u>346,704</u>	<u>1,546,798</u>
Total deferred outflows	<u>1,200,094</u>	<u>346,704</u>	<u>1,546,798</u>
LIABILITIES			
Accounts payable	517,134	172,958	690,092
Accrued payroll and benefits payable	60,783	8,860	69,643
Unearned revenue	6,586	111,453	118,039
Due to external party	230	-	230
Short-term notes payable	519,661	-	519,661
Accrued interest payable	176,929	313,990	490,919
Current portion of long-term debt	1,005,672	549,391	1,555,063
Noncurrent liabilities:			
Net pension liability	3,229,892	1,216,154	4,446,046
Other, net of current portion	<u>18,983,826</u>	<u>10,855,808</u>	<u>29,839,634</u>
Total liabilities	<u>24,500,713</u>	<u>13,228,614</u>	<u>37,729,327</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid property taxes	36,624	-	36,624
Deferred inflows of resources related to the City's pension Plan and participation in VMERS	<u>322,991</u>	<u>158,829</u>	<u>481,820</u>
Total deferred inflows	<u>359,615</u>	<u>158,829</u>	<u>518,444</u>
NET POSITION			
Net investment in capital assets	8,320,405	10,897,177	19,217,582
Restricted			
Taylor Park	10,747	-	10,747
Unrestricted/(Deficit)	<u>(213,820)</u>	<u>3,617,374</u>	<u>3,403,554</u>
Total net position	<u>\$ 8,117,332</u>	<u>\$ 14,514,551</u>	<u>\$ 22,631,883</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, 2017

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS:							
PRIMARY GOVERNMENT:							
GOVERNMENTAL ACTIVITIES:							
General government	\$ 1,934,671	\$ 311,412	\$ 31,113	\$ -	\$ (1,592,146)	\$ -	\$ (1,592,146)
Public safety	4,794,040	1,338,961	1,049,802	-	(2,405,277)	-	(2,405,277)
Public works	2,230,889	207,884	91,254	510,310	(1,421,441)	-	(1,421,441)
Culture and recreation	635,921	421,273	1,057	41,983	(171,608)	-	(171,608)
Community development	461,450	-	-	778	(460,672)	-	(460,672)
Interest on long-term debt	694,137	-	-	-	(694,137)	-	(694,137)
Total governmental activities	10,751,108	2,279,530	1,173,226	553,071	(6,745,281)	-	(6,745,281)
BUSINESS-TYPE ACTIVITIES:							
Water	2,273,575	2,332,238	-	-	-	58,663	58,663
Wastewater	2,952,711	3,156,794	-	-	-	204,083	204,083
Total business-type activities	5,226,286	5,489,032	-	-	-	262,746	262,746
Total primary government	\$ 15,977,394	\$ 7,768,562	\$ 1,173,226	\$ 553,071	(6,745,281)	262,746	(6,482,535)
GENERAL REVENUES:							
Property taxes					5,066,109	-	5,066,109
Interest and penalties on delinquent taxes					68,784	-	68,784
Unrestricted investment earnings					12,046	43,311	55,357
General state grants					99,434	-	99,434
Other revenues					220,893	-	220,893
Transfers					869,970	(869,970)	-
Total general revenues					6,337,236	(826,659)	5,510,577
Change in net position					(408,045)	(563,913)	(971,958)
Net position - July 1, 2016					8,525,377	15,078,464	23,603,841
Net position - June 30, 2017					\$ 8,117,332	\$ 14,514,551	\$ 22,631,883

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

Exhibit C

CITY OF ST. ALBANS, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	TIF Debt Service Fund	Sidewalk Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 5,189,414	\$ -	\$ -	\$ 10,997	\$ 5,200,411
Receivables (net of allowance for uncollectibles)	371,654	-	-	328,731	700,385
Due from other funds	1,072,625	-	-	936,494	2,009,119
Loans receivable	1,005,805	-	-	-	1,005,805
Prepaid items	77,298	-	-	-	77,298
Inventories	3,575	-	-	-	3,575
Assets held for resale	549,599	-	-	-	549,599
Investment property	150,000	-	-	-	150,000
Total assets	<u>\$ 8,419,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,276,222</u>	<u>\$ 9,696,192</u>
LIABILITIES					
Accounts payable	\$ 89,763	\$ -	\$ 123,207	\$ 304,164	\$ 517,134
Accrued payroll and benefits payable	60,783	-	-	-	60,783
Due to other funds	5,225,396	-	20,330	796,863	6,042,589
Due to fiduciary funds	230	-	-	-	230
Short-term notes payable	-	-	519,661	-	519,661
Unearned revenue	6,585	-	-	-	6,585
Total liabilities	5,382,757	-	663,198	1,101,027	7,146,982
DEFERRED INFLOWS OF RESOURCES					
Prepaid property taxes	36,624	-	-	-	36,624
Unavailable revenue - property taxes	149,100	-	-	-	149,100
Unavailable revenue - other	1,091,434	-	-	238,880	1,330,314
Total deferred inflows of resources	1,277,158	-	-	238,880	1,516,038
FUND BALANCES (DEFICIT)					
Nonspendable	630,472	-	-	-	630,472
Restricted	12,298	-	-	701,883	714,181
Committed	988,453	-	-	-	988,453
Assigned	-	-	-	-	-
Unassigned	128,832	-	(663,198)	(765,568)	(1,299,934)
Total fund balances/(deficit)	<u>1,760,055</u>	<u>-</u>	<u>(663,198)</u>	<u>(63,685)</u>	<u>1,033,172</u>
Total liabilities, deferred inflows of Resources and fund balances	<u>\$ 8,419,970</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,276,222</u>	<u>\$ 9,696,192</u>
Governmental Funds balance as reported above.					\$ 1,033,172
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.					28,123,962
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					1,479,414
Deferred outflows of resources related to the City's participation in VMERS are applicable to future periods and, therefore, are not reported in the funds.					1,200,094
Long-term and accrued liabilities are not due or payable in the current period and, therefore, are not reported in the funds.					(23,396,319)
Deferred inflows of resources related to the City's Defined Benefit Pension Plan and its participation in VMERS are applicable to future periods and, therefore, are not reported in the funds.					(322,991)
Net Position of Governmental Activities					<u>\$ 8,117,332</u>

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

Exhibit D

CITY OF ST. ALBANS, VERMONT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	TIF Debt Service Fund	Sidewalk Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 4,344,168	\$ 779,620	\$ -	\$ -	\$ 5,123,788
Penalties and interest	68,784	-	-	-	68,784
Intergovernmental revenues	468,646	-	-	1,610,406	2,079,052
Charges for services	2,140,458	-	-	39,049	2,179,507
Investment income	9,269	-	-	2,777	12,046
Licenses and permits	121,376	-	-	-	121,376
Donations	41,983	-	-	-	41,983
Other revenue	212,277	-	-	8,306	220,583
Total revenues	7,406,961	779,620	-	1,660,538	9,847,119
EXPENDITURES					
Current:					
General government	2,866,892	-	-	-	2,866,892
Public safety	3,479,642	-	-	830,324	4,309,966
Public works	738,280	-	-	4,252	742,532
Culture and recreation	573,099	-	-	461,450	1,034,549
Capital outlay:					
Public safety	91,322	-	-	-	91,322
Public works	241,438	-	1,480,739	1,996,045	3,718,222
Culture and recreation	53,040	-	-	-	53,040
Debt service:					
Principal	382,910	580,000	-	-	962,910
Interest	100,880	508,633	-	-	609,513
Total expenditures	8,527,503	1,088,633	1,480,739	3,292,071	14,388,946
Excess/(deficiency) of revenues over expenditures	(1,120,542)	(309,013)	(1,480,739)	(1,631,533)	(4,541,827)
OTHER FINANCING SOURCES (USES)					
Issuance of long-term debt	418,425	-	806,125	1,500,000	2,724,550
Transfers in	56,274	306,819	273,781	1,201,787	1,838,661
Transfers out	(507,430)	-	-	(461,261)	(968,691)
Total other financing sources/(uses)	(32,731)	306,819	1,079,906	2,240,526	3,594,520
Net change in fund balances	(1,153,273)	(2,194)	(400,833)	608,993	(947,307)
Fund balances/(deficit) - July 1, 2016, as reclassified	2,913,328	2,194	(262,365)	(672,678)	1,980,479
Fund balances/(deficit) - June 30, 2017	\$ 1,760,055	\$ -	\$ (663,198)	\$ (63,685)	\$ 1,033,172

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, 2017

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total government funds (Exhibit D)	\$ (947,307)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$2,922,489) is allocated over their estimated useful lives and reported as depreciation expense (\$941,044). This is the amount by which capital outlays exceeded depreciation in the current period.	1,981,445
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and loss on disposals).	41,818
The issuance of long-term debt (\$2,724,550) (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$962,910) 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.	(1,761,640)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount reflects the increase of unearned and unavailable revenue over last year.	625,664
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.	(219,580)
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>(128,445)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ (408,045)</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, 2017

	Water Fund	Wastewater Fund	Total
ASSETS			
Current assets:			
Receivables (net of allowance for uncollectibles)	\$ 588,691	\$ 837,708	\$ 1,426,399
Inventory	31,230	14,243	45,473
Due from other funds	<u>1,569,433</u>	<u>2,464,037</u>	<u>4,033,470</u>
Total Current Assets	2,189,354	3,315,988	5,505,342
Noncurrent Assets:			
Notes receivable	30,831	31,305	62,136
Capital assets			
Land	155,000	42,000	197,000
Construction in progress	-	658,554	658,554
Buildings, distribution and collection system and improvements	84,733	24,374,462	24,459,195
Vehicles, machinery and equipment	12,055,333	1,667,702	13,723,035
Less accumulated depreciation	<u>(4,791,994)</u>	<u>(12,257,978)</u>	<u>(17,049,972)</u>
Total noncurrent assets	<u>7,533,903</u>	<u>14,516,045</u>	<u>22,049,948</u>
Total assets	9,723,257	17,832,033	27,555,290
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to the City's pension plan and participation in VMERS	<u>168,577</u>	<u>178,127</u>	<u>346,704</u>
Total deferred outflows of resources	<u>168,577</u>	<u>178,127</u>	<u>346,704</u>
Total assets and deferred outflows of resources	<u>\$ 9,891,834</u>	<u>\$ 18,010,160</u>	<u>\$ 27,901,994</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 47,905	\$ 125,053	\$ 172,958
Accrued payroll	4,214	4,646	8,860
Unearned revenue	50,779	60,674	111,453
Accrued interest payable	189,546	124,444	313,990
Current portion of long-term debt:			
Compensated absences	3,207	4,952	8,159
Capital lease	8,835	20,615	29,450
Bonds payable	235,629	265,972	501,601
Notes payable	<u>3,923</u>	<u>6,258</u>	<u>10,181</u>
Total current liabilities	544,038	612,614	1,156,652
Noncurrent portion of long-term debt:			
Compensated absences	62,163	95,936	158,099
Capital lease	38,193	93,624	131,817
Bonds payable	5,146,221	4,894,772	10,040,993
Notes payable	17,592	507,307	524,899
Net pension liability	<u>545,203</u>	<u>670,951</u>	<u>1,216,154</u>
Total noncurrent liabilities	<u>5,809,372</u>	<u>6,262,590</u>	<u>12,071,962</u>
Total liabilities	6,353,410	6,875,204	13,228,614
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to the City's pension plan and participation in VMERS	<u>67,402</u>	<u>91,427</u>	<u>158,829</u>
Total deferred inflows of resources	<u>67,402</u>	<u>91,427</u>	<u>158,829</u>
NET POSITION			
Net investment in capital assets	2,200,985	8,696,192	10,897,177
Unrestricted	<u>1,270,037</u>	<u>2,347,337</u>	<u>3,617,374</u>
Total net position	<u>3,471,022</u>	<u>11,043,529</u>	<u>14,514,551</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 9,891,834</u>	<u>\$ 18,010,160</u>	<u>\$ 27,901,994</u>

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Water Fund	Wastewater Fund	Total
	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUES:			
Charges for services	\$ 2,270,022	\$ 3,106,236	\$ 5,376,258
Penalties and interest	12,812	17,710	30,522
Allocation fees	29,100	29,140	58,240
Other income	<u>5,304</u>	<u>3,708</u>	<u>9,012</u>
Total operating revenues	2,317,238	3,156,794	5,474,032
OPERATING EXPENSES:			
Salaries and benefits	803,116	917,976	1,721,092
Other purchased services	101,012	160,013	261,025
Chemicals	106,077	313,504	419,581
Repairs and maintenance	175,117	180,280	355,397
Insurances	75,232	85,595	160,827
Utilities	233,910	249,250	483,160
Supplies	19,768	19,909	39,677
Real estate and state water taxes	47,816	5,049	52,865
Other operating costs	85,998	109,460	195,458
Depreciation	<u>287,193</u>	<u>716,769</u>	<u>1,003,962</u>
Total operating expenses	<u>1,935,239</u>	<u>2,757,805</u>	<u>4,693,044</u>
Operating income	381,999	398,989	780,988
NONOPERATING REVENUES (EXPENSES):			
Land lease	15,000	-	15,000
Investment income	16,579	26,732	43,311
Interest expense	<u>(338,336)</u>	<u>(194,906)</u>	<u>(533,242)</u>
Total nonoperating revenues (expenses)	<u>(306,757)</u>	<u>(168,174)</u>	<u>(474,931)</u>
Net income before transfers	75,242	230,815	306,057
Transfers out	<u>(434,985)</u>	<u>(434,985)</u>	<u>(869,970)</u>
Change in net position	(359,743)	(204,170)	(563,913)
Net position - July 1, 2016	<u>3,830,765</u>	<u>11,247,699</u>	<u>15,078,464</u>
Net position - June 30, 2017	<u>\$ 3,471,022</u>	<u>\$ 11,043,529</u>	<u>\$ 14,514,551</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, 2017

	Water Fund	Wastewater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,248,628	\$ 3,126,737	\$ 5,375,365
Other receipts	5,304	3,708	9,012
Payments to suppliers	(1,042,969)	(1,489,292)	(2,532,261)
Payment of taxes	(47,816)	(5,049)	(52,865)
Payments for wages and benefits	<u>(775,877)</u>	<u>(901,669)</u>	<u>(1,677,546)</u>
Net cash provided by operating activities	387,270	734,435	1,121,705
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(434,985)	(434,985)	(869,970)
Proceeds from land lease	15,000	-	15,000
Decrease/(increase) in due from other funds	<u>81,381</u>	<u>17,177</u>	<u>98,558</u>
Net cash used by noncapital financing activities	(338,604)	(417,808)	(756,412)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(441,105)	(1,387,211)	(1,828,316)
Proceeds of:			
General obligation bonds	1,125,000	1,775,000	2,900,000
Notes payable	-	212,104	212,104
Principal paid on:			
General obligation bonds	(214,506)	(193,901)	(408,407)
Notes payable	(357,366)	(604,806)	(962,172)
Capital leases	(8,686)	(15,506)	(24,192)
Interest paid on:			
General obligation bonds	(127,942)	(107,028)	(234,970)
Notes payable	(38,147)	(12,681)	(50,828)
Capital leases	<u>(1,741)</u>	<u>(8,567)</u>	<u>(10,308)</u>
Net cash used by capital and related financing activities	(64,493)	(342,596)	(407,089)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of interest & dividends	<u>15,827</u>	<u>25,969</u>	<u>41,796</u>
Net cash provided by investing activities	<u>15,827</u>	<u>25,969</u>	<u>41,796</u>
Net change in cash	-	-	-
Cash - July 1, 2016	<u>-</u>	<u>-</u>	<u>-</u>
Cash - June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ADJUSTMENT TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 381,999	\$ 398,989	\$ 780,988
Depreciation	287,193	716,769	1,003,962
(Increase)/decrease in accounts receivables	(111,195)	(87,007)	(198,202)
(Increase)/decrease in inventory	(10,411)	(101)	(10,512)
Increase/(decrease) in accounts payable	(235,443)	(371,180)	(606,623)
Increase/(decrease) in accrued payroll	2,212	2,354	4,566
Increase/(decrease) in unearned revenue	47,886	60,658	108,544
Increase/(decrease) in compensated absences payable	(2,736)	(13,218)	(15,954)
Increase/(decrease) in net pension liability and related deferrals	<u>27,765</u>	<u>27,171</u>	<u>54,936</u>
Net cash provided by operating activities	<u>\$ 387,270</u>	<u>\$ 734,435</u>	<u>\$ 1,121,705</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, 2017

	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 40,209
Investments		
Fixed income	2,288,685	-
Stocks	1,677,831	-
Receivables	14,408	-
Due from primary government	<u>-</u>	<u>230</u>
Total Assets	3,980,924	40,439
LIABILITIES		
Other liabilities	-	231
Due to others	<u>-</u>	<u>40,208</u>
Total Liabilities	<u>-</u>	<u>\$ 40,439</u>
NET POSITION		
Restricted for pensions	<u>3,980,924</u>	
Total Net Position	<u>\$ 3,980,924</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, 2017

	Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 210,000
Plan Members	<u>32,350</u>
Total Contributions	242,350
Net Investment Earnings	<u>457,935</u>
Total Additions	700,285
DEDUCTIONS	
Benefits - Pension	440,755
Administrative Expenses	37,347
Management Fee	<u>18,358</u>
Total Deductions	<u>496,460</u>
Net Decrease in Net Position	203,825
Net Position - July 1, 2016	<u>3,777,099</u>
Net Position- June 30, 2017	<u><u>\$ 3,980,924</u></u>

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

The City of St. Albans, Vermont (herein the “City”) is a municipal corporation operating under a council-manager form of government. It is governed by seven 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 a City Manager to oversee the general operations of the City.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

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

B. Basis of Presentation

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

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

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the City. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each segment of the City's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function or program. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports on the following major governmental funds:

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

TIF 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.

Sidewalk Fund – This capital project fund accounts for all expenditures, revenues, and grants related to the Sidewalk Project. The project involves improving sidewalk construction along the roads in conjunction with the Streetscape projects.

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The City reports on the following major enterprise funds:

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

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

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

Additionally, the City reports the following fund types:

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

Agency Funds – These funds account for monies maintained for local nonprofit groups, Saint Albans for the Future (SAFF) and the Explorer Program.

C. Measurement Focus

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

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources are generally reported on their balance sheets. Their reported fund balances (net current position) are considered a measure of available spendable resources, and are segregated into nonspendable; restricted; committed; assigned; and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

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D. Basis of Accounting

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

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

Governmental funds are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues reported in governmental funds to be available if the revenues are collected within 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 capital leases are reported as other financing sources.

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

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E. Use of Estimates

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

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

1. Cash

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

2. Investments

The City invests in investments as allowed by State Statute. Investments with readily determinable fair values are reported at their fair values on the balance sheet, 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 Advances to/from Other Funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”. Cash balances deposited and invested by the Treasurer in a combined cash account are reported as “Due to/from Other Funds”.

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

5. Inventories and Prepaid Expenses

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

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

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

6. Pensions

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

7. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one 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 will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items which arise under the modified accrual basis of accounting and two types which arise under the accrual basis of accounting that qualify for reporting in this category. The governmental activities, the business-type activities and the proprietary funds report deferred inflows of resources from two sources: prepaid property taxes and deferred inflows of resources related to the City's defined benefit pension plan and the City's participation in VMERS. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows of resources are related. The governmental funds report deferred inflows of resources from three sources: prepaid property taxes, unavailable property taxes, penalties and interest and unavailable other revenue. These amounts are deferred and recognized as an inflow of resources in the future periods that the amounts become available or to which the inflows are related.

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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 incurred during the construction phase for proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Infrastructure assets are reported starting with fiscal year June 30, 2004. The City has elected to not report major general infrastructure assets retroactively.

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

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

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

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

9. Compensated Absences

It is the policy of the City to permit employees to accumulate earned but unused vacation time up to 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

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

10. Long-term Liabilities

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

11. Fund Equity

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

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,

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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.

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.

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B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2017, expenditures in the General Fund exceeded appropriations by \$153,851.

The City reflected expenditures in excess of appropriations in the following departments:

Administration and Finance	\$ (160,058)
City Clerk	\$ (7,351)
Planning and Development	\$ (18,501)
Debt Service	\$ (48,198)
Police, Dispatch and Animal Control	\$ (22,595)
Police Department Capital	\$ (6,322)
Library	\$ (32,252)
Parking Garage	\$ (15,046)
Public Works Capital	\$ (43,858)
Recreation Programs	\$ (53,310)

C. Deficit Fund Equity

The City also has a deficit fund balance in the Streetscape non-major capital project funds. The City intends to fund the over-expenditure in the Streetscape fund with the general fund balance committed for redevelopment.

The deficit in the Sidewalk major capital project fund results from financing the project with short-term notes as described in Note IV-G.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Custodial credit risk for deposits is the risk that in the event of a bank failure, the deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

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The City's cash as of June 30, 2017 consisted of deposits in financial institutions. The City's investments as of June 30, 2017 consisted of the following:

Investments - Pension Trust Fund:	
International Stocks	\$ 433,840
US Stocks	1,159,469
Real Estate Mutual Fund	84,522
Annuity Contracts	<u>2,288,685</u>
 Total Investments	 <u>\$ 3,966,516</u>

Custodial Credit Risk

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

	<u>Bank Balance</u>
FDIC Insured	\$ 500,817
NCUSIF Insured	250,000
Collateralized by Federal Agency Securities	2,605,840
Uninsured, Uncollateralized	<u>2,291,351</u>
 Total Cash Deposits	 5,648,008
 SIPC Coverage	 250,000
Uncollateralized	<u>3,716,516</u>
 Total Investments	 <u>3,966,516</u>
 Total Cash and Investments	 <u>\$ 9,614,524</u>

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Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Per the City's policy, Interest rate risk will be minimized by investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools. At year end, the City did not have any investments in debt related securities.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Per the City's policy, credit risk will be minimized by diversifying the City's investment portfolio so that the impact of potential losses from any one type of investment will be minimized. At year end, the City did not have any investments in debt related securities.

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the City's investments are held within one security. The City does not have any limitations on the amount that can be invested in any one issuer. The City has 58% of their retirement investments invested in a guaranteed deposit account with PRIAC. The other 42% of the City's retirement investments are in stocks and mutual funds.

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. Level 3 investment represents management's assumption about what a market participant would use in valuing the investment and would be based on the best information available. Management uses the market approach for which sufficient and reliable data is available. In absence of market information, estimated fair value is based on original transaction price as transaction was recent. Management does not believe that the assumption used due to lack of observable units will significantly impact the resulting fair value.

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The City has the following fair value measurements as of June 30, 2017:

<u>Description</u>	Fair Value Measurements Using:			
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Equity securities				
International Stocks	\$ 433,840	\$ 433,840	\$ -	\$ -
US Stocks	1,159,469	1,159,469	-	-
Real Estate Mutual Fund	<u>84,522</u>	<u>84,522</u>	<u>-</u>	<u>-</u>
Subtotal securities	1,677,831	1,677,831	-	-
Investment Property				
10 South Main Street	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Total	<u>\$ 1,827,831</u>	<u>\$ 1,677,831</u>	<u>\$ -</u>	<u>\$ 150,000</u>

B. Receivables

Receivables at June 30, 2017, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows.

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Delinquent Taxes	\$ 287,085	\$ -	\$ 287,085
Penalties and Interest	42,014	-	42,014
Billed Services	-	822,979	822,979
Unbilled Services	-	505,369	505,369
Grants	338,822	-	338,822
Other	72,464	112,551	185,015
Allowance for Doubtful Accounts	<u>(40,000)</u>	<u>(14,500)</u>	<u>(54,500)</u>
	<u>\$ 700,385</u>	<u>\$ 1,426,399</u>	<u>\$ 2,126,784</u>

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C. Loans and Notes Receivable

Loans Receivable at June 30, 2017 consists of the following loans for community development.

Governmental Funds

Loan Receivable, Local Business; Interest at 2%, Monthly Principal And Interest Payments; Due September 23, 2018	\$ 5,803
Loan Receivable, Local Nonprofit; Interest at 0%, Balloon Payment Due October 30, 2044, Secured by a Mortgage Deed on Real Property	350,000
Loan Receivable; Local Nonprofit; Interest at 0%; Balloon Payment Due December 31, 2032; Secured by a Mortgage Deed on Real Property	360,000
Loan Receivable; Local Nonprofit; Interest at 0%; Balloon Payment Due January 14, 2035; Secured by a Mortgage Deed on Real Property	480,001
Loan Receivable; Local Nonprofit; Interest at 0%; Balloon Payment Due March 15, 2037; Secured by a Mortgage Deed on Real Property	579,600
Loan Receivable; PeakCM Lake Street Hotel LLP; Interest at 3%; 5-year repayment terms	<u>1,000,000</u>
Total	2,775,404
Less: Allowance for Doubtful Loans Receivable	<u>(1,769,601)</u>
Governmental Funds Reported Balance at June 30, 2017	<u>\$ 1,005,803</u>

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

<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Payments</u>	<u>Amounts</u> <u>Written Off</u>	<u>Balance</u> <u>June 30, 2017</u>
\$ 1,872,413	\$ 1,009,216	\$ 103,413	\$ 2,812	\$ 2,775,404

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Notes Receivable at June 30, 2017 consists of one note for acquisition of a pump station in the wastewater fund and one note for allocation fees in both the water and wastewater funds as follows.

Proprietary Funds

Note Receivable; Local Business for Water and Wastewater Allocation Fees; Interest at 2.50%; Balloon Payment Due June 30, 2019	<u>\$ 57,690</u>
Total	57,690
Plus: Accrued Interest on Note	<u>4,446</u>
Proprietary Funds Reported Value at June 30, 2017	<u>\$ 62,136</u>

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

<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Payments</u>	<u>Amounts</u> <u>Written Off</u>	<u>Balance</u> <u>June 30, 2017</u>
\$ 60,621	\$ 1,515	\$ -	\$ -	\$ 62,136

D. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 776,095	\$ -	\$ -	\$ 776,095
Construction in Progress	6,353,821	1,697,731	3,692,631	4,358,921
Total Capital Assets, Not Being Depreciated	<u>7,129,916</u>	<u>1,697,731</u>	<u>3,692,631</u>	<u>5,135,016</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,557,076	2,891,268	-	4,448,344
Vehicles, Machinery and Equipment	4,520,662	202,691	93,429	4,629,924
Infrastructure	16,679,936	1,823,430	-	18,503,366
Subtotal	<u>22,757,674</u>	<u>4,917,389</u>	<u>93,429</u>	<u>27,581,634</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	860,680	107,524	27,662	940,542
Vehicles, Machinery and Equipment	1,905,705	475,953	218,932	2,162,726
Infrastructure	1,020,506	357,567	(111,347)	1,489,420
Totals	<u>3,786,891</u>	<u>941,044</u>	<u>135,247</u>	<u>4,592,688</u>
Total Capital Assets, Being Depreciated	<u>18,970,783</u>	<u>3,976,345</u>	<u>(41,818)</u>	<u>22,988,946</u>
Governmental Activities Capital Assets, Net	<u>\$ 26,100,699</u>	<u>\$ 5,674,076</u>	<u>\$ 3,650,813</u>	<u>\$ 28,123,962</u>

CITY OF ST. ALBANS, VERMONT
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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
BUSINESS-TYPE ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 197,000	\$ -	\$ -	\$ 197,000
Construction in Progress	1,753,427	199,789	1,294,662	658,554
Total Capital Assets, Not Being Depreciated	<u>1,950,427</u>	<u>199,789</u>	<u>1,294,662</u>	<u>855,554</u>
Capital Assets, Being Depreciated:				
Buildings, Distribution and Collection				
Systems & Improvements	31,986,644	2,850,385	-	34,837,029
Machinery and Equipment	3,272,398	72,803	-	3,345,201
Subtotal	<u>35,259,042</u>	<u>2,923,188</u>	<u>-</u>	<u>38,182,230</u>
Less Accumulated Depreciation for:				
Buildings, Distribution and Collection				
Systems & Improvements	13,932,060	1,003,961	-	14,936,021
Machinery and Equipment	2,113,951	-	-	2,113,951
Totals	<u>16,046,011</u>	<u>1,003,961</u>	<u>-</u>	<u>17,049,972</u>
Total Capital Assets, Being Depreciated	<u>19,213,031</u>	<u>1,919,227</u>	<u>-</u>	<u>21,132,258</u>
Business-Type Activities Capital Assets, Net	<u>\$ 21,163,458</u>	<u>\$ 2,119,016</u>	<u>\$ 1,294,662</u>	<u>\$ 21,987,812</u>

Depreciation was charged as follows:

Governmental Activities:		Business - Type Activities:	
General Government	\$ 79,088	Water	\$ 287,193
Public Safety	267,937	Sewer	<u>716,768</u>
Public Works	538,739		
Culture and Recreation	<u>55,280</u>		
Total Depreciation Expense - Governmental Activities	<u>\$ 941,044</u>	Total Depreciation Expense - Business-Type Activities	<u>\$ 1,003,961</u>

E. Interfund Balances and Activity

The composition of Due From/(To) Other Funds at June 30, 2017 is as follows:

<u>Fund Name</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 1,072,625	\$ 5,225,396
Sidewalk Fund	-	20,330
Other Governmental Funds	936,494	796,863
Water Fund	1,569,433	-
Wastewater Fund	<u>2,464,037</u>	<u>-</u>
Total	<u>\$ 6,042,589</u>	<u>\$ 6,042,589</u>

CITY OF ST. ALBANS, VERMONT
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Interfund transfers during the year ended June 30, 2017 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	MPG Fund	\$ 1,126	Fund local match on grants
General Fund	Sidewalks Fund	273,781	Fund capital projects
General Fund	City Hall Renovation Fund	84,147	Contribute to City Hall Renovation
General Fund	Streetscape Fund	4,013	Fund local match on grants
General Fund	TIF Debt Service	144,363	Fund TIF bond debt service
TIF Capital Projects	Federal Street	192,499	Contribute to Federal Street Project
TIF Capital Projects	Streetscape Fund	106,306	Fund local match on grants
TIF Capital Projects	TIF Debt Service	162,456	Fund TIF bond debt service
Water Fund	General Fund	28,137	Fund debt service
Water Fund	City Hall Renovation Fund	141,973	Contribute to City Hall Renovation
Water Fund	Federal Street	264,875	Fund local match on grants
Wastewater Fund	General Fund	28,137	Fund debt service
Wastewater Fund	City Hall Renovation Fund	141,973	Contribute to City Hall Renovation
Wastewater Fund	Federal Street	<u>264,875</u>	Fund local match on grants
	Total	<u>\$ 1,838,661</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.

F. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the City that is applicable 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 K1 and K2.

G. Short-term Note Payable

The City also has an available line of credit of \$1,750,000 with Peoples Trust Company. Interest is at 1.5% and matures April 19, 2018, at which time the City intends to renew the note. As of June 30, 2017, the note has outstanding balance of \$519,661.

H. Unearned Revenue

Unearned revenue in the General Fund consists of \$6,585 in parking garage passes purchased in advance. The revenue will be recognized as parking services are provided. Unearned revenue in the enterprise funds consists of:

	<u>Water Fund</u>	<u>Wastewater Fund</u>
Water credits payable	\$ 5,268	\$ -
Billed for unrendered goods/services	<u>45,511</u>	<u>60,674</u>
Total	<u>\$ 50,779</u>	<u>\$ 60,674</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

I. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position 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 K-1 and K-2.

Deferred inflows of resources in the General Fund consists of \$149,100 of delinquent property taxes, penalties and interest on those taxes, \$1,005,805 of net loans receivable as well as \$85,629 in other receivables that were not collected within 60 days after year-end as these would not be available to liquidate current liabilities. It also includes \$36,624 of prepaid property taxes. The revenue will be recognized as the loans are repaid and as receivables are collected. Total deferred inflows of resources in the General Fund are \$1,277,158.

Deferred inflows of resources in the Other Governmental Funds consists of \$238,880 of grant receivables not collected within 60 days after year-end as these would not be available to liquidate current liabilities. The revenue will be recognized as receivables are collected.

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.

J. Long-term Liabilities

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

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

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

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

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

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

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

Long-term liabilities outstanding as of June 30, 2017 were as follows.

Bonds, Notes and Capital Leases Payable:

	Series Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/17
<u>Governmental Activities:</u>			
Bonds Payable:			
Fire Truck Purchase, annual principal payments of \$20,000	\$ 12/01/30	0.777-2.731%	\$ 80,000
TIF District Bond, annual principal payments ranging from \$570,000 to \$1,010,000	11/15/33	0.643-4.723%	12,775,000
City Hall Renovation, annual principal payments of \$92,000	11/02/40	0.891-3.181%	2,208,000
TIF District Bond, annual principal payments of \$88,235	11/01/33	0.891-3.181%	1,500,000
Fairfield Street (12%), annual principal payments of \$100,000	11/02/41	0.891-3.181%	300,000
Lake/Main Sidewalks, annual principal payments of \$49,000	11/02/41	0.891-3.181%	1,225,000
Fire Truck, annual principal payments of \$23,750	11/01/36	0.891-3.181%	475,000
Total Bonds Payable			18,563,000
Notes Payable:			
Blouin Parking Lot, monthly principal and interest payments of \$1,252	10/31/20	3.50%	48,249
Court House Parking Lot, monthly principal and interest payments of \$1,501	07/14/20	3.75%	52,581
Fonda/Solo Building Purchase, interest only payments and renewing the note each year until the property is sold	08/28/38	1.50%	311,910
Bucket Truck, monthly principal and interest payments of \$763	10/01/19	2.55%	20,989
Tennis Court (Barlow), monthly principal and interest payments of \$983	12/17/22	3.25%	58,900
Recreation Program Vehicle, monthly principal and interest payments of \$413	10/01/19	2.55%	11,341
Sidewalk Plow, monthly principal and interest payments of \$1,473	03/21/17	2.75%	25
Mini Excavator (33.34%), monthly principal and interest payments of \$167	05/23/23	3.20%	10,742
Sidewalk Plow II, quarterly principal and interest payments of \$5,150	03/15/21	2.85%	72,688
Line Striper, monthly principal and interest payments of \$355	11/25/19	2.55%	10,024
Skid Steer (20%), monthly principal and interest payments of \$108	11/25/21	2.89%	5,382
Tractor	08/01/21	2.70%	18,714
Barlow Elevator and Stairs	02/01/27	3.25%	42,748
Fountain, balloon principal payment due 8/17/17	08/17/17	1.50%	20,000
Total Notes Payable			684,293
Capital Leases Payable:			
Recreation Van, annual principal and interest payments of \$4,987	10/15/18	4.45%	9,346
Fire Pickup Truck, quarterly principal and interest payments of \$1,085	08/15/20	3.97%	13,134
Police Vehicle, annual principal and interest payments of \$7,573	10/24/18	4.64%	14,123
Total Capital Leases Payable			36,603
Total Governmental Activities:			\$ 19,283,896

CITY OF ST. ALBANS, VERMONT
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JUNE 30, 2017

<u>Business-Type Activities:</u>	<u>Series</u> <u>Maturities</u> <u>Through</u>	<u>Interest</u> <u>Rate(s) %</u>	<u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>6/30/17</u>
Water Fund			
Bonds Payable:			
USDA Refunding Bond, annual payments of \$231,195	11/15/36	3.93%	\$ 3,108,113
Fairfax Water Plant, annual principal payments of \$46,667	11/01/30	0.891-3.181%	653,333
Fairfield Street (17%), annual principal payments of \$100,000	11/02/41	0.891-3.181%	425,000
Streetscape Utilities (50%), annual principal payments of \$22,526	11/01/35	0.891-3.181%	213,999
Fairfax Dam, annual principal payments of \$51,653	11/01/35	0.891-3.181%	981,405
Total Bonds Payable			<u>5,381,850</u>
Notes Payable:			
Mini Excavator (33.33%), monthly principal and interest payments of \$167	05/23/23	3.20%	10,742
Skid Steer (40%), monthly principal and interest payments of \$216	11/25/21	2.89%	10,763
Total Notes Payable			<u>21,505</u>
Capital Lease Payable:			
Vactor (30%), annual principal and interest payments of \$34,357	06/01/21	3.13%	<u>47,028</u>
Total Water Fund			<u>5,450,383</u>
Wastewater Fund			
Bonds Payable:			
Wastewater Treatment Facility Improvements, annual principal and administrative fee payments of \$88,677	09/01/31	0.00%	1,115,250
Wastewater Treatment Facility Improvements, annual principal and administrative fee payments of \$142,607	09/01/31	0.00%	1,932,589
Wastewater Treatment Facility Improvements, annual principal and administrative fee payments of \$9,851	09/01/31	0.00%	123,906
Fairfield Street (71%), annual principal payments of \$100,000	11/02/41	0.891-3.181%	1,775,000
Streetscape Utilities (50%), annual principal payments of \$88,235	11/01/33	0.891-3.181%	213,999
Total Bonds Payable			<u>5,160,744</u>
Notes Payable:			
Mini Excavator (33.33%), monthly principal and interest payments of \$167	05/23/23	3.20%	10,742
Skid Steer (40%), monthly principal and interest payments of \$216	11/25/21	2.89%	10,763
Wastewater Planning Loan, Annual payments of \$2,336	03/01/19	0.00%	4,669
Wastewater Planning Loan, Annual payments of \$40,480	08/01/17	0.00%	487,391
Total Notes Payable			<u>513,565</u>
Capital Lease Payable:			
Vactor (70%), annual principal and interest payments of \$34,357	06/01/21	3.13%	<u>114,239</u>
Total Wastewater Fund			<u>5,788,548</u>
Total Business-Type Activities:			<u>\$ 11,238,931</u>

CITY OF ST. ALBANS, VERMONT
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Changes in all long-term liabilities during the year were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
GOVERNMENTAL					
Bonds Payable	\$ 13,455,000	\$ 5,800,000	\$ 692,000	\$ 18,563,000	\$ 869,985
Notes Payable	4,036,638	728,976	4,081,321	684,293	97,523
Capital Leases Payable	30,618	21,696	15,711	36,603	15,342
Compensated Absences	412,308	44,130	-	456,438	22,822
Environmental Liability	249,164	-	-	249,164	-
Net Pension Liability	<u>2,709,155</u>	<u>520,737</u>	<u>-</u>	<u>3,229,892</u>	<u>-</u>
 Total Governmental Activities Long-Term Liabilities	 <u>\$ 20,892,883</u>	 <u>\$ 7,115,539</u>	 <u>\$ 4,789,032</u>	 <u>\$ 23,219,390</u>	 <u>\$ 1,005,672</u>
BUSINESS-TYPE ACTIVITIES					
Bonds Payable	\$ 6,567,419	\$ 4,383,582	\$ 408,407	\$ 10,542,594	\$ 501,601
Notes Payable	2,768,876	212,104	2,445,910	535,070	10,181
Capital Leases Payable	185,317	-	24,050	161,267	29,450
Compensated Absences	182,212	-	15,945	166,267	8,159
Net Pension Liability	<u>1,120,683</u>	<u>95,472</u>	<u>-</u>	<u>1,216,155</u>	<u>-</u>
 Total Business-type Activities Long-Term Liabilities	 <u>\$ 10,824,507</u>	 <u>\$ 4,691,158</u>	 <u>\$ 2,894,312</u>	 <u>\$ 12,621,353</u>	 <u>\$ 549,391</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.

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

Year Ending June 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Capital Leases	Principal	Interest	Capital Leases
2018	\$ 987,508	\$ 631,290	\$ 16,901	\$ 511,782	\$ 248,742	\$ 34,357
2019	1,266,453	614,458	16,900	519,982	237,518	34,357
2020	971,320	597,547	4,340	558,587	245,859	34,357
2021	949,469	577,900	1,085	567,295	234,719	34,357
2022	919,314	556,493	-	573,699	223,080	38,866
2023-2027	4,865,182	2,380,532	-	2,981,273	925,418	-
2028-2032	5,579,926	1,479,694	-	3,187,410	543,080	-
2033-2037	3,035,121	385,610	-	1,737,636	155,223	-
2038-2042	673,000	47,667	-	440,000	34,991	-
Total	19,247,293	7,271,191	39,226	11,077,664	2,848,630	176,294
Less: Interest	-	-	(2,623)	-	-	(15,027)
Total	<u>\$ 19,247,293</u>	<u>\$ 7,271,191</u>	<u>\$ 36,603</u>	<u>\$ 11,077,664</u>	<u>\$ 2,848,630</u>	<u>\$ 161,267</u>

The City has an available line of credit of \$2,000,000 with Peoples Trust Company. Interest is at 1.5% and matures October 19, 2017. For the year ended June 30, 2017 there was no outstanding balance.

K. 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 strives to maintain a minimum undesignated General Fund balance that is sufficient to provide financial resources for the City in the event of an emergency or the loss of a major revenue source. Therefore, the City has set the minimum undesignated balance for the General Fund at an amount equal to one month of general fund operating expenditures. The City defines undesignated fund balance to include unassigned, assigned, and committed fund balances.

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.

CITY OF ST. ALBANS, VERMONT
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The following types of fund balances are reported at June 30, 2017:

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 which, depending on the type of appropriation, is either town meeting vote, City Council vote, or City Manager when City Council is informed. This fund balance classification includes general fund encumbrances for non-lapsing special article appropriations approved at City Council.

Unassigned - Represents amounts that are available to be spent in future periods and deficit funds.

Following is a breakdown of the City's fund balances at June 30, 2017:

	General Fund	TIF Debt Service Fund	Sidewalk Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid expenditures	\$ 77,298	\$ -	\$ -	\$ -	\$ 77,298
Inventories	3,575	-	-	-	3,575
Assets held for resale	<u>549,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,599</u>
Total Nonspendable	630,472	-	-	-	630,472
Restricted					
Asset forfeiture	12,298	-	-	-	12,298
Restorative Justice Center	-	-	-	91,467	91,467
Expendable permanent funds	-	-	-	10,747	10,747
TIF Capital Project Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>599,669</u>	<u>599,669</u>
Total Restricted	12,298	-	-	701,883	714,181
Committed					
Redevelopment	<u>988,453</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>988,453</u>
Total Committed	988,453	-	-	-	988,453
Unassigned	<u>128,832</u>	<u>-</u>	<u>(663,198)</u>	<u>(765,568)</u>	<u>(1,299,934)</u>
Total Fund Balance	<u>\$ 1,760,055</u>	<u>\$ -</u>	<u>\$ (663,198)</u>	<u>\$ (63,685)</u>	<u>\$ 1,033,172</u>

CITY OF ST. ALBANS, VERMONT
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L. 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, 2017, the retirement system consisted of 437 participating employers.

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, 2016, the measurement date selected by the State of Vermont, VMERS was funded at 80.95% and had a plan fiduciary net position of \$547,015,114 and a total pension liability of \$675,711,281 resulting in a net pension liability of \$128,696,167. As of June 30, 2017, the City's proportionate share of this was 1.50050% resulting in a liability of \$1,931,081. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2016, the City's proportion of 1.50050% was an increase of 0.07207% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$525,783.

CITY OF ST. ALBANS, VERMONT
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As of June 30, 2017, 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	\$ 28,918	\$ 1,327
Difference between projected and actual earnings on pension plan investments	626,149	-
Difference between expected and actual experience	39,670	-
Changes in assumptions	310,126	-
City's required employer contributions made subsequent to the measurement date	245,260	-
Total	\$ 1,250,123	\$ 1,327

The deferred outflows of resources resulting from the City's required employer contributions made subsequent to the measurement date in the amount of \$245,260 will be recognized in pension expense in the year ended June 30, 2017. 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
2017	\$ 263,089
2018	263,089
2019	369,323
2020	108,035
Total	\$ 1,003,536

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.

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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.

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

Vested Retirement Allowance:

Eligibility: Five 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.

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

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

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

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

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

Significant Actuarial Assumptions and Methods

These assumptions were selected on the basis of the experience study that was performed for the five-year period ending June 30, 2010.

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

<u>Year Ending</u>	<u>Interest Rate</u>	<u>Year Ending</u>	<u>Interest Rate</u>
6/30/2017	7.95%	6/30/2025	7.95%
6/30/2018	7.95%	6/30/2026	7.95%
6/30/2019	7.95%	6/30/2027	7.95%
6/30/2020	7.95%	6/30/2028	7.95%
6/30/2021	7.95%	6/30/2029	7.95%
6/30/2022	7.95%	6/30/2030	7.95%
6/30/2023	7.95%	6/30/2031	7.95%
6/30/2024	7.95%	6/30/2032 and later	7.95%

Salary Increases: 5% per year.

Deaths:

Active participants: 50% of the probabilities in the 1995 Buck Mortality Tables for males and females.

Non-disabled retirees and terminated vested participants: The 1995 Buck Mortality Tables with no set-back for males and one-year set-back for females.

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Disabled retirees: RP-2000 Disabled Life Tables.

Beneficiaries: 1995 Buck Mortality Tables for males and females.

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 1.8% per annum for Group B and C members.

Actuarial Cost Method: Entry Age Normal - Level Percentage of Pay.

Asset Valuation Method: Invested assets are reported at fair value.

Note: For funding purposes – A smoothing method is used, under which the value of assets for actuarial purposes equals market 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 the market value of assets by more than 20%.

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

Long-term Expected Rate of Return:

The long-term expected rate of return on investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variable and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer-term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	31.50%	8.54%
Fixed Income	33.00%	2.36%
Alternatives	15.50%	8.35%
Multi-strategy	20.00%	4.90%

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

Discount Rate: The discount rate used to measure the total pension liability was 7.95%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.95%, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.95%) or one percent higher (8.95%).

<u>Impact of a 1% Change in the Discount Rate</u>		
	<u>Discount Rate</u>	<u>Net Pension Liability</u>
Current Rate	7.95%	\$ 1,931,081
1% Decrease	6.95%	\$ 3,205,787
1% Increase	8.95%	\$ 863,776

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 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.

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Funding Policy

The Plan requires members to contribute either 2.5% or 7.5% of Annual Base Earnings, excluding overtime and any other additional compensation, depending on the benefit level elected. The total actuarially determined contribution to the system for 2017 was \$288,768 which was computed through an actuarial valuation performed as of January 1, 2016.

There are 15 active members and 52 retirees and beneficiaries. Additionally, there are 11 former employees with vested rights.

The market value of plan assets maintained at Prudential Investments is \$3,980,924 as of June 30, 2017.

Benefits

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

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

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.

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

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

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

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

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

	<u>Target 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, 2017 using an annual actuarial valuation as of June 30, 2017. Because the measurement date is the same as the reporting date, no adjustments have been necessary to roll forward the data.

CITY OF ST. ALBANS, VERMONT
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Significant Actuarial Assumptions and Methods

The total pension liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

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

Discount Rate: The discount rate was determined as follows:

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

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.

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Changes in Net Pension Liability: The change in net pension liability for the plan is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2016	\$ 6,489,808	\$ 3,777,099	\$ 2,712,709
Changes for the year:			
Service cost	43,521	-	43,521
Interest	409,950	-	409,950
Changes in assumptions	-	-	-
Differences between actual and expected experience	-	-	-
Contributions - employer	(6,635)	210,000	(216,635)
Contributions - member	-	32,350	(32,350)
Net investment income	-	439,577	(439,577)
Administrative expenses	-	(37,347)	37,347
Benefit payments, including refunds of member contributions	(440,755)	(440,755)	-
Net changes	<u>6,081</u>	<u>203,825</u>	<u>(197,744)</u>
Balances at June 30, 2017	<u>\$ 6,495,889</u>	<u>\$ 3,980,924</u>	<u>\$ 2,514,965</u>

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		
	<u>Discount Rate</u>	<u>Net Pension Liability</u>
Current Rate	6.07%	\$ 2,514,965
1% Decrease	5.07%	\$ 3,175,709
1% Increase	7.07%	\$ 1,976,679

CITY OF ST. ALBANS, VERMONT
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Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2017 the City recognized pension expense of \$217,642. At June 30, 2017 the City reported deferred outflows of resources and deferred inflows or resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ 307,430
Changes in assumptions	163,376	-
Net difference between projected and actual earnings on plan investments	133,299	173,063
 Total	\$ 296,675	\$ 480,493

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

Year Ended June 30	Deferred Outflows (Inflows) of Resources
2018	\$ (17,578)
2019	(17,580)
2020	(22,949)
2021	(85,728)
2022	(39,983)
 Total	 \$ (183,818)

3. Deferred Compensation Plan

The City also offers its employees a deferred compensation plan through the International City/County Management Association's Retirement Corporation (ICMA-RC) in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City has no liability for losses under this plan but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self-directed by each employee. For each employee not currently participating in the

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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 \$5,995.

M. 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 on August 29, November 26, February 27 and May 29, and become delinquent on June 1. The City assesses an 8% penalty on delinquent taxes and interest is assessed at 1% per month after each installment date for the first twelve months and 1.5% per month thereafter. Unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale. The tax rates for 2017 are as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Education	\$ 1.4771	\$ 1.5673
General City	0.8513	0.8513
Library	0.0431	0.0431
Veteran's Exemption	0.0029	0.0029
Total Tax Rate per \$100 of Assessed Value	\$ 2.3744	\$ 2.4646

N. Pollution Remediation

On August 11, 2016, a Feasibility Study was prepared for the Fonda/Solo Site to assess the feasibility for redevelopment of 19 Lower Newton Street to house municipal fire, police and public works functions for the community. The project parcel is the site of a former manufacturing facility, with known environmental contamination. This includes, but is not limited to, portions of the concrete slab remaining after the building was demolished, a known contaminant plume beneath the slab in the center of the site, and the possibility of "urban soils". The estimate for mitigation of these items is currently assessed at \$249,164. Actual costs may differ depending on what is uncovered during mitigation, as well as due to inflation, changes in technology, or changes in regulations.

O. Contingent Liabilities

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

CITY OF ST. ALBANS, VERMONT
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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.

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 approved on November 6, 2012. With a TIF District, the value of properties within the District is frozen at the time the District is created. All property taxes generated by the original base continue to go to the municipal General Fund and the State Education Fund. For 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.

Q. Commitments

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

R. Restatement/Reclassification

The City's major governmental funds for fiscal year 2016, as defined by GASB Statement 34, have changed from the previous fiscal year. Accordingly, the following reconciliation is provided:

	Fund Equity 6/30/16 (as previously reported)	Reclassification	Fund Equity 6/30/16 (as restated)
Sidwalk Fund	\$ -	\$ (262,365)	\$ (262,365)
City Hall Renovation Fund	(133,969)	133,969	-
Federal Street Bypass Fund	(529,750)	529,750	-
Nonmajor Governmental Funds	<u>(271,324)</u>	<u>(401,354)</u>	<u>(672,678)</u>
Total	<u>\$ (935,043)</u>	<u>\$ -</u>	<u>\$ (935,043)</u>

S. Implementation of New GASB Standard

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, replacing requirements of Statements No. 45 and 57, effective for the Government beginning with its year ending June 30, 2018. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specific criteria and for employers whose employees are provided with defined contribution OPEB.

Schedule 1

CITY OF ST. ALBANS, VERMONT
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	Original/Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Property Taxes	\$ 4,187,315	\$ 4,344,168	\$ 156,853
Penalty on Taxes	33,000	24,968	(8,032)
Interest on Taxes	40,000	43,816	3,816
State Payments/RR Taxes	8,500	11,259	2,759
Interest on Savings	4,000	1,066	(2,934)
Public Works Garage Lease	38,625	38,625	-
City Hall Lease	54,075	54,075	-
PILOT	38,750	88,175	49,425
Insurance Reimbursements and Miscellaneous	45,000	62,699	17,699
City Clerk	113,750	105,134	(8,616)
Planning and Development	31,500	38,497	6,997
Assessing	22,900	22,621	(279)
Fire Department	84,000	62,595	(21,405)
Police, Dispatch and Animal Control	1,708,986	1,556,981	(152,005)
Parking Garage	163,350	184,053	20,703
Public Works and Parks	136,500	125,912	(10,588)
Recreation Programs	474,092	430,401	(43,691)
	<u>7,184,343</u>	<u>7,195,045</u>	10,702
EXPENDITURES			
Administration and Finance	427,973	588,031	(160,058)
HRA and Leave Buy Back	206,322	131,762	74,560
City Clerk	71,503	78,854	(7,351)
Planning and Development	301,653	320,154	(18,501)
Planning and Development Capital	45,000	-	45,000
County and District Functions	245,584	244,813	771
Audit and Audit Consultants	10,000	9,982	18
Assessing	45,946	44,391	1,555
Debt Service - Principal and Interest	379,318	427,516	(48,198)
Professional Services - Legal	56,000	49,232	6,768
Fire Department	408,909	380,610	28,299
Fire Department Capital	25,000	-	25,000
Police, Dispatch and Animal Control	3,076,437	3,099,032	(22,595)
Police Department Capital	85,000	91,322	(6,322)
Library	-	32,252	(32,252)
Parking Garage	121,550	136,596	(15,046)
Public Works, Highway, Parks	641,393	601,684	39,709
Public Works Capital	464,217	508,075	(43,858)
Recreation Programs	487,538	540,848	(53,310)
Recreation Capital	85,000	53,040	31,960
	<u>7,184,343</u>	<u>7,338,194</u>	<u>(153,851)</u>
Excess/(Deficiency) of Revenue Over Expenditures	\$ <u>-</u>	(143,149)	\$ <u>(143,149)</u>
Fund Balance - July 1, 2016		2,913,328	
Bond proceeds		418,425	
Non-budgeted items:			
Hotel loan		(1,000,000)	
Other redevelopment activity		<u>(428,549)</u>	
Fund Balance - June 30, 2017		<u>\$ 1,760,055</u>	

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 CITY OF ST. ALBANS PENSION PLAN
 JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability:				
Service Cost	\$ 43,521	\$ 56,040	\$ 226,520	\$ 54,376
Interest	409,950	421,289	423,309	372,888
Changes in Assumptions	-	-	335,956	-
Differences Between Actual and Expected Experience	(6,635)	(294,671)	(188,267)	-
Benefit Payments, Including Refunds of Member Contributions	<u>(440,755)</u>	<u>(384,878)</u>	<u>(449,104)</u>	<u>(432,133)</u>
Net Change in Total Pension Liability	6,081	(202,220)	348,414	(4,869)
Total Pension Liability, beginning	<u>6,489,808</u>	<u>6,692,028</u>	<u>6,343,614</u>	<u>6,348,483</u>
Total Pension Liability, ending	6,495,889	6,489,808	6,692,028	6,343,614
Plan Fiduciary Net Position:				
Contributions - Employer	210,000	200,000	200,000	200,000
Contributions - Members	32,350	37,743	36,594	40,043
Net Investment Income	439,577	9,080	233,965	249,941
Benefit Payments, Including Refunds of Member Contributions	(440,755)	(384,878)	(449,104)	(432,133)
Administrative Expenses	<u>(37,347)</u>	<u>(35,508)</u>	<u>(31,191)</u>	<u>(28,753)</u>
Net Change in Fiduciary Net Position	203,825	(173,563)	(9,736)	29,098
Plan Fiduciary Net Position, beginning	<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>3,980,924</u>	<u>3,777,099</u>	<u>3,950,662</u>	<u>3,960,398</u>
Net Pension Liability, ending	<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	61.28%	58.20%	59.04%	62.43%
Covered Employee Payroll	\$ 531,385	\$ 531,385	\$ 508,580	\$ 538,265
Net Pension Liability as a Percentage of Covered Employee Payroll	473.28%	510.50%	539.02%	442.76%

Notes to the Schedule:

Benefit Changes: none

Changes in Assumptions: none

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

Data for future years will be added prospectively.

See Accompanying Independent Auditor's Report.

Schedule 3

CITY OF ST. ALBANS, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS
 CITY OF ST. ALBANS PENSION PLAN
 JUNE 30, 2017

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially Determined Contribution	\$ 288,768	\$ 322,117	\$ 494,618	\$ 312,844	\$ 224,258	\$ 187,482	\$ 118,825	\$ 201,866	\$ 213,524	\$ 159,632
Contributions in Relation to the Actuarially Determined Contribution	<u>210,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>161,606</u>	<u>209,825</u>	<u>153,737</u>	<u>201,136</u>
Contribution Deficiency/(Excess)	<u>\$ 78,768</u>	<u>\$ 122,117</u>	<u>\$ 294,618</u>	<u>\$ 112,844</u>	<u>\$ 24,258</u>	<u>\$ (12,518)</u>	<u>\$ (42,781)</u>	<u>\$ (7,959)</u>	<u>\$ 59,787</u>	<u>\$ (41,504)</u>
Covered-Employee Payroll	\$ 531,385	\$ 531,385	\$ 508,580	\$ 538,265	\$ 647,286	\$ 714,519	\$ 471,413	\$ 471,413	\$ 628,509	\$ 1,290,469
Contributions as a Percentage of Covered-Employee Payroll	39.52%	37.64%	39.33%	37.16%	30.90%	27.99%	34.28%	44.51%	24.46%	15.59%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>						
Annual Money-Weighted Rate of Return, Net of Investment Expense	12.13%	0.38%	4.64%	4.98%						

Notes to the Schedule:

Valuation Date: June 30, 2017

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

Methods and assumptions used to determine contribution rates:

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

See Accompanying Independent Auditor's 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

JUNE 30, 2017

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Plan Net Pension Liability	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
City's Proportion of the Net Pension Liability	1.50050%	1.42843%	1.40650%
City's Proportionate Share of the Net Pension Liability	\$ 1,931,081	\$ 1,101,261	\$ 128,361
City's Covered Employee Payroll	\$ 3,748,413	\$ 3,271,734	\$ 3,029,983
Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	51.52%	33.66%	4.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.95%	87.42%	98.32%

Notes to the Schedule:

Benefit Changes: none

Changes in Assumptions: The actuarial assumptions regarding the incidence of mortality, terminations, retirements and disabilities were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2014.

Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contributions (Actuarially Determined)	\$ 245,260	\$ 228,052	\$ 199,673	\$ 181,424
Contributions in Relation to the Actuarially Determined Contributions	<u>245,260</u>	<u>228,052</u>	<u>199,673</u>	<u>181,424</u>
Contribution Excess/(Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 4,023,362	\$ 3,748,413	\$ 3,271,734	\$ 3,029,983
Contributions as a Percentage of Covered Employee Payroll	6.10%	6.08%	6.10%	5.99%

Notes to the Schedule:

Fiscal year 2015 was the first year of implementation, therefore, only four years are shown.

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

	Special Revenue Funds	Capital Project Funds	Total
ASSETS			
Cash	\$ 10,997	\$ -	\$ 10,997
Receivables	51,332	277,399	328,731
Due from Other Funds	87,611	848,883	936,494
Total Assets	\$ 149,940	\$ 1,126,282	\$ 1,276,222
LIABILITIES			
Accounts Payable	\$ 40,923	\$ 263,241	\$ 304,164
Due to Other Funds	-	796,863	796,863
Total Liabilities	40,923	1,060,104	1,101,027
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	8,783	230,097	238,880
Total Deferred Inflows of Resources	8,783	230,097	238,880
FUND BALANCES (DEFICIT)			
Restricted	102,214	599,669	701,883
Unassigned	(1,980)	(763,588)	(765,568)
Total Fund Balances/(Deficit)	100,234	(163,919)	(63,685)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 149,940	\$ 1,126,282	\$ 1,276,222

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

	Special Revenue Funds	Capital Project Funds	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Intergovernmental Revenues	\$ 887,340	\$ 723,066	\$ 1,610,406
Charges for Services	39,049	-	39,049
Investment Income	10	2,767	2,777
Other Revenue	<u>2,506</u>	<u>5,800</u>	<u>8,306</u>
Total Revenues	928,905	731,633	1,660,538
EXPENDITURES			
Current:			
Public Safety	830,324	-	830,324
Public Works	-	4,252	4,252
Community Development	-	461,450	461,450
Capital Outlay			
Public Works	<u>-</u>	<u>1,996,045</u>	<u>1,996,045</u>
Total Expenditures	<u>830,324</u>	<u>2,461,747</u>	<u>3,292,071</u>
Excess/(Deficiency) of Revenue Over Expenditures	98,581	(1,730,114)	(1,631,533)
OTHER FINANCING SOURCES (USES)			
Issuance of Long-Term Debt	-	1,500,000	1,500,000
Transfers In	1,126	1,200,661	1,201,787
Transfers Out	<u>-</u>	<u>(461,261)</u>	<u>(461,261)</u>
Total Other Financing Sources	<u>1,126</u>	<u>2,239,400</u>	<u>2,240,526</u>
Net Change in Fund Balances	99,707	509,286	608,993
Fund Balance/(Deficit) - July 1, 2016, as reclassified	<u>527</u>	<u>(673,205)</u>	<u>(672,678)</u>
Fund Balance/(Deficit) - June 30, 2017	<u>\$ 100,234</u>	<u>\$ (163,919)</u>	<u>\$ (63,685)</u>

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2017

	Restorative Justice Center Fund	VCDP Grants Fund	OJP Fund	Taylor Park Trust Fund	Subtotal Special Revenue Funds
ASSETS					
Cash	\$ 250	\$ -	\$ -	\$ 10,747	\$ 10,997
Receivables	41,489	1,145	8,698	-	51,332
Due from Other Funds	<u>85,580</u>	<u>2,031</u>	<u>-</u>	<u>-</u>	<u>87,611</u>
Total Assets	<u>\$ 127,319</u>	<u>\$ 3,176</u>	<u>\$ 8,698</u>	<u>\$ 10,747</u>	<u>\$ 149,940</u>
LIABILITIES					
Accounts Payable	\$ <u>28,214</u>	\$ <u>4,011</u>	\$ <u>8,698</u>	\$ -	\$ <u>40,923</u>
Total Liabilities	28,214	4,011	8,698	-	40,923
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	<u>7,638</u>	<u>1,145</u>	<u>-</u>	<u>-</u>	<u>8,783</u>
Total Deferred Inflows of Resources	7,638	1,145	-	-	8,783
FUND BALANCES (DEFICIT)					
Restricted	91,467	-	-	10,747	102,214
Unassigned	<u>-</u>	<u>(1,980)</u>	<u>-</u>	<u>-</u>	<u>(1,980)</u>
Total Fund Balances/(Deficit)	<u>91,467</u>	<u>(1,980)</u>	<u>-</u>	<u>10,747</u>	<u>100,234</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 127,319</u>	<u>\$ 3,176</u>	<u>\$ 8,698</u>	<u>\$ 10,747</u>	<u>\$ 149,940</u>

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Restorative Justice Center Fund	VCDP Grants Fund	OJP Fund	Taylor Park Trust Fund	Subtotal Special Revenue Funds
REVENUES					
Intergovernmental	\$ 878,672	\$ 8,668	\$ -	\$ -	\$ 887,340
Charges for Services	36,949	-	-	2,100	39,049
Investment Income	-	-	-	10	10
Other Revenue	<u>2,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,506</u>
Total Revenues	918,127	8,668	-	2,110	928,905
EXPENDITURES					
Current:					
Public Safety	<u>819,385</u>	<u>10,939</u>	<u>-</u>	<u>-</u>	<u>830,324</u>
Total Expenditures	<u>819,385</u>	<u>10,939</u>	<u>-</u>	<u>-</u>	<u>830,324</u>
Excess/(Deficiency) of Revenue Over Expenditures	<u>98,742</u>	<u>(2,271)</u>	<u>-</u>	<u>2,110</u>	<u>98,581</u>
OTHER FINANCING SOURCES (USES)					
Transfer In	<u>-</u>	<u>1,126</u>	<u>-</u>	<u>-</u>	<u>1,126</u>
Total Other Financing Sources	<u>-</u>	<u>1,126</u>	<u>-</u>	<u>-</u>	<u>1,126</u>
Net Change in Fund Balances	98,742	(1,145)	-	2,110	99,707
Fund Balances/(Deficit) - July 1, 2016	<u>(7,275)</u>	<u>(835)</u>	<u>-</u>	<u>8,637</u>	<u>527</u>
Fund Balances/(Deficit) - June 30, 2017	<u>\$ 91,467</u>	<u>\$ (1,980)</u>	<u>\$ -</u>	<u>\$ 10,747</u>	<u>\$ 100,234</u>

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2017

	<u>TIF Capital Projects Fund</u>	<u>Streetscape Fund</u>	<u>City Hall Renovation Fund</u>	<u>Federal Street Bypass Fund</u>	<u>Subtotal Capital Projects Funds</u>
ASSETS					
Receivables	\$ -	\$ 119,149	\$ -	\$ 158,250	\$ 277,399
Due from Other Funds	<u>601,179</u>	<u>-</u>	<u>-</u>	<u>247,704</u>	<u>848,883</u>
Total Assets	<u>\$ 601,179</u>	<u>\$ 119,149</u>	<u>-</u>	<u>\$ 405,954</u>	<u>\$ 1,126,282</u>
LIABILITIES					
Accounts Payable	\$ 1,510	\$ 5,654	\$ -	\$ 256,077	\$ 263,241
Due to Other Funds	<u>-</u>	<u>796,863</u>	<u>-</u>	<u>-</u>	<u>796,863</u>
Total Liabilities	1,510	802,517	-	256,077	1,060,104
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	<u>-</u>	<u>80,220</u>	<u>-</u>	<u>149,877</u>	<u>230,097</u>
Total Deferred Inflows of Resources	-	80,220	-	149,877	230,097
FUND BALANCES (DEFICIT)					
Restricted	599,669	-	-	-	599,669
Unassigned	<u>-</u>	<u>(763,588)</u>	<u>-</u>	<u>-</u>	<u>(763,588)</u>
Total Fund Balances/(Deficit)	<u>599,669</u>	<u>(763,588)</u>	<u>-</u>	<u>-</u>	<u>(163,919)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 601,179</u>	<u>\$ 119,149</u>	<u>\$ -</u>	<u>\$ 405,954</u>	<u>\$ 1,126,282</u>

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	TIF Capital Projects Fund	Streetscape Fund	City Hall Renovation Fund	Federal Street Bypass Fund	Subtotal Capital Projects Funds
REVENUES					
Intergovernmental Revenues	\$ 778	\$ 334,117	\$ 60,000	\$ 328,171	\$ 723,066
Investment Income	2,767	-	-	-	2,767
Other Revenue	-	-	5,800	-	5,800
	<u>3,545</u>	<u>334,117</u>	<u>65,800</u>	<u>328,171</u>	<u>731,633</u>
Total Revenues	3,545	334,117	65,800	328,171	731,633
EXPENDITURES					
Current:					
Public Works	-	2,643	1,609	-	4,252
Community Development	461,450	-	-	-	461,450
Capital Outlay:					
Public Works	-	1,177,060	298,315	520,670	1,996,045
	<u>461,450</u>	<u>1,179,703</u>	<u>299,924</u>	<u>520,670</u>	<u>2,461,747</u>
Total Expenditures	461,450	1,179,703	299,924	520,670	2,461,747
Excess/(Deficiency) of Revenue Over Expenditures	(457,905)	(845,586)	(234,124)	(192,499)	(1,730,114)
OTHER FINANCING SOURCES (USES)					
Issuance of Long-Term Debt	1,500,000	-	-	-	1,500,000
Transfers In	-	110,319	368,093	722,249	1,200,661
Transfers Out	(461,261)	-	-	-	(461,261)
	<u>1,038,739</u>	<u>110,319</u>	<u>368,093</u>	<u>722,249</u>	<u>2,239,400</u>
Total Other Financing Sources	1,038,739	110,319	368,093	722,249	2,239,400
Net Change in Fund Balances	580,834	(735,267)	133,969	529,750	509,286
Fund Balance/(Deficit) - July 1, 2016	<u>18,835</u>	<u>(28,321)</u>	<u>(133,969)</u>	<u>(529,750)</u>	<u>(673,205)</u>
Fund Balance/(Deficit) - June 30, 2017	<u>\$ 599,669</u>	<u>\$ (763,588)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (163,919)</u>

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
SAFF FUND				
ASSETS				
Cash and Cash Equivalents	\$ 30,730	\$ 45,757	\$ 37,341	\$ 39,146
Due from others	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>
Total Assets	<u>\$ 30,734</u>	<u>\$ 45,757</u>	<u>\$ 37,345</u>	<u>\$ 39,146</u>
LIABILITIES				
Other Liabilities	\$ -	\$ -	\$ -	\$ -
Due to Others	<u>30,734</u>	<u>45,757</u>	<u>37,345</u>	<u>39,146</u>
Total Liabilities	<u>\$ 30,734</u>	<u>\$ 45,757</u>	<u>\$ 37,345</u>	<u>\$ 39,146</u>
EXPLORER FUND				
ASSETS				
Cash and Cash Equivalents	\$ 601	\$ 2,311	\$ 1,849	\$ 1,063
Due from primary government	<u>-</u>	<u>230</u>	<u>-</u>	<u>230</u>
Total Assets	<u>\$ 601</u>	<u>\$ 2,541</u>	<u>\$ 1,849</u>	<u>\$ 1,293</u>
LIABILITIES				
Other Liabilities	\$ -	\$ 231	\$ -	\$ 231
Due to Others	<u>601</u>	<u>2,310</u>	<u>1,849</u>	<u>1,062</u>
Total Liabilities	<u>\$ 601</u>	<u>\$ 2,541</u>	<u>\$ 1,849</u>	<u>\$ 1,293</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 31,331	\$ 48,068	\$ 39,190	\$ 40,209
Due from others	<u>4</u>	<u>230</u>	<u>4</u>	<u>230</u>
Total Assets	<u>\$ 31,335</u>	<u>\$ 48,298</u>	<u>\$ 39,194</u>	<u>\$ 40,439</u>
LIABILITIES				
Other Liabilities	\$ -	\$ 231	\$ -	\$ 231
Due to Others	<u>31,335</u>	<u>48,067</u>	<u>39,194</u>	<u>40,208</u>
Total Liabilities	<u>\$ 31,335</u>	<u>\$ 48,298</u>	<u>\$ 39,194</u>	<u>\$ 40,439</u>

See Accompanying Independent Auditor's Report.

STATISTICAL SECTION

This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Contents	Page
Financial Trends	90-94
<i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	
Revenue Capacity	95-98
<i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	
Debt Capacity	99-103
<i>These schedules contain information to help the reader assess the affordability of the government’s current level of outstanding debt and the government’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information	104-105
<i>These schedules contain information to help the reader understand the environment within which the government’s financial activities take place.</i>	
Operating Information	106-108
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	



Table 1

CITY OF ST. ALBANS, VERMONT
NET POSITION BY COMPONENT
LAST TEN YEARS
(accrual basis of accounting)

	2017	2016	2015	2014 (1)	2013	2012	2011	2010 (restated)	2010	2009	2008
Governmental Activities											
Net Investment in Capital Assets	\$ 8,320,405	\$ 8,578,242	\$ 10,198,477	\$ 8,540,627	\$ 7,119,924	\$ 5,687,628	\$ 4,094,397	\$ 1,828,246	\$ 1,994,677	\$ 1,726,179	\$ 2,484,655
Restricted	10,747	440,834	169,832	207,167	215,538	214,623	264,656	555,570	345,682	210,527	94,116
Unrestricted	(213,820)	(493,699)	(2,963,868)	(2,144,164)	(1,742,334)	(334,422)	(226,679)	696,496	666,509	242,004	(307,414)
Total Governmental Activities Net Position	8,117,332	8,525,377	7,404,441	6,603,630	5,593,128	5,567,829	4,132,374	3,080,312	3,006,868	2,178,710	2,271,357
Business-type Activities											
Net Investment in Capital Assets	10,897,177	11,641,845	11,433,940	12,100,228	12,009,592	11,583,644	12,053,482	10,891,827	10,947,222	11,045,813	11,545,938
Unrestricted	3,617,374	3,436,619	3,773,956	2,763,469	2,450,449	2,252,046	1,198,191	1,138,845	1,191,575	730,207	(181,539)
Total Business-type Activities Net Position	14,514,551	15,078,464	15,207,896	14,863,697	14,460,041	13,835,690	13,251,673	12,030,672	12,138,797	11,776,020	11,364,399
Primary Government											
Net Investment in Capital Assets	19,217,582	20,220,087	21,632,417	20,640,855	19,129,516	17,271,272	16,147,879	12,720,073	12,941,899	12,771,995	14,030,593
Restricted	10,747	440,834	169,832	207,167	215,538	214,623	264,656	555,570	345,682	210,527	94,116
Unrestricted	3,403,554	2,942,920	810,088	619,305	708,115	1,917,624	971,512	1,835,341	1,858,084	972,211	(488,953)
Total Primary Government Net Position	\$ 22,631,883	\$ 23,603,841	\$ 22,612,337	\$ 21,467,327	\$ 20,053,169	\$ 19,403,519	\$ 17,384,047	\$ 15,110,984	\$ 15,145,665	\$ 13,954,733	\$ 13,635,756

(1) Unrestricted net position has been restated as a result of implementing GASB Statement No. 68

Table 2

CITY OF ST. ALBANS, VERMONT
CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental Activities:										
General Government	\$ 1,934,671	\$ 1,205,537	\$ 1,410,424	\$ 752,052	\$ 760,536	\$ 1,387,110	\$ 947,435	\$ 1,144,117	\$ 951,130	\$ 617,719
Public Safety	4,794,040	4,962,749	4,309,467	4,535,681	4,504,074	4,682,229	4,190,064	3,558,949	3,192,272	2,828,788
Public Works	2,230,889	1,125,780	1,044,000	815,624	610,692	581,886	571,072	520,534	470,066	467,661
Culture and Recreation	635,921	840,608	604,679	600,304	540,147	472,500	485,389	419,147	507,323	403,011
Community Development	461,450	755,341	554,978	762,129	2,005,440	498,887	2,356	284,619	748,394	1,023,587
Depreciation, Unallocated	-	-	-	-	-	-	-	206,832	165,288	135,906
Interest on Long-term Debt	694,137	574,680	517,014	337,282	74,998	50,438	62,959	76,276	25,592	48,237
Total Governmental Activities	<u>10,751,108</u>	<u>9,464,695</u>	<u>8,440,562</u>	<u>7,803,072</u>	<u>8,495,887</u>	<u>7,673,050</u>	<u>6,259,275</u>	<u>6,210,474</u>	<u>6,060,065</u>	<u>5,524,909</u>
Business-type Activities:										
Water	2,273,575	2,023,263	2,128,265	1,895,517	1,885,455	1,807,120	1,714,023	1,652,883	1,511,804	1,504,356
Sewer	2,952,711	2,935,021	2,830,952	2,623,091	2,842,362	2,505,130	2,365,686	2,268,216	2,125,398	2,201,700
Total Business-Type Activities	<u>5,226,286</u>	<u>4,958,284</u>	<u>4,959,217</u>	<u>4,518,608</u>	<u>4,727,817</u>	<u>4,312,250</u>	<u>4,079,709</u>	<u>3,921,099</u>	<u>3,637,202</u>	<u>3,706,056</u>
Total Expenses	<u>\$15,977,394</u>	<u>\$14,422,979</u>	<u>\$13,399,779</u>	<u>\$12,321,680</u>	<u>\$13,223,704</u>	<u>\$11,985,300</u>	<u>\$10,338,984</u>	<u>\$10,131,573</u>	<u>\$ 9,697,267</u>	<u>\$ 9,230,965</u>
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	\$ 311,412	\$ 301,961	\$ 139,525	\$ 140,099	\$ 492,848	\$ 237,930	\$ 136,402	\$ 245,471	\$ 129,977	\$ 133,800
Public Safety	1,338,961	1,317,354	1,376,666	1,402,824	1,197,101	1,172,465	684,202	712,195	506,101	266,931
Public Works	207,884	174,649	107,293	54,405	86,756	42,756	28,111	240,765	358,985	330,638
Culture and Recreation	421,273	395,570	399,619	450,924	436,241	325,041	414,298	272,733	216,324	191,550
Community Development	-	-	39	7,892	1,000	579	85,608	-	-	-
Operating Grants and Contributions	1,173,226	1,333,954	1,060,125	861,861	1,106,294	2,377,447	1,050,574	1,285,243	1,458,740	1,421,720
Capital Grants and Contributions	553,071	1,324,321	1,414,679	885,807	1,264,603	933,940	920,671	-	-	-
Total Governmental Activities	<u>4,005,827</u>	<u>4,847,809</u>	<u>4,497,946</u>	<u>3,803,812</u>	<u>4,584,843</u>	<u>5,090,158</u>	<u>3,319,866</u>	<u>2,756,407</u>	<u>2,670,127</u>	<u>2,344,639</u>
Business-type Activities:										
Charges for Services										
Water	2,332,238	2,246,862	2,298,907	2,404,911	2,102,458	2,085,442	1,988,380	1,900,576	1,892,135	1,775,887
Sewer	3,156,794	2,930,614	2,913,086	3,113,773	2,745,270	2,680,843	2,267,927	2,350,434	2,303,097	1,910,123
Operating Grants and Contributions	-	109,666	12,287	-	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	251,537	452,696	79,587	1,000,000	-	-	-
Total Business-type Activities	<u>5,489,032</u>	<u>5,287,142</u>	<u>5,224,280</u>	<u>5,770,221</u>	<u>5,300,424</u>	<u>4,845,872</u>	<u>5,256,307</u>	<u>4,251,010</u>	<u>4,195,232</u>	<u>3,686,010</u>
Total Program Revenues	<u>\$ 9,494,859</u>	<u>\$10,134,951</u>	<u>\$ 9,722,226</u>	<u>\$ 9,574,033</u>	<u>\$ 9,885,267</u>	<u>\$ 9,936,030</u>	<u>\$ 8,576,173</u>	<u>\$ 7,007,417</u>	<u>\$ 6,865,359</u>	<u>\$ 6,030,649</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (6,745,281)	\$ (4,616,886)	\$ (3,942,616)	\$ (3,999,260)	\$ (3,911,044)	\$ (2,582,892)	\$ (2,939,409)	\$ (3,454,067)	\$ (3,389,938)	\$ (3,180,270)
Business-type Activities	262,746	328,858	265,063	1,251,613	572,607	533,622	1,176,598	329,911	558,030	(20,046)
Total Net Expense	<u>\$ (6,482,535)</u>	<u>\$ (4,288,028)</u>	<u>\$ (3,677,553)</u>	<u>\$ (2,747,647)</u>	<u>\$ (3,338,437)</u>	<u>\$ (2,049,270)</u>	<u>\$ (1,762,811)</u>	<u>\$ (3,124,156)</u>	<u>\$ (2,831,908)</u>	<u>\$ (3,200,316)</u>

Table 2 (continued)

CITY OF ST. ALBANS, VERMONT
 CHANGES IN NET POSITION (continued)
 LAST TEN YEARS
 (accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Revenues										
Governmental Activities:										
Property Taxes	\$ 5,066,109	\$ 4,941,051	\$ 4,534,809	\$ 3,953,716	\$ 3,763,707	\$ 3,780,436	\$ 3,765,017	\$ 3,810,002	\$ 3,597,523	\$ 3,377,979
Interest and Penalties on Delinquent Tax	68,784	63,231	65,645	65,714	55,706	96,792	95,793	-	-	-
Unrestricted Investment Earnings	12,046	17,493	3,907	4,540	2,994	4,884	7,934	5,931	11,766	13,329
General State Grants	99,434	95,199	84,441	86,703	95,416	89,834	85,435	-	-	-
Other Revenues	220,893	160,293	44,617	19,983	17,670	23,140	34,005	-	-	-
Gain/(Loss) on Capital Assets	-	(20,089)	3,341	2,251,711	850	23,261	-	498,680	(312,000)	-
Transfers	869,970	487,896	6,667	306,946	-	-	3,287	-	-	(25,001)
Prior Period Adjustment	-	-	-	-	-	-	-	(32,388)	-	-
Total Governmental Activities	<u>6,337,236</u>	<u>5,745,074</u>	<u>4,743,427</u>	<u>6,689,313</u>	<u>3,936,343</u>	<u>4,018,347</u>	<u>3,991,471</u>	<u>4,282,225</u>	<u>3,297,289</u>	<u>3,366,307</u>
Business-type Activities:										
Unrestricted Investment Earnings	43,311	29,606	85,803	312,244	51,744	50,395	42,313	32,861	13,040	13,324
Other Revenues	-	-	-	-	-	-	5,377	-	-	-
Transfers	(869,970)	(487,896)	(6,667)	(306,946)	-	-	(3,287)	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-	-	(159,446)	-
Total Business-type Activities	<u>(826,659)</u>	<u>(458,290)</u>	<u>79,136</u>	<u>5,298</u>	<u>51,744</u>	<u>50,395</u>	<u>44,403</u>	<u>32,861</u>	<u>(146,406)</u>	<u>13,324</u>
Total Primary Government	<u>\$ 5,510,577</u>	<u>\$ 5,286,784</u>	<u>\$ 4,822,563</u>	<u>\$ 6,694,611</u>	<u>\$ 3,988,087</u>	<u>\$ 4,068,742</u>	<u>\$ 4,035,874</u>	<u>\$ 4,315,086</u>	<u>\$ 3,150,883</u>	<u>\$ 3,379,631</u>
Change in Net Position										
Governmental Activities	\$ (408,045)	\$ 1,128,188	\$ 800,811	\$ 25,299	\$ 107,303	\$ 1,408,579	\$ 1,342,816	\$ (156,778)	\$ (23,631)	\$ 1,116
Business-type Activities	(563,913)	(129,432)	344,199	624,351	623,002	578,025	1,209,459	183,505	571,354	(20,046)
Total Change in Net Position	<u>\$ (971,958)</u>	<u>\$ 998,756</u>	<u>\$ 1,145,010</u>	<u>\$ 649,650</u>	<u>\$ 730,305</u>	<u>\$ 1,986,604</u>	<u>\$ 2,552,275</u>	<u>\$ 26,727</u>	<u>\$ 547,723</u>	<u>\$ (18,930)</u>

Table 3

CITY OF ST. ALBANS, VERMONT
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN YEARS
 (modified accrual basis of accounting)

	2017	2016	2015 (1)	2014 (1)	2013 (1)	2012 (1)	2011 (1)	2010	2009	2008
General Fund										
Nonspendable	\$ 630,472	\$ 791,045	\$ 92,858	\$ 268,930	\$ 201,638	\$ 193,645	\$ 200,523	\$ -	\$ -	\$ -
Restricted	12,298	8,435	-	26,324	20,000	20,000	15,919	-	-	-
Committed	988,453	2,302,184	-	-	-	-	-	-	-	-
Assigned	-	-	374,308	414,326	709,897	318,203	517,393	-	-	-
Unassigned	128,832	(188,336)	-	-	-	-	6,687	-	-	-
Reserved	-	-	-	-	-	-	-	345,683	210,527	94,116
Unreserved	-	-	-	-	-	-	-	584,645	302,423	(461,856)
Total General Fund	<u>\$1,760,055</u>	<u>\$2,913,328</u>	<u>\$ 467,166</u>	<u>\$ 709,580</u>	<u>\$ 931,535</u>	<u>\$ 531,848</u>	<u>\$ 740,522</u>	<u>\$ 930,328</u>	<u>\$ 512,950</u>	<u>\$ (367,740)</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ 252,082	\$ 50,476	\$ 114,290	\$ 50,476	\$ 50,476	\$ -	\$ -	\$ -
Restricted	701,883	440,834	976,318	4,578,771	993,607	63,568	115,293	-	-	-
Assigned	-	-	2,502,194	2,500,000	-	-	-	-	-	-
Unassigned	(1,428,766)	(1,373,683)	(630,389)	(513,305)	(750,224)	(269,158)	(275,378)	-	-	-
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	88,704	35,367	82,749
Total All Other Governmental Funds	<u>\$ (726,883)</u>	<u>\$ (932,849)</u>	<u>\$3,100,205</u>	<u>\$6,615,942</u>	<u>\$ 357,673</u>	<u>\$ (155,114)</u>	<u>\$ (109,609)</u>	<u>\$ 88,704</u>	<u>\$ 35,367</u>	<u>\$ 82,749</u>

(1) Components of fund balance were reclassified with the June 30, 2011 implementation of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Table 4

CITY OF ST. ALBANS, VERMONT
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Property Taxes	\$ 5,123,788	\$ 4,910,083	\$ 4,532,609	\$ 4,035,416	\$ 3,753,707	\$ 3,850,436	\$ 3,707,017	\$ 4,059,977	\$ 3,958,175	\$ 3,710,830
Penalties and Interest	68,784	63,231	65,645	65,713	55,706	96,791	95,793	31,351	17,917	12,241
Intergovernmental Revenues	2,079,052	2,375,111	2,427,415	2,176,164	2,074,187	2,931,608	1,947,208	515,519	442,030	155,242
Charges for Services	2,179,507	2,005,579	1,912,381	1,798,004	1,610,276	1,583,855	1,311,588	545,033	440,798	318,783
Investment Income	12,046	17,474	3,907	4,540	2,994	4,884	7,934	8,683	11,729	15,117
Loan Repayments	-	-	966	-	-	98,887	3,662	17,691	112,845	34,421
Licenses and Permits	121,376	183,956	113,935	154,227	468,198	202,758	113,486	79,778	80,058	87,658
Recreation Department	-	-	-	-	-	-	-	306,433	248,862	218,550
Grant Revenue	-	-	-	-	-	-	-	751,317	585,531	1,072,848
Donations	41,983	166,440	173,545	-	-	-	-	-	-	-
Other Revenue	220,583	160,293	160,716	142,114	97,463	95,333	63,112	270,030	440,652	61,476
Total Revenues	9,847,119	9,882,167	9,391,119	8,376,178	8,062,531	8,864,552	7,249,800	6,585,812	6,338,597	5,687,166
Expenditures										
Current:										
General Government	2,866,892	1,167,734	1,457,172	761,903	813,050	1,514,761	1,238,677	943,532	713,239	472,400
Public Safety	4,309,966	4,584,531	3,973,959	4,252,826	4,140,795	4,481,489	4,055,873	3,690,738	3,330,406	2,991,708
Public Works	742,532	682,714	715,622	637,760	546,484	513,179	535,024	550,784	565,061	542,425
Culture and Recreation	1,034,549	1,548,616	552,838	566,235	435,924	453,683	465,542	375,124	308,766	281,430
Community Development	-	-	422,141	762,129	2,005,440	598,887	2,356	119,102	369,927	525,593
Grant Expenditures	-	-	-	-	-	-	-	479,654	615,498	1,071,568
Miscellaneous	-	-	-	-	-	-	-	212,624	263,492	170,653
Capital Outlay	3,862,584	5,525,948	5,082,998	9,228,485	1,978,708	1,357,999	1,599,721	87,500	225,000	-
Debt Service:										
Principal	962,910	867,704	879,981	318,553	308,671	291,468	483,187	155,961	103,223	44,199
Interest	609,513	546,480	518,080	280,245	69,451	54,006	65,292	55,861	61,708	48,965
Total Expenditures	14,388,946	14,923,727	13,602,791	16,808,136	10,298,523	9,265,472	8,445,672	6,670,880	6,556,320	6,148,941
Excess (Deficiency) of Revenues over Expenditures	(4,541,827)	(5,041,560)	(4,211,672)	(8,431,958)	(2,235,992)	(400,920)	(1,195,872)	(85,068)	(217,723)	(461,775)
Other Financing Sources (Uses)										
Proceeds of Long-Term Debt	2,724,550	2,974,024	444,479	11,656,626	3,148,466	123,480	529,118	87,500	1,051,028	393,026
Proceeds from Sale of Capital Assets	-	-	2,375	2,504,700	-	23,261	4,350	500,671	-	24,000
Transfers In	1,838,661	3,881,181	798,077	838,398	3,500	132,672	94,045	-	50,114	104,896
Transfers Out	(968,691)	(3,393,285)	(791,410)	(531,452)	(3,500)	(132,672)	(90,758)	-	(50,114)	(129,897)
Total Other Financing Sources (Uses)	3,594,520	3,461,920	453,521	14,468,272	3,148,466	146,741	536,755	588,171	1,051,028	392,025
Net Change in Fund Balances	\$ (947,307)	\$(1,579,640)	\$(3,758,151)	\$ 6,036,314	\$ 912,474	\$(254,179)	\$(659,117)	\$ 503,103	\$ 833,305	\$(69,750)
Debt Service as a Percentage of Noncapital Expenditures	13.71%	15.05%	16.41%	7.90%	4.54%	4.37%	8.01%	3.22%	2.61%	1.52%

Table 5

CITY OF ST. ALBANS, VERMONT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (amounts expressed in hundreds)

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Total Direct Tax Rate</u>	<u>Education Grand List</u>	
				<u>Residential</u>	<u>Nonresidential</u>
2017	\$ 5,424,404	\$ 5,710,500	\$ 0.8978	\$ 2,131,663	\$ 2,831,719
2016	\$ 5,403,024	\$ 5,525,129	\$ 0.8563	\$ 2,110,729	\$ 2,834,996
2015	\$ 5,185,853	\$ 5,303,050	\$ 0.8557	\$ 2,145,192	\$ 2,607,223
2014	\$ 4,876,797	\$ 4,987,010	\$ 0.8344	\$ 2,220,851	\$ 2,384,785
2013	\$ 4,721,660	\$ 4,752,073	\$ 0.8400	\$ 2,318,092	\$ 2,188,360
2012	\$ 4,730,704	\$ 4,808,603	\$ 0.8410	\$ 2,261,360	\$ 2,242,897
2011	\$ 3,833,296	\$ 5,146,055	\$ 1.0341	\$ 1,755,837	\$ 1,855,401
2010	\$ 3,835,249	\$ 5,339,342	\$ 1.0139	\$ 1,742,725	\$ 1,870,482
2009	\$ 3,845,371	\$ 5,397,012	\$ 0.9806	\$ 1,761,073	\$ 1,852,464
2008	\$ 3,837,823	\$ 5,163,222	\$ 0.9083	\$ 1,757,688	\$ 1,848,427

Notes:

Tax rates are per \$100 of assessed value.

Total Direct Tax Rate is for municipal taxes only and does not include education taxes collected on behalf of the Franklin County Supervisory Union.

A City-wide reappraisal was completed and effective for the year ended June 30, 2012. Actual values for 2016 are estimated.

Table 6

CITY OF ST. ALBANS, VERMONT
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	City of St. Albans	After Act 68			
		State-wide Education Taxes		Total Taxes	
		Residential	Nonresidential	Residential	Nonresidential
2017	0.8978	1.4771	1.5673	2.3749	2.4651
2016	0.8563	1.4828	1.5697	2.3391	2.4260
2015	0.8557	1.4413	1.5442	2.2970	2.3999
2014	0.8344	1.3234	1.4493	2.1578	2.2837
2013	0.8400	1.3173	1.4027	2.1573	2.2427
2012	0.8410	1.3330	1.4688	2.1740	2.3098
2011	1.0341	1.6464	1.8794	2.6805	2.9135
2010	1.0139	1.6525	1.8947	2.6664	2.9086
2009	0.9806	1.5475	1.8297	2.5281	2.8103
2008	0.9083	1.4565	1.6953	2.3648	2.6036

Notes:

Tax rates are per \$100 of assessed value.

A City-wide reappraisal was completed and effective for the year ended June 30, 2012.

Table 7

CITY OF ST. ALBANS, VERMONT
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
 (amounts expressed in hundreds)

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed value
Mylan Technologies Inc.	\$ 319,555	1	5.89%	\$ 122,345	1	3.19%
Mylan Technologies Inc.	232,494	2	4.29%			
Elman Vermont Investors	144,139	3	2.66%	95,139	2	2.48%
27 Federal Street, LLC	106,466	4	1.96%			
St. Albans Coop Creamery	91,126	5	1.68%	36,668	4	0.96%
Suntrust Funding LLC	77,224	6	1.42%			
Green Mountain Power	66,929	7	1.23%			
St. Albans Coop Creamery	54,984	8	1.01%			
St. Albans Shopping Center	39,563	9	0.73%	24,060	5	0.63%
Vermont Gas Systems Inc.	34,947	10	0.64%			
MLI Acquisition Corp				76,679	3	2.00%
Central Vermont Public Service				36,312	6	0.95%
Holy Angels Common Association				17,796	7	0.46%
Fonda Group, Inc				16,882	8	0.44%
Emile J. Legere				16,767	9	0.44%
Switchyard Association				15,286	10	0.40%
	<u>\$ 1,167,427</u>		<u>21.51%</u>	<u>\$ 457,934</u>		<u>11.95%</u>

Table 8

CITY OF ST. ALBANS, VERMONT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2017	\$ 12,458,041	\$ 12,247,629	98.31%	\$ -	\$ 12,247,629	98.31%
2016	\$ 12,207,881	\$ 12,012,102	98.40%	\$ 144,195	\$ 12,156,297	99.58%
2015	\$ 11,557,477	\$ 11,342,736	98.14%	\$ 200,034	\$ 11,542,770	99.87%
2014	\$ 10,461,499	\$ 10,288,042	98.34%	\$ 168,680	\$ 10,456,722	99.95%
2013	\$ 10,078,467	\$ 9,841,255	97.65%	\$ 231,359	\$ 10,072,614	99.94%
2012	\$ 10,288,103	\$ 9,983,848	97.04%	\$ 288,109	\$ 10,271,957	99.84%
2011	\$ 10,338,270	\$ 10,000,762	96.74%	\$ 336,341	\$ 10,337,103	99.99%
2010	\$ 10,308,950	\$ 10,036,219	97.30%	\$ 273,224	\$ 10,309,443	100.00%
2009	\$ 9,880,566	\$ 9,602,732	97.12%	\$ 277,662	\$ 9,880,394	100.00%
2008	\$ 9,185,814	\$ 8,920,116	97.10%	\$ 265,698	\$ 9,185,814	100.00%

Table 9

CITY OF ST. ALBANS, VERMONT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities			Total Debt Outstanding	Estimated Population (1)	Debt per Capita	Percentage of Personal Income (2)
	Bonds	Notes	Capital Leases	Bonds	Notes	Capital Leases				
2017	\$18,563,000	\$ 684,293	\$ 36,603	\$ 10,542,594	\$ 535,070	\$161,267	\$30,522,827	6,792	\$4,494	n/a
2016	\$13,455,000	\$4,036,638	\$ 30,618	\$ 6,567,419	\$2,768,876	\$185,317	\$27,043,868	6,816	\$3,968	8.52%
2015	\$14,050,000	\$1,327,560	\$ 38,388	\$ 6,844,811	\$2,092,922	\$ -	\$24,353,681	6,860	\$3,550	8.07%
2014	\$14,775,000	\$1,030,609	\$ 45,841	\$ 7,114,923	\$1,737,489	\$ -	\$24,703,862	6,875	\$3,593	7.49%
2013	\$ 430,000	\$4,057,612	\$ 25,765	\$ 7,377,971	\$1,372,097	\$ -	\$13,263,445	6,876	\$1,929	4.22%
2012	\$ 585,000	\$1,085,322	\$ 3,260	\$ 7,634,159	\$ 494,388	\$ 13,042	\$ 9,815,171	6,894	\$1,424	3.21%
2011	\$ 750,000	\$1,085,144	\$ 6,426	\$ 7,481,794	\$ 809,051	\$ 25,704	\$10,158,119	6,971	\$1,457	3.30%
2010	\$ 670,000	\$1,086,898	\$ 38,741	\$ 7,486,635	\$1,092,762	\$ -	\$10,375,036	6,918	\$1,500	3.56%
2009	\$ 704,482	\$1,119,759	\$ 75,873	\$ 4,007,069	\$1,430,453	\$ -	\$ 7,337,636	7,243	\$1,013	2.39%
2008	\$ 265,000	\$ 662,847	\$ 78,020	\$ 3,818,344	\$1,225,391	\$ 12,834	\$ 6,062,436	7,250	\$ 836	2.10%

Sources:

- (1) United States Census Bureau
- (2) Personal Income is disclosed in Table 14

Notes:

A city-wide reappraisal was completed and effective for the year ended June 20, 2012

During 2014 the City issued \$14.5 million in bonds related to a Tax Increment Financing (TIF) district.

Table 10

CITY OF ST. ALBANS, VERMONT
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Total Debt	Less: Debt Payable from Enterprise Fund Revenues	Less: Notes and capital leases	Net General Obligation Debt	Estimated Population (1)	Debt per Capita	Assessed Value	Ratio of Debt to Assessed Value
2017	\$ 30,522,827	\$ 11,238,931	\$ 1,417,233	\$ 17,866,663	6,792	\$ 2,631	\$ 542,440,408	3.29%
2016	\$ 27,043,868	\$ 9,521,612	\$ 4,067,256	\$ 13,455,000	6,816	\$ 2,232	\$ 540,302,440	2.49%
2015	\$ 24,353,681	\$ 8,937,733	\$ 1,365,948	\$ 14,050,000	6,860	\$ 2,048	\$ 518,585,300	2.71%
2014	\$ 24,703,862	\$ 8,852,414	\$ 1,076,448	\$ 14,775,000	6,875	\$ 2,306	\$ 487,679,700	3.25%
2013	\$ 13,263,445	\$ 8,750,068	\$ 4,083,377	\$ 430,000	6,876	\$ 647	\$ 472,166,000	0.96%
2012	\$ 9,815,171	\$ 8,141,589	\$ 1,088,582	\$ 585,000	6,894	\$ 243	\$ 473,070,400	0.35%
2011	\$ 10,158,119	\$ 8,316,549	\$ 1,091,570	\$ 750,000	6,971	\$ 266	\$ 383,329,600	0.48%
2010	\$ 10,375,036	\$ 8,579,397	\$ 1,125,639	\$ 670,000	6,918	\$ 260	\$ 383,524,900	0.47%
2009	\$ 7,337,636	\$ 5,437,522	\$ 1,195,632	\$ 704,482	7,243	\$ 262	\$ 384,537,100	0.49%
2008	\$ 6,062,436	\$ 5,056,569	\$ 740,867	\$ 265,000	7,250	\$ 139	\$ 383,782,300	0.26%

Sources:

(1) United States Census Bureau

Notes:

During 2014 the City issued \$14.5 million in bonds related to a Tax Increment Financing (TIF) district.

CITY OF ST. ALBANS, VERMONT
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 JUNE 30, 2017

<u>Jurisdiction</u>	<u>Net General Obligation and Other Debt Outstanding</u>	<u>Percentage Applicable to the City</u>	<u>Amount Applicable to the City of St. Albans</u>
Direct:			
City of St. Albans	\$ 19,283,896	100.00%	\$ 19,283,896
Overlapping:			
Bellows Free Academy Union High School (1)	2,885,000	44.13%	1,273,151
St. Albans City School (1)	3,947,685	44.13%	1,742,113
Subtotal Overlapping:	<u>6,832,685</u>		<u>3,015,264</u>
 Total	 <u>\$ 26,116,581</u>		 <u>\$ 22,299,160</u>

Sources:

(1) Franklin County Supervisory Union

CITY OF ST. ALBANS
LEGAL DEBT MARGIN INFORMATION
JUNE 30, 2017

Grand List Valuation	\$ 5,424,404
Legal Debt Margin	
Debt Limitation - Ten Times Last Grant List	54,244,040
Debt Applicable to Limitation	<u>19,445,163</u>
Legal Debt Margin	<u>\$ 34,798,877</u>
Debt as Percentage of Debt Limit	35.85%

LEGAL DEBT MARGIN
PRECEDING NINE YEARS

Fiscal Year	Debt Limit	Applicable Debt	Legal Debt Margin	Debt as Percentage of Debt Limit
2016	\$ 54,030,240	\$ 17,522,256	\$ 36,507,984	32.43%
2015	\$ 51,858,530	\$ 15,415,948	\$ 36,442,582	29.73%
2014	\$ 48,767,970	\$ 15,851,450	\$ 32,916,520	32.50%
2013	\$ 47,216,600	\$ 4,513,377	\$ 42,703,223	9.56%
2012	\$ 47,307,040	\$ 1,673,582	\$ 45,633,458	3.54%
2011	\$ 38,332,960	\$ 1,841,570	\$ 36,491,390	4.80%
2010	\$ 38,352,490	\$ 1,795,639	\$ 36,556,851	4.68%
2009	\$ 38,453,710	\$ 1,900,114	\$ 36,553,596	4.94%
2008	\$ 38,378,230	\$ 1,005,867	\$ 37,372,363	2.62%

Notes:

The City's outstanding general obligation debt may not exceed 10 times the value of the City's grand list as per the Vermont Statutes. The grand list is established at 1% of total assessed valuation.

A city-wide reappraisal was completed and effective with the year ended June 30, 2012.

During 2014 the City issued \$14.5 million in bonds related to a Tax Increment Financing district.

Table 13

CITY OF ST. ALBANS, VERMONT
ENTERPRISE BOND COVERAGE
LAST TEN FISCAL YEARS

WATER FUND

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2017	\$ 2,317,238	\$ 1,935,239	\$ 381,999	\$ 214,506	\$ 127,942	\$ 342,448	111.55%
2016	\$ 2,231,862	\$ 1,843,764	\$ 388,098	\$ 168,959	\$ 179,499	\$ 348,458	111.38%
2015	\$ 2,283,907	\$ 1,945,616	\$ 338,291	\$ 161,956	\$ 182,649	\$ 344,605	98.17%
2014	\$ 2,389,911	\$ 1,750,845	\$ 639,066	\$ 154,061	\$ 144,672	\$ 404,060	158.16%
2013	\$ 2,102,458	\$ 1,743,027	\$ 359,431	\$ 230,739	\$ 142,428	\$ 373,167	96.32%
2012	\$ 2,085,442	\$ 1,644,221	\$ 441,221	\$ 104,181	\$ 162,899	\$ 267,080	165.20%
2011	\$ 1,988,380	\$ 1,542,120	\$ 446,260	\$ 211,595	\$ 171,903	\$ 383,498	116.37%
2010	\$ 1,900,576	\$ 1,457,632	\$ 442,944	\$ 461,271	\$ 195,251	\$ 656,522	67.47%
2009	\$ 1,892,135	\$ 1,312,940	\$ 579,195	\$ 256,233	\$ 198,864	\$ 455,097	127.27%
2008	\$ 1,775,887	\$ 1,286,292	\$ 489,595	\$ 245,506	\$ 218,064	\$ 463,570	105.61%

WASTEWATER FUND

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2017	\$ 3,156,794	\$ 2,757,805	\$ 398,989	\$ 193,901	\$ 107,028	\$ 300,929	132.59%
2016	\$ 2,930,614	\$ 2,852,189	\$ 78,425	\$ 201,032	\$ 82,832	\$ 283,864	27.63%
2015	\$ 2,913,086	\$ 2,739,917	\$ 173,169	\$ 195,942	\$ 78,748	\$ 274,690	63.04%
2014	\$ 3,113,773	\$ 2,537,896	\$ 575,877	\$ 292,105	\$ 85,195	\$ 590,614	97.50%
2013	\$ 2,730,270	\$ 2,690,840	\$ 39,430	\$ 395,008	\$ 151,522	\$ 546,530	7.21%
2012	\$ 2,680,843	\$ 2,490,705	\$ 190,138	\$ 302,732	\$ 14,425	\$ 317,157	59.95%
2011	\$ 2,267,927	\$ 2,344,320	\$ (76,393)	\$ 250,739	\$ 21,366	\$ 272,105	-28.07%
2010	\$ 2,350,434	\$ 2,223,855	\$ 126,579	\$ 615,551	\$ 44,361	\$ 659,912	19.18%
2009	\$ 2,303,097	\$ 2,078,639	\$ 224,458	\$ 217,905	\$ 46,759	\$ 264,664	84.81%
2008	\$ 1,910,123	\$ 2,142,976	\$ (232,853)	\$ 191,502	\$ 58,724	\$ 250,226	-93.06%

Table 14

CITY OF ST. ALBANS, VERMONT
DEMOGRAPHIC AND ECONOMIC INDICATORS
LAST TEN YEARS

Year	Population (1, 2)	Per Capita Income (1, 2)	Personal Income	State-wide Per Capita Income (3)	State-wide Median Family Income (1)	Unemployment Rate		Enrollment Grades 9-12 (2)	High School Graduation Rate (2)
						St. Albans City (3)	State-wide (3)		
2017	6,792	N/A	N/A	N/A	N/A	3.50%	3.10%	N/A	N/A
2016	6,816	\$ 46,574	\$ 317,448,384	\$ 48,874	\$ 55,176	3.00%	3.20%	935	89%
2015	6,860	\$ 44,013	\$ 301,929,180	\$ 48,587	\$ 56,990	4.20%	3.60%	1,030	93%
2014	6,875	\$ 48,004	\$ 330,039,685	\$ 46,428	\$ 54,166	5.90%	4.10%	1,047	93%
2013	6,876	\$ 45,712	\$ 314,315,712	\$ 44,839	\$ 54,267	6.40%	4.40%	1,069	88%
2012	6,894	\$ 44,376	\$ 305,928,144	\$ 44,287	\$ 55,582	7.30%	5.00%	1,069	90%
2011	6,971	\$ 44,108	\$ 307,476,868	\$ 42,735	\$ 51,862	8.90%	5.50%	1,083	87%
2010	6,918	\$ 42,174	\$ 291,759,732	\$ 40,066	\$ 55,928	9.30%	6.10%	1,119	86%
2009	7,243	\$ 42,446	\$ 307,436,378	\$ 39,268	\$ 52,318	10.70%	6.90%	1,129	86%
2008	7,250	\$ 39,864	\$ 289,014,000	\$ 40,111	\$ 50,706	6.90%	4.50%	1,175	92%

Sources:

(1) United States Census Bureau

(2) Vermont Economic-Demographic Profile, report years 2007-2016

(3) Vermont Department of Labor, Economic & Labor Market Information; data reported as of June each year

Table 15

CITY OF ST. ALBANS, VERMONT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2017			2008		
	Employees (1, 2)	Rank	Percentage of Total City Employment (3)	Employees (2)	Rank	Percentage of Total City Employment (3)
Department of Homeland Security, USCIS	1,102	1	13.91%	1,232 *	1	17.44%
Northwestern Medical Center	866	2	10.93%	600	2	8.49%
Maple Run Unified School District	530	3 ^	6.69%			
Mylan Technologies	525	4	6.63%	400	3	5.66%
Sticks & Stuff	104	5	1.31%	90	7	1.27%
Peoples Trust Company	87	6	1.10%	110	6	1.56%
A. N. Deringer, Inc.	83	7	1.05%	130	5	1.84%
St. Albans Coop Creamery	83	8	1.05%	67	9	0.95%
SB Collins	80	9	1.01%	52	10	0.74%
City of St. Albans	76	10	0.96%	71	8	1.01%
Franklin Central Supervisory Union	-	^		335 *	4	4.74%
	<u>3,536</u>		<u>44.64%</u>	<u>3,087</u>		<u>43.70%</u>

Sources:

- (1) Franklin County Industrial Development Corp.
- (2) Vermont Business Magazine, Vermont Business Directory
- (3) Vermont Department of Labor

Notes:

* Employment data is not available for 2016. This table reflects the 2015 figure.

^ Employment data reflects FTEs at Bellow Free Academy, St. Albans City School, and FSCU Administration

Table 16

CITY OF ST. ALBANS, VERMONT
 FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN YEARS

Full-time Equivalent Employees as of June 30

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government:										
Administration & Finance	4.50	4.50	4.50	5.00	5.00	5.00	5.00	5.00	5.00	4.00
Clerk	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.50	2.00
Planning and Zoning	3.00	3.00	3.00	2.50	3.50	2.50	3.50	3.00	2.50	3.00
Assessing	0.50	0.50	0.50	0.50	0.50	0.50	1.00	1.00	1.00	1.00
Restorative Justice Center	9.50	9.50	5.50	5.00	4.50	4.50	4.50	2.00	0.00	0.00
Public Safety:										
Police (incl. Parks Patrol)	27.00	25.00	25.00	25.50	23.00	23.00	25.00	24.00	23.00	20.00
Fire	2.00	2.00	2.00	2.00	3.00	4.00	5.00	6.00	11.00	12.00
Dispatch	8.00	8.50	9.50	9.00	10.00	9.50	10.00	11.50	9.00	8.00
Public Works:										
Highways	8.50	9.50	9.50	10.50	11.00	9.00	10.00	8.50	7.50	9.00
Public Works Administration	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Culture and Recreation, Admin.	2.00	2.00	2.00	1.50	1.50	1.00	1.00	2.50	3.00	3.00
Water	3.00	3.00	3.00	3.00	2.50	2.50	2.00	2.00	3.00	2.00
Wastewater	4.00	4.00	4.00	4.00	4.50	4.50	5.00	5.00	5.00	5.00
Total Employees	75.50	75.00	72.00	72.00	72.50	69.50	75.50	74.00	73.00	70.50

Table 17

CITY OF ST. ALBANS, VERMONT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government:										
Full-time equivalent positions filled	75.50	75.00	72.00	72.00	72.50	69.50	75.50	74.00	73.00	70.50
Tax bills mailed	2,484	2,481	2,488	2,484	2,474	2,475	2,363	2,360	2,427	2,543
Active Recreation Programs	471	565	485	545	551	564	500	n/a	n/a	n/a
Recreation Participants	4,664	3,969	3,969	3,641	3,498	3,578	2,983	n/a	n/a	n/a
Birth Certificates Recorded*	449	449	469	539	479	507	507	553	465	510
Marriage Licenses Recorded*	55	55	53	61	63	69	47	58	72	53
Death Certificates Recorded*	168	168	158	149	160	156	160	161	114	170
Public Safety (1):										
Total Cases	11,220	12,735	12,595	12,372	9,992	6,858	6,558	5,433	5,556	6,192
Number of Traffic Tickets	1,143	1,571	1,327	1,018	645	721	1,104	1,791	873	1,047
Number of Traffic Warnings	1,881	2,520	2,125	2,087	1,774	1,225	1,944	2,689	1,177	643
Water System:										
Average Daily Consumption (gallons)*	1,860,059	1,860,000	2,092,537	2,195,218	2,169,423	2,022,000	2,057,940	1,961,707	1,906,400	1,851,277
Wastewater System:										
Average Daily Treatment (gallons)*	2,390,000	2,390,000	2,458,500	2,520,000	2,739,000	2,273,973	3,013,699	2,739,726	2,350,685	2,484,932
Sludge Disposed (tons)*	956	956	1,586	1,489	1,150	2,346	1,518	1,854	342	274

Notes:

Fields marked "n/a" indicate that data is not available.

Categories marked "*" are reported on a calendar year basis

(1) Starting with fiscal year 2012 the City began contracting with the Town of St. Albans to provide police services for both municipalities

Table 18

CITY OF ST. ALBANS, VERMONT
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST TEN YEARS

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government:										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of police vehicles	14	13	14	14	13	12	12	12	12	11
Number of fire stations	1	1	1	1	1	1	1	1	1	1
Number of fire vehicles	5	4	4	4	4	4	6	6	6	6
Public Works:										
Number of public works buildings	3	3	3	3	3	3	3	3	3	3
Miles of streets	24.4	24.4	24.4	24.4	24.4	24.4	24.4	24.4	24.4	24.4
Miles of sidewalks	45	45	45	45	45	45	45	45	45	45
Culture and Recreation:										
Number of culture and recreation facilities	4	4	4	4	4	4	4	4	4	4
Acres of parks	12	12	12	12	12	12	12	12	12	12
Water:										
Number of water treatment facilities	2	2	2	2	2	2	2	2	2	2
Miles of water mains	50	50	50	50	50	50	50	50	50	50
Wastewater:										
Number of wastewater facilities	1	1	1	1	1	1	1	1	1	1
Miles of sanitary sewers	50	50	50	50	50	50	50	50	50	50

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Albans, Vermont, as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the City of St. Albans, Vermont's basic financial statements, and have issued our report thereon dated December 15, 2017.

Internal Control Over Financial Reporting

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

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

combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of St. Albans, Vermont's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Melanson Heath

December 15, 2017