



SAINT ALBANS

Vermont

City of St. Albans, Vermont

**Annual Financial Statements
For the Fiscal Year Ended June 30, 2022**

**CITY OF ST. ALBANS,
VERMONT**

**Annual Financial Statements
For the Year Ended June 30, 2022**



**Prepared by:
The Finance Department**



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CITY OF ST. ALBANS, VERMONT
ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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FINANCIAL SECTION



SAINT ALBANS
Vermont

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Albans, Vermont (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

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ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial



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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining statements and individual fund financial for nonmajor governmental and custodial funds appearing on pages 76 through 83 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements for nonmajor governmental and custodial funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements for nonmajor governmental and custodial funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

A handwritten signature in black ink that reads "Melanson".

Merrimack, New Hampshire
March 8, 2023

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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, 2022. Please note that this section of the financial statements is unaudited.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$28,928,629 (net position). Of this amount, \$197,897 is the unrestricted net position. The balance of net position is made up of \$28,696,001 net investment in capital assets and \$34,731 restricted for Taylor Park.
- The City's total net position increased by \$980,806. Of this amount, net position of the governmental activities decreased by \$80,018, and net position attributable to business-type activities increased by \$1,060,914.
- At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$450,034.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$188,140, as compared to unassigned fund balance of \$981,389 in the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements

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

CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

activities are presented separately from business-type activities. The governmental activities reflect the City's basic services as authorized by its charter: general administrative services, public safety (police, dispatch, fire, and animal control), public works, community development, and parks and recreation. Property taxes finance the majority of these services supplemented by program fees, grant revenues, and other revenues. The business-type activities reflect private-sector-type operations for which user fees recover all costs. The business-type activities of the City include water, wastewater, and stormwater operations.

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

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

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

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

Fund Financial Statements

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

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

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

The City maintains four major governmental funds; the General Fund, the TIF Debt Service Fund, VCDP Grants Fund, and the City Pool Fund. In addition to this, the City maintains four special revenue funds and eleven capital project funds, none of which qualify as major funds. These funds are consolidated into the column labeled Nonmajor Funds in the fund financial statements. Combining financial statements containing more detailed information on these funds may be found on pages 76 through 83.

The basic governmental fund financial statements can be found on pages 19 through 20 of this report. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement is provided on page 71 for the purpose of demonstrating compliance with the duly appropriated budget.

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

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

The proprietary fund financial statements of the City may be found on pages 22 through 24 of this report.

Fiduciary funds, also known as trust and custodial funds, account for resources for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the City. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has a Pension Trust Fund, detailed on pages 25 and 26 of this report. The City has three Custodial Funds with consolidated amounts detailed on pages 25 and 26 of this report, with additional information on these funds presented on pages 82 and 83.

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

In addition to the basic financial statements and accompanying notes, certain **Required Supplementary Information** is provided, including a budgetary comparison statement for the General Fund,

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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	
	2022	2021	2022	2021	2022	2021
Assets:						
Current assets	\$ 2,369,049	\$ 6,320,793	\$ 4,558,112	\$ 4,610,360	\$ 6,927,161	\$ 10,931,153
Capital assets	46,513,392	39,765,661	36,568,952	36,173,516	83,082,344	75,939,177
Other assets	2,098,425	1,317,608	-	-	2,098,425	1,317,608
Total assets	50,980,866	47,404,062	41,127,064	40,783,876	92,107,930	88,187,938
Total deferred outflows of resources	1,239,925	1,417,514	370,860	398,946	1,610,785	1,816,460
Total assets and deferred inflows of resources	\$ 52,220,791	\$ 48,821,576	\$ 41,497,924	\$ 41,182,822	\$ 93,718,715	\$ 90,004,398
Liabilities:						
Other liabilities	\$ 3,848,477	\$ 9,495,511	\$ 1,780,531	\$ 1,347,883	\$ 5,629,008	\$ 10,843,394
Noncurrent liabilities	35,749,871	28,286,756	21,106,630	22,443,199	56,856,501	50,729,955
Total liabilities	39,598,348	37,782,267	22,887,161	23,791,082	62,485,509	61,573,349
Total deferred inflows of resources	2,003,234	339,992	301,343	143,234	2,304,577	483,226
Net Position:						
Net investment in capital assets	12,790,579	9,810,482	15,905,422	14,644,376	28,696,001	24,454,858
Restricted	34,731	29,190	-	-	34,731	29,190
Unrestricted/(deficit)	(2,206,101)	859,645	2,403,998	2,604,130	197,897	3,463,775
Total net position	10,619,209	10,699,317	18,309,420	17,248,506	28,928,629	27,947,823
Total liabilities, deferred inflows of resources, and net position	\$ 52,220,791	\$ 48,821,576	\$ 41,497,924	\$ 41,182,822	\$ 93,718,715	\$ 90,004,398

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the most recent fiscal year, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$28,928,629. The City's total net position is split between governmental activities net position of \$10,619,209 and business-type activities net position of \$18,309,420.

The largest portion of the City's total net position \$28,696,001 reflects its investment in capital assets (construction in progress, vehicles, equipment, machinery, land, infrastructure, buildings and building improvements, and right to use buildings) net of any outstanding debt used to acquire or construct those assets. The City uses capital assets to provide services to citizens; consequently, 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

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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 \$34,731 of restricted net position. Restricted net position represents assets whose use is subject to external restrictions. The remaining balance of \$197,897 is the unrestricted net position, comprised of a deficit of \$2,206,101 in our governmental activities and \$2,403,998 in our business-type activities (water, wastewater, and stormwater), representing amounts without constraints that can be used to finance ongoing operations.

Summary of the Statement of Activities

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 2,342,200	\$ 3,061,836	\$ 6,723,544	\$ 6,238,948	\$ 9,065,744	\$ 9,300,784
Operating grants & contributions	2,684,587	1,745,416	-	-	2,684,587	1,745,416
Capital grants & contributions	586,758	2,404,936	-	-	586,758	2,404,936
General revenues:						
Property taxes	6,288,379	5,874,631	-	-	6,288,379	5,874,631
Local option taxes	654,094	502,260	-	-	654,094	502,260
Other	1,514,993	488,944	140,651	78,097	1,655,644	567,041
Total revenues	14,071,011	14,078,023	6,864,195	6,317,045	20,935,206	20,395,068
Expenses:						
General government	2,388,819	1,656,343	-	-	2,388,819	1,656,343
Public safety	5,527,913	6,282,887	-	-	5,527,913	6,282,887
Public works	2,331,538	2,613,468	-	-	2,331,538	2,613,468
Culture and recreation	948,427	861,818	-	-	948,427	861,818
Community development	1,472,223	498,172	-	-	1,472,223	498,172
Interest on long-term debt	866,022	852,271	-	-	866,022	852,271
Water	-	-	2,403,173	2,516,252	2,403,173	2,516,252
Wastewater	-	-	3,833,959	3,539,595	3,833,959	3,539,595
Stormwater	-	-	182,326	120,268	182,326	120,268
Total expenses	13,534,942	12,764,959	6,419,458	6,176,115	19,954,400	18,941,074
Increase (decrease) in net position before transfers	536,069	1,313,064	444,737	140,930	980,806	1,453,994
Transfers	(616,177)	355,729	616,177	(355,729)	-	-
Increase (decrease) in net position	(80,108)	1,668,793	1,060,914	(214,799)	980,806	1,453,994
Beginning net position	10,699,317	9,030,524	17,248,506	17,463,305	27,947,823	26,493,829
Ending net position	\$ 10,619,209	\$ 10,699,317	\$ 18,309,420	\$ 17,248,506	\$ 28,928,629	\$ 27,947,823

Governmental Activities

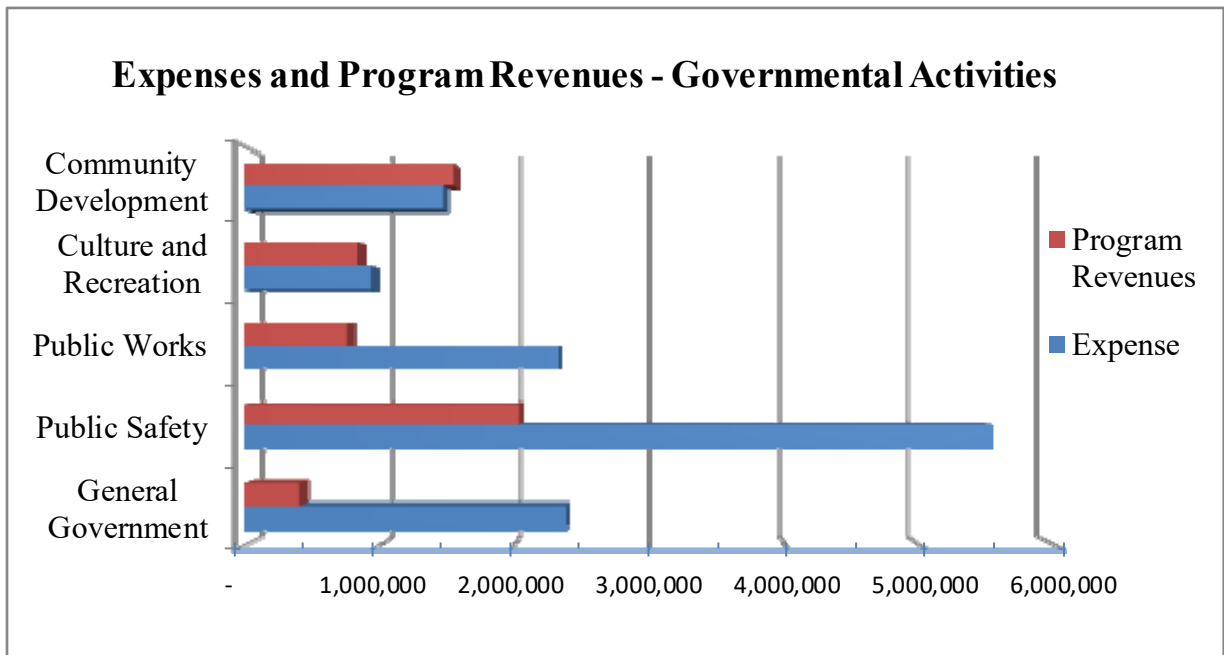
Governmental activities decreased the City's net position by \$80,108 for the year ended June 30, 2022, primarily from the receipt of grants. Other factors include:

- Total governmental activities' revenues decreased by 0.05% or \$7,012 from 2021 to 2022.
- Property tax revenues increased 7.04% or \$413,748 from the previous year due to growth in the grand list within the TIF district.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

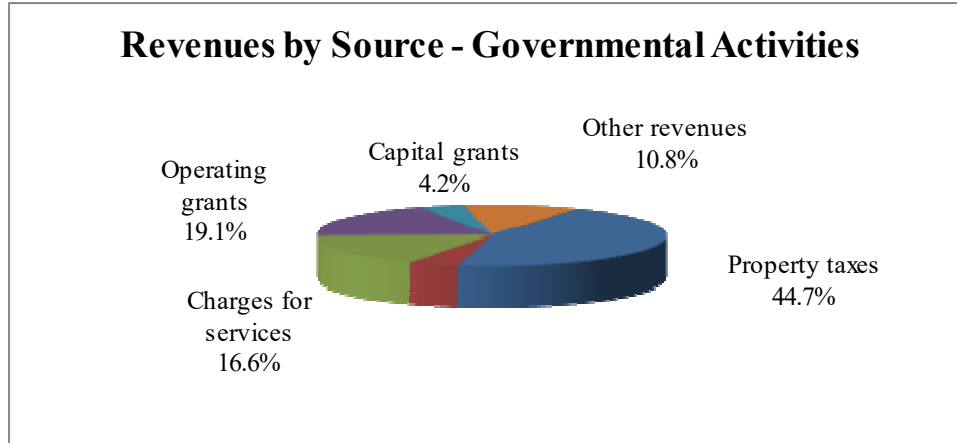
- Total governmental activities’ expenses increased by 6.03% or \$769,983 from 2021 to 2022. Public safety remains the largest category of expenses from year to year and decreased by 12.02% or \$754,974 from 2021 to 2022; while general government expenses increased by 44.21% or \$732,476.

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 the Statement of Activities, which is presented on page 18 of this report. As noted previously, Public Safety is the largest category of expenses in the current year and historically.



The majority of revenue for governmental activities comes from property taxes; 44.7% of total revenue or \$6,288,379. The second largest category of revenue is operating grants and contributions coming in at 19.1% or \$2,684,587 of total revenue. The following graph shows the distribution of governmental activities revenues by source for the year ended June 30, 2022.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

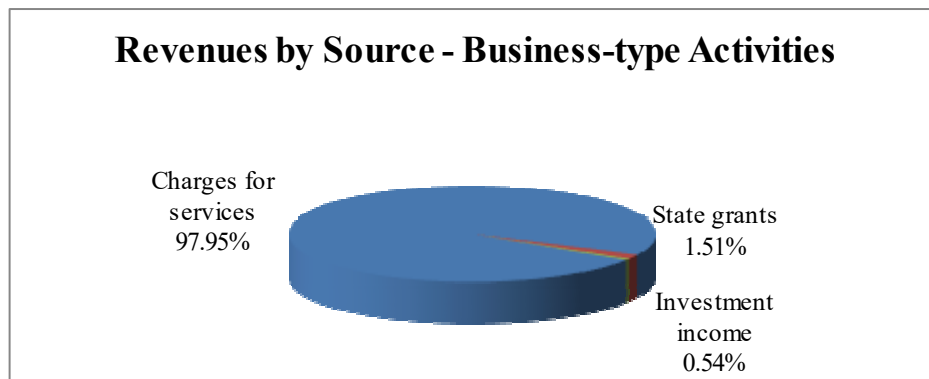


Business-Type Activities

Business-type activities increased the City’s net position by \$1,060,914 during the current fiscal year. The majority of the increase results from an 8.25% increase in water rates and a 3% increase in wastewater rates. Other highlights are:

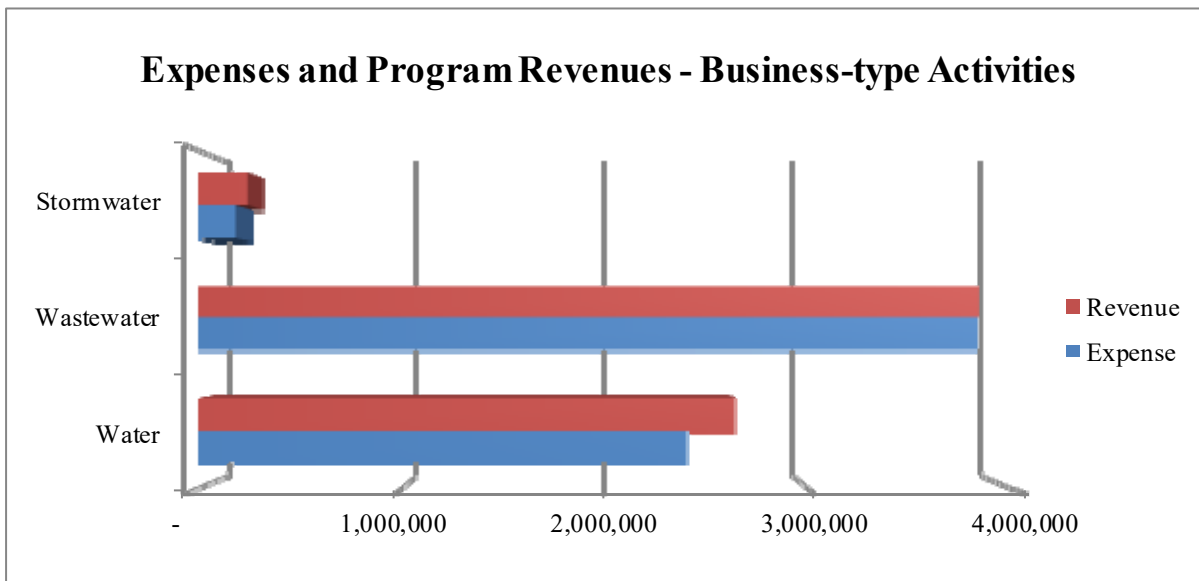
- Total revenues of \$6,864,195 were \$547,150 or 8.66% greater than the previous year, primarily due to an increase in the rates mentioned above.
- Total expenses of \$6,419,458 increased by \$243,343 or 3.94% from the previous year, largely driven by increased investment in personnel, utilities, and repairs and maintenance. The City has increased personnel expenses to address maintenance issues in water distribution and wastewater collection.

The City’s business-type activities are supported by user fees and allocation fees, also referred to as charges for services (\$6,723,544) with assistance from noncapital grants of (\$103,307). The percentage breakdown of revenue sources is illustrated in the following graph titled Revenues by Source – Business-type Activities.



**CITY OF ST. ALBANS, VERMONT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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 the Water, Wastewater, and Stormwater Funds. Operating expenses in the Water and Wastewater Funds were both less than operating revenues. In the Water Fund, operating revenues were 15.94% or 360,852 greater than operating expenses. In the Wastewater Fund, operating revenues exceeded operating expenses by \$226,410 or 6.26% of total operating revenues. In the Stormwater Fund, operating revenues exceeded operating expenses by \$87,730 or 56.34% 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 CITY’S FUNDS

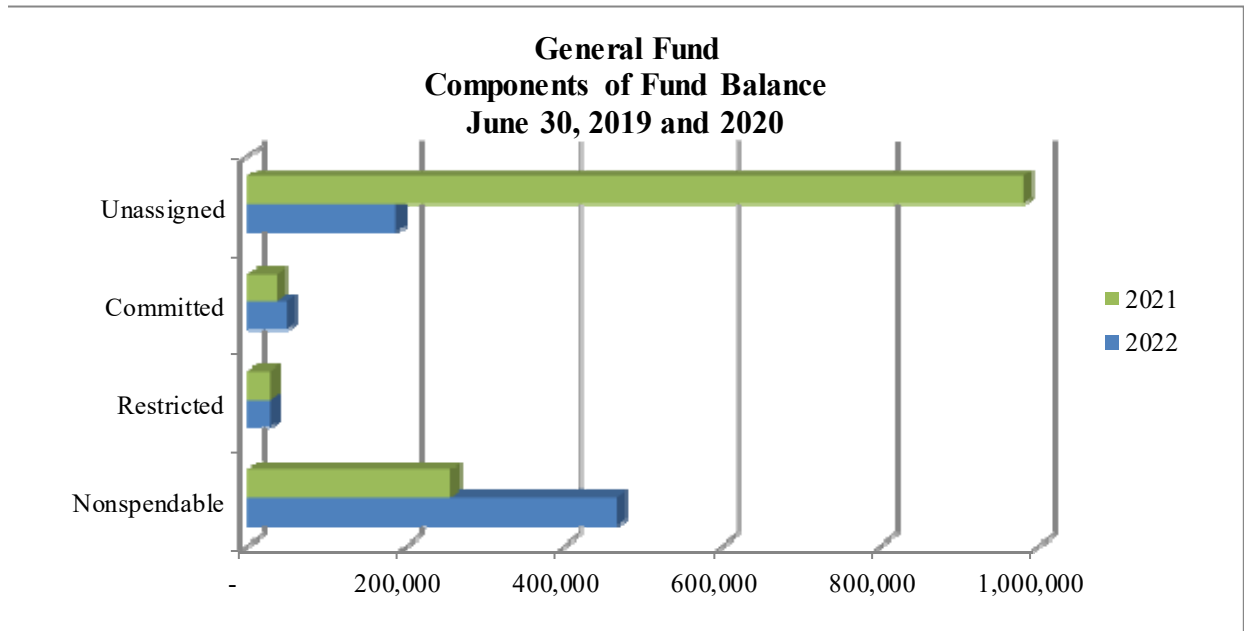
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Information presented and discussed in this section is specific to the fund financial statements.

Governmental Funds

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

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

At the end of the current fiscal year, the City’s governmental funds reported a combined ending fund balance of \$450,034, an increase of \$1,985,322 over the prior year. The increase is largely due to the City’s issuance of long-term debt.



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 \$734,207, a decrease of \$570,520 from the previous year. Of this amount, \$466,945 is nonspendable, \$28,565 is restricted, and \$50,557 is committed. As a measure of the General Fund’s liquidity, it may be useful to compare total fund balance to total General Fund expenditures. Total fund balance represents 7.20% of total General Fund expenditures, however, this amount includes nonspendable balances which would not be available to finance General Fund expenditures if necessary.

The City’s unassigned General Fund balance at June 30, 2022, was \$188,140, a decrease of \$793,249 from the prior year. The decrease is largely attributable to unfavorable turnbacks on the budgetary vs. actual results, redevelopment activity, and increase in nonspendable fund balance.

In the governmental funds other than the General Fund, the most noteworthy change is the addition of City Pool as a major fund. The negative fund balance will be resolved in future years as the project reaches completion and the debts are retired.

General Fund Budgetary Highlights

In accordance with state law, the City of St. Albans adopts an annual voter-approved budget for its general fund. The Schedule of Revenue, Expenditures, and Changes in Fund Balance reported as

CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

required supplementary information presents budgeted amounts compared to actual amounts and the variance with final budget.

The City's budget for the year ended June 30, 2022, passed on the first vote in March 2021 and there were no amendments made to the budget during the year. Actual revenues exceeded budgeted revenues by \$1,729,503, and actual expenditures were greater than budgeted amounts by \$1,923,516.

There was an overage in debt service for the General Fund, a portion of which is offset by transfers to the General Fund by the Water, Wastewater, and Stormwater Funds to pay for their respective shares of debt service costs for selected projects and purchases. During the year, the City used approximately \$250,000 in local option tax revenue to retire eleven outstanding debt items in the General Fund also contributing to the overage. Police, Dispatch, and Animal Control reported a budgetary overage of \$199,391 which is primarily construction of the dispatch tower for which debt proceeds were received in the prior year.

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

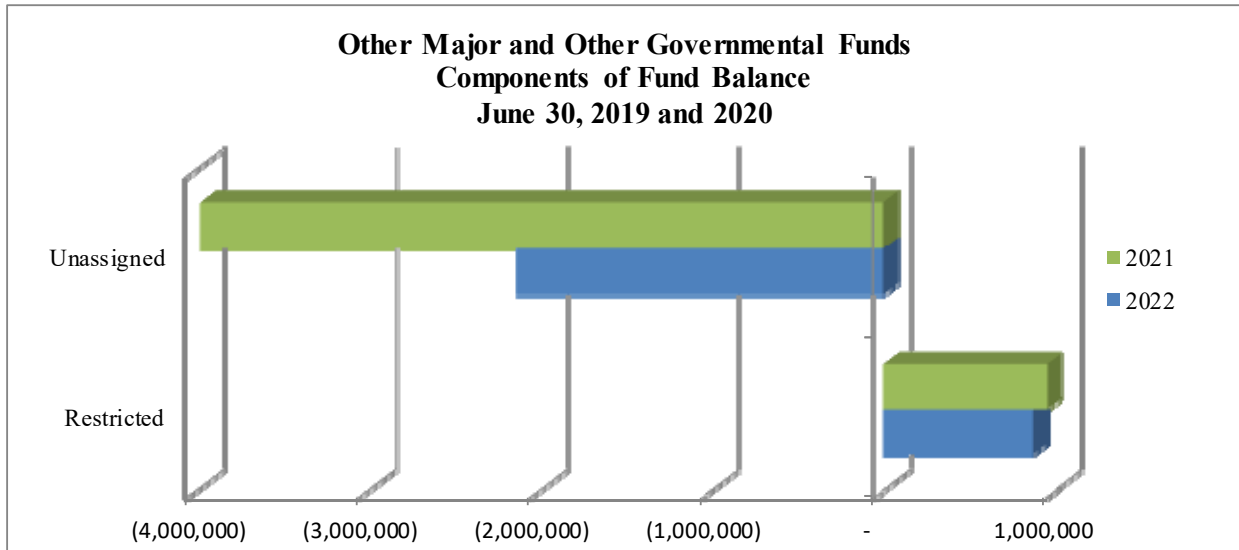
Other Major Governmental Funds

In addition to the General Fund, the City reports three major funds – the TIF Debt Service Fund, the VCDP Grant Fund, and the City Pool 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 \$1,440,376 in debt principal and interest payments during the year. These were funded by incremental property tax revenues in the TIF district. The fund deficit at year end is \$383,726 which will be reduced in future years though increased TIF property tax revenues.

The VCDP Grant Fund is used to record and track grants from the Vermont Community Development Program. The fund balance increased by \$80,672 during the year. The increase is primarily attributed to the receipt of grants; however, the fund ended the year with a deficit balance of \$7,747. The deficit will be eliminated in future years as the City receives additional grant revenue.

The City Pool Fund is used to record and track the improvements to the City pool. The fund balance increased by \$969,459. The increase is primarily attributable to the City permanently bonding for \$5,000,000 in fiscal year 2022. The overall fund balance is \$482,081, which is expected to be expended as the project is completed.

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**



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 \$3,139,405, an increase of 22.70% from the previous year. A total of \$7,211,159 is invested in capital assets versus \$4,182,243 in related debt.

In the wastewater fund, total net position is \$14,815,779, an increase of 2.37% from the previous year. The vast majority of net position in the Wastewater Fund is invested in capital assets. The Wastewater Fund has a total of \$16,230,918 in bonds and loans payable, \$12,215,150 is associated with the recent wastewater plant upgrade.

The City Council established an ordinance creating the Stormwater Fund, effective July 1, 2018. The Stormwater Fund had minor activity and ended with net position of \$354,236. 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, 2022 were \$83,082,344 (after depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery, equipment and vehicles, infrastructure, and right to use buildings. The City's combined investment in capital assets (capital asset additions) increased by \$7,275,332 from June 30, 2021 to June 30, 2022, or 6.64%. Combined

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

accumulated depreciation at the end of the year is \$33,741,863. Capital assets for governmental activities increased by \$4,142,438, net of accumulated depreciation. Capital assets for business-type activities increased by \$395,436, net of accumulated depreciation.

Summary of Capital Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Capital assets:						
Land	\$ 776,095	\$ 776,095	\$ 228,211	\$ 228,211	\$ 1,004,306	\$ 1,004,306
Construction in progress	12,006,299	6,607,699	19,587,596	18,234,848	31,593,895	24,842,547
Buildings and improvements	4,448,344	4,448,344	24,659,344	24,659,344	29,107,688	29,107,688
Right to use buildings	2,605,293	2,605,293	-	-	2,605,293	2,605,293
Vehicles, machinery, and equipment	5,707,125	5,684,063	14,216,069	14,216,069	19,923,194	19,900,132
Infrastructure	32,589,831	32,088,909	-	-	32,589,831	32,088,909
	58,132,987	52,210,403	58,691,220	57,338,472	116,824,207	109,548,875
Less: accumulated depreciation	(11,619,595)	(9,839,449)	(22,122,268)	(21,164,956)	(33,741,863)	(31,004,405)
Total assets, net	<u>\$ 46,513,392</u>	<u>\$ 42,370,954</u>	<u>\$ 36,568,952</u>	<u>\$ 36,173,516</u>	<u>\$ 83,082,344</u>	<u>\$ 78,544,470</u>

Major capital asset activity for the year ended June 30, 2022 included the following:

- Major additions to construction in progress (in addition to the amount noted above) in the governmental activities include \$4,208,580 for the City Pool project and \$924,351 for the police building renovations.
- In business-type activities, major additions to construction in progress include \$1,235,540 for water and wastewater improvements to Kingman Street.

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

Long-Term Liabilities

The City began the year with \$56,208,412 in long-term liabilities outstanding. As of June 30, 2022 this amount had increased by \$3,900,540 or 6.94% to end the current year with \$60,108,952 in long-term liabilities outstanding.

Summary of Long-term Liabilities

	<u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Governmental activities	\$ 32,631,471	\$ 8,770,519	\$ 3,425,679	\$ 37,976,311
Business-type activities	23,576,941	236,291	1,680,591	22,132,641
Total government	<u>\$ 56,208,412</u>	<u>\$ 9,006,810</u>	<u>\$ 5,106,270</u>	<u>\$ 60,108,952</u>

**CITY OF ST. ALBANS, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Factors contributing to the change include the following:

- The City's governmental activities debt increased overall. Principal payments on TIF Debt totaled \$898,235, while \$198,000 in principal payments were made on the neighborhood sidewalks project.
- New debt for the governmental activities includes the debt issuance for the City Pool project, police renovations, neighborhood sidewalks, and Kingman Street improvements.
- Fixed principal payments were made totaling approximately \$1.6 million for governmental activities and \$1.1 million for business type activities.

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

REQUESTS FOR INFORMATION

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and short-term investments	\$ 3,427,249	\$ -	\$ 3,427,249
Receivables (net of allowance for uncollectibles)	552,299	1,431,107	1,983,406
Prepaid items	16,216	2,276	18,492
Inventories	18,720	53,156	71,876
Internal balances	(3,071,573)	3,071,573	-
Assets held for resale	1,426,138	-	1,426,138
Loans receivable	1,480,961	-	1,480,961
Lease receivable	617,464	-	617,464
Capital assets:			
Land	776,095	228,211	1,004,306
Construction in progress	12,006,299	19,587,596	31,593,895
Other capital assets, (net of accumulated depreciation)	33,730,998	16,753,145	50,484,143
Total assets	50,980,866	41,127,064	92,107,930
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to the City's pension plan and participation in VMERS	1,239,925	370,860	1,610,785
Total assets and deferred outflows of resources	\$ 52,220,791	\$ 41,497,924	\$ 93,718,715
LIABILITIES			
Accounts payable	\$ 450,742	\$ -	\$ 450,742
Accrued payroll and related liabilities	130,044	33,624	163,668
Unearned revenue	111,251	15,550	126,801
Short term notes payable	930,000	705,346	1,635,346
Noncurrent liabilities:			
Due within one year	2,226,440	1,026,011	3,252,451
Due in more than one year	35,749,871	21,106,630	56,856,501
Total liabilities	39,598,348	22,887,161	62,485,509
DEFERRED INFLOWS OF RESOURCES			
Prepaid property taxes	100,375	-	100,375
Related to the City's pension plan and participation in VMERS	1,285,395	301,343	1,586,738
Related to lease	617,464	-	617,464
Total deferred inflows	2,003,234	301,343	2,304,577
NET POSITION			
Net investment in capital assets	12,790,579	15,905,422	28,696,001
Restricted for Taylor Park	34,731	-	34,731
Unrestricted (deficit)	(2,206,101)	2,403,998	197,897
Total net position	10,619,209	18,309,420	28,928,629
Total liabilities, deferred inflows of resources, and net position	\$ 52,220,791	\$ 41,497,924	\$ 93,718,715

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, 2022

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
FUNCTIONS/PROGRAMS							
GOVERNMENTAL ACTIVITIES:							
General government	\$ 2,388,819	\$ 382,563	\$ 28,602	\$ -	\$ (1,977,654)	\$ -	\$ (1,977,654)
Public safety	5,527,913	1,044,839	996,746	-	(3,486,328)	-	(3,486,328)
Public works	2,331,538	180,346	106,344	477,566	(1,567,282)	-	(1,567,282)
Culture and recreation	948,427	734,452	-	109,192	(104,783)	-	(104,783)
Community development	1,472,223	-	1,552,895	-	80,672	-	80,672
Interest on long-term debt	<u>866,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(866,022)</u>	<u>-</u>	<u>(866,022)</u>
Total governmental activities	13,534,942	2,342,200	2,684,587	586,758	(7,921,397)	-	(7,921,397)
BUSINESS-TYPE ACTIVITIES:							
Water	2,403,173	2,639,574	-	-	-	236,401	236,401
Wastewater	3,833,959	3,840,524	-	-	-	6,565	6,565
Stormwater	<u>182,326</u>	<u>243,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,120</u>	<u>61,120</u>
Total business-type activities	<u>6,419,458</u>	<u>6,723,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>304,086</u>	<u>304,086</u>
Total primary government	<u>\$ 19,954,400</u>	<u>\$ 9,065,744</u>	<u>\$ 2,684,587</u>	<u>\$ 586,758</u>	(7,921,397)	304,086	(7,617,311)
GENERAL REVENUES AND TRANSFERS:							
Property taxes					6,288,379	-	6,288,379
Local option taxes					654,094	-	654,094
Interest and penalties on delinquent taxes					92,735	-	92,735
Unrestricted investment earnings					4,858	37,344	42,202
General state grants					1,088,694	103,307	1,192,001
Other revenues					328,706	-	328,706
Transfers, net					<u>(616,177)</u>	<u>616,177</u>	<u>-</u>
Total general revenues and transfers					<u>7,841,289</u>	<u>756,828</u>	<u>8,598,117</u>
Change in net position					(80,108)	1,060,914	980,806
Net position - July 1, 2021					<u>10,699,317</u>	<u>17,248,506</u>	<u>27,947,823</u>
Net position - June 30, 2022					<u>\$ 10,619,209</u>	<u>\$ 18,309,420</u>	<u>\$ 28,928,629</u>

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

CITY OF ST. ALBANS, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	TIF Debt Service Fund	VCDP Grants Fund	City Pool Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and short-term investments	\$ 2,922,632	\$ -	\$ -	\$ -	\$ 504,617	\$ 3,427,249
Receivables (net of allowance)	449,848	-	102,451	-	-	552,299
Due from other funds	-	-	-	482,081	287,813	769,894
Prepaid items	16,216	-	-	-	-	16,216
Inventories	18,720	-	-	-	-	18,720
Assets held for resale	432,009	-	-	-	994,129	1,426,138
Loans receivable	1,480,961	-	-	-	-	1,480,961
Lease receivable	617,464	-	-	-	-	617,464
Total assets	\$ 5,937,850	\$ -	\$ 102,451	\$ 482,081	\$ 1,786,559	\$ 8,308,941
LIABILITIES						
Accounts payable	\$ 431,564	\$ -	\$ -	\$ -	\$ 19,178	\$ 450,742
Accrued payroll and related liabilities	125,167	-	-	-	-	125,167
Due to other funds	1,705,381	383,726	110,198	-	1,642,162	3,841,467
Unearned revenue	111,251	-	-	-	-	111,251
Short term notes payable	430,000	-	-	-	500,000	930,000
Other liabilities	4,880	-	-	-	-	4,880
Total liabilities	2,808,243	383,726	110,198	-	2,161,340	5,463,507
DEFERRED INFLOWS OF RESOURCES						
Prepaid property taxes	100,375	-	-	-	-	100,375
Unavailable revenues	1,677,561	-	-	-	-	1,677,561
Related to lease	617,464	-	-	-	-	617,464
Total deferred inflows of resources	2,395,400	-	-	-	-	2,395,400
FUND BALANCES (DEFICIT)						
Nonspendable	466,945	-	-	-	994,129	1,461,074
Restricted	28,565	-	-	482,081	385,094	895,740
Committed	50,557	-	-	-	-	50,557
Unassigned	188,140	(383,726)	(7,747)	-	(1,754,004)	(1,957,337)
Total fund balances/(deficit)	734,207	(383,726)	(7,747)	482,081	(374,781)	450,034
Total liabilities, deferred inflows of Resources, and fund balances	\$ 5,937,850	\$ -	\$ 102,451	\$ 482,081	\$ 1,786,559	\$ 8,308,941
Governmental funds balance as reported above.						\$ 450,034
Amounts reported for governmental activities in the Statement of Net Position are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						46,513,392
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.						1,677,564
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.						1,239,925
Long-term and accrued liabilities are not due or payable in the current period and, therefore, are not reported in the funds.						(37,976,311)
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.						(1,285,395)
Net Position of Governmental Activities						\$ 10,619,209

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	TIF Debt Service Fund	VCDP Grants Fund	City Pool Fund	Nonmajor Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 4,988,314	\$ 1,268,364	\$ -	\$ -	\$ -	\$ 6,256,678
Local option taxes	654,094	-	-	-	-	654,094
Penalties and interest	92,735	-	-	-	-	92,735
Intergovernmental revenues	1,385,547	-	1,552,895	-	1,312,404	4,250,846
Charges for services	2,255,063	-	-	-	-	2,255,063
Contributions	-	-	-	-	109,192	109,192
Investment income	4,817	-	-	-	41	4,858
Licenses and permits	92,785	-	-	-	-	92,785
Other revenue	223,445	-	-	-	105,261	328,706
Total revenues	9,696,800	1,268,364	1,552,895	-	1,526,898	14,044,957
EXPENDITURES						
Current:						
General government	2,465,701	-	-	-	-	2,465,701
Public safety	4,239,109	-	-	-	868,456	5,107,565
Public works	945,526	-	-	-	184,351	1,129,877
Culture and recreation	838,688	-	-	-	58,985	897,673
Community development	-	-	1,472,223	-	-	1,472,223
Capital outlay:						
Public safety	182,663	-	-	-	-	182,663
Public works	265,981	-	-	4,030,541	1,723,110	6,019,632
Culture and recreation	5,173	-	-	-	-	5,173
Debt service:						
Principal	831,180	898,235	-	-	-	1,729,415
Interest	427,149	542,141	-	-	-	969,290
Total expenditures	10,201,170	1,440,376	1,472,223	4,030,541	2,834,902	19,979,212
Excess/(deficiency) of revenues over expenditures	(504,370)	(172,012)	80,672	(4,030,541)	(1,308,004)	(5,934,255)
OTHER FINANCING SOURCES (USES)						
Issuance of long-term debt	-	-	-	5,000,000	3,535,754	8,535,754
Transfers in	85,062	151,212	-	-	534,301	770,575
Transfers out	(151,212)	-	-	-	(1,235,540)	(1,386,752)
Total other financing sources/(uses)	(66,150)	151,212	-	5,000,000	2,834,515	7,919,577
Net change in fund balances	(570,520)	(20,800)	80,672	969,459	1,526,511	1,985,322
Fund balances/(deficit)						
July 1, 2021, as reclassified	1,304,727	(362,926)	(88,419)	(487,378)	(1,901,292)	(1,535,288)
Fund Balances - June 30, 2022	\$ 734,207	\$ (383,726)	\$ (7,747)	\$ 482,081	\$ (374,781)	\$ 450,034

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, 2022

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

Net change in fund balances - total government funds	\$	1,985,322
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets (\$5,922,584) is allocated over their estimated useful lives and reported as depreciation expense (\$1,780,1416). This is the amount by which capital outlays exceeded depreciation in the current period.		4,142,438
The issuance of long-term debt (\$8,535,754) (e.g., bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$1,729,415) 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.		(6,806,339)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount reflects the decrease in unavailable revenue over last year.		245,053
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.		(50,600)
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>404,018</u>
Change in net position of governmental activities	\$	<u><u>(80,108)</u></u>

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Water Fund	Wastewater Fund	Nonmajor Stormwater Fund	Total
ASSETS				
Current assets:				
Receivables (net of allowance for uncollectibles)	\$ 534,809	\$ 858,184	\$ 38,114	\$ 1,431,107
Prepaid items	1,138	1,138	-	2,276
Inventories	35,666	17,490	-	53,156
Due from other funds	<u>742,132</u>	<u>2,044,530</u>	<u>284,911</u>	<u>3,071,573</u>
Total current assets	1,313,745	2,921,342	323,025	4,558,112
Noncurrent Assets:				
Capital assets:				
Land	155,000	42,000	31,211	228,211
Construction in progress	922,815	18,664,781	-	19,587,596
Buildings, distribution and collection system and improvements	84,733	24,574,611	-	24,659,344
Vehicles, machinery and equipment	12,331,618	1,884,451	-	14,216,069
Less accumulated depreciation	<u>(6,283,007)</u>	<u>(15,839,261)</u>	<u>-</u>	<u>(22,122,268)</u>
Total noncurrent assets	<u>7,211,159</u>	<u>29,326,582</u>	<u>31,211</u>	<u>36,568,952</u>
Total assets	8,524,904	32,247,924	354,236	41,127,064
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to the City's pension plan and participation in VMERS	<u>174,684</u>	<u>196,176</u>	<u>-</u>	<u>370,860</u>
Total assets and deferred outflows of resources	<u>\$ 8,699,588</u>	<u>\$ 32,444,100</u>	<u>\$ 354,236</u>	<u>\$ 41,497,924</u>
LIABILITIES				
Current liabilities:				
Accrued payroll	\$ 14,570	\$ 19,054	\$ -	\$ 33,624
Unearned revenue	15,550	-	-	15,550
Short term notes payable	453,977	251,369	-	705,346
Compensated absences - current portion	3,837	5,754	-	9,591
Bonds payable - current portion	258,809	526,874	-	785,683
Loans payable - current portion	<u>11,178</u>	<u>219,559</u>	<u>-</u>	<u>230,737</u>
Total current liabilities	757,921	1,022,610	-	1,780,531
Noncurrent liabilities:				
Compensated absences - noncurrent portion	74,466	110,831	-	185,297
Equipment note - noncurrent portion	2,314	2,718	-	5,032
Bonds payable - noncurrent portion	3,900,324	8,449,657	-	12,349,981
Loans payable - noncurrent portion	9,618	7,032,110	-	7,041,728
Net pension liability	<u>663,558</u>	<u>861,034</u>	<u>-</u>	<u>1,524,592</u>
Total noncurrent liabilities	<u>4,650,280</u>	<u>16,456,350</u>	<u>-</u>	<u>21,106,630</u>
Total liabilities	5,408,201	17,478,960	-	22,887,161
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to the City's pension plan and participation in VMERS	151,982	149,361	-	301,343
NET POSITION				
Net investment in capital assets	3,028,916	12,844,295	32,211	15,905,422
Unrestricted	<u>110,489</u>	<u>1,971,484</u>	<u>322,025</u>	<u>2,403,998</u>
Total net position	<u>3,139,405</u>	<u>14,815,779</u>	<u>354,236</u>	<u>18,309,420</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,699,588</u>	<u>\$ 32,444,100</u>	<u>\$ 354,236</u>	<u>\$ 41,497,924</u>

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

CITY OF ST. ALBANS, VERMONT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Water Fund	Wastewater Fund	Nonmajor Stormwater Fund	Total
OPERATING REVENUES				
Charges for services	\$ 2,516,695	\$ 3,689,977	\$ 240,809	\$ 6,447,481
Penalties and interest	19,015	29,942	810	49,767
Allocation fees	83,026	110,692	-	193,718
Other income	<u>5,838</u>	<u>9,913</u>	<u>1,827</u>	<u>17,578</u>
Total operating revenues	2,624,574	3,840,524	243,446	6,708,544
OPERATING EXPENSES				
Salaries and benefits	923,807	1,186,920	-	2,110,727
Other purchased services	91,609	340,479	55,130	487,218
Chemicals	129,810	395,605	-	525,415
Repairs and maintenance	257,791	356,025	91,381	705,197
Insurances	107,157	114,190	-	221,347
Utilities	246,785	354,345	-	601,130
Supplies	33,130	35,591	-	68,721
Real estate and state water taxes	69,243	5,135	-	74,378
Other operating costs	118,960	153,942	9,205	282,107
Depreciation	<u>285,430</u>	<u>671,882</u>	<u>-</u>	<u>957,312</u>
Total operating expenses	<u>2,263,722</u>	<u>3,614,114</u>	<u>155,716</u>	<u>6,033,552</u>
Operating income	360,852	226,410	87,730	674,992
NONOPERATING REVENUES (EXPENSES)				
Land lease	15,000	-	-	15,000
Intergovernmental revenue	-	17,064	86,243	103,307
Investment income	14,599	22,508	237	37,344
Interest expense	<u>(139,451)</u>	<u>(219,845)</u>	<u>(26,610)</u>	<u>(385,906)</u>
Total nonoperating revenues (expenses), net	<u>(109,852)</u>	<u>(180,273)</u>	<u>59,870</u>	<u>(230,255)</u>
Net income before transfers	251,000	46,137	147,600	444,737
Transfers in	650,201	585,339	-	1,235,540
Transfers out	<u>(320,295)</u>	<u>(289,046)</u>	<u>(10,022)</u>	<u>(619,363)</u>
Change in net position	580,906	342,430	137,578	1,060,914
Net position - July 1, 2021	<u>2,558,499</u>	<u>14,473,349</u>	<u>216,658</u>	<u>17,248,506</u>
Net position - June 30, 2022	<u>\$ 3,139,405</u>	<u>\$ 14,815,779</u>	<u>\$ 354,236</u>	<u>\$ 18,309,420</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, 2022

	Water Fund	Wastewater Fund	Nonmajor Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 2,617,013	\$ 3,872,643	\$ 232,600	\$ 6,722,256
Other receipts	5,838	9,914	2,637	18,389
Payments to suppliers	(993,804)	(1,753,180)	(155,716)	(2,902,700)
Payment of taxes	(69,243)	(5,135)	-	(74,378)
Payments for wages and benefits	(1,013,130)	(1,213,508)	-	(2,226,638)
Receipts for interfund services provided	(55,144)	222,479	-	167,335
Payments for interfund services provided	-	-	(129,369)	(129,369)
Net cash provided (used) by operating activities	491,530	1,133,213	(49,848)	1,574,895
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	650,201	585,339	-	1,235,540
Transfers out	(320,295)	(289,046)	(10,022)	(619,363)
Proceeds from land lease	15,000	-	-	15,000
Proceeds from noncapital grant	-	17,064	86,243	103,307
Net cash provided by noncapital financing activities	344,906	313,357	76,221	734,484
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(767,409)	(585,340)	-	(1,352,749)
Proceeds of:				
Notes payable	-	251,369	-	251,369
Short term state revolving loans	377,568	-	-	377,568
Principal paid on:				
General obligation bonds	(297,158)	(787,611)	-	(1,084,769)
Interest paid on debt:	(164,036)	(347,496)	(26,610)	(538,142)
Net cash used by capital and related financing activities	(851,035)	(1,469,078)	(26,610)	(2,346,723)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of interest & dividends	14,599	22,508	237	37,344
Net cash provided by investing activities	14,599	22,508	237	37,344
Net change in cash	-	-	-	-
Cash and short-term investments - July 1, 2021	-	-	-	-
Cash and short-term investments - June 30, 2022	\$ -	\$ -	\$ -	\$ -
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income	\$ 360,852	\$ 226,410	\$ 87,730	\$ 674,992
Depreciation	285,430	671,882	-	957,312
(Increase)/decrease in receivables	(7,975)	42,031	(8,209)	25,847
(Increase)/decrease in interfund receivable	(55,144)	222,479	(129,369)	37,966
(Increase)/decrease in inventory	(8,563)	(3,001)	-	(11,564)
Increase/(decrease) in accrued payroll	127	2,570	-	2,697
Increase/(decrease) in unearned revenue	6,253	-	-	6,253
Increase/(decrease) in compensated absences payable	(35,800)	(16,503)	-	(52,303)
Increase/(decrease) in net pension liability and related deferrals	(53,650)	(12,655)	-	(66,305)
Net cash provided (used) by operating activities	\$ 491,530	\$ 1,133,213	\$ (49,848)	\$ 1,574,895

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, 2022

	Pension Trust Fund	Custodial Funds
ASSETS		
Cash and short-term investments	\$ -	\$ 48,578
Investments		
Annuity contract	906,050	-
Equity mutual funds	1,509,420	-
Fixed income mutual funds	1,046,093	-
Total Investments	3,461,563	-
Total Assets	\$ 3,461,563	\$ 48,578
NET POSITION		
Restricted for pension	3,461,563	-
Restricted for organizations and other governments	-	48,578
Total Net Position	\$ 3,461,563	\$ 48,578

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, 2022

	Pension Trust Fund	Custodial Funds
ADDITIONS		
Contributions:		
Employer	\$ 210,000	\$ -
Plan members	16,319	-
Taxes collected for Maple Run School	-	7,195,878
Taxes collected for St. Albans Free Library	-	249,412
Contributions on behalf of nonprofits	-	78,336
Total Contributions	226,319	7,523,626
Net Investment Earnings	(402,485)	-
Total Additions	(176,166)	7,523,626
DEDUCTIONS		
Benefits - pension	478,191	-
Administrative expenses	52,645	-
Payment of taxes to Maple Run School	-	7,195,878
Payment of taxes to St. Albans Free Library	-	249,412
Payments on behalf of nonprofits	-	69,339
Total Deductions	530,836	7,514,629
Change in Net Position	(707,002)	8,997
Restricted Net Position - July 1, 2021	4,168,565	39,581
Restricted Net Position - June 30, 2022	\$ 3,461,563	\$ 48,578

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

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

B. Basis of Presentation

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

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

The City reports on the following major governmental funds:

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

TIF Debt Service Fund – This debt service fund is used to account for all property tax revenue generated by the TIF and all debt service related to the TIF district. The TIF district encompasses much of the City's downtown area.

VCDP Grants Fund – This special revenue fund accounts for all expenditures, revenues, and grants related to the Vermont Community Development Program.

City Pool Fund – This capital project fund accounts for all expenditures, revenues, and grants related to the City pool project.

The City reports on the following major enterprise funds:

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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.

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

C. Measurement Focus

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

D. Basis of Accounting

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 leases are reported as other financing sources.

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

E. Use of Estimates

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

1. Cash and Short-Term Investments

Cash balances of most City funds are deposited with and invested by the City Treasurer. The City considers all 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, except for annuity contracts which are reported at cash surrender value. Unrealized gains and losses are included in revenue.

3. Receivables

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

4. Internal Balances

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

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

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

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

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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

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

6. Pension

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

7. Deferred Outflows and Inflows of Resources

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

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

8. Capital Assets

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

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

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

	<u>Capitalization Threshold</u>	<u>Estimated Service Life</u>
Land	\$ 5,000	Not Depreciated
Buildings and Building Improvements	\$ 5,000	40 Years
Right to Use Building	\$ 5,000	13 Years
Vehicles	\$ 5,000	4-15 Years
Machinery, Equipment, and Furniture	\$ 5,000	8-20 Years
Roads, Bridges, and Sidewalks	\$ 5,000	30-50 Years
Water and Wastewater Distribution and and Collection Systems	\$ 5,000	60 - 100 Years

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

9. Compensated Absences

It is the policy of the City to permit employees to accumulate earned but unused vacation time up to 240 hours. Public safety employees may accumulate earned but unused comp time up to 240 hours and all other employees may accumulate earned but unused comp time up to 160 hours. The value of this leave time will be paid at the employee's current rate of pay upon retirement, termination, or death. In addition to this, employees hired before July 1, 2008 can accrue up to 640 hours of sick leave, and will be paid the value of this leave time at their current rate of pay upon retirement, termination, or death. Employees hired after July 1, 2008 can accrue up to 240 hours with 160 hours vested for payment upon retirement, termination, or death. Compensated absences are reported in governmental funds only if they have matured.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

10. Leases

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

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

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

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

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

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

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

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

11. Long-Term Liabilities

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

12. Fund Equity

Fund balances and net position are classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in the government-wide and proprietary fund type financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. 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, 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.

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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B. Excess of Expenditures Over Appropriations

The City reflected expenditures in excess of appropriations in the following departments for fiscal year 2022:

HRA and Leave Buy Back	\$ (67,878)
Planning and Development	(19,881)
County and District Functions	(11,225)
Assessing	(2,487)
Debt Service - Principal and Interest	(623,837)
Fire Department	(56,427)
Police, Dispatch, and Animal Control	(199,391)
Police Department Capital	(2,663)
Library	(50,071)
Parking Garage	(74,240)
Public Works, Highway, Parks	(69,207)
Public Works Capital	(981)
ARPA Grant COVID19	(665,700)
Transfers Out	(184,917)

C. Deficit Fund Balance

The City also has a deficit fund balance in the following funds:

TIF Debt Service Fund	\$ (383,726)
VCDP Grants Fund	(7,747)
Lake Champlain Basin (Non-Major)	(114,534)
Municipal Planning Grants Fund (Non-Major)	(8,800)
Streetscape Fund (Non-Major)	(181,063)
Sidewalk Fund (Non-Major)	(203,078)
Hard'ack Improvement Fund (Non-Major)	(346,332)
City Hall Block Fund (Non-Major)	(7,084)
Lake Street Environmental Fund (Non-Major)	(2,650)
Congress and Main St. Fund (Non-Major)	(257,560)

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Short-Term Investments

The City’s cash and cash short-term investments as of June 30, 2022 consisted of cash on hand and deposits in financial institutions.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City does not have any policy to limit the exposure to custodial credit risk. The following table shows the custodial credit risk of the City’s deposits as of June 30, 2022.

	Bank Balance
FDIC Insured	\$ 500,000
Collateralized	2,300,000
Total Deposits	\$ 2,800,000

The uninsured and uncollateralized balance is \$1,699,841 at June 30, 2022.

B. Investments

The Pension Trust Fund’s (Plan) investments as of June 30, 2022 consisted of the following:

Annuity contract	\$ 906,050
US Stocks	1,377,813
Emerging Market Stocks	39,226
US Bonds	679,463
International Bonds	366,630
Real Estate Mutual Fund	92,381
Total Investments	\$ 3,461,563

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of failure of the counter-party to a transaction (e.g., broker-dealer), a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Plan does not have any policy to limit the exposure to custodial credit risk. The Plan does not invest in individual securities. The Plan's share of pooled investments in PRIAC and mutual funds are held by Prudential's trust department.

Interest Rate and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Plan does not have formal policies related to interest and credit risk. The Plan's debt related investments are comprised of \$679,463 in PGIM Corporate Bond Fund and \$366,630 in PIMCO International Bond Fund at June 30, 2022 with effective duration of 7.30 and 3.83 years, respectively. The PGIM holdings are rated by Moody's as follows: 3.96% AAA, 8.40% AA, 38.54% A, 46.75% BBB, 2.32% BB, and 0.03% CCC and below. The PIMCO holdings are not rated by Moody's.

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Plan's investments are held within one security. The Plan does not have any limitations on the amount that can be invested in any one issuer. Except for the Plan's investments in its share in PRIAC guaranteed deposit account and mutual funds, the City does not have investments in a single issuer which are greater than 5% of total investments.

Fair Value

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

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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The Pension Trust Fund (Plan) has the following fair value measurements as of June 30, 2022:

<u>Description</u>	Fair Value Measurements Using:		
	Quoted prices in active markets for identical assets <u>(Level 1)</u>	Significant observable inputs <u>(Level 2)</u>	Significant unobservable inputs <u>(Level 3)</u>
Equity mutual funds - Plan			
Equity securities			
US Stocks	\$ 1,377,813	\$ 1,377,813	\$ -
Emerging Market Stocks	39,226	39,226	-
Real Estate Mutual Fund	92,381	92,381	-
Debt securities			
US Bonds	679,463	-	679,463
International Bonds	<u>366,630</u>	<u>-</u>	<u>366,630</u>
Total	<u>\$ 2,555,513</u>	<u>\$ 1,509,420</u>	<u>\$ 1,046,093</u>

C. Receivables

Receivables at June 30, 2022, as reported in the Statement of Net Position, net of applicable allowances for uncollectible accounts, are as follows.

	Governmental Activities	Business-Type Activities	Total
Delinquent Taxes	\$ 227,154	\$ -	\$ 227,154
Penalties and Interest	42,967	-	42,967
Billed Services	-	1,013,194	1,013,194
Unbilled Services	-	345,341	345,341
Grants	195,604	-	195,604
Intergovernmental	-	13,299	13,299
Other	119,074	73,773	192,847
Allowance for Doubtful Accounts	<u>(32,500)</u>	<u>(14,500)</u>	<u>(47,000)</u>
Net Receivable	<u>\$ 552,299</u>	<u>\$ 1,431,107</u>	<u>\$ 1,983,406</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

D. Loans Receivable

Loans receivable at June 30, 2022 consisted of the following loans for community development:

Loan receivable, local business Interest at 2%, monthly principal and interest payments; matures January 31, 2024	\$ 7,828
Loan receivable, local business Interest at 3%, interest only payments due every six months. principal payment due May 15, 2024; secured by a personal guaranty from borrowers	150,000
Loan receivable, local nonprofit Interest at 0%, balloon payment due October 30, 2044; secured by a mortgage deed on real property	350,000
Loan receivable, local nonprofit Interest at 0%, balloon payment due December 31, 2032; secured by a mortgage deed on real property	360,000
Loan receivable, local nonprofit Interest at 0%, balloon payment due January 14, 2035; secured by a mortgage deed on real property	480,001
Loan receivable, local nonprofit Interest at 0%, balloon payment due March 15, 2037; secured by a mortgage deed on real property	579,600
Loan receivable, local taxpayer Interest at 3%, balloon payment due April 30, 2025; secured by a mortgage deed on real property	199,000
Loan receivable, local business Interest at 1%, payment due June 30, 2023	70,000
Loan Receivable; PeakCM Lake Street Hotel LLP; Interest at 3%; 5-year repayment terms	<u>1,000,000</u>
Total	3,196,429
Less: Allowance for Doubtful Loans Receivable	<u>(1,715,468)</u>
Reported Balance at - June 30, 2022	<u>\$ 1,480,961</u>

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

<u>Balance</u> <u>July 01, 2021</u>	<u>Additions</u>	<u>Payments</u>	<u>Amounts</u> <u>Written Off</u>	<u>Balance</u> <u>June 30, 2022</u>
\$ <u>3,033,076</u>	\$ <u>219,000</u>	\$ <u>55,647</u>	\$ <u>-</u>	\$ <u>3,196,429</u>

E. Lease Receivable

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

	<u>Interest</u> <u>Rate</u>	<u>Date of</u> <u>Maturity</u>	<u>Net Present</u> <u>Value End</u> <u>of Year</u>
Governmental Activities/General Fund:			
School Lease	2.40%	04/30/26	\$ 258,073
Parking Leases	2.40%	06/30/27	<u>359,391</u>
Total Governmental Activities/General Fund			<u><u>617,464</u></u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

F. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 776,095	\$ -	\$ -	\$ 776,095
Construction in Progress	<u>6,607,699</u>	<u>5,398,600</u>	<u>-</u>	<u>12,006,299</u>
Total Capital Assets, Not Being Depreciated	7,383,794	5,398,600	-	12,782,394
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	4,448,344	-	-	4,448,344
Right to Use Buildings	2,605,293	-	-	2,605,293
Vehicles, Machinery, and Equipment	5,684,063	23,062	-	5,707,125
Infrastructure	<u>32,088,909</u>	<u>500,922</u>	<u>-</u>	<u>32,589,831</u>
Subtotal	44,826,609	523,984	-	45,350,593
Less Accumulated Depreciation/ Amortization for:				
Buildings and Building Improvements	1,359,614	369,786	-	1,729,400
Right to Use Buildings	-	200,407	-	200,407
Vehicles, Machinery, and Equipment	3,706,627	103,304	-	3,809,931
Infrastructure	<u>4,773,208</u>	<u>1,106,649</u>	<u>-</u>	<u>5,879,857</u>
Totals	9,839,449	1,780,146	-	11,619,595
Total Capital Assets, Being Depreciated/ Amortized	<u>34,987,160</u>	<u>(1,256,162)</u>	<u>-</u>	<u>33,730,998</u>
Governmental Activities Capital Assets, Net	<u>\$ 42,370,954</u>	<u>\$ 4,142,438</u>	<u>\$ -</u>	<u>\$ 46,513,392</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
BUSINESS-TYPE ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 228,211	\$ -	\$ -	\$ 228,211
Construction in Progress	<u>18,234,848</u>	<u>1,352,748</u>	<u>-</u>	<u>19,587,596</u>
Total Capital Assets, Not Being Depreciated	18,463,059	1,352,748	-	19,815,807
Capital Assets, Being Depreciated:				
Buildings, Distribution and Collection Systems & Improvements	24,659,344	-	-	24,659,344
Vehicles, Machinery, and Equipment	<u>14,216,069</u>	<u>-</u>	<u>-</u>	<u>14,216,069</u>
Subtotal	38,875,413	-	-	38,875,413
Less Accumulated Depreciation for:				
Buildings, Distribution and Collection Systems & Improvements	18,349,847	816,808	-	19,166,655
Vehicles, Machinery, and Equipment	<u>2,815,109</u>	<u>140,504</u>	<u>-</u>	<u>2,955,613</u>
Totals	<u>21,164,956</u>	<u>957,312</u>	<u>-</u>	<u>22,122,268</u>
Total Capital Assets, Being Depreciated	<u>17,710,457</u>	<u>(957,312)</u>	<u>-</u>	<u>16,753,145</u>
Business-Type Activities Capital Assets, Net	<u>\$ 36,173,516</u>	<u>\$ 395,436</u>	<u>\$ -</u>	<u>\$ 36,568,952</u>

Depreciation/amortization was charged as follows:

Governmental Activities:		Business-Type Activities:	
General Government	\$ 164,250	Water	\$ 285,430
Public Safety	414,938	Sewer	<u>671,882</u>
Public Works	1,148,126		
Culture and Recreation	<u>52,832</u>		
Total Depreciation Expense - Governmental Activities	<u>\$ 1,780,146</u>	Total Depreciation Expense - Business-Type Activities	<u>\$ 957,312</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

G. Interfund Balances and Activity

The composition of due from/to other funds at June 30, 2022 was as follows:

<u>Fund Name</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$ 1,705,381
TIF Debt Service Fund	-	383,726
VCDP Grants Fund	-	110,198
City Pool Fund	482,081	-
Non-Major:		
Restorative Justice Center	30,088	-
Taylor Park Trust Fund	3,000	-
Lake Champlain Basin Fund	-	114,534
Municipal Planning Grants Fund	-	8,800
Federal Street Fund	23,872	-
Streetscape Fund	174,969	-
TIF Capital Project Fund	25,884	-
Hard'ack Playground Fund	30,000	-
Federal Street Project Fund	-	451,213
Fonda Fund	-	58,011
Sidewalk Fund	-	203,078
Hard'ack Improvement Fund	-	346,332
City Hall Block Fund	-	7,084
Lake Street Environmental Fund	-	2,650
Congress and Main Fund	-	450,460
Water Fund	742,132	-
Wastewater Fund	2,044,530	-
Stormwater Fund (Non-Major)	284,911	-
Total	<u>\$ 3,841,467</u>	<u>\$ 3,841,467</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Interfund transfers during the year ended June 30, 2022 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	TIF Debt Service	\$ 151,212	Fund TIF bond debt service
Streetscape Fund (Non-Major)	Wastewater Fund	585,339	Wastewater portion of underground infrastructure
Streetscape Fund (Non-Major)	Water Fund	650,201	Water portion of underground infrastructure
Wastewater Fund	Streetscape Fund (Non-Major)	251,369	Debt Proceeds for Wastewater Infrastructure Costs
Wastewater Fund	General Fund	35,172	Fund City Hall debt service
Wastewater Fund	General Fund	2,505	Street Sweeper debt service
Stormwater Fund	General Fund	10,022	Street Sweeper debt service
Water Fund	General Fund	2,191	Fire Truck debt service
Water Fund	General Fund	35,172	Fund City Hall debt service
Water Fund	Streetscape Fund (Non-Major)	<u>282,932</u>	Debt Proceeds for Water Infrastructure Costs
	Total	<u>\$ 2,006,115</u>	

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

H. Deferred Outflows of Resources

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

I. Short Term Notes Payable

The schedule below details the changes in short-term capital borrowings during the year ended June 30, 2022, for both governmental and business-type activities:

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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	Interest Rate	Date of Maturity	Balance Beginning of Year	New Issues	Maturities	Balance End of Year
Governmental Activities:						
Congress and Main Streets	1.60%	09/03/21	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
Police Renovations	1.60%	10/16/21	400,000	-	400,000	-
Hard'ack Lodge	1.60%	10/16/21	223,998	-	223,998	-
Pool Project	0.95%	05/13/22	5,000,000	-	5,000,000	-
Kingman Street	1.35%	04/15/22	-	1,000,000	1,000,000	-
Sidewalk	1.35%	04/15/22	-	500,000	500,000	-
Kingman Street	1.35%	10/12/22	-	500,000	-	500,000
ARPA Properties	1.60%	04/15/23	-	430,000	-	430,000
Total Governmental Activities			<u>6,623,998</u>	<u>2,430,000</u>	<u>8,123,998</u>	<u>930,000</u>
Business-Type Activities:						
Aldis Hill Tank	0.00%	06/30/23	76,409	84,138	-	160,547
Kingman St - Water	0.00%	06/30/23	-	282,932	-	282,932
Kingman St - Wastewater	0.00%	06/30/23	-	251,369	-	251,369
Federal Street CSO	0.00%	06/30/23	-	10,498	-	10,498
Total Business-Type Activities			<u>76,409</u>	<u>628,937</u>	<u>-</u>	<u>705,346</u>
Total Short-Term Capital Borrowings			<u>\$ 6,700,407</u>	<u>\$ 3,058,937</u>	<u>\$ 8,123,998</u>	<u>\$ 1,635,346</u>

The purpose of the short-time direct borrowings was to provide resources for various capital construction or improvement projects. The forms of financing used for governmental activities were notes with local banks and Vermont Municipal Bond Bank. The form of financing used for business-type activities was no-interest revolving loan programs. Vermont EPA Local Assistance State Revolving Fund loan has remaining balance available to draw down of \$5,952 at June 30, 2022. Vermont Department of Conservation loans have remaining balance available to draw down of \$50,901 at June 30, 2022.

J. Unearned Revenue

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

K. Deferred Inflows of Resources

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

CITY OF ST. ALBANS, VERMONT
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Deferred inflows of resources in the General Fund consist of prepaid property taxes and unavailable revenues. *Unavailable revenues* are reported in the governmental funds Balance Sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year. Unavailable revenues include \$196,600 of delinquent property taxes, penalties, and interest on those taxes and \$1,480,961 of net loans receivable that were not collected within 60 days after year-end as these would not be available to liquidate current liabilities. Additionally, unavailable revenues include \$617,464 in connection with lease receivables. The revenue will be recognized as the loans are repaid and as receivables are collected. The revenue from deferred inflows related to leases will be recognized on effective interest method.

L. Long-Term Liabilities

General Obligation Bonds - The City issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds have been issued for both governmental and proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the City. New bonds generally are issued as 12 to 30 year bonds. These bonds are direct borrowings held with Vermont Municipal Bond Bank. The State of Vermont offers a number of no-interest revolving loan programs to utilize for predetermined purposes. The City has borrowed money from the Vermont Special Environmental Revolving Fund for wastewater projects.

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

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

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

Net Pension Liability – The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries. The accrual for the City’s net pension liability related to the City’s single-employer

CITY OF ST. ALBANS, VERMONT
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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, 2022 were as follows.

Bonds and Notes Payable:

<u>Governmental Activities:</u>	Series	Interest	Amount
	Maturities	Rate(s) %	Outstanding
	<u>Through</u>	<u>Rate(s) %</u>	as of
			<u>6/30/22</u>
Bonds Payable - Direct Borrowing:			
TIF District Bond	\$ 11/15/33	0.643-4.723%	\$ 9,740,000
City Hall Renovation	11/02/40	0.891-3.181%	1,748,000
TIF District Bond	11/01/33	0.891-3.181%	1,058,823
Fairfield Street	11/02/41	0.891-3.181%	240,000
Lake/Main Sidewalks	11/02/41	0.891-3.181%	980,000
Fire Truck	11/01/36	0.891-3.181%	356,250
Neighborhood Sidewalks	11/01/42	1.210-4.060%	840,000
Neighborhood Sidewalks	11/01/43	1.170-4.170%	1,760,000
Neighborhood Sidewalks	11/01/43	1.835-3.890%	1,716,000
TIF Project	11/01/38	1.835-3.890%	2,125,000
TIF Fonda	11/01/40	0.420-2.360%	950,000
Neighborhood Sidewalks	11/01/41	0.600-2.610%	1,500,000
TIF Kingman Street	11/01/41	0.600-2.610%	1,000,000
Total Bonds Payable			24,014,073

(continued)

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

(continued)

<u>Governmental Activities:</u>	Series Maturities <u>Through</u>	Interest Rate(s) % <u>Rate(s) %</u>	Amount Outstanding as of <u>6/30/22</u>
Loans Payable - Direct Borrowings:			
Fonda/Solo Building Purchase	08/28/22	1.50%	\$ 245,799
Hard'ack Groomer	11/01/24	2.95%	13,324
Street Sweeper	08/01/28	3.40%	71,227
Fire Vehicle	05/01/24	2.70%	13,771
Public Works Equipment	05/01/24	2.45%	87,722
Police Vehicle	05/01/25	2.35%	21,644
Dispatch Tower	05/01/31	2.90%	156,358
10 Maiden Lane and 12 Congress Street	04/26/41	0.00%	281,858
Land & Building	12/17/39	2.00%	369,133
Police Renovations	05/01/37	3.50%	1,035,754
City Pool	05/13/47	2.14%	5,000,000
Total Loans Payable			<u>7,296,590</u>
Total Governmental Activities			<u>\$ 31,310,663</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

	Series	Interest	Amount
<u>Business-Type Activities:</u>	<u>Maturities</u>	<u>Rate(s) %</u>	<u>Outstanding</u>
	<u>Through</u>	<u>Rate(s) %</u>	<u>as of</u>
			<u>6/30/22</u>
Water Fund			
Bonds Payable - Direct Borrowing:			
USDA Refunding Bond	11/15/36	3.93%	\$ 2,518,309
Fairfax Water Plant	11/01/30	0.891-3.181%	420,000
Fairfield Street	11/02/41	0.891-3.181%	340,000
Streetscape Utilities	11/01/35	0.891-3.181%	157,683
Fairfax Dam	11/01/35	0.891-3.181%	723,141
Total Bonds Payable			<u>4,159,133</u>
Notes Payable - Direct Borrowings:			
Mini Excavator	05/23/23	3.20%	1,183
Vactor	09/01/22	3.13%	303
Backhoe	12/01/22	4.25%	2,011
Utility Truck	08/01/22	2.70%	387
Mini Excavator	08/01/25	3.00%	8,044
Payloader	05/01/23	2.60%	4,947
Utility Truck	05/01/24	2.70%	3,921
Total Notes Payable			<u>20,796</u>
Total Water Fund			4,179,929
Wastewater Fund			
Bonds Payable - Direct Borrowings:			
Wastewater Treatment Facility Improvements	09/01/31	0.00%	842,456
Wastewater Treatment Facility Improvements	09/01/31	0.00%	95,618
Wastewater Treatment Facility Improvements	09/01/31	0.00%	1,459,870
Fairfield Street	11/02/41	0.891-3.181%	1,420,000
Streetscape Utilities	11/01/33	0.891-3.181%	157,683
WWTF Upgrade	11/01/39	0.00%	5,000,904
Total Bonds Payable			<u>8,976,531</u>
Loans Payable - Direct Borrowings:			
Mini Excavator	05/23/23	3.20%	1,182
Vactor	09/01/22	3.13%	708
Backhoe	12/01/22	4.25%	2,011
Utility Truck	08/01/22	2.70%	387
Street Sweeper	08/01/28	3.40%	16,222
Mini Excavator	08/01/25	3.00%	8,044
Payloader	05/01/23	2.60%	4,947
Utility Truck	05/01/24	2.70%	3,921
WWTF Upgrade	11/15/49	1.75%	7,214,247
Total Loans Payable			<u>7,251,669</u>
Total Wastewater Fund			<u>16,228,200</u>
Total Business-Type Activities			<u>\$ 20,408,129</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable - Direct Borrowings	\$ 22,787,059	\$ 2,500,000	\$ 1,272,986	\$ 24,014,073	\$ 1,417,985
Notes Payable - Direct Borrowings	1,544,122	6,035,754	283,286	7,296,590	609,732
Lease Payable	2,605,293	-	173,143	2,432,150	177,298
Compensated Absences	495,497	234,765	301,760	428,502	21,425
Environmental Liability	249,164	-	233,755	15,409	-
Net Pension Liability	4,950,336	-	1,160,749	3,789,587	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 32,631,471</u>	<u>\$ 8,770,519</u>	<u>\$ 3,425,679</u>	<u>\$ 37,976,311</u>	<u>\$ 2,226,440</u>
BUSINESS-TYPE ACTIVITIES					
Bonds Payable - Direct Borrowings	\$ 13,915,415	\$ -	\$ 779,751	\$ 13,135,664	\$ 785,683
Notes Payable - Direct Borrowings	7,582,514	-	310,049	7,272,465	230,737
Equipment note	54,729	-	49,697	5,032	-
Compensated Absences	247,191	236,291	288,594	194,888	9,591
Net Pension Liability	1,777,092	-	252,500	1,524,592	-
Total Business-type Activities Long-Term Liabilities	<u>\$ 23,576,941</u>	<u>\$ 236,291</u>	<u>\$ 1,680,591</u>	<u>\$ 22,132,641</u>	<u>\$ 1,026,011</u>

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

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Maturities of bonds and notes payable based on the City's intentions are as follows for governmental activities:

Year Ending June 30	Governmental Activities			
	Bonds Payable - Direct Borrowings		Loans Payable - Direct Borrowings	
	Principal	Interest	Principal	Interest
2023	\$ 1,417,985	\$ 799,531	\$ 609,732	\$ 161,046
2024	1,437,985	765,740	369,891	151,088
2025	1,462,985	729,187	329,960	142,191
2026	1,487,985	689,726	323,105	134,500
2027	1,517,985	647,077	326,554	126,771
2028-2032	8,069,926	2,475,642	1,606,214	518,105
2033-2037	5,525,221	1,002,422	1,587,883	330,373
2038-2042	2,738,000	267,399	1,139,042	174,218
2043-2047	356,001	12,626	1,004,209	64,247
Total	\$ 24,014,073	\$ 7,389,350	\$ 7,296,590	\$ 1,802,539

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

Year Ending June 30	Principal	Interest
2023	\$ 177,298	\$ 58,372
2024	181,554	54,116
2025	185,911	49,759
2026	190,373	45,297
2027	194,941	40,728
2028-2032	1,047,174	131,176
2033-2034	454,899	16,441
Total	\$ 2,432,150	\$ 395,889

CITY OF ST. ALBANS, VERMONT
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Maturities of bonds and notes payable based on the City’s intentions are as follows for business-type activities:

Year Ending June 30	Business-Type Activities			
	Bonds Payable - Direct Borrowings		Loans Payable - Direct Borrowings	
	Principal	Interest	Principal	Interest
2023	\$ 785,683	\$ 330,282	\$ 230,737	\$ 127,107
2024	799,771	311,591	222,276	122,557
2025	814,242	292,285	223,711	118,623
2026	829,107	272,336	221,354	114,660
2027	844,376	251,691	224,325	110,646
2028-2032	4,419,353	906,314	1,170,503	492,572
2033-2037	3,249,020	343,195	1,272,886	386,274
2038-2042	1,394,112	73,725	1,388,753	270,407
2043-2047	-	-	1,515,167	143,993
2048-2050	-	-	802,753	21,035
Total	\$ 13,135,664	\$ 2,781,419	\$ 7,272,465	\$ 1,907,874

M. Net Position and Fund Balances

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

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

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

The following types of fund balances are reported at June 30, 2022:

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

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by law through constitutional provisions or enabling legislation. This fund balance classification includes amounts restricted for debt service, various special revenue funds, and permanent trust funds.

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

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

Following is a breakdown of the City's fund balances at June 30, 2022:

	General Fund	TIF Debt Service Fund	VCDP Grants Fund	City Pool Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable						
Prepaid Items	\$ 16,216	\$ -	\$ -	\$ -	\$ -	\$ 16,216
Inventories	18,720	-	-	-	-	18,720
Assets Held for Resale	<u>432,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>994,129</u>	<u>1,426,138</u>
Total Nonspendable	466,945	-	-	-	994,129	1,461,074
Restricted						
Asset Forfeiture	28,565	-	-	-	-	28,565
Hard'ack Playground Fund	-	-	-	-	30,000	30,000
Expendable Permanent Funds	-	-	-	-	34,731	34,731
Federal Street Fund	-	-	-	-	23,872	23,872
TIF Capital Project Fund	-	-	-	-	25,884	25,884
Fonda Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>482,081</u>	<u>270,607</u>	<u>752,688</u>
Total Restricted	28,565	-	-	482,081	385,094	895,740
Committed						
Recreation LOT	<u>50,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,557</u>
Unassigned						
	<u>188,140</u>	<u>(383,726)</u>	<u>(7,747)</u>	<u>-</u>	<u>(1,754,004)</u>	<u>(1,957,337)</u>
Total Fund Balance	<u>\$ 734,207</u>	<u>\$ (383,726)</u>	<u>\$ (7,747)</u>	<u>\$ 482,081</u>	<u>\$ (374,781)</u>	<u>\$ 450,034</u>

N. Retirement Plans

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

Plan Description

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

CITY OF ST. ALBANS, VERMONT
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required to join the system. During the year ended June 30, 2022 the retirement system consisted of 379 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, 2022, the City's proportionate share of the net pension liability was \$2,168,827. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. 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, 2022, the City's proportion of 1.47355% was a decrease of 0.16731% from its proportion measured as of June 30, 2021.

For the measurement date year ended June 30, 2021, the City recognized pension expense of \$460,508.

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As of June 30, 2022, 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	\$ 107,906	\$ 231,324
Net difference between projected and actual earnings on pension plan investments	-	1,278,801
Difference between expected and actual experience	404,231	-
Changes in assumptions	342,816	-
City's required employer contributions made subsequent to the measurement date	<u>361,368</u>	<u>-</u>
Total	<u>\$ 1,216,321</u>	<u>\$ 1,510,125</u>

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

Year Ended June 30	Deferred Outflows (Inflows) of Resources
2023	\$ (21,375)
2024	(71,661)
2025	(158,870)
2026	<u>(403,266)</u>
Total	<u>\$ (655,172)</u>

Summary of System Provisions

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

Creditable Service: Service as a member plus purchased service.

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

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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. No eligibility requirements for Group C.

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

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.

CITY OF ST. ALBANS, VERMONT
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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 – 5.625% and Group C – 10.750% for fiscal year 2022.

Employer Contributions: Group B – 6.250% and Group C – 8.000% for fiscal year 2022.

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

Significant Actuarial Assumptions and Methods

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

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

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

Deaths:

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

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

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

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

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

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

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

Inflation: 2.30% per year

Long-Term Expected Rate of Return:

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

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Passive Global Equities	24.00%	5.05%
Active Global Equities	5.00%	5.05%
US Equity - Large Cap	4.00%	4.00%
US Equity - Small/Mid Cap	3.00%	4.50%
Non-US Developed Market Equ	7.00%	5.50%
Private Equity	10.00%	6.75%
Emerging Market Debt	4.00%	3.00%
Private & Alternate Credit	10.00%	4.75%
Non-Core Real Estate	4.00%	5.75%
Core Fixed Income	19.00%	0.00%
Core Real Estate	4.00%	3.75%
US TIPS	3.00%	-0.50%
Infrastructure/Farmland	3.00%	4.25%
	<u>100.00%</u>	

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

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

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

<u>Impact of a 1% Change in the Discount Rate</u>		
	<u>Discount Rate</u>	<u>Net Pension Liability</u>
Current Rate	7.00%	\$ 2,168,827
1% Decrease	6.00%	\$ 4,286,811
1% Increase	8.00%	\$ 427,225

Additional Information

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

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

Plan Description

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

Funding Policy

The Plan requires members to contribute either 2.5% or 7.5% of Annual Base Earnings, excluding overtime and any other additional compensation, depending on the benefit level elected. The total actuarially determined contribution to the Plan for fiscal year 2022 was \$210,000 which was computed through an actuarial valuation performed as of June 30, 2022.

CITY OF ST. ALBANS, VERMONT
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There are 10 active members and 51 retirees and beneficiaries. Additionally, there are 9 former employees with vested rights.

Benefits

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

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

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

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

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

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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, 2022 using an annual actuarial valuation as of June 30, 2022. 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
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Significant Actuarial Assumptions and Methods

The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

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

Discount Rate: The discount rate was determined as follows:

	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	4.50%
International Equity	5.50%
Fixed Income	3.00%
Real Estate	4.00%
Cash	1.00%
Real Rate of Return	3.57%
Inflation Assumption	<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.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2021	\$ 6,745,061	\$ 4,168,565	\$ 2,576,496
Changes for the year:			
Service cost	14,237	-	14,237
Interest	424,802	-	424,802
Differences between actual and expected experience	(98,994)	-	(98,994)
Contributions - employer	-	210,000	(210,000)
Contributions - member	-	16,319	(16,319)
Net investment income (loss)	-	(402,485)	402,485
Administrative expenses	-	(52,645)	52,645
Benefit payments, including refunds of member contributions	(478,191)	(478,191)	-
Net changes	(138,146)	(707,002)	568,856
Balances at June 30, 2022	\$ 6,606,915	\$ 3,461,563	\$ 3,145,352

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

Impact of a 1% Change in the Discount Rate		
	Discount Rate	Net Pension Liability
Current Rate	6.07%	\$ 3,145,352
1% Decrease	5.07%	\$ 3,755,052
1% Increase	7.07%	\$ 2,622,448

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2022 the City recognized pension expense of \$306,275. At June 30, 2022 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	\$ 142,221	\$ 76,613
Net difference between projected and actual earnings on plan investments	<u>252,243</u>	<u>-</u>
Total	<u>\$ 394,464</u>	<u>\$ 76,613</u>

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

Year Ended June 30	Deferred Outflows (Inflows) of Resources
2023	\$ 115,469
2024	69,275
2025	10,776
2026	<u>122,331</u>
Total	<u>\$ 317,851</u>

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

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

	Net Pension Liability	Total Deferred Outflows of Resources	Total Deferred (Inflows) of Resources	Total Pension Expense
City of St. Albans Pension Plan	\$ 3,145,352	\$ 394,464	\$ 76,613	\$ 306,275
Vermont Municipal Employees' Retirement System - Defined Benefit Plan	<u>2,168,827</u>	<u>1,216,321</u>	<u>1,510,125</u>	<u>460,508</u>
Total	<u>\$ 5,314,179</u>	<u>\$ 1,610,785</u>	<u>\$ 1,586,738</u>	<u>\$ 766,783</u>

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

4. Deferred Compensation Plan

The City also offers its employees a deferred compensation plan through the International City/County Management Association’s Retirement Corporation (ICMA-RC) in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City has no liability for losses under this plan. All of the investments are self-directed by each employee. For each employee not currently participating in the City’s defined benefit plan or VMERS, the City will match the employee’s contribution to the plan up to 5%. The City also provides the City Manager a 2.1% contribution of base pay without a required employee contribution amount. Employees remaining in the City’s defined benefit plan or VMERS may open a 457 account without a City match. Total employer contributions to the 457 Plan for the year were \$7,287.

O. Taxes Receivable and Excise Taxes

The City is responsible for assessing and collecting its own property taxes, as well as education taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the approved budgets and the State education property tax liability. Taxes are due and payable on August 24, November 21, February 22, and May 24, 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 2022 was as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Education	\$1.6706	\$ 1.8066
General City	0.9556	0.9556
Library	0.0432	0.0432
Veteran's Exemption	0.0028	0.0028
Total Tax Rate per \$100 of Assessed Value	<u>\$2.6722</u>	<u>\$ 2.8082</u>

P. Pollution Remediation

The City owns property at 19 Lower Newton Street which was formerly the site of a manufacturing facility with known environmental contamination. As of June 30, 2022, the site has largely completed remediation and the City anticipates a certificate of completion by the end of FY2023. Additional site work as it relates to future redevelopment of the parcel will be determined and completed at the time of redevelopment.

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Q. Contingent Liabilities

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

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.

R. 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 TIF District is frozen at the time the TIF District is created. All property taxes generated by the original base continue to go to the municipal General Fund and the State Education Fund. For 20 years, the municipal and education property taxes generated on the incremental assessed value above the frozen baseline are shared, with 75% going to finance TIF District infrastructure debt and 25% going to the municipal General Fund and State Education Fund.

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

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

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

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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

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

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

S. Commitments and Contingencies

Grants – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally by the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

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

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

T. Subsequent Events

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

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
Tax Anticipation Note	\$ 1,500,000	1.75%	10/31/22	01/30/23
Tax Anticipation Note	\$ 1,000,000	1.75%	12/15/22	03/15/23
People's Trust Loan 86-104 North Main	\$ 1,440,000	1.95%	12/22/22	12/23/22
People's Trust loan for 100-120 Federal St.	\$ 500,000	1.95%	10/19/22	10/29/23
Vermont SRF Loan for Aldis Water Tank	\$ 3,030,123	0.00%	11/01/23	11/01/62
People's Trust Loan for Dispatch Tower	\$ 100,000	3.25%	10/19/22	08/01/32
Vermont SRF Loan for Stormwater Infrastructure	\$ 52,800	0.00%	02/13/23	06/30/23

CITY OF ST. ALBANS, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

U. Reclassification

The City's major governmental funds for fiscal year 2022, as defined by GASB Statement 34, have changed from the previous fiscal year. Accordingly, the following reconciliation is provided:

	Fund Equity 6/30/21 (as previously reported)	Reclassification	Fund Equity 7/1/21 (as reclassified)
Congress and Main Fund	\$ (606,841)	\$ 606,841	\$ -
VDCP Grants Fund	-	(88,419)	(88,419)
Nonmajor Governmental Funds	<u>(1,382,870)</u>	<u>(518,422)</u>	<u>(1,901,292)</u>
Total	<u>\$ (1,989,711)</u>	<u>\$ -</u>	<u>\$ (1,989,711)</u>

V. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (P3s and APAs), and Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), effective for the City beginning with its fiscal year June 30, 2023. These statements establish new reporting and disclosure requirements for P3s, APAs and SBITAs. Management is currently evaluating the impact of implementing these GASB pronouncements.

CITY OF ST. ALBANS, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES, EXPENDITURES
AND OTHER FINANCING USES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022
(Unaudited)

	Original/Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES AND OTHER FINANCING SOURCES			
Property Taxes	\$ 5,040,544	\$ 5,642,408	\$ 601,864
Penalty on Taxes	26,500	16,878	(9,622)
Interest on Taxes	42,500	26,369	(16,131)
PHSO Violations Revenue	20,000	49,488	29,488
State Payments/RR Taxes	5,000	2,510	(2,490)
Interest on Savings	3,000	4,792	1,792
Public Works Garage Lease	56,032	56,032	-
City Hall Lease	62,688	62,688	-
PILOT	54,000	60,122	6,122
Insurance Reimbursements and Miscellaneous	80,000	90,953	10,953
City Clerk	114,900	130,839	15,939
Planning and Development	50,800	44,752	(6,048)
Assessing	20,500	22,327	1,827
Fire Department	68,500	38,888	(29,612)
Police, Dispatch and Animal Control	1,248,278	1,192,370	(55,908)
Parking Garage	169,203	169,646	443
Public Works and Parks	157,500	146,847	(10,653)
Recreation Programs	713,762	794,039	80,277
Affiliation fees	95,000	95,137	137
FEMA Grant COVID19	-	9,564	9,564
ARPA Grant COVID19	-	1,016,498	1,016,498
Transfers In	-	85,063	85,063
Total Revenues and Other Financing Sources	8,028,707	9,758,210	1,729,503
EXPENDITURES AND OTHER FINANCING USES			
Administration and Finance	434,558	410,952	23,606
HRA and Leave Buy Back	183,000	250,878	(67,878)
City Clerk	96,449	74,669	21,780
Planning and Development	244,446	264,327	(19,881)
County and District Functions	291,968	303,193	(11,225)
Audit and Audit Consultants	12,750	9,090	3,660
Assessing	38,180	40,667	(2,487)
Debt Service - Principal and Interest	628,110	1,251,947	(623,837)
Professional Services - Legal	34,500	27,743	6,757
Fire Department	377,375	433,802	(56,427)
Fire Department Capital	4,000	-	4,000
Police, Dispatch, and Animal Control	3,605,916	3,805,307	(199,391)
Police Department Capital	180,000	182,663	(2,663)
Library	-	50,071	(50,071)
Parking Garage	163,479	237,719	(74,240)
Public Works, Highway, Parks	660,255	729,462	(69,207)
Public Works Capital	265,000	265,981	(981)
Recreation Programs	808,721	772,135	36,586
ARPA Grant COVID19	-	665,700	(665,700)
Transfers Out	-	184,917	(184,917)
Total Expenditures and Other Financing Uses	8,028,707	9,961,223	(1,932,516)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>(203,013)</u>	<u>\$ (203,013)</u>
Fund Balance - July 1, 2021		1,304,729	
Non-budgeted items:			
Other redevelopment activity		<u>(367,509)</u>	
Fund Balance - June 30, 2022		<u>\$ 734,207</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
FOR THE YEAR ENDING JUNE 30
(Unaudited)

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

Notes to the Schedule:

Benefit Changes: none

Changes in Assumptions: none

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 Auditors' Report.

CITY OF ST. ALBANS, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS
 CITY OF ST. ALBANS PENSION PLAN
 FOR THE YEAR ENDING JUNE 30
 (Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially Determined Contribution	\$ 320,956	\$ 263,834	\$ 304,709	\$ 297,245	\$ 269,698	\$ 288,768	\$ 322,117	\$ 494,618	\$ 312,844	\$ 224,258	\$ 187,482
Contributions in Relation to the Actuarially Determined Contribution	<u>210,000</u>	<u>210,000</u>	<u>215,300</u>	<u>210,153</u>	<u>215,000</u>	<u>210,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Contribution Deficiency/(Excess)	\$ <u>110,956</u>	\$ <u>53,834</u>	\$ <u>89,409</u>	\$ <u>87,092</u>	\$ <u>54,698</u>	\$ <u>78,768</u>	\$ <u>122,117</u>	\$ <u>294,618</u>	\$ <u>112,844</u>	\$ <u>24,258</u>	\$ <u>(12,518)</u>
Covered Payroll	\$ 382,667	\$ 340,299	\$ 321,258	\$ 310,515	\$ 386,378	\$ 531,385	\$ 531,385	\$ 508,580	\$ 538,265	\$ 647,286	\$ 714,519
Contributions as a Percentage of Covered Payroll	54.88%	61.71%	67.02%	67.68%	55.64%	39.52%	37.64%	39.33%	37.16%	30.90%	27.99%
	2022	2021	2020	2019	2018	2017	2016	2015	2014		
Annual Money-Weighted Rate of Return, Net of Investment Expense	-10.13%	18.00%	1.63%	2.88%	6.12%	12.13%	0.38%	4.64%	4.98%		

Notes to the Schedule:

Valuation Date: June 30, 2020

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

Methods and assumptions used to determine contribution rates:

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

See Accompanying Independent 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
 AS OF AND FOR THE YEAR ENDING JUNE 30
 (Unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014
Total Plan Net Pension Liability	\$ 147,184,198	\$ 252,974,064	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
City's Proportion of the Net Pension Liability	1.47355%	1.64085%	1.51295%	1.50298%	1.50012%	1.50050%	1.42843%	1.40650%
City's Proportionate Share of the Net Pension Liability	\$ 2,168,827	\$ 4,150,932	\$ 2,624,840	\$ 2,114,343	\$ 1,817,479	\$ 1,931,081	\$ 1,101,261	\$ 128,361
City's Covered Payroll	\$ 4,976,083	\$ 4,165,337	\$ 3,704,242	\$ 3,154,740	\$ 3,009,913	\$ 2,801,683	\$ 2,512,609	\$ 2,247,254
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	43.59%	99.65%	70.86%	67.02%	60.38%	68.93%	43.83%	5.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

Notes to the Schedule:

Benefit Changes: none

Changes in Assumptions: none

Fiscal year 2015 was the first year of implementation, therefore, only seven 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 ENDING JUNE 30
 (Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contributions	\$ 327,619	\$ 340,074	\$ 339,191	\$ 290,690	\$ 263,259	\$ 244,983	\$ 228,052	\$ 199,673	\$ 181,424
Contributions in Relation to the Contractually Required Contributions	<u>327,619</u>	<u>340,074</u>	<u>339,191</u>	<u>290,690</u>	<u>263,259</u>	<u>244,983</u>	<u>228,052</u>	<u>199,673</u>	<u>181,424</u>
Contribution Excess/(Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 4,652,464	\$ 4,976,083	\$ 4,165,337	\$ 3,704,242	\$ 3,154,740	\$ 3,009,913	\$ 2,801,683	\$ 2,512,609	\$ 2,247,254
Contributions as a Percentage of Covered Payroll	7.04%	6.83%	8.14%	7.85%	8.34%	8.14%	8.14%	7.95%	8.07%

Notes to the Schedule:

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

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
ASSETS			
Cash and short-term investments	\$ 32,031	\$ 472,586	\$ 504,617
Due from other funds	33,088	254,725	287,813
Assets held for resale	<u>-</u>	<u>994,129</u>	<u>994,129</u>
Total Assets	<u>\$ 65,119</u>	<u>\$ 1,721,440</u>	<u>\$ 1,786,559</u>
LIABILITIES			
Accounts payable	\$ 19,178	\$ -	\$ 19,178
Due to other funds	123,334	1,518,828	1,642,162
Notes payable	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Total Liabilities	142,512	2,018,828	2,161,340
FUND BALANCES (DEFICIT)			
Nonspendable	-	994,129	994,129
Restricted	34,731	350,363	385,094
Unassigned	<u>(112,124)</u>	<u>(1,641,880)</u>	<u>(1,754,004)</u>
Total Fund Balances/(Deficit)	<u>(77,393)</u>	<u>(297,388)</u>	<u>(374,781)</u>
Total Liabilities and Fund Balances	<u>\$ 65,119</u>	<u>\$ 1,721,440</u>	<u>\$ 1,786,559</u>

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Capital Project Funds	Total
REVENUES	<u> </u>	<u> </u>	<u> </u>
Intergovernmental revenues	\$ 834,838	\$ 477,566	\$ 1,312,404
Contributions	-	109,192	109,192
Investment income	41	-	41
Other revenue	69,149	36,112	105,261
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	904,028	622,870	1,526,898
 EXPENDITURES			
Current:			
Public safety	868,456	-	868,456
Public works	-	184,351	184,351
Culture and recreation	58,985	-	58,985
Capital Outlay:			
Public works	-	1,723,110	1,723,110
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	927,441	1,907,461	2,834,902
 Excess/(Deficiency) of Revenue Over Expenditures	(23,413)	(1,284,591)	(1,308,004)
 OTHER FINANCING SOURCES (USES)			
Issuance of long-term debt	-	3,535,754	3,535,754
Transfers in	-	534,301	534,301
Transfers out	-	(1,235,540)	(1,235,540)
	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources	-	2,834,515	2,834,515
 Net Change in Fund Balances	(23,413)	1,549,924	1,526,511
 Fund balances/(Deficit) - July 1, 2021, as reclassified	<u>(53,980)</u>	<u>(1,847,312)</u>	<u>(1,901,292)</u>
 Fund Balance/(Deficit) - June 30, 2022	<u>\$ (77,393)</u>	<u>\$ (297,388)</u>	<u>\$ (374,781)</u>

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2022

	Restorative Justice Center Fund	Taylor Park Trust Fund	Lake Champlain Basin Fund	Municipal Planning Grants Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and short-term investments	\$ 300	\$ 31,731	\$ -	\$ -	\$ 32,031
Due from other funds	<u>30,088</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>33,088</u>
Total Assets	<u>\$ 30,388</u>	<u>\$ 34,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,119</u>
LIABILITIES					
Accounts payable	\$ 19,178	\$ -	\$ -	\$ -	\$ 19,178
Due to other funds	<u>-</u>	<u>-</u>	<u>114,534</u>	<u>8,800</u>	<u>123,334</u>
Total Liabilities	19,178	-	114,534	8,800	142,512
FUND BALANCES (DEFICIT)					
Restricted	-	34,731	-	-	34,731
Unassigned	<u>11,210</u>	<u>-</u>	<u>(114,534)</u>	<u>(8,800)</u>	<u>(112,124)</u>
Total Fund Balances/(Deficit)	<u>11,210</u>	<u>34,731</u>	<u>(114,534)</u>	<u>(8,800)</u>	<u>(77,393)</u>
Total Liabilities and Fund Balances	<u>\$ 30,388</u>	<u>\$ 34,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,119</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, 2022

	Restorative Justice Center Fund	Taylor Park Trust Fund	Lake Champlain Basin Fund	Municipal Planning Grants Fund	Total Nonmajor Special Revenue Funds
REVENUES					
Intergovernmental revenues	\$ 828,238	\$ -	\$ -	\$ 6,600	\$ 834,838
Investment income	-	41	-	-	41
Other revenue	63,649	5,500	-	-	69,149
Total Revenues	891,887	5,541	-	6,600	904,028
EXPENDITURES					
Current:					
Public safety	853,520	-	-	14,936	868,456
Culture and recreation	-	-	58,985	-	58,985
Total Expenditures	853,520	-	58,985	14,936	927,441
Excess/(Deficiency) of Revenue Over Expenditures	38,367	5,541	(58,985)	(8,336)	(23,413)
Net Change in Fund Balances	38,367	5,541	(58,985)	(8,336)	(23,413)
Fund Balances/(Deficit) - July 1, 2021, as reclassified	(27,157)	29,190	(55,549)	(464)	(53,980)
Fund Balances/(Deficit) - June 30, 2022	\$ 11,210	\$ 34,731	\$ (114,534)	\$ (8,800)	\$ (77,393)

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2022

	Federal Street Fund	Federal Street Project Fund	Streetscape Fund	TIF Capital Project Fund	Fonda Fund	Sidewalk Fund	Hard'ack Improvements Fund	Hard'ack Playground Fund	City Hall Block Fund	Lake Street Environmental Fund	Congress and Main St. Fund	Total Nonmajor Capital Project Funds
ASSETS												
Cash and short-term investments	\$ -	\$ -	\$ 143,968	\$ -	\$ 328,618	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 472,586
Due from other funds	23,872	-	174,969	25,884	-	-	-	30,000	-	-	-	254,725
Assets held for resale	-	451,213	-	-	350,016	-	-	-	-	-	192,900	994,129
Total Assets	\$ 23,872	\$ 451,213	\$ 318,937	\$ 25,884	\$ 678,634	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ 192,900	\$ 1,721,440
LIABILITIES												
Due to other funds	\$ -	\$ 451,213	\$ -	\$ -	\$ 58,011	\$ 203,078	\$ 346,332	\$ -	\$ 7,084	\$ 2,650	\$ 450,460	\$ 1,518,828
Notes payable	-	-	500,000	-	-	-	-	-	-	-	-	500,000
Total Liabilities	-	451,213	500,000	-	58,011	203,078	346,332	-	7,084	2,650	450,460	2,018,828
FUND BALANCES (DEFICIT)												
Nonspendable	-	451,213	-	-	350,016	-	-	-	-	-	192,900	994,129
Restricted	23,872	-	-	25,884	270,607	-	-	30,000	-	-	-	350,363
Unassigned	-	(451,213)	(181,063)	-	-	(203,078)	(346,332)	-	(7,084)	(2,650)	(450,460)	(1,641,880)
Total Fund Balances/(Deficit)	23,872	-	(181,063)	25,884	620,623	(203,078)	(346,332)	30,000	(7,084)	(2,650)	(257,560)	(297,388)
Total Liabilities and Fund Balances	\$ 23,872	\$ 451,213	\$ 318,937	\$ 25,884	\$ 678,634	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ 192,900	\$ 1,721,440

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, 2022

	Federal Street Fund	Federal Street Project Fund	Streetscape Fund	TIF Capital Project Fund	Fonda Fund	Sidewalk Fund	Hard'ack Improvements Fund	Hard'ack Playground Fund	City Hall Block Fund	Lake Street Environmental Fund	Congress and Main St. Fund	Total Nonmajor Capital Project Funds
REVENUES												
Intergovernmental revenues	\$ -	\$ -	\$ 234,346	\$ -	\$ -	\$ 60,005	\$ -	\$ -	\$ -	\$ -	\$ 183,215	\$ 477,566
Contributions	-	-	-	-	-	-	1,000	30,000	-	-	78,192	109,192
Other revenue	-	-	-	-	-	-	-	-	-	-	36,112	36,112
Total Revenues	-	-	234,346	-	-	60,005	1,000	30,000	-	-	297,519	622,870
EXPENDITURES												
Current:												
Public works	-	-	-	-	184,009	342	-	-	-	-	-	184,351
Capital outlay:												
Public works	6,326	-	379,428	10,276	49,746	277,008	6,600	-	7,084	2,650	983,992	1,723,110
Total Expenditures	6,326	-	379,428	10,276	233,755	277,350	6,600	-	7,084	2,650	983,992	1,907,461
Excess/(Deficiency) of Revenue Over Expenditures	(6,326)	-	(145,082)	(10,276)	(233,755)	(217,345)	(5,600)	30,000	(7,084)	(2,650)	(686,473)	(1,284,591)
OTHER FINANCING SOURCES (USES)												
Issuance of long-term debt	-	-	1,000,000	-	-	1,500,000	-	-	-	-	1,035,754	3,535,754
Transfers in	-	-	534,301	-	-	-	-	-	-	-	-	534,301
Transfers out	-	-	(1,235,540)	-	-	-	-	-	-	-	-	(1,235,540)
Total Other Financing Sources	-	-	298,761	-	-	1,500,000	-	-	-	-	1,035,754	2,834,515
Net Change in Fund Balances	(6,326)	-	153,679	(10,276)	(233,755)	1,282,655	(5,600)	30,000	(7,084)	(2,650)	349,281	1,549,924
Fund balances/(deficit) - July 1, 2021, as reclassified	30,198	-	(334,742)	36,160	854,378	(1,485,733)	(340,732)	-	-	-	(606,841)	(1,847,312)
Fund Balance/(Deficit) - June 30, 2022	\$ 23,872	\$ -	\$ (181,063)	\$ 25,884	\$ 620,623	\$ (203,078)	\$ (346,332)	\$ 30,000	\$ (7,084)	\$ (2,650)	\$ (257,560)	\$ (297,388)

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2022

	Maple Run School	St. Albans Free Library	SAFF and Explorer Program	Total Custodial Funds
ASSETS				
Cash and short-term investments	\$ -	\$ -	\$ 48,578	\$ 48,578
Total Assets	\$ -	\$ -	\$ 48,578	\$ 48,578
NET POSITION				
Restricted for organizations	-	-	48,578	48,578
Total Net Position	\$ -	\$ -	\$ 48,578	\$ 48,578

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Maple Run School	St. Albans Free Library	SAFF and Explorer Program	Total Custodial Funds
ADDITIONS				
Taxes collected for Maple Run School	\$ 7,195,878	\$ -	\$ -	\$ 7,195,878
Taxes collected for St. Albans Free Library	-	249,412	-	249,412
Contributions on behalf of nonprofits	-	-	78,336	78,336
Total Additions	7,195,878	249,412	78,336	7,523,626
DEDUCTIONS				
Payment of taxes to Maple Run School	7,195,878	-	-	7,195,878
Payment of taxes to St. Albans Free Library	-	249,412	-	249,412
Payments on behalf of nonprofits	-	-	69,339	69,339
Total Deductions	7,195,878	249,412	69,339	7,514,629
Change in net position	-	-	8,997	8,997
Fund balances - July 1, 2021	-	-	39,581	39,581
Fund Balance - June 30, 2022	\$ -	\$ -	\$ 48,578	\$ 48,578

See Accompanying Independent Auditor's Report.