



# SAINT ALBANS

*Vermont*

**City of St. Albans, Vermont**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**

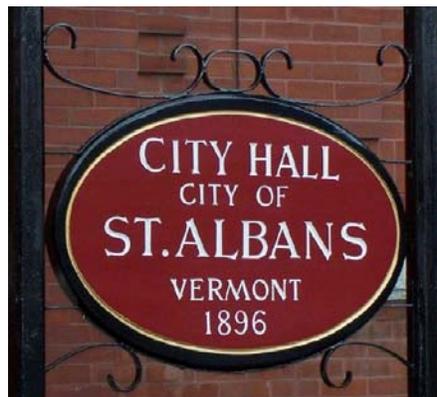


# **CITY OF ST. ALBANS, VERMONT**

## **Comprehensive Annual Financial Report For the Year Ended June 30, 2016**



**Prepared by:  
The Finance Department**



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CITY OF ST. ALBANS, VERMONT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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# INTRODUCTORY SECTION



SAINT ALBANS  
*Vermont*

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February 16, 2017

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the City of St. Albans, Vermont, for the fiscal year ended June 30, 2016.

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

The City's financial statements have been audited by Melanson Heath, licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of St. Albans, Vermont, for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2016 are fairly presented in conformity with GAAP. The independent auditor's report is presented in the financial section of this report.

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

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

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

## **Profile of the City**

St. Albans, Vermont was chartered on August 17, 1763 and the City of St. Albans was incorporated in 1896. The City, an area of approximately two square miles, is surrounded on all sides by the Town of St. Albans. As of the 2016 census the City had a population of 6,816. The City is empowered by state statute to levy a property tax on all real property located within its borders as well as provide water and wastewater services to users of the City of St. Albans Water System as described in the City's Water Ordinance.

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

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

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

## **Factors Affecting Financial Condition**

### ***Local Economy***

The City of St. Albans is the county seat of Franklin County in the northwest corner of Vermont. The City's population of 6,860, as reported in the most recent census estimates, reflects a steady decrease over the last ten years of about ten percent. Median household incomes in the City are lower than the state as a whole. Unemployment in the City is at 3.00% which is for the first time lower than the statewide 3.2% unemployment rate; this is a change in the historical trend wherein

the City typically had a higher unemployment rate than the state overall. A positive result for the City and our citizens.

The assessed value of taxable real property as of April 1, 2016 increased by 4.2% (\$21,717,100) compared to April 1, 2015. The percentage of taxes collected as of June 30, 2015, for the 2015 tax year was 98.40% a slight increase from 98.14% the previous year. Total delinquencies, for the year as of June 30, 2016 were \$195,778 (1.60% of billed) compared to \$214,741 (1.86% of billed) the previous year.

During the past ten years, charges for services in the governmental funds have increased in amount and as a percentage of total revenues. For the year ended June 30, 2016 charges for services made up 21.7% of total revenues (excluding other financing sources) in governmental funds, reflecting an increase of 504.9% over the last ten-years. This increase in charges for services has been necessary to stabilize the property tax rate and diversify the City's revenue sources. To illustrate, property tax revenue which remains City's largest source of revenue, has increased 43.7% over the last ten years, largely a result of growth in the grand list. The City's equalized grand list assessed value was \$384,655,000 in 2007 and has grown by 40% to \$540,302,440 in 2016. In addition to an increased reliance on charges for services, the City has increased reliance on intergovernmental revenues by 94.8% over the last ten years. For the year ended June 30, 2016 intergovernmental revenues were 24.0% of total revenues in the governmental funds, excluding other financing sources.

### ***Long-term Financial Planning***

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

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

### ***Relevant Financial Policies***

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

forecast that would incorporate the impact of the CIP and organization-wide strategic goals and strategies that influence future operating budgets.

### ***Major Initiatives***

The City was approved for a Tax Increment Financing (TIF) district by the State of Vermont and local voters in 2012. The TIF district is a major piece of a larger downtown redevelopment plan. The purpose of the TIF district is to implement a series of eight projects to stimulate development and redevelopment in the City. These projects include the implementation of the Taylor Park Master Plan, the construction of a 365-space parking garage, clean-up and redevelopment of multiple Brownfield sites, pedestrian improvements, streetscape projects, and a storm water treatment project. TIF in St. Albans has proven a critical element in spurring redevelopment in the downtown. Since the inception of TIF in 2012 the municipal grand list within the TIF district has grown by 41% from an original taxable value of \$106,828,000 in 2012 to \$149,329,837 in 2016. This impressive early growth is a testament to the combination of private and public investment which has increased viability and accelerated revitalization of the City.

On October 30, 2014 the City opened the St. Albans Parking Garage with a ribbon cutting ceremony and a visit from the Governor. The 365-space parking garage fills a desperate need for parking in the downtown core, contributing to the vitality of downtown businesses. During its first full year of operations the garage generated roughly \$114,000 in operating revenues. On average, there are 120 parking passes purchased for the parking garage in addition to a contracted 170 passes for the State of Vermont, in addition to transient parkers who pay an hourly or daily rate.

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

The City has partnered with PeakCM to construct an 84-room, nationally-franchised hotel on Lake Street in the heart of the St. Albans Downtown. The Lake Street Hotel is the final piece of the City's downtown core project. The hotel has passed the planning phase and construction began in FY16; completion is expected in the spring of 2017. In addition to the construction of the hotel, Lake Street will see streetscape improvements using unspent TIF funds that were reallocated for this purpose. Those improvements are timed to be completed with the hotel opening. Further improvements to the Lake and Federal Street intersection are planned for the near future.

Along with projects in the TIF district, the City has begun to shift its focus into the neighborhoods with improvements to infrastructure and a focus on redeveloping blighted properties and rehabilitating substandard sidewalks and curbs. A bond vote in March 2016 authorized the City to bond \$4.95 million towards the reconstruction of all sidewalks and curbs that were rated as

“fair” or “poor” by the City’s engineer. The City also purchased 10 South Main Street in FY16, and subsequently rehabilitated and leased the property, and is currently redeveloping 36 Diamond Street in partnership with the building trades program at our high school.

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

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

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

Additionally, underground infrastructure has been replaced on Fairfield Street in conjunction with a state-sponsored paving project. The City financed this project with a voter approved bond issuance of \$2.5 million. The work included stormwater separation from the wastewater system, and important goal for the City as we work to improve water quality in our region.

Preliminary engineering and design work continues for the second phase of the Wastewater Treatment Facility upgrade, with a bond vote planned for FY17. The upgrade will address age related issues at the facility, and will allow for the City to meet more stringent environmental requirements related to the removal of phosphorous from the wastewater stream. Preliminary estimates of the project cost are roughly \$18.0 million.

### ***Awards and Acknowledgements***

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

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

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "DCE", is positioned below the text "Respectfully submitted,".

Dominic Cloud  
City Manager



Government Finance Officers Association

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

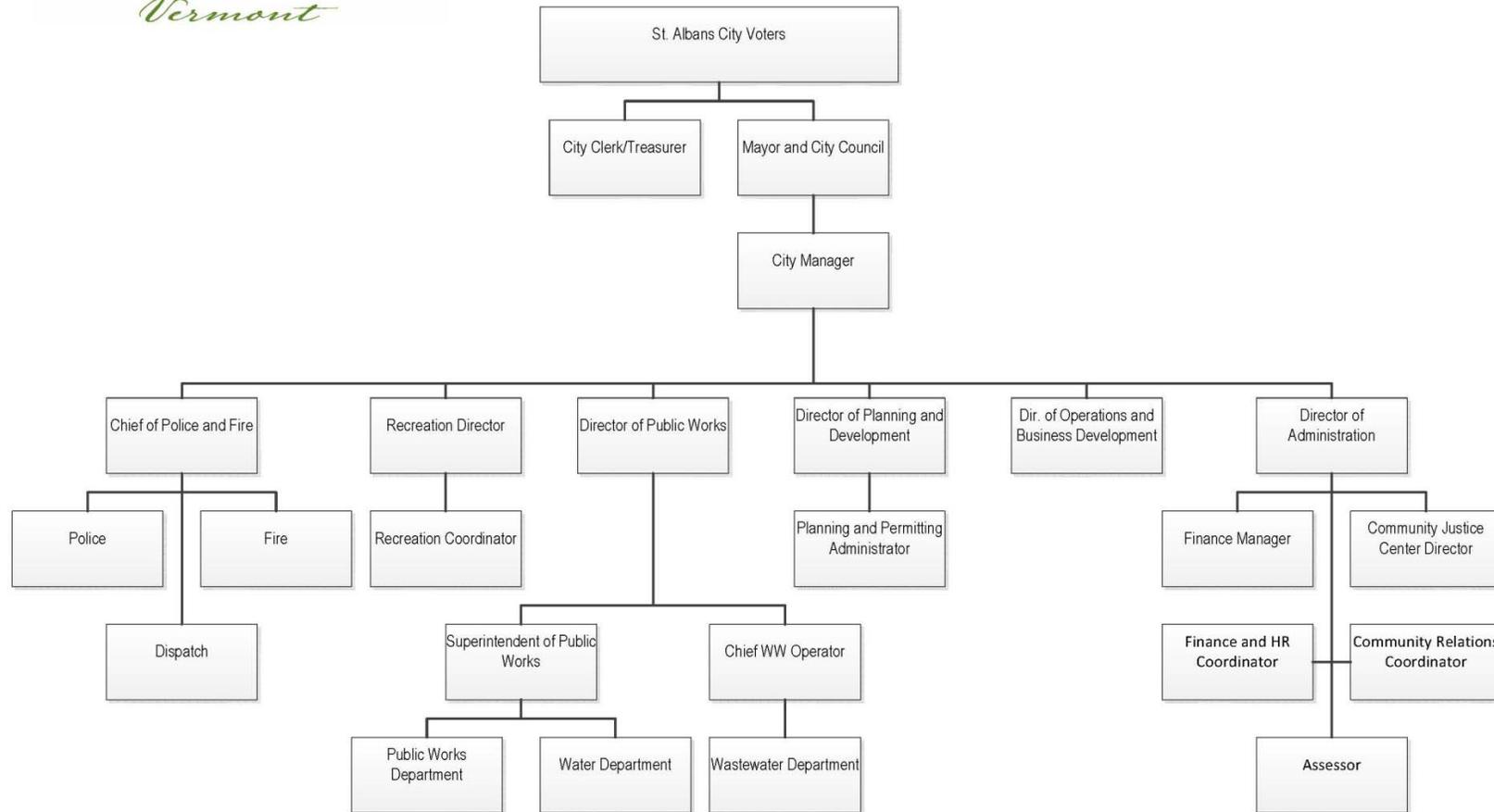
Presented to

**City of St. Albans  
Vermont**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



CITY OF ST. ALBANS, VERMONT  
PRINCIPAL ELECTED AND APPOINTED OFFICIALS  
JUNE 30, 2016

Elected Officials

Mayor	Elizabeth Gamache
Council Member - Ward I	Timothy Hawkins
Council Member - Ward II	Jim Pelkey
Council Member - Ward III	Tammi DiFranco
Council Member - Ward IV	Scott Corrigan
Council Member - Ward V	Kate Laddison
Council Member - Ward VI	Chad Spooner
City Clerk/Treasurer	Susan Krupp



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# FINANCIAL SECTION



SAINT ALBANS  
*Vermont*

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## INDEPENDENT AUDITORS' REPORT

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

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Albans, Vermont, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we

express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Albans, Vermont, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information appearing on pages 84 through 90 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility

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

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

#### Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 16, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

*Melanson Heath*

February 16, 2017

**CITY OF ST. ALBANS, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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, 2016. Please note that this section of the Basic Financial Statements is unaudited.

**FINANCIAL HIGHLIGHTS**

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$23,603,841 (net position). Of this amount, \$2,942,920 (unrestricted net position) may be used to meet the City's ongoing obligations. The balance of net position is made up of \$20,220,087 invested in capital assets net of related debt and \$440,834 restricted for specific purposes.
- The City's total net position increased by \$998,756 (4.42%). Of this amount, net position of the governmental activities increased by \$1,128,188 (15.25%), and net position attributable to business-type activities decreased by \$129,432 (-0.85%).
- Construction in progress increased by \$5,000,003, net of \$654,669, which was capitalized when the Hudson to Hoyt Streetscape project was completed at the end of July 2015, \$363,891 capitalized when the Taylor Park Fountain Restoration was completed at the end of October 2015.
- The City's total outstanding long-term debt (bonds, notes, and leases) increased by \$2,690,187 during the current fiscal year. Additions to long-term debt totaled \$3,927,804 offset by principal payments of \$1,237,617.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,980,479. This is a decrease of \$1,579,640 from the prior year's combined ending fund balance of \$3,560,119. During FY14 the City issued \$14,500,000 in tax increment financing (TIF) bonds, some of which were used for TIF projects with the remainder reflected in restricted fund balance in both FY16 and FY15. Restricted fund balance decreases as these funds are spent on TIF projects.
- During the fiscal year, there was a substantial change that impacts presentation of the financial statements, particularly when drawing comparisons to the prior year. The City's redevelopment fund, which was funded in a prior year with the sale of land for \$2.5 million, was reclassified to be a part of the City's general fund.
- At the end of the current fiscal year, unassigned fund balance for the general fund was in a deficit of \$188,336, as compared to \$0 for the previous year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements which are presented in three sections: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition to the basic financial

**CITY OF ST. ALBANS, VERMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2016**

statements, this report also contains other and required supplementary information such as a general fund budget to actual comparison and combining financial statements.

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

### **Government-Wide Financial Statements**

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

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

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

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

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

**CITY OF ST. ALBANS, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**Fund Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Summary Statement of Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	2016	2015	2016	2015	2016	2015
<b>Assets:</b>						
Cash and Cash Equivalents	\$ 6,117,272	\$ 4,744,867	\$ -	\$ 2,556,830	\$ 6,117,272	\$ 7,301,697
Other Assets	(2,462,135)	137,073	5,455,810	2,549,718	2,993,675	2,686,791
Capital Assets	26,100,699	21,076,347	21,163,458	20,371,673	47,264,157	41,448,020
Total Assets	<u>29,755,836</u>	<u>25,958,287</u>	<u>26,619,268</u>	<u>25,478,221</u>	<u>56,375,104</u>	<u>51,436,508</u>
Deferred Outflows of Resources	<u>829,969</u>	<u>348,763</u>	<u>272,070</u>	<u>134,340</u>	<u>1,102,039</u>	<u>483,103</u>
<b>Liabilities:</b>						
Other Liabilities	890,517	749,182	863,637	241,644	1,754,154	990,826
Noncurrent Liabilities	20,892,883	17,711,393	10,824,507	10,031,231	31,717,390	27,742,624
Total Liabilities	<u>21,783,400</u>	<u>18,460,575</u>	<u>11,688,144</u>	<u>10,272,875</u>	<u>33,471,544</u>	<u>28,733,450</u>
Deferred Inflows of Resources	<u>277,028</u>	<u>442,034</u>	<u>124,730</u>	<u>131,790</u>	<u>401,758</u>	<u>573,824</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	8,578,242	10,198,477	11,641,845	11,433,940	20,220,087	21,632,417
Restricted	440,834	169,832	-	-	440,834	169,832
Unrestricted/(Deficit)	(493,699)	(2,963,868)	3,436,619	3,773,956	2,942,920	810,088
Total Net Position	<u>\$ 8,525,377</u>	<u>\$ 7,404,441</u>	<u>\$15,078,464</u>	<u>\$15,207,896</u>	<u>\$23,603,841</u>	<u>\$22,612,337</u>

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As noted earlier, net position serves as a useful indicator of a government's financial position over time. At the end of the most recent fiscal year, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$23,603,841. The City's total net position is split between governmental activities net position of \$8,525,377 and business-type activities net position of \$15,078,464.

The largest portion of the City's total net position \$20,220,087 (85.66%) reflects its investment in capital assets (construction in progress, equipment, land, buildings and infrastructure) net of any outstanding debt used to acquire or construct those assets. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. On an ongoing basis, the City strives to work reserves into the annual budget to provide for financial contingencies and reserves for a long-term capital plan.

The City's total net position includes \$440,834 (1.87%) of restricted net position. Restricted net position represents assets whose use is subject to external restrictions. The remaining balance of \$2,942,920 (12.47%) is unrestricted net position, which may be used to meet the government's ongoing financial obligations. Included in unrestricted net position are amounts that management has assigned for particular purposes, such as capital reserve funds and reserves for expenditures in subsequent years.

**Summary of the Statement of Activities**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,189,534	\$ 2,023,142	\$ 5,177,476	\$ 5,211,993	\$ 7,367,010	\$ 7,235,135
Operating Grants & Contributions	1,333,954	1,060,125	109,666	12,287	1,443,620	1,072,412
Capital Grants & Contributions	1,324,321	1,414,679	-	-	1,324,321	1,414,679
General Revenues:						
Property Taxes	4,941,051	4,534,809	-	-	4,941,051	4,534,809
Other	316,127	201,951	29,606	85,803	345,733	287,754
Total Revenues	10,104,987	9,234,706	5,316,748	5,310,083	15,421,735	14,544,789
Expenses:						
General Government	1,205,537	1,410,424	-	-	1,205,537	1,410,424
Public Safety	4,962,749	4,316,719	-	-	4,962,749	4,316,719
Public Works	1,125,780	1,044,000	-	-	1,125,780	1,044,000
Culture and Recreation	840,608	604,679	-	-	840,608	604,679
Community Development	755,341	554,978	-	-	755,341	554,978
Interest on Long-Term Debt	574,680	517,014	-	-	574,680	517,014
Water	-	-	2,023,263	2,128,265	2,023,263	2,128,265
Wastewater	-	-	2,935,021	2,830,952	2,935,021	2,830,952
Total Expenses	9,464,695	8,447,814	4,958,284	4,959,217	14,422,979	13,407,031
Increase (Decrease) in Net Position						
Before Transfers	640,292	786,892	358,464	350,866	998,756	1,137,758
Transfers	487,896	6,667	(487,896)	(6,667)	-	-
Increase (Decrease) in Net Position	1,128,188	793,559	(129,432)	344,199	998,756	1,137,758
Beginning Net Position, as restated	7,397,189	6,603,630	15,207,896	14,863,697	22,605,085	21,467,327
Ending Net Position	\$ 8,525,377	\$ 7,397,189	\$15,078,464	\$15,207,896	\$23,603,841	\$22,605,085

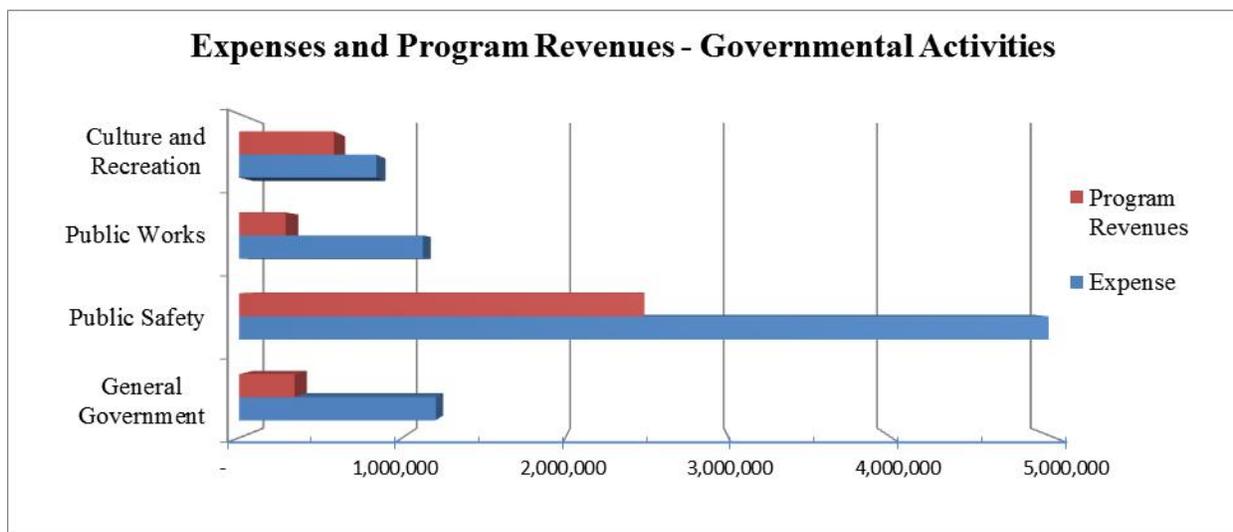
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**Governmental Activities**

Governmental activities increased the City’s net position by \$1,128,188 for the year ended June 30, 2016. Key elements of the change are as follows.

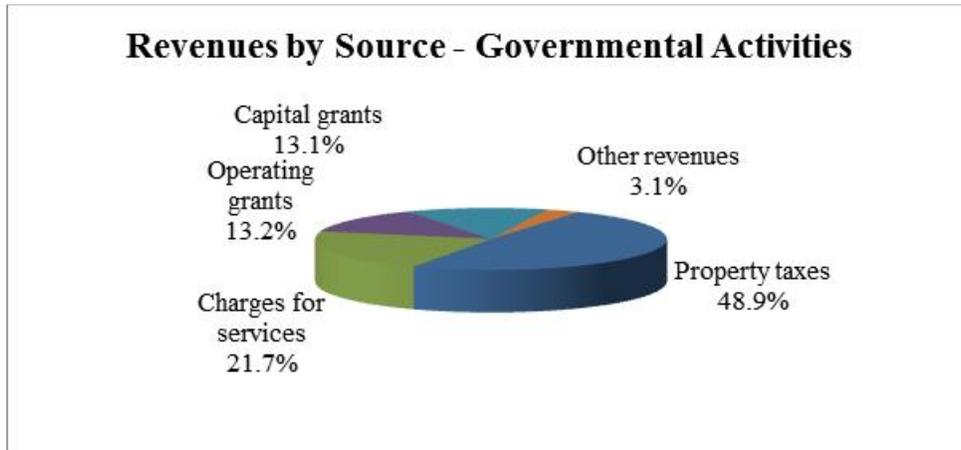
- Total governmental activities’ revenues increased by 9% (\$870,281) from 2015 to 2016.
- Operating Grants and Contributions increased by \$273,829 (26%) driven by an increase in Community Justice Center operating grants of \$146,949.
- Capital Grants and Contributions decreased by \$90,358 (6%) which is primarily a result of a \$313,554 reduction in Streetscape project grants and a \$197,285 increase in Federal Street project grants.
- Property tax revenues increased 9% or \$406,242 from the previous year as a result of growth in the grand list within the TIF district.
- Total governmental activities’ expenses increased by 12% (\$1,016,881) from 2015 to 2016. Public safety expenses end the year at 52% (\$4,962,749) of total governmental activities’ expenses. Public safety remains the largest category of expenses from year to year.
- Public safety expenses increased 15% or \$646,030 from the previous year. This is primarily due to an increase in Community Justice Center expenditures and depreciation expense.

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



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The majority of revenue for governmental activities comes from property taxes; 48.9% of total revenue or \$4,941,051. The second largest category of revenue is charges for services coming in at 21.7% or \$2,189,534 of total revenue. The following graph shows the distribution of governmental activities revenues by source for the year ended June 30, 2016.



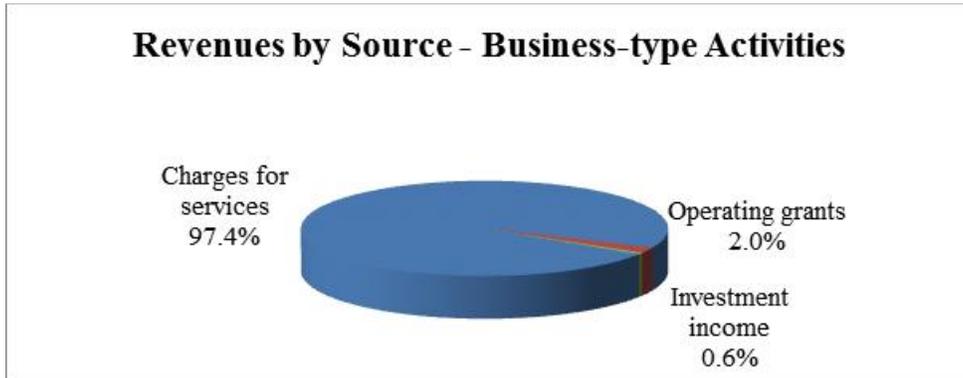
**Business-type Activities**

Business-type activities decreased the City's net position by \$129,432 (-0.9%) during the current fiscal year. Key elements of this decrease are as follows.

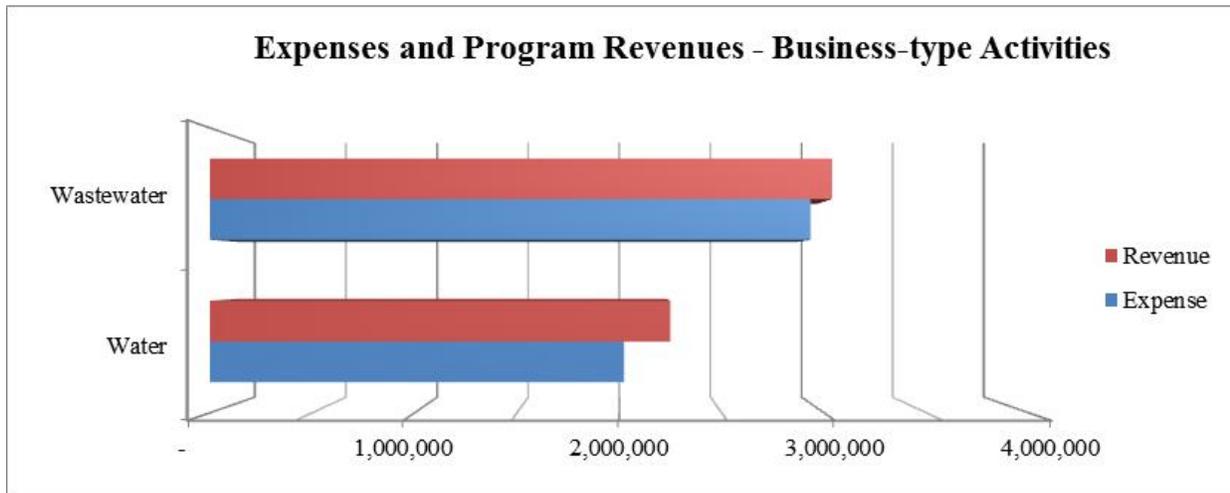
- Total revenues of \$5,316,748 were \$6,665 or 0.13% higher than the previous year.
- Operating revenues decreased by \$34,517 or 0.66% from \$5,196,993 to \$5,162,476. On the government-wide financial statements charges for services in the business-type activities are made up primarily of user fees and allocation fees. The decrease from the previous year reflects an increase in user fees of \$183,833 from the previous year offset by a decrease in allocation fees of \$214,840. Allocation fees are paid when a new water and/or wastewater connection is established and are therefore directly related to development activity in the water and wastewater district. This revenue source typically fluctuates from year to year, however, all revenue from allocation fees is designated as reserved for future capital needs and therefore the fluctuations do not have a negative impact on the City's ability to budget and set rates so that operating costs are covered.
- Total expenses of \$4,958,284 were essentially unchanged from the prior year.

The City's business-type activities are supported by user fees and allocation fees, also referred to as operating revenues (\$5,162,476) with assistance from operating grants (\$109,666) and investment income (\$29,606). The percentage breakdown of revenue sources is illustrated in the following graph titled Revenues by Source – Business-type Activities.

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As the name suggests, business-type activities are accounted for in the same manner that businesses would account for operations. Therefore, it is necessary that revenues meet or exceed expenses in order to continue operating. The graph titled Expenses and Program Revenues – Business-type Activities, demonstrates that during the current fiscal year, revenues exceeded expenses for both the water fund and the wastewater fund. Operating revenues exceeded operating expenses in the water fund by \$388,098 or 17% of total operating revenues. In the wastewater fund, operating revenues exceeded operating expenses by \$78,425 or 3% of total operating revenues. After factoring in nonoperating revenues, nonoperating expense, and transfers the water and wastewater funds reported changes in net position of \$15,406 and \$(144,838), respectively. Each year the amount that revenues exceed expenses in these funds increases unrestricted net position. Included in unrestricted net position are amounts that management has designated for particular purposes, such as future capital projects and debt service.



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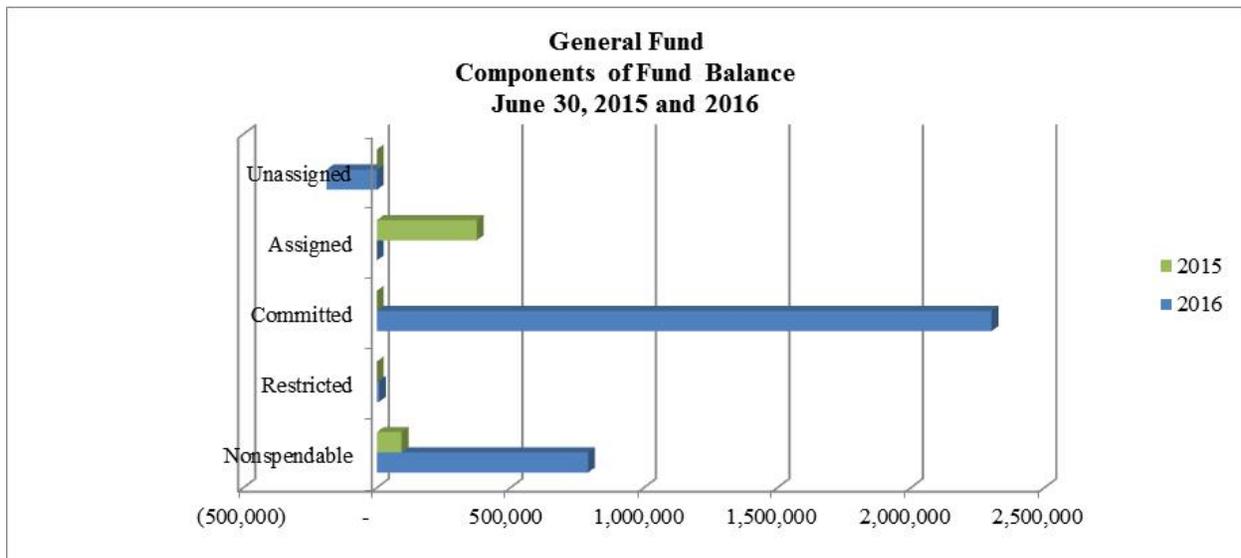
**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

**Governmental Funds**

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

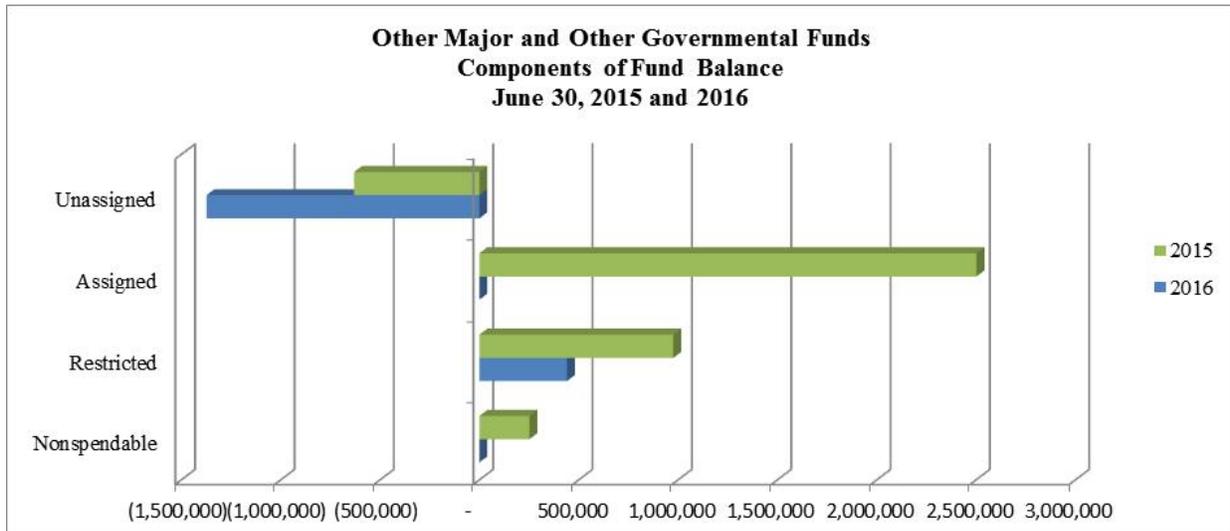
At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,980,479, a decrease of \$1,579,640 over the prior year. Of this total amount, \$791,045 is non-spendable (advances to other funds, prepaid items and inventories) and \$449,269 is restricted, which indicates it is not available for discretionary spending, as it is otherwise restricted by grant agreements, statutes, or debt covenants. Of the remaining amount, \$2,302,184 has been committed for various purposes (detailed in Note IV.J. Net Position/Fund Balances) and unassigned fund balance is a deficit of \$1,562,019. The deficit unassigned fund balance is primarily made up of a deficit in the TIF Capital Project fund, a deficit in the Federal Street fund, and a deficit in the City Hall Renovation fund which will all be funded by debt proceeds.



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 \$2,913,328, an increase of \$2,281,171 from the previous year. Of this amount, \$791,045 is non-spendable and \$8,435 is restricted. \$2,302,184 has been committed as detailed in the Notes to the Financial Statements. 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 bal-

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ance represents approximately 37% of total general fund expenditures, however, this amount includes nonspendable balances which would not be available to finance general fund expenditures if necessary.



In the governmental funds other than the general fund the most noteworthy change to fund balance is a decrease in assigned fund balance of \$2,502,194 which reflects the utilization of TIF bond proceeds to fund TIF capital projects.

**General Fund Budgetary Highlights**

The City's budget for the year ended June 30, 2016 passed on the first vote in March of 2015 and there were no amendments made to the budget during the year. Actual revenues exceeded budgeted revenues by \$788,500 and actual expenditures exceeded budgeted expenditures by \$1,252,394.

Contributing to the overage in expenditures was a transfer out of \$639,322. This included transfers to the City's TIF district of \$90,961 which represents the municipal collections within the district, \$350,000 transferred for redevelopment activities, and \$198,360 to finance overages in the City Hall renovation project. Expenditures on redevelopment activities also exceeded budget as investments in 10 South Main Street and 36 Diamond Street were made as part of the City's economic development efforts. Debt service costs also exceeded the budget by \$113,646; this expenditure was driven by the use of \$141,629 in reserve funds to eliminate the debt on a City-owned property that had been redeveloped. In the public safety departments dispatch costs were \$112,554 over budget largely due to higher than anticipated personnel costs. Police department salary expenditures were \$52,080 over budget, and grant expenses were \$36,460 higher than anticipated. Public works expenditures included \$110,497 in expenditures for the reconstruction of Fairfield Street, along with \$250,493 in expenditures associated with reconstructing the Taylor Park Fountain. The Fairfield Street expenditures will be reimbursed with debt proceeds, and the Fountain expenditures will be reimbursed with donations from St. Albans Rotary (and are secured through a loan with a local bank).

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On the revenue side, the City had budgeted \$147,473 in payments on prior year taxes none of which was realized during the year. This was offset by property tax revenue for the year exceeding the budgeted amount by \$139,728 as a result in growth in the grand list and the tax rate. Additionally, the City received a PILOT payment from the state that was \$42,715 in excess of the budgeted revenue. In the Planning & Development department zoning revenues were \$73,949 in excess of budget due to a payment of \$54,125 from Mylan Technologies in permitting fees for a major project undertaken by the company. Revenues for the parking garage exceeded budgeted expectations by \$50,735, although \$27,551 of the increase was due to one-time proceeds from an insurance claim. Police grant revenues were \$27,443, and this partially offset the unanticipated grant expenses. Dispatch revenues were also \$48,975 higher than the voter approved budget due to grant revenues associated with a T1 line. Public works revenues were also higher than budgeted, primarily due to \$70,149 in debt proceeds and \$226,170 in fountain repair donations.

**Other Major Governmental Funds**

In addition to the general fund, the City reports three major funds – the TIF Debt Service Fund, City Hall Renovation Fund and the Federal Street Bypass 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 \$1,056,989 in debt principal and interest payments during the year. These were funded by incremental property tax revenues in the TIF district and a contribution from the general fund. The fund balance in this fund decreased from \$2,502,194 to \$2,194 due to the transfer of \$2,500,000 of fiscal year 2014 revenues to the general fund.

The City Hall Renovation fund is used to record and track the renovations to City Hall. Fund balance decreased by \$87,864 from the prior year, reflecting the use of restricted debt proceeds used to fund projects during the year. The majority of the construction to City Hall occurred during the fiscal year, and the renovations will be complete during fiscal year 2017. The City has established a non-spendable fund balance account in the general fund as a reserve against a portion of this deficit until a final funding source is identified.

The Federal Street Bypass fund is used to record all activities related to the public works project on Federal Street. Fund balance decreased by \$61,790, primarily due to the matching requirement in place with the federal funding of the project. The City has established a non-spendable fund balance account in the general fund as a reserve against a portion of this deficit until a final funding source is identified.

**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 \$3,830,765, an increase of 0.4% from the previous year. Half of the water fund's net position is invested in capital assets net of related debt; 63.8% or

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\$2,443,205. In the wastewater fund, total net position is \$11,247,699, a decrease of 1.3% from the previous year. The vast majority of net position in the wastewater fund is invested in capital assets net of related debt; 81.8% or \$9,198,640. 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, 2016 were \$67,097,059 (before depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The City's combined investment in capital assets increased by \$7,503,376 from June 30, 2015 to June 30, 2016, or 12.6%. Combined accumulated depreciation at the end of the year is \$19,832,902. Capital assets for governmental activities increased by \$5,024,352, net of accumulated depreciation. Capital assets for business-type activities increased by \$791,785, net of accumulated depreciation.

**Summary of Capital Assets**

	Governmental Activities		Business-type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
Capital Assets:						
Land	\$ 776,095	\$ 776,095	\$ 197,000	\$ 197,000	\$ 973,095	\$ 973,095
Construction in Progress	6,353,821	2,643,357	1,753,427	463,888	8,107,248	3,107,245
Buildings and Improvements	1,557,076	1,557,076	31,986,644	31,803,464	33,543,720	33,360,540
Machinery and Equipment	4,520,662	3,516,441	3,272,398	2,952,922	7,793,060	6,469,363
Infrastructure	16,679,936	15,683,440	-	-	16,679,936	15,683,440
	29,887,590	24,176,409	37,209,469	35,417,274	67,097,059	59,593,683
Less: Accumulated Depreciation	(3,786,891)	(3,100,062)	(16,046,011)	(15,045,601)	(19,832,902)	(18,145,663)
Total Assets, Net	\$26,100,699	\$21,076,347	\$21,163,458	\$20,371,673	\$47,264,157	\$41,448,020

Major capital asset activity for the year ended June 30, 2016 included the following:

- The completion of the Taylor Park Fountain project moved a total of \$363,891 from construction in progress to machinery and equipment.
- The completion of the streetscape project (Hudson to Hoyt), which moved \$654,670 from construction in progress to infrastructure.
- Major additions to construction in progress in the governmental activities include \$2,354,137 for the City Hall Renovation project; \$477,674 for the Federal Street project; \$677,546 for the sidewalks on Lake and Main Streets; and \$514,140 for the Lake Street Streetscape project.
- In business-type activities, major additions to construction in progress include \$806,963 for Fairfield Street Improvements and \$456,806 for Fairfax Reservoir Treatment filter.

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

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**Long-term Debt**

The City began the year with \$27,742,624 in long-term debt outstanding. As of June 30, 2016 this amount had increased by \$3,974,766 or 14% to end the current year with \$31,717,390 in long-term debt outstanding.

**Summary of Long-term Debt**

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
Governmental Activities	\$ 17,711,393	\$ 4,394,031	\$ 1,212,541	\$ 20,892,883
Business-type Activities	10,031,231	1,285,471	492,195	10,824,507
Total Government	<u>\$ 27,742,624</u>	<u>\$ 5,679,502</u>	<u>\$ 1,704,736</u>	<u>\$ 31,717,390</u>

Factors contributing to the change include the following:

- The City's governmental activities debt increased with the drawdown of a bond anticipation note (authorized in the previous year) for the City Hall Renovation Project of \$1,950,000.
- New debt for the business-type activities includes \$768,466 for bonds authorized to finance Fairfield Street, Lake and Main Street Sidewalks, and Fairfax Reservoir Filter.
- Debt retired during the year in governmental activities included a note for Brickyard and a note for a single axle truck purchase.
- Principal payments totaling \$867,714 were made on governmental activities, debt and principal payments totaling \$378,946 were made on business-type activities debt.

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

**BUDGETARY STEWARDSHIP AND HIGHLIGHTS**

In accordance with state law, the City of St. Albans adopts an annual voter approved budget for its General Fund. The Schedule of Revenue, Expenditures, and Changes in Fund Balance is on Schedule 1 presenting Budgeted Amounts compared to Actual Amounts and the Variance with Final Budget.

As noted on Schedule 1 General Fund Total Revenue exceeded budget by \$788,500 and expenditures exceeded budgeted appropriations by \$1,252,394 with an Excess/(Deficiency) of Revenue Over Expenditures of (\$463,894). TIF revenues were received but not budgeted for \$90,961 with a corresponding unbudgeted transfer out expenditure of (\$90,961). The City recognizes that the budget should include pass-through expenditures. The TIF revenues should be budgeted for, as well as the corresponding transfer-out expenditures.

Budgetary overages occurred in three primary areas: transfers out (\$639,322), Fairfield Street expenditures (\$110,497), and Fountain Donations (250,493). Most of these expenditures have

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offsetting revenues, and therefore will have a limited impact on the fund balance of the general fund once these projects are completed.

Due to the above noted factors, the actual revenues as well as expenditures were greater than anticipated in the final budget. There were no other significant variances in revenues, expenditures and other financing sources and uses other than the ones that have been detailed above.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

### **Economic Factors: Outlook and Future Development**

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

The City has partnered with Peak CM to construct an 84-room, nationally-franchised hotel on Lake Street in the heart of the St. Albans Downtown. The Lake Street Hotel is the final piece of the City's downtown core project, which also included the construction of the new State Office Building which opened on January 12, 2015 and a City owned parking garage which opened to the public on October 30, 2014. All three of these projects are paramount to the City's TIF plan. Construction on the hotel began during FY16, and the project is expected to be completed during FY17. The City has a \$1 million investment in the hotel project.

In a special election in September 2015, voters approved the issuance of bonds or notes in an amount not to exceed \$2.5 million for the purpose of reconstructing Fairfield Street, including sidewalks, curbs, and paving, as well as water, wastewater and storm water infrastructure. Preliminary work on the Fairfield Street project began fall 2015. Voters approved bonds or notes in an amount not to exceed \$1,225,000 for the purpose of reconstructing sidewalks and curbs on Lake and Main Streets and voters approved bonds or notes in an amount not to exceed \$700,000 for the purpose of reconstructing the treatment filter at the Fairfax Reservoir. Work on the sidewalks and curbs on Lake and Main Streets and the treatment filter at the Fairfax Reservoir was begun in FY16 and is expected to be completed in FY17.

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

Although not reflected in the financial statements for FY16, shortly after the close of the fiscal year the City made an approximate \$600,000 investment in several blighted properties in its downtown. The City anticipates taking steps to redevelop these properties during FY17 and FY18.

**CITY OF ST. ALBANS, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**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, VT 05478. The report is available online at [www.stalbansvt.com](http://www.stalbansvt.com).

CITY OF ST. ALBANS, VERMONT  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,117,272	\$ -	\$ 6,117,272
Receivables (Net of Allowance for Uncollectibles)	1,195,029	1,228,200	2,423,229
Loans Receivable	107,404	-	107,404
Notes Receivable	-	60,621	60,621
Prepaid Expenses	6,413	-	6,413
Inventory	13,414	34,961	48,375
Internal Balances	(4,132,028)	4,132,028	-
Assets Held for Resale	347,633	-	347,633
Capital Assets			
Land	776,095	197,000	973,095
Construction in Progress	6,353,821	1,753,427	8,107,248
Other Capital Assets, (Net of Accumulated Depreciation)	<u>18,970,783</u>	<u>19,213,031</u>	<u>38,183,814</u>
Total Assets	<u>29,755,836</u>	<u>26,619,268</u>	<u>56,375,104</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources Related to the City's Pension Plan and Participation in VMERS	<u>829,969</u>	<u>272,070</u>	<u>1,102,039</u>
Total Deferred Outflows of Resources	<u>829,969</u>	<u>272,070</u>	<u>1,102,039</u>
<b>LIABILITIES</b>			
Accounts Payable	740,912	779,581	1,520,493
Accrued Payroll and Benefits Payable	43,262	4,294	47,556
Unearned Revenue	13,728	2,909	16,637
Accrued Interest Payable	92,615	76,853	169,468
Noncurrent Liabilities:			
Due within One Year	4,400,223	1,296,193	5,696,416
Due in More than One Year	<u>16,492,660</u>	<u>9,528,314</u>	<u>26,020,974</u>
Total Liabilities	<u>21,783,400</u>	<u>11,688,144</u>	<u>33,471,544</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid Property Taxes	23,005	-	23,005
Deferred Inflows of Resources Related to the City's Pension Plan and Participation in VMERS	<u>254,023</u>	<u>124,730</u>	<u>378,753</u>
Total Deferred Inflows of Resources	<u>277,028</u>	<u>124,730</u>	<u>401,758</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	8,578,242	11,641,845	20,220,087
Restricted			
Debt Service	432,197	-	432,197
Taylor Park	8,637	-	8,637
Unrestricted/(Deficit)	<u>(493,699)</u>	<u>3,436,619</u>	<u>2,942,920</u>
Total Net Position	<u>\$ 8,525,377</u>	<u>\$ 15,078,464</u>	<u>\$ 23,603,841</u>

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

Exhibit B

CITY OF ST. ALBANS, VERMONT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs:</b>							
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General Government	\$ 1,205,537	\$ 301,961	\$ 38,076	\$ -	\$ (865,500)	\$ -	\$ (865,500)
Public Safety	4,962,749	1,317,354	1,165,558	-	(2,479,837)	-	(2,479,837)
Public Works	1,125,780	174,649	110,239	860,751	19,859	-	19,859
Culture and Recreation	840,608	395,570	20,081	166,440	(258,517)	-	(258,517)
Community Development	755,341	-	-	297,130	(458,211)	-	(458,211)
Interest on Long-term Debt	574,680	-	-	-	(574,680)	-	(574,680)
Total Governmental Activities	9,464,695	2,189,534	1,333,954	1,324,321	(4,616,886)	-	(4,616,886)
<b>Business-Type Activities:</b>							
Water	2,023,263	2,246,862	1,237	-	-	224,836	224,836
Wastewater	2,935,021	2,930,614	108,429	-	-	104,022	104,022
Total Business-Type Activities	4,958,284	5,177,476	109,666	-	-	328,858	328,858
Total Primary Government	\$ 14,422,979	\$ 7,367,010	\$ 1,443,620	\$ 1,324,321	(4,616,886)	328,858	(4,288,028)
<b>General Revenues:</b>							
Property Taxes					4,941,051	-	4,941,051
Interest and Penalties on Delinquent Taxes					63,231	-	63,231
Unrestricted Investment Earnings					17,493	29,606	47,099
General State Grants					95,199	-	95,199
Gain/(Loss) on Capital Assets					(20,089)	-	(20,089)
Other Revenues					160,293	-	160,293
Transfers					487,896	(487,896)	-
Total General Revenues					5,745,074	(458,290)	5,286,784
Change in Net Position					1,128,188	(129,432)	998,756
Net Position - July 1, 2015, as restated					7,397,189	15,207,896	22,605,085
Net Position - June 30, 2016					\$ 8,525,377	\$ 15,078,464	\$ 23,603,841

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

Exhibit C

CITY OF ST. ALBANS, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General Fund	TIF Debt Service Fund	City Hall Renovation Fund	Federal Street Bypass Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 5,868,422	\$ -	\$ -	\$ -	\$ 248,849	\$ 6,117,271
Receivables (Net of Allowance for Uncollectibles)	358,402	-	45,000	422,166	369,461	1,195,029
Due from Other Funds	1,181,606	2,194	78,260	-	-	1,262,060
Advances to Other Funds	423,585	-	-	-	-	423,585
Loans Receivable	107,404	-	-	-	-	107,404
Prepaid Items	6,413	-	-	-	-	6,413
Inventories	13,414	-	-	-	-	13,414
Assets Held for Resale	347,633	-	-	-	-	347,633
Total Assets	<u>\$ 8,306,879</u>	<u>\$ 2,194</u>	<u>\$ 123,260</u>	<u>\$ 422,166</u>	<u>\$ 618,310</u>	<u>\$ 9,472,809</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 332,689	\$ -	\$ 167,744	\$ 50,323	\$ 190,157	\$ 740,913
Accrued Payroll and Benefits Payable	43,262	-	-	-	-	43,262
Due to Other Funds	4,661,302	-	-	240,448	492,338	5,394,088
Advances from Other Funds	-	-	44,485	379,100	-	423,585
Unearned Revenue	13,728	-	-	-	-	13,728
Total Liabilities	5,050,981	-	212,229	669,871	682,495	6,615,576
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Prepaid Property Taxes	23,005	-	-	-	-	23,005
Unavailable Revenue - Property Taxes	141,900	-	-	-	-	141,900
Unavailable Revenue - Other	177,665	-	45,000	282,045	207,139	711,849
Total Deferred Inflows of Resources	342,570	-	45,000	282,045	207,139	876,754
<b>FUND BALANCES (DEFICIT)</b>						
Nonspendable	791,045	-	-	-	-	791,045
Restricted	8,435	2,194	-	-	438,640	449,269
Committed	2,302,184	-	-	-	-	2,302,184
Unassigned	(188,336)	-	(133,969)	(529,750)	(709,964)	(1,562,019)
Total Fund Balances/(Deficit)	<u>2,913,328</u>	<u>2,194</u>	<u>(133,969)</u>	<u>(529,750)</u>	<u>(271,324)</u>	<u>1,980,479</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,306,879</u>	<u>\$ 2,194</u>	<u>\$ 123,260</u>	<u>\$ 422,166</u>	<u>\$ 618,310</u>	<u>\$ 9,472,809</u>
Governmental Funds balance as reported above.						\$ 1,980,479
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.						26,100,699
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.						853,751
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.						829,969
Long-term and accrued liabilities are not due or payable in the current period and, therefore, are not reported in the funds.						(20,985,498)
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.						(254,023)
Net Position of Governmental Activities						<u>\$ 8,525,377</u>

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

Exhibit D

CITY OF ST. ALBANS, VERMONT  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	TIF Debt Service Fund	City Hall Renovation Fund	Federal Street Bypass Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property Taxes	\$ 4,136,694	\$ 773,389	\$ -	\$ -	\$ -	\$ 4,910,083
Penalties and Interest	63,231	-	-	-	-	63,231
Intergovernmental Revenues	594,728	-	45,000	541,281	1,194,102	2,375,111
Charges for Services	1,982,423	-	-	-	23,156	2,005,579
Investment Income	17,468	-	-	-	6	17,474
Licenses and Permits	183,956	-	-	-	-	183,956
Donations	166,440	-	-	-	-	166,440
Other Revenue	160,293	-	-	-	-	160,293
<b>Total Revenues</b>	<b>7,305,233</b>	<b>773,389</b>	<b>45,000</b>	<b>541,281</b>	<b>1,217,264</b>	<b>9,882,167</b>
<b>EXPENDITURES</b>						
Current:						
General Government	1,167,734	-	-	-	-	1,167,734
Public Safety	3,836,876	-	-	-	747,655	4,584,531
Public Works	682,714	-	-	-	-	682,714
Culture and Recreation	793,276	-	-	-	755,340	1,548,616
Capital Outlay:						
General Government	-	-	2,365,485	-	-	2,365,485
Public Safety	541,866	-	-	-	-	541,866
Public Works	537,396	-	-	501,471	1,535,658	2,574,525
Culture and Recreation	44,072	-	-	-	-	44,072
Debt Service:						
Principal	292,704	575,000	-	-	-	867,704
Interest	64,491	481,989	-	-	-	546,480
<b>Total Expenditures</b>	<b>7,961,129</b>	<b>1,056,989</b>	<b>2,365,485</b>	<b>501,471</b>	<b>3,038,653</b>	<b>14,923,727</b>
Excess/(Deficiency) of Revenues Over Expenditures	(655,896)	(283,600)	(2,320,485)	39,810	(1,821,389)	(5,041,560)
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of Long-Term Debt	605,149	-	1,950,000	-	418,875	2,974,024
Transfers In	2,601,600	283,600	282,621	-	713,360	3,881,181
Transfers Out	(269,682)	(2,500,000)	-	(101,600)	(522,003)	(3,393,285)
<b>Total Other Financing Sources/(Uses)</b>	<b>2,937,067</b>	<b>(2,216,400)</b>	<b>2,232,621</b>	<b>(101,600)</b>	<b>610,232</b>	<b>3,461,920</b>
Net Change in Fund Balances	2,281,171	(2,500,000)	(87,864)	(61,790)	(1,211,157)	(1,579,640)
Fund Balances/(Deficit) - July 1, 2015, as restated	632,157	2,502,194	(46,105)	(467,960)	939,833	3,560,119
Fund Balances/(Deficit) - June 30, 2016	\$ 2,913,328	\$ 2,194	\$ (133,969)	\$ (529,750)	\$ (271,324)	\$ 1,980,479

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, 2016

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

Net change in fund balances - total government funds (Exhibit D)	\$ (1,579,640)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$5,855,052) is allocated over their estimated useful lives and reported as depreciation expense (\$810,611). This is the amount by which capital outlays exceeded depreciation in the current period.	5,044,441
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and loss on disposals) is to decrease net position.	(20,089)
The issuance of long-term debt (\$2,974,021) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$867,713) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(2,106,308)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount reflects the increase of unearned and unavailable revenue over last year.	242,912
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.	(120,592)
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>(332,536)</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 1,128,188</u></u>

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

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

CITY OF ST. ALBANS, VERMONT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	Water Fund	Wastewater Fund	Total
<b>ASSETS</b>			
Current Assets:			
Receivables (Net of Allowance for Uncollectibles)	\$ 477,499	\$ 750,701	\$ 1,228,200
Inventory	20,819	14,142	34,961
Due from Other Funds	1,650,814	2,481,214	4,132,028
Total Current Assets	2,149,132	3,246,057	5,395,189
Noncurrent Assets:			
Notes Receivable	30,079	30,542	60,621
Capital Assets			
Land	155,000	42,000	197,000
Construction in Progress	626,941	1,126,486	1,753,427
Buildings, Distribution and Collection System and Improvements	84,733	22,555,720	22,640,453
Vehicles, Machinery and Equipment	10,987,288	1,631,301	12,618,589
Less Accumulated Depreciation	(4,504,802)	(11,541,209)	(16,046,011)
Total Noncurrent Assets	7,379,239	13,844,840	21,224,079
Total Assets	9,528,371	17,090,897	26,619,268
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources Related to the City's			
Pension Plan and Participation in VMERS	128,810	143,260	272,070
Total Deferred Outflows of Resources	128,810	143,260	272,070
Total Assets and Deferred Outflows of Resources	\$ 9,657,181	\$ 17,234,157	\$ 26,891,338
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 283,348	\$ 496,233	\$ 779,581
Accrued Payroll	2,002	2,292	4,294
Unearned Revenue	2,893	16	2,909
Accrued Interest Payable	19,039	57,814	76,853
Compensated Absences - Current Portion	48,591	81,409	130,000
Capital Lease - Current Portion	8,567	19,989	28,556
Bonds Payable - Current Portion	104,923	179,963	284,886
Notes Payable - Current Portion	420,222	432,529	852,751
Total Current Liabilities	889,585	1,270,245	2,159,830
Noncurrent Liabilities			
Compensated Absences - Noncurrent Portion	19,515	32,697	52,212
Capital Lease - Noncurrent Portion	47,028	109,733	156,761
Bonds Payable - Noncurrent Portion	3,108,113	3,174,420	6,282,533
Notes Payable - Noncurrent Portion	1,217,102	699,023	1,916,125
Net Pension Liability	492,127	628,556	1,120,683
Total Noncurrent Liabilities	4,883,885	4,644,429	9,528,314
Total Liabilities	5,773,470	5,914,674	11,688,144
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows of Resources Related to the City's			
Pension Plan and Participation in VMERS	52,946	71,784	124,730
Total Deferred Inflows of Resources	52,946	71,784	124,730
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,443,205	9,198,640	11,641,845
Unrestricted	1,387,560	2,049,059	3,436,619
Total Net Position	3,830,765	11,247,699	15,078,464
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 9,657,181	\$ 17,234,157	\$ 26,891,338

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

CITY OF ST. ALBANS, VERMONT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	Water Fund	Wastewater Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Operating Revenues:			
Charges for Services	\$ 2,200,697	\$ 2,891,192	\$ 5,091,889
Penalties and Interest	13,895	18,132	32,027
Allocation Fees	12,040	18,060	30,100
Other Income	<u>5,230</u>	<u>3,230</u>	<u>8,460</u>
Total Operating Revenues	2,231,862	2,930,614	5,162,476
Operating Expenses:			
Salaries and Benefits	776,137	933,242	1,709,379
Other Purchased Services	81,975	275,739	357,714
Chemicals	89,705	321,168	410,873
Repairs and Maintenance	147,330	159,504	306,834
Insurances	54,958	55,066	110,024
Utilities	195,583	199,859	395,442
Supplies	10,282	13,682	23,964
Real Estate and State Water Taxes	57,021	5,175	62,196
Other Operating Costs	100,788	129,383	230,171
Depreciation	<u>329,985</u>	<u>759,371</u>	<u>1,089,356</u>
Total Operating Expenses	<u>1,843,764</u>	<u>2,852,189</u>	<u>4,695,953</u>
Operating Income	388,098	78,425	466,523
Nonoperating Revenues (Expenses):			
Land Lease	15,000	-	15,000
Investment Income	12,371	17,235	29,606
Noncapital Grant Revenue	1,237	108,429	109,666
Noncapital Grant Expense	-	-	-
Interest Expense	<u>(179,499)</u>	<u>(82,832)</u>	<u>(262,331)</u>
Total Nonoperating Revenues (Expenses)	<u>(150,891)</u>	<u>42,832</u>	<u>(108,059)</u>
Net Income Before Capital Contributions and Transfers	237,207	121,257	358,464
Transfers Out	<u>(221,801)</u>	<u>(266,095)</u>	<u>(487,896)</u>
Change in Net Position	15,406	(144,838)	(129,432)
Net Position - July 1, 2015	<u>3,815,359</u>	<u>11,392,537</u>	<u>15,207,896</u>
Net Position - June 30, 2016	<u>\$ 3,830,765</u>	<u>\$ 11,247,699</u>	<u>\$ 15,078,464</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, 2016

	Water Fund	Wastewater Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and Users	\$ 2,274,624	\$ 2,939,710	\$ 5,214,334
Other Receipts	5,230	3,230	8,460
Payments to Suppliers	(459,359)	(726,927)	(1,186,286)
Payment of Taxes	(57,021)	(5,175)	(62,196)
Payments for Wages and Benefits	<u>(758,452)</u>	<u>(906,044)</u>	<u>(1,664,496)</u>
Net Cash Provided by Operating Activities	1,005,022	1,304,794	2,309,816
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers Out	(221,801)	(266,095)	(487,896)
Proceeds from Land Lease	15,000	-	15,000
Proceeds from Noncapital Grant	1,237	108,429	109,666
Decrease/(Increase) in Due from Other Funds	<u>(928,323)</u>	<u>(2,046,687)</u>	<u>(2,975,010)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	(1,133,887)	(2,204,353)	(3,338,240)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and Construction of Capital Assets	(1,036,751)	(844,391)	(1,881,142)
Proceeds of:			
Notes Payable	353,421	415,046	768,467
Capital Leases	55,595	129,722	185,317
Principal Paid on:			
General Obligation Bonds	(100,955)	(176,433)	(277,388)
Notes Payable	(67,959)	(24,553)	(92,512)
Interest Paid on:			
General Obligation Bonds	(128,377)	(72,496)	(200,873)
Notes Payable	<u>(49,543)</u>	<u>(10,336)</u>	<u>(59,879)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	(974,569)	(583,441)	(1,558,010)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipt of Interest & Dividends	<u>12,369</u>	<u>17,235</u>	<u>29,604</u>
Net Cash Provided by Investing Activities	<u>12,369</u>	<u>17,235</u>	<u>29,604</u>
Net Decrease in Cash	(1,091,065)	(1,465,765)	(2,556,830)
Cash - July 1, 2015	<u>1,091,065</u>	<u>1,465,765</u>	<u>2,556,830</u>
Cash - June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income	\$ 388,098	\$ 78,425	\$ 466,523
Depreciation	329,985	759,371	1,089,356
(Increase)/Decrease in Accounts Receivables	47,991	12,327	60,318
(Increase)/Decrease in Notes Receivables	(733)	8,255	7,522
(Increase)/Decrease in Inventory	2,011	(933)	1,078
Increase/(Decrease) in Accounts Payable	225,503	426,676	652,179
Increase/(Decrease) in Accrued Payroll	(9,271)	(10,453)	(19,724)
Increase/(Decrease) in Unearned Revenue	(5,518)	(6,523)	(12,041)
Increase/(Decrease) in Compensated Absences Payable	9,656	10,486	20,142
Increase/(Decrease) in Net Pension Liability and Related Deferrals	<u>17,300</u>	<u>27,163</u>	<u>44,463</u>
Net Cash Provided by Operating Activities	<u>\$ 1,005,022</u>	<u>\$ 1,304,794</u>	<u>\$ 2,309,816</u>

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

CITY OF ST. ALBANS, VERMONT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

	Pension Trust Fund	Agency Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ -	\$ 31,331
Investments		
Fixed Income	2,159,489	-
Stocks	1,601,743	-
Receivables	<u>15,867</u>	<u>4</u>
Total Assets	3,777,099	31,335
<b>LIABILITIES</b>		
Accounts Payable	-	601
Due to Others	<u>-</u>	<u>30,734</u>
Total Liabilities	<u>-</u>	<u>\$ 31,335</u>
<b>NET POSITION</b>		
Held in Trust For:		
Employees' Pension Benefits	<u>3,777,099</u>	
Total Net Position	<u>\$ 3,777,099</u>	

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

CITY OF ST. ALBANS, VERMONT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	Pension Trust Fund
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 200,000
Plan Members	<u>37,743</u>
Total Contributions	237,743
Net Investment Earnings	<u>23,873</u>
Total Additions	261,616
<b>DEDUCTIONS</b>	
Benefits - Pension	384,878
Administrative Expenses	35,508
Management Fee	<u>14,793</u>
Total Deductions	<u>435,179</u>
Net Decrease in Net Position	(173,563)
Net Position - July 1, 2015	<u>3,950,662</u>
Net Position- June 30, 2016	<u><u>\$ 3,777,099</u></u>

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

**CITY OF ST. ALBANS, VERMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. The Financial Reporting Entity**

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

**B. Basis of Presentation**

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

**CITY OF ST. ALBANS, VERMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

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

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

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

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

The City reports on the following major governmental funds:

- General Fund – This is the City's main operating fund. It accounts for all financial resources of the general government except those accounted for in another fund.
- TIF Debt Service Fund – This debt service fund is used to account for all property tax revenue generated by the TIF and all debt service related to the TIF district. The TIF district encompasses much of the City's downtown area.
- City Hall Renovation Fund – This capital project fund accounts for all expenditures, revenues, and grants related to the City Hall Renovation. The renovation includes adding handicap accessibility, environmental remediation in the attic, and window replacement, among other small projects.

**CITY OF ST. ALBANS, VERMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

Federal Street Bypass Fund – This capital project fund accounts for all expenditures, revenues, and grants related to the construction of the Federal Street bypass. This project involves reconstructing the Federal Street corridor to improve its use by automobiles, trucks, pedestrians, bicyclists, and public transit.

The City reports on the following major enterprise funds:

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

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

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

Additionally, the City reports the following fund types:

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

Agency Funds – These funds account for monies maintained for local nonprofit groups, Saint Albans for the Future (SAFF) and the Explorer Program, as well as for monies held in escrow as a result of tax sales.

### **C. Measurement Focus**

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

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

**CITY OF ST. ALBANS, VERMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2016**

tion. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

**D. Basis of Accounting**

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

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

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

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

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

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the

**CITY OF ST. ALBANS, VERMONT**  
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City's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

**E. Use of Estimates**

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

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

**1. Cash**

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

**2. Investments**

The City invests in investments as allowed by State Statute. Investments with readily determinable fair values are reported at their fair values on the balance sheet, except for annuity contracts which are reported at cash surrender value. Unrealized gains and losses are included in revenue.

**3. Receivables**

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

**4. Internal Balances**

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

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

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**5. Inventories and Prepaid Expenses**

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

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

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

**6. Pensions**

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

**7. Deferred Outflows and Inflows of Resources**

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

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

**CITY OF ST. ALBANS, VERMONT**  
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resources are related. The governmental funds report deferred inflows of resources from three sources: prepaid property taxes, unavailable property taxes, penalties and interest and unavailable other revenue. These amounts are deferred and recognized as an inflow of resources in the future periods that the amounts become available or to which the inflows are related.

**8. Capital Assets**

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

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

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**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.

**10. Long-term Liabilities**

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

**11. Fund Equity**

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

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

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

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

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

### **III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **A. Budgetary Information**

Budgets are approved at the annual City Meeting in March. Any budget changes require voter approval. There were no budget changes during the year.

#### **B. Excess of Expenditures Over Appropriations**

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

**CITY OF ST. ALBANS, VERMONT**  
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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.

For the year ended June 30, 2016, expenditures in the General Fund exceeded appropriations by \$1,252,394. The City also has expenditures in excess of appropriations in the City Hall Renovation and Federal Street Bypass major funds.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

The City's cash as of June 30, 2016 consisted of deposits in financial institutions. The City's investments as of June 30, 2016 consisted of the following:

Investments - Pension Trust Fund:	
International Stocks	\$ 346,473
US Stocks	1,221,364
US Corporate Bond Fund	3,517
Real Estate Mutual Fund	30,389
Annuity Contracts	<u>2,159,489</u>
 Total Investments	 <u><u>\$ 3,761,232</u></u>

**Custodial Credit Risk**

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

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	Bank Balance
FDIC Insured	\$ 742,799
NCUSIF Insured	250,000
Collateralized by Federal Agency Securities	2,606,840
Uninsured, Uncollateralized	2,864,336
Total Cash Deposits	6,463,975
SIPC Coverage	500,000
Uncollateralized	3,261,232
Total Investments	3,761,232
Total Cash and Investments	\$ 10,225,207

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City does not have any policy to limit the exposure to interest rate risk. The City has no assets with exposure to interest rate risk except for its investment in PGIM US Corporate Bond Fund of \$3,517 with effective duration of 7.08 years.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization such as Standard and Poor's or Moody's rating services. These organizations look at a number of factors in order to evaluate the risk of an obligation and rate the risk. The rating allows the investor to make informed buying and selling decisions. The City's cash equivalents with the broker are exempt from credit risk analysis. The City does not have any policy to limit the exposure to credit risk. The City's stocks and annuity contracts are not subject to credit risk disclosure. The City's investment in PGIM US Corporate Bond Fund is rated Baa1.

**Concentration of Credit Risk**

Concentration of credit risk is the risk that a large percentage of the City's investments are held within one security. The City does not have any limitations on the amount that can be invested in any one issuer. The City has 57% of their retirement investments invested in a guaranteed deposit account with PRIAC. The other 43% of the City's retirement investments are in stocks and mutual funds.

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

The City has the following fair value measurements as of June 30, 2016:

<u>Description</u>	<u>Fair Value Measurements Using:</u>			
		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>
Debt securities				
Corporate bond mutual fund	\$ 3,517	\$ -	\$ 3,517	\$ -
Equity securities				
International Stocks	346,473	346,473	-	-
US Stocks	1,221,364	1,221,364	-	-
Real estate mutual fund	<u>30,389</u>	<u>30,389</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,601,743</u>	<u>\$ 1,598,226</u>	<u>\$ 3,517</u>	<u>\$ -</u>

**B. Receivables**

Receivables at June 30, 2016, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows.

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Delinquent Taxes	\$ 246,756	\$ -	\$ 246,756
Penalties and Interest	33,077	-	33,077
Billed Services	-	806,396	806,396
Unbilled Services	-	357,949	357,949
Grants	924,864	-	924,864
Other	26,332	78,355	104,687
Allowance for Doubtful Accounts	<u>(36,000)</u>	<u>(14,500)</u>	<u>(50,500)</u>
	<u>\$ 1,195,029</u>	<u>\$ 1,228,200</u>	<u>\$ 2,423,229</u>

**CITY OF ST. ALBANS, VERMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**C. Loans and Notes Receivable**

Loans Receivable at June 30, 2016 consists of seven loans for community development as follows.

Governmental Funds

Loan Receivable; Local Business; Interest at 2%; Monthly Interest and Principal Payments of \$88; Due April 10, 2017	\$ 2,812
Loan Receivable; Local Business; Interest at 1%; Balloon Payment Plus Interest Due October 27, 2016; Secured by a Mortgage on Real Estate	65,000
Loan Receivable; Local Business; Interest at 1%; Balloon Payment Plus Interest Due February 3, 2017; Secured By a Mortgage on Real Estate	35,000
Loan Receivable, Local Nonprofit; Interest at 0%, Balloon Payment Due October 30, 2044, Secured by a Mortgage Deed on Real Property	350,000
Loan Receivable; Local Nonprofit; Interest at 0%; Balloon Payment Due December 31, 2032; Secured by a Mortgage Deed on Real Property	360,000
Loan Receivable; Local Nonprofit; Interest at 0%; Balloon Payment Due January 14, 2035; Secured by a Mortgage Deed on Real Property	480,001
Loan Receivable; Local Nonprofit; Interest at 0%; Balloon Payment Due March 15, 2037; Secured by a Mortgage Deed on Real Property	<u>579,600</u>
Total	1,872,413
Plus: Accrued Interest on Note	4,592
Less: Allowance for Doubtful Loans Receivable	<u>(1,769,601)</u>
Governmental Funds Reported Balance at June 30, 2016	<u>\$ 107,404</u>

**CITY OF ST. ALBANS, VERMONT**  
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An analysis of the change in loans receivable is as follows:

<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Payments</u>	<u>Amounts</u> <u>Written Off</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>\$ 1,873,397</u>	<u>\$ 0</u>	<u>\$ 984</u>	<u>\$ 0</u>	<u>\$ 1,872,413</u>

Notes Receivable at June 30, 2016 consists of one note for acquisition of a pump station in the wastewater fund and one note for allocation fees in both the water and wastewater funds as follows.

Proprietary Funds

Note Receivable; Local Business for Water and Wastewater Allocation Fees; Interest at 2.50%; Balloon Payment Due June 30, 2019	<u>\$ 57,690</u>
Total	57,690
Plus: Accrued Interest on Note	<u>2,931</u>
Proprietary Funds Reported Value at June 30, 2016	<u>\$ 60,621</u>

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

<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Payments</u>	<u>Amounts</u> <u>Written Off</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>\$ 66,690</u>	<u>\$ 0</u>	<u>\$ 9,000</u>	<u>\$ 0</u>	<u>\$ 60,621</u>

**CITY OF ST. ALBANS, VERMONT**  
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**D. Capital Assets**

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 776,095	\$ -	\$ -	\$ 776,095
Construction in Progress	<u>2,643,357</u>	<u>4,729,024</u>	<u>1,018,560</u>	<u>6,353,821</u>
Total Capital Assets, Not Being Depreciated	3,419,452	4,729,024	1,018,560	7,129,916
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,557,076	-	-	1,557,076
Vehicles, Machinery and Equipment	3,516,441	1,148,092	143,871	4,520,662
Infrastructure	<u>15,683,440</u>	<u>996,496</u>	<u>-</u>	<u>16,679,936</u>
	20,756,957	2,144,588	143,871	22,757,674
Less Accumulated Depreciation for:				
Buildings and Building Improvements	825,437	35,243	-	860,680
Vehicles, Machinery and Equipment	1,702,467	327,020	123,782	1,905,705
Infrastructure	<u>572,158</u>	<u>448,348</u>	<u>-</u>	<u>1,020,506</u>
Totals	<u>3,100,062</u>	<u>810,611</u>	<u>123,782</u>	<u>3,786,891</u>
Total Capital Assets, Being Depreciated	<u>17,656,895</u>	<u>1,333,977</u>	<u>20,089</u>	<u>18,970,783</u>
Governmental Activities Capital Assets, Net	<u>\$ 21,076,347</u>	<u>\$ 6,063,001</u>	<u>\$ 1,038,649</u>	<u>\$ 26,100,699</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 197,000	\$ -	\$ -	\$ 197,000
Construction in Progress	<u>463,888</u>	<u>1,299,784</u>	<u>10,245</u>	<u>1,753,427</u>
Total Capital Assets, Not Being Depreciated	660,888	1,299,784	10,245	1,950,427
Capital Assets, Being Depreciated:				
Buildings, Distribution and Collection Systems & Improvements	31,803,464	183,180	-	31,986,644
Machinery and Equipment	<u>2,952,922</u>	<u>541,502</u>	<u>222,026</u>	<u>3,272,398</u>
Totals	34,756,386	724,682	222,026	35,259,042
Less Accumulated Depreciation for:				
Buildings, Distribution and Collection Systems & Improvements	13,137,967	794,093	-	13,932,060
Machinery and Equipment	<u>1,907,634</u>	<u>295,263</u>	<u>88,946</u>	<u>2,113,951</u>
Totals	<u>15,045,601</u>	<u>1,089,356</u>	<u>88,946</u>	<u>16,046,011</u>
Total Capital Assets, Being Depreciated	<u>19,710,785</u>	<u>(364,674)</u>	<u>133,080</u>	<u>19,213,031</u>
Business-Type Activities Capital Assets, Net	<u>\$ 20,371,673</u>	<u>\$ 935,110</u>	<u>\$ 143,325</u>	<u>\$ 21,163,458</u>

**CITY OF ST. ALBANS, VERMONT**  
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Depreciation was charged as follows:

Governmental Activities:		Business - Type Activities:	
General Government	\$ 6,806	Water	\$ 329,985
Public Safety	236,415	Sewer	<u>759,371</u>
Public Works	519,819		
Culture and Recreation	<u>47,571</u>		
Total Depreciation Expense - Governmental Activities	<u>\$ 810,611</u>	Total Depreciation Expense - Business-Type Activities	<u>\$ 1,089,356</u>

**E. Interfund Balances and Activity**

The composition of Due From/(To) Other Funds at June 30, 2016 is as follows:

<u>Fund Name</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 1,181,606	\$ 4,661,302
TIF Debt Service Fund	2,194	-
City Hall Renovation Fund	78,260	-
Federal Street Bypass Fund	-	240,448
Other Governmental Funds	-	492,338
Water Fund	1,650,814	-
Wastewater Fund	<u>2,481,214</u>	<u>-</u>
Total	<u>\$ 5,394,088</u>	<u>\$ 5,394,088</u>

The composition of Advances To/(From) Other Funds at June 30, 2016 is as follows:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund	\$ 423,585	\$ -
City Hall Renovation Fund	-	44,485
Federal Street Bypass Fund	<u>-</u>	<u>379,100</u>
Total	<u>\$ 423,585</u>	<u>\$ 423,585</u>

The advances will be repaid as grant receivables are collected.

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Interfund transfers during the year ended June 30, 2016 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	TIF Debt Service	\$ 90,961	Fund local match on grants
Federal Street Bypass Fund	General Fund	101,600	Fund local match on grants
TIF Debt Service	General Fund	2,500,000	To account and report prior sale proceeds in general fund
TIF Capital Projects	Streetscape Fund	232,189	Fund capital projects
TIF Capital Projects	TIF Debt Service	192,639	Fund debt service payments
General Fund	City Hall Renovation Fund	178,721	Contribute to City Hall Renovation
TIF Capital Projects	Streetscape Fund	97,175	Contribute to Streetscape Project
Water Fund	City Hall Renovation Fund	51,950	Contribute to City Hall Renovation
Water Fund	Streetscape Fund	159,941	Fund capital projects
Water Fund	TIF Capital Projects	9,910	Fund capital projects
Wastewater Fund	City Hall Renovation Fund	51,950	Contribute to City Hall Renovation
Wastewater Fund	Streetscape Fund	189,353	Fund capital projects
Wastewater Fund	TIF Capital Projects	24,792	Fund capital projects
	Total	<u>\$ 3,881,181</u>	

**F. Deferred Outflows of Resources**

Deferred outflows of resources in the Governmental Activities consist of \$289,528 as a result of differences between projected and actual earnings on investments, \$5,242 arising from changes in proportional share of contributions, \$27,849 as a result of differences between expected and actual experience and \$323,011 arising from changes in assumptions. It also includes \$184,339 related to the City's participation in VMERS resulting from required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Governmental Activities are \$829,969.

Deferred outflows of resources in the Business-Type Activities consist of \$101,322 as a result of differences between projected and actual earnings on investments, \$1,311 arising from changes in proportional share of contributions, \$6,961 as a result of differences between expected and actual experience and \$116,541 arising from changes in assumptions. It also includes \$45,935 related to the City's participation in VMERS resulting from required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the Business-Type Activities are \$272,070.

**CITY OF ST. ALBANS, VERMONT**  
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**G. Unearned Revenue**

Unearned revenue in the General Fund consists of \$13,728 in parking garage passes purchased in advance. The revenue will be recognized as parking services are provided. Unearned revenue in the enterprise funds consists of \$2,909 in water and wastewater credits payable for user charges.

**H. Deferred Inflows of Resources**

Deferred inflows of resources in the General Fund consists of \$141,900 of delinquent property taxes, penalties and interest on those taxes, \$107,404 of net loans receivable as well as \$70,261 in other receivables that were not collected within 60 days after year-end as these would not be available to liquidate current liabilities. It also includes \$23,005 of prepaid property taxes. The revenue will be recognized as the loans are repaid and as receivables are collected. Total deferred inflows of resources in the General Fund are \$342,570.

Deferred inflows of resources in the City Hall Renovation Fund consist of \$45,000 of grant receivables not collected within 60 days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Federal Street Bypass Fund consist of \$282,045 of grant receivables not collected within 60 days after year-end as these would not be available to liquidate current liabilities.

Deferred inflows of resources in the Other Governmental Funds consists of \$207,139 of grant receivables not collected within 60 days after year-end as these would not be available to liquidate current liabilities. The revenue will be recognized as receivables are collected.

Deferred inflows of resources in the Governmental Activities consist \$23,005 of prepaid property taxes. It also includes \$252,431 in experience gains related to the City's single-employer defined benefit pension plan as well as \$1,592 resulting from the difference between the projected and actual investment earnings related to the City's participation in VMERS. Total deferred inflows of resources in the Governmental Activities are \$277,028.

Deferred inflows of resources in the Business-Type Activities consist of \$124,332 in experience gains related to the City's single-employer defined benefit pension plan. It also includes \$398 resulting from a change in the proportional share of the City's contributions to VMERS. Total deferred inflows of resources in the Business-Type Activities are \$124,730.

**CITY OF ST. ALBANS, VERMONT**  
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**I. Long-term Liabilities**

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

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

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

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

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

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

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

Long-term liabilities outstanding as of June 30, 2016 were as follows.

**CITY OF ST. ALBANS, VERMONT**  
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Bonds, Notes and Capital Leases Payable:

<u>Governmental Activities:</u>	Series Maturities <u>Through</u>	Interest Rate(s) % <u>Rate(s) %</u>	Amount Outstanding as of <u>6/30/16</u>
<b>Bonds Payable:</b>			
Fire Truck Purchase, annual principal payments of \$20,000	\$ 12/01/30	0.777-2.731%	\$ 100,000
TIF District Bond, annual principal payments ranging from \$570,000 to \$1,010,000	11/15/33	0.643-4.723%	<u>13,355,000</u>
Total Bonds Payable			<u>13,455,000</u>
<b>Notes Payable:</b>			
Blouin Parking Lot, monthly principal and interest payments of \$1,252	10/31/20	3.50%	60,324
Court House Parking Lot, monthly principal and interest payments of \$1,501	07/14/20	3.75%	68,097
Nason St Property, monthly principal and interest payments of \$997	12/25/16	3.75%	4,608
Fonda/Solo Building Purchase, interest only payments and renewing the note each year until the property is sold	07/31/16	1.50%	323,216
Bucket Truck, monthly principal and interest payments of \$763	10/01/19	2.55%	29,246
Tennis Court (Houghton Park), monthly principal and interest payments of \$732	01/12/17	2.75%	5,081
Tennis Court (Barlow), monthly principal and interest payments of \$983	12/17/22	3.25%	69,040
Recreation Program Vehicle, monthly principal and interest payments of \$413	10/01/19	2.55%	15,805
Sidewalk Plow, monthly principal and interest payments of \$1,473	03/21/17	2.75%	13,109
Mini Excavator (33.34%), monthly principal and interest payments of \$167	05/23/23	3.20%	12,409
Sidewalk Plow II, quarterly principal and interest payments of \$5,150	03/15/21	2.85%	91,215
Line Striper, monthly principal and interest payments of \$355	11/25/19	2.55%	13,942
Skid Steer (20%), monthly principal and interest payments of \$108	11/25/21	2.89%	6,522
City Hall Renovation, monthly interest payments vary, balloon principal payment due 9/1/16 at which time the City intends to renew the note	09/01/16	3.40%	2,300,000
Pumper Tanker, balloon principal payment due 9/1/16 at which time the City intends to renew the note	09/01/16	1.25%	475,000
Various Infrastructure Improvements, balloon principal payment due 9/1/16 at which time the City intends to renew the note	09/01/16	1.40%	489,024
Fountain, balloon principal payment due 8/17/16 at which time the City intends to renew the note	08/17/16	1.35%	<u>60,000</u>
Total Notes Payable			<u>4,036,638</u>
<b>Capital Leases Payable:</b>			
Recreation Van, annual principal and interest payments of \$4,987	10/15/18	4.45%	13,723
Fire Pickup Truck, quarterly principal and interest payments of \$1,085	08/15/20	3.97%	<u>16,895</u>
Total Capital Leases Payable			<u>30,618</u>
Total Governmental Activities:			<u>\$ 17,522,256</u>

**CITY OF ST. ALBANS, VERMONT**  
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<u>Business-Type Activities:</u>	Series Maturities <u>Through</u>	Interest Rate(s) %	Amount Outstanding as of <u>6/30/16</u>
Water Fund			
Bonds Payable:			
USDA Refunding Bond, annual payments of \$231,195	11/15/36	3.93%	\$ 3,213,036
Notes Payable:			
Fairfax Dam, monthly principal and interest payments of \$7,083	08/17/32	3.70%	1,033,168
Streetscape Utilities (50%), monthly principal and interest payments of \$1,502	08/28/33	3.90%	225,285
Mini Excavator (33.33%), monthly principal and interest payments of \$167	05/23/23	3.20%	12,409
Skid Steer (40%), monthly principal and interest payments of \$216	11/25/21	2.89%	13,041
Various Infrastructure Improvements, balloon principal payment due 9/1/16 at which time the City intends to renew the note	09/01/16	1.40%	<u>353,421</u>
Total Notes Payable			<u>1,637,324</u>
Capital Lease Payable:			
Vactor (30%), annual principal and interest payments of \$34,357	06/01/21	3.13%	<u>55,595</u>
Total Water Fund			4,905,955
Wastewater Fund			
Bonds Payable:			
Wastewater Treatment Facility Improvements, annual principal and administrative fee payments of \$88,677	09/01/31	0.00%	\$ 1,178,476
Wastewater Treatment Facility Improvements, annual principal and administrative fee payments of \$142,607	09/01/31	0.00%	2,042,150
Wastewater Treatment Facility Improvements, annual principal and administrative fee payments of \$9,851	09/01/31	0.00%	<u>133,757</u>
Total Bonds Payable			<u>3,354,383</u>
Notes Payable:			
Streetscape Utilities (50%), monthly principal and interest payments of \$1,502	08/28/33	3.90%	225,285
Mini Excavator (33.33%), monthly principal and interest payments of \$167	05/23/23	3.20%	12,409
Skid Steer (40%), monthly principal and interest payments of \$216	11/25/21	2.89%	13,041
Wastewater Planning Loan, Annual payments of \$2,336	03/01/19	0.00%	7,005
Wastewater Planning Loan, Annual payments of \$40,480	08/01/17	0.00%	458,765
Various Infrastructure Improvements, balloon principal payment due 9/1/16 at which time the City intends to renew the note	09/01/16	1.40%	<u>415,047</u>
Total Notes Payable			<u>1,131,552</u>
Capital Lease Payable:			
Vactor (70%), annual principal and interest payments of \$34,357	06/01/21	3.13%	<u>129,722</u>
Total Wastewater Fund			<u>4,615,657</u>
Total Business-Type Activities:			<u>\$ 9,521,612</u>

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable	\$ 14,050,000	\$ -	\$ 595,000	\$ 13,455,000	\$ 600,000
Notes Payable	1,327,560	2,974,021	264,943	4,036,638	3,440,895
Capital Leases Payable	38,388	-	7,770	30,618	9,328
Compensated Absences	357,145	399,991	344,828	412,308	350,000
Environmental Liability	-	249,164	-	249,164	-
Net Pension Liability	1,938,300	770,855	-	2,709,155	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 17,711,393</u>	<u>\$ 4,394,031</u>	<u>\$ 1,212,541</u>	<u>\$ 20,892,883</u>	<u>\$ 4,400,223</u>
<b>Business-type Activities</b>					
Bonds Payable	\$ 6,844,811	\$ -	\$ 277,392	\$ 6,567,419	\$ 284,886
Notes Payable	2,092,922	768,466	92,512	2,768,876	852,751
Capital Leases Payable	-	185,317	-	185,317	28,556
Compensated Absences	162,070	142,433	122,291	182,212	130,000
Net Pension Liability	931,428	189,255	-	1,120,683	-
Total Business-type Activities Long-Term Liabilities	<u>\$ 10,031,231</u>	<u>\$ 1,285,471</u>	<u>\$ 492,195</u>	<u>\$ 10,824,507</u>	<u>\$ 1,296,193</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.

**CITY OF ST. ALBANS, VERMONT**  
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Maturities of notes, bonds and capital leases payable based on the City's intentions are as follows:

Year Ending June 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Capital Leases	Principal	Interest	Capital Leases
2017	\$ 4,040,895	\$ 501,296	\$ 9,328	\$ 1,137,637	\$ 224,764	\$ 34,357
2018	989,727	479,427	9,327	377,133	219,165	34,357
2019	696,526	466,972	9,328	385,334	209,675	34,357
2020	697,107	451,710	4,339	422,036	199,862	34,357
2021	670,878	434,073	1,086	430,745	189,703	34,357
2022-2026	3,411,505	1,845,489	-	2,255,551	785,360	34,354
2027-2031	4,085,000	1,121,288	-	2,499,853	471,247	-
2032-2036	2,900,000	206,258	-	1,716,779	157,746	-
2037	-	-	-	111,227	2,186	-
Total	17,491,638	5,506,513	33,408	9,336,295	2,459,708	206,139
Less: Interest	-	-	(2,790)	-	-	(20,822)
Total	\$ <u>17,491,638</u>	\$ <u>5,506,513</u>	\$ <u>30,618</u>	\$ <u>9,336,295</u>	\$ <u>2,459,708</u>	\$ <u>185,317</u>

The City has an available line of credit of \$1,000,000 with Peoples Trust Company. Interest is at 1.5% and matures February 10, 2017. For the year ended June 30, 2016, there was \$475,000 of short-term debt drawn and paid, and there was no outstanding balance as of the end of the year.

The City also has an available line of credit of \$4,000,000 with Peoples Trust Company. Interest is at 1.4% and matures September 1, 2016, at which time the City intends to renew the note. As of June 30, 2016, the note has outstanding balance of \$1,257,490.

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

**CITY OF ST. ALBANS, VERMONT**  
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The following types of fund balances are reported at June 30, 2016:

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

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

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority. This fund balance classification includes general fund encumbrances for non-lapsing special article appropriations approved at City Council.

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

Following is a breakdown of the City's fund balances at June 30, 2016:

	General Fund	TIF Debt Service Fund	City Hall Renovation Fund	Federal Street Bypass Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>						
Prepaid expenditures	\$ 6,413	\$ -	\$ -	\$ -	\$ -	\$ 6,413
Inventories	13,414	-	-	-	-	13,414
Assets held for resale	347,633	-	-	-	-	347,633
Federal Street Deficit	379,100	-	-	-	-	379,100
City Hall Renovation Deficit	44,485	-	-	-	-	44,485
Total Nonspendable	791,045	-	-	-	-	791,045
<b>Restricted</b>						
Asset forfeiture	8,435	-	-	-	-	8,435
Debt service	-	2,194	-	-	430,003	432,197
Expendable permanent funds	-	-	-	-	8,637	8,637
Total Restricted	8,435	2,194	-	-	438,640	449,269
<b>Committed</b>						
Hotel Loan	1,000,000	-	-	-	-	1,000,000
FY17 Property Acquisition	600,000	-	-	-	-	600,000
Property Acquisition Renovation	600,000	-	-	-	-	600,000
Redevelopment	102,184	-	-	-	-	102,184
Total Committed	2,302,184	-	-	-	-	2,302,184
<b>Unassigned</b>						
	(188,336)	-	(133,969)	(529,750)	(709,964)	(1,562,019)
Total Fund Balance	<u>\$ 2,913,328</u>	<u>\$ 2,194</u>	<u>\$ (133,969)</u>	<u>\$ (529,750)</u>	<u>\$ (271,324)</u>	<u>\$ 1,980,479</u>

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**K. Retirement Plans**

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

**Plan Description**

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis, and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2016, the retirement system consisted of 437 participating employers.

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

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

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

As of June 30, 2015, the measurement date selected by the State of Vermont, VMERS was funded at 87.42% and had a plan fiduciary net position of \$535,903,742 and a total pension liability of \$612,999,552 resulting in a net pension liability of \$77,095,810. As of June 30, 2016, the City's proportionate share of this was 1.42843% resulting in a liability of \$1,101,261. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2015, the City's proportion of 1.42843% was an increase of 0.02198% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$302,658.

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As of June 30, 2016, 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	\$ 6,553	\$ 1,990
Difference between projected and actual earnings on pension plan investments	212,756	-
Difference between expected and actual experience	34,811	-
Changes in assumptions	219,316	-
City's required employer contributions made subsequent to the measurement date	230,274	-
Total	\$ 703,710	\$ 1,990

The deferred outflows of resources resulting from the City's required employer contributions made subsequent to the measurement date in the amount of \$230,274 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows.

Year Ended June 30	
2017	\$ 92,571
2018	92,571
2019	92,571
2020	193,733
Total	\$ 471,446

**Summary of System Provisions**

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

**Creditable Service:** Service as a member plus purchased service.

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

**Service Retirement Allowance:**

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

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

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

**Early Retirement Allowance:**

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

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

**Vested Retirement Allowance:**

Eligibility: Five years of service.

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

**Disability Retirement Allowance:**

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

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

**Death Benefit:**

Eligibility: Death after five years of service.

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

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

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

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

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

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

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

**Significant Actuarial Assumptions and Methods**

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

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

Year Ending	Interest Rate	Year Ending	Interest Rate
6/30/2016	6.75%	6/30/2024	8.50%
6/30/2017	7.00%	6/30/2025	8.50%
6/30/2018	7.50%	6/30/2026	8.50%
6/30/2019	7.75%	6/30/2027	8.50%
6/30/2020	8.25%	6/30/2028	8.50%
6/30/2021	8.25%	6/30/2029	8.50%
6/30/2022	8.25%	6/30/2030	8.75%
6/30/2023	8.50%	6/30/2031 and later	9.00%

Salary Increases: 5% per year.

Deaths:

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

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

Disabled retirees: RP-2000 Disabled Life Tables.

Beneficiaries: 1995 Buck Mortality Tables for males and females.

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

Cost-of-Living Adjustments to Benefits of Terminated Vested and Retired Participants: Assumed to occur at the rate of 1.8% per annum for Group B and C members.

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

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

Note: For funding purposes – A smoothing method is used, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

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

Long-term Expected Rate of Return:

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

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	31.50%	8.61%
Fixed Income	33.00%	1.91%
Alternatives	15.50%	6.93%
Multi-strategy	20.00%	4.88%

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

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

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

<u>Impact of a 1% Change in the Discount Rate</u>		
	<u>Discount Rate</u>	<u>Net Pension Liability</u>
Current Rate	7.95%	\$ 1,101,261
1% Decrease	6.95%	\$ 2,199,696
1% Increase	8.95%	\$ 180,458

**Additional Information**

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

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

**Plan Description**

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

**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

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actuarially determined contribution to the system for 2016 was \$322,117 which was computed through an actuarial valuation performed as of January 1, 2016.

There are 20 active members and 52 retirees and beneficiaries. Additionally, there are 9 former employees with vested rights.

The market value of plan assets maintained at Prudential Investments is \$3,761,232 as of June 30, 2016.

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

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

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

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

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

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

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

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

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

**Net Pension Liability**

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as for June 30, 2016 using and annual actuarial valuation as of June 30, 2016. Because the measurement date is the same as the reporting date, no adjustments have been necessary to roll forward the data.

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**Significant Actuarial Assumptions and Methods**

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement.

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

Discount Rate: The discount rate was determined as follows:

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

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

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

Impact of a 1% Change in the Discount Rate		
	Discount Rate	Net Pension Liability
Current Rate	6.07%	\$ 2,728,576
1% Decrease	5.07%	\$ 3,386,811
1% Increase	7.07%	\$ 2,178,965

**Pension Expense and Deferred Outflows and Deferred Inflows of Resources**

For the year ended June 30, 2016 the City recognized pension expense of \$282,740. At June 30, 2016 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	\$ -	\$ 376,762
Changes in assumptions	220,236	-
Net difference between projected and actual earnings on plan investments	178,094	-
Total	\$ 398,330	\$ 376,762

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	
2017	\$ 27,343
2018	27,343
2019	27,341
2020	23,972
2021	(42,448)
Thereafter	(41,983)
Total	\$ 21,568

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**3. Deferred Compensation Plan**

The City also offers its employees a deferred compensation plan through the International City/County Management Association's Retirement Corporation (ICMA-RC) in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City has no liability for losses under this plan but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self-directed by each employee. For each employee not currently participating in the City's defined benefit plan or VMERS, the City will match the employee's contribution to the plan up to 5%. The City also provides the City Manager a 2.1% contribution of base pay without a required employee contribution amount. Employees remaining in the City's defined benefit plan or VMERS may open a 457 account without a City match. Total employer contributions to the 457 Plan for the year were \$5,903.

**L. Risk Management**

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

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

**M. Property Taxes**

The City is responsible for assessing and collecting its own property taxes, as well as education taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the approved budgets and the State education property tax liability. Taxes are due and payable on August 29, November 26, February 27 and May 29, and become delinquent on June 1. The City assesses an 8% penalty on delinquent taxes and interest is assessed at 1% per month after each installment date for the first twelve months and 1.5% per month thereafter. Unpaid

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taxes become an enforceable lien on the property, and such properties are subject to tax sale. The tax rates for 2016 are as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Education	1.4828	1.5697
General City	0.8117	0.8117
Library	0.0420	0.0420
Veteran's Exemption	0.0026	0.0026
Total Tax Rate per \$100 of Assessed Value	2.3391	2.4260

**N. Pollution Remediation**

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

**O. Contingent Liabilities**

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

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.

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**P. Subsequent Events**

Subsequent to year end, the City incurred debt through Vermont Municipal Bond Bank for Facilities, Infrastructure and Equipment Projects – City Hall, Streetscape Improvements, Fairfield Street Infrastructure, Lake and Main Streets Infrastructure, Fairfax Water Filter, Fire Truck and Fairfield Dam in the amount of \$10,183,582. The amount will be paid back in annual installments through November 2, 2041.

**Q. Tax Increment Financing District**

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

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

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

**R. Commitments**

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

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**S. Restatement/Reclassification**

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

	Fund Equity 6/30/15 (as previously reported)	Reclassification	Restatement for merger with Restorative Justice Center	Fund Equity 6/30/15 (as restated)
General Fund	\$ 467,166	\$ 172,243	\$ (7,252)	\$ 632,157
TIF Capital Projects Fund	964,346	(964,346)	-	-
Streetscape Fund	(6,877)	6,877	-	-
City Hall Renovation Fund	-	(46,105)	-	(46,105)
Federal Street Bypass Fund	-	(467,960)	-	(467,960)
Nonmajor Governmental Funds	<u>(359,458)</u>	<u>1,299,291</u>	<u>-</u>	<u>939,833</u>
Total	<u>\$ 1,065,177</u>	<u>\$ -</u>	<u>(7,252)</u>	<u>\$ 1,057,925</u>
Governmental activities net position at 6/30/15, as previously reported			<u>7,404,441</u>	
Governmental activities net position at 6/30/15, as restated			<u>\$ 7,397,189</u>	

CITY OF ST. ALBANS, VERMONT  
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2016

	Original/Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Property Taxes	\$ 3,996,966	\$ 4,136,694	\$ 139,728
Payments on Prior Year Taxes	147,473	-	(147,473)
Penalty on Taxes	33,000	22,348	(10,652)
Interest on Taxes	40,000	40,740	740
State Payments/RR Taxes	8,500	11,259	2,759
Interest on Savings	4,000	10,453	6,453
Public Works Garage Lease	37,500	37,500	-
City Hall Lease	52,500	52,500	-
PILOT	38,750	81,465	42,715
Insurance Reimbursements and Miscellaneous	35,000	153,265	118,265
Finance and Administration	18,000	12,842	(5,158)
City Clerk	110,200	98,544	(11,656)
Planning and Development	32,500	106,449	73,949
Assessing	23,050	22,283	(767)
Fire Department	569,430	530,449	(38,981)
Police, Dispatch and Animal Control	1,534,558	1,659,473	124,915
Library	-	36,537	36,537
Parking Garage	90,800	141,535	50,735
Public Works and Parks	131,500	460,351	328,851
Recreation Programs	332,235	409,775	77,540
	<u>7,235,962</u>	<u>8,024,462</u>	<u>788,500</u>
Total Revenue	7,235,962	8,024,462	788,500
<b>EXPENDITURES</b>			
Administration and Finance	427,898	986,371	(558,473)
City Clerk	72,460	61,862	10,598
Planning and Development	268,567	300,098	(31,531)
Planning and Development Capital	40,000	-	40,000
County and District Functions	237,184	234,670	2,514
Audit and Audit Consultants	10,000	7,684	2,316
Assessing	47,396	46,405	991
Debt Service - Principal and Interest	120,501	234,147	(113,646)
Professional Services - Legal	54,600	57,871	(3,271)
Fire Department	390,451	420,024	(29,573)
Fire Department Capital	565,063	490,951	74,112
Police, Dispatch and Animal Control	3,107,995	3,453,541	(345,546)
Police Department Capital	106,792	50,915	55,877
Library	-	34,713	(34,713)
Parking Garage	90,800	135,404	(44,604)
Public Works, Highway, Parks	657,969	1,043,826	(385,857)
Public Works Capital	522,078	395,118	126,960
Recreation Programs	485,687	504,235	(18,548)
Recreation Capital	30,521	30,521	-
	<u>7,235,962</u>	<u>8,488,356</u>	<u>(1,252,394)</u>
Total Expenditures	7,235,962	8,488,356	(1,252,394)
Excess/(Deficiency) of Revenue Over Expenditures	\$ <u>-</u>	(463,894)	\$ <u>(463,894)</u>
Fund Balance - July 1, 2015, as restated		632,157	
Transfer in from prior year sale proceeds		2,500,000	
Transfer in from prior year Wal-Mart funds		350,000	
Other non budgeted activity		<u>(104,935)</u>	
Fund Balance - June 30, 2016		<u>\$ 2,913,328</u>	

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
 CITY OF ST. ALBANS PENSION PLAN  
 JUNE 30, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability:			
Service Cost	\$ 56,040	\$ 226,520	\$ 54,376
Interest	421,289	423,309	372,888
Changes in Assumptions	-	335,956	-
Differences Between Actual and Expected Experience	(294,671)	(188,267)	-
Benefit Payments, Including Refunds of Member Contributions	<u>(384,878)</u>	<u>(449,104)</u>	<u>(432,133)</u>
Net Change in Total Pension Liability	(202,220)	348,414	(4,869)
Total Pension Liability, beginning	<u>6,692,028</u>	<u>6,343,614</u>	<u>6,348,483</u>
Total Pension Liability, ending	6,489,808	6,692,028	6,343,614
Plan Fiduciary Net Position:			
Contributions - Employer	200,000	200,000	200,000
Contributions - Members	37,743	36,594	40,043
Net Investment Income	9,080	233,965	249,941
Benefit Payments, Including Refunds of Member Contributions	(384,878)	(449,104)	(432,133)
Administrative Expenses	<u>(35,508)</u>	<u>(31,191)</u>	<u>(28,753)</u>
Net Change in Fiduciary Net Position	(173,563)	(9,736)	29,098
Plan Fiduciary Net Position, beginning	<u>3,950,662</u>	<u>3,960,398</u>	<u>3,931,300</u>
Plan Fiduciary Net Position, ending	<u>3,777,099</u>	<u>3,950,662</u>	<u>3,960,398</u>
Net Pension Liability, ending	<u>\$ 2,728,576</u>	<u>\$ 2,741,366</u>	<u>\$ 2,383,216</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.20%	59.04%	62.43%
Covered Employee Payroll	\$ 531,385	\$ 508,580	\$ 538,265
Net Pension Liability as a Percentage of Covered Employee Payroll	513.48%	539.02%	442.76%

**Notes to the Schedule:**

Benefit Changes: none

## Changes in Assumptions:

For Fiscal Years 2016 and 2015, the investment rate of return is 6.07% per year.

The assumed pre and post retirement mortality rates were based on the RP-2000 Mortality Table.

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

Data for future years will be added prospectively.

See Accompanying Independent Auditor's Report.

Schedule 3

CITY OF ST. ALBANS, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS  
 CITY OF ST. ALBANS PENSION PLAN  
 JUNE 30, 2016

	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially Determined Contribution	\$ 322,117	\$ 494,618	\$ 312,844	\$ 224,258	\$ 187,482	\$ 118,825	\$ 201,866	\$ 213,524	\$ 159,632
Contributions in Relation to the Actuarially Determined Contribution	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>161,606</u>	<u>209,825</u>	<u>153,737</u>	<u>201,136</u>
Contribution Deficiency/(Excess)	\$ <u>122,117</u>	\$ <u>294,618</u>	\$ <u>112,844</u>	\$ <u>24,258</u>	\$ <u>(12,518)</u>	\$ <u>(42,781)</u>	\$ <u>(7,959)</u>	\$ <u>59,787</u>	\$ <u>(41,504)</u>
Covered-Employee Payroll	\$ 531,385	\$ 508,580	538,265	647,286	714,519	471,413	471,413	628,509	1,290,469
Contributions as a Percentage of Covered-Employee Payroll	37.64%	39.33%	37.16%	30.90%	27.99%	34.28%	44.51%	24.46%	15.59%
	<u>2,016</u>	<u>2015</u>	<u>2014</u>						
Annual Money-Weighted Rate of Return, Net of Investment Expense	0.38%	4.64%	4.98%						

**Notes to the Schedule:**

Valuation Date: June 30, 2016

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

Methods and assumptions used to determine contribution rates:

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

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

See Accompanying Independent Auditor's Report.

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

JUNE 30, 2016

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

**Notes to the Schedule:**

Benefit Changes: none

Changes in Assumptions: The discount rate used to measure the net pension liability was lowered from 8.15% to 7.95%, due to the adoption by the Board of Trustees of a 7.95% expected future rate of return on assets for funding purposes.

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

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 VMERS DEFINED BENEFIT PLAN  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>2015</u>	<u>2014</u>
Contractually Required Contributions (Actuarially Determined)	\$ 199,673	\$ 181,424
Contributions in Relation to the Actuarially Determined Contributions	<u>199,673</u>	<u>181,424</u>
Contribution Excess/(Deficiency)	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 3,271,734	\$ 3,029,983
Contributions as a Percentage of Covered Employee Payroll	6.10%	5.99%

**Notes to the Schedule:**

Valuation Date: June 30, 2015 and June 30, 2014

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

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2016

	Special Revenue Funds	Capital Project Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash	\$ 8,887	\$ 239,962	\$ 248,849
Receivables	<u>157,301</u>	<u>212,160</u>	<u>369,461</u>
Total Assets	<u>\$ 166,188</u>	<u>\$ 452,122</u>	<u>\$ 618,310</u>
 <b>LIABILITIES</b>			
Accounts Payable	\$ 19,091	\$ 171,066	\$ 190,157
Due to Other Funds	<u>54,461</u>	<u>437,877</u>	<u>492,338</u>
Total Liabilities	73,552	608,943	682,495
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue	<u>92,109</u>	<u>115,030</u>	<u>207,139</u>
Total Deferred Inflows of Resources	92,109	115,030	207,139
 <b>FUND BALANCES (DEFICIT)</b>			
Restricted	8,637	430,003	438,640
Unassigned	<u>(8,110)</u>	<u>(701,854)</u>	<u>(709,964)</u>
Total Fund Balances/(Deficit)	<u>527</u>	<u>(271,851)</u>	<u>(271,324)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 166,188</u>	<u>\$ 452,122</u>	<u>\$ 618,310</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  
 JUNE 30, 2016

	Special Revenue Funds	Capital Project Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 742,656	\$ 451,446	\$ 1,194,102
Charges for Services	23,156	-	23,156
Investment Income	<u>6</u>	<u>-</u>	<u>6</u>
Total Revenues	765,818	451,446	1,217,264
<b>EXPENDITURES</b>			
Current:			
Public Safety	747,655	-	747,655
Community Development	-	755,340	755,340
Capital Outlay			
Public Works	<u>-</u>	<u>1,535,658</u>	<u>1,535,658</u>
Total Expenditures	<u>747,655</u>	<u>2,290,998</u>	<u>3,038,653</u>
Excess/(Deficiency) of Revenue Over Expenditures	18,163	(1,839,552)	(1,821,389)
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of Long-Term Debt	-	418,875	418,875
Transfers In	-	713,360	713,360
Transfers Out	<u>-</u>	<u>(522,003)</u>	<u>(522,003)</u>
Total Other Financing Sources	<u>-</u>	<u>610,232</u>	<u>610,232</u>
Net Change in Fund Balances	18,163	(1,229,320)	(1,211,157)
Fund Balance/(Deficit) - July 1, 2015, as restated	<u>(17,636)</u>	<u>957,469</u>	<u>939,833</u>
Fund Balance/(Deficit) - June 30, 2016	<u>\$ 527</u>	<u>\$ (271,851)</u>	<u>\$ (271,324)</u>

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2016

	Restorative Justice Center Fund	VCDP Grants Fund	OJP Fund	Taylor Park Trust Fund	Subtotal Special Revenue Funds
<b>ASSETS</b>					
Cash	\$ 250	\$ -	\$ -	\$ 8,637	\$ 8,887
Receivables	<u>126,810</u>	<u>7,866</u>	<u>22,625</u>	<u>-</u>	<u>157,301</u>
Total Assets	<u>\$ 127,060</u>	<u>\$ 7,866</u>	<u>\$ 22,625</u>	<u>\$ 8,637</u>	<u>\$ 166,188</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 5,581	\$ 495	\$ 13,015	\$ -	\$ 19,091
Due to Other Funds	<u>37,357</u>	<u>7,494</u>	<u>9,610</u>	<u>-</u>	<u>54,461</u>
Total Liabilities	42,938	7,989	22,625	-	73,552
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue	<u>91,397</u>	<u>712</u>	<u>-</u>	<u>-</u>	<u>92,109</u>
Total Deferred Inflows of Resources	91,397	712	-	-	92,109
<b>FUND BALANCES (DEFICIT)</b>					
Restricted	-	-	-	8,637	8,637
Unassigned	<u>(7,275)</u>	<u>(835)</u>	<u>-</u>	<u>-</u>	<u>(8,110)</u>
Total Fund Balances/(Deficit)	<u>(7,275)</u>	<u>(835)</u>	<u>-</u>	<u>8,637</u>	<u>527</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 127,060</u>	<u>\$ 7,866</u>	<u>\$ 22,625</u>	<u>\$ 8,637</u>	<u>\$ 166,188</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, 2016

	Restorative Justice Center Fund	VCDP Grants Fund	OJP Fund	Taylor Park Trust Fund	Subtotal Special Revenue Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>					
Intergovernmental	\$ 727,455	\$ 15,201	\$ -	\$ -	\$ 742,656
Charges for Services	17,280	2,376	-	3,500	23,156
Investment Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>6</u>
Total Revenues	744,735	17,577	-	3,506	765,818
<b>EXPENDITURES</b>					
Current:					
Public Safety	<u>729,583</u>	<u>18,072</u>	<u>-</u>	<u>-</u>	<u>747,655</u>
Total Expenditures	<u>729,583</u>	<u>18,072</u>	<u>-</u>	<u>-</u>	<u>747,655</u>
Net Change in Fund Balances	15,152	(495)	-	3,506	18,163
Fund Balances/(Deficit) - July 1, 2015, as restated	<u>(22,427)</u>	<u>(340)</u>	<u>-</u>	<u>5,131</u>	<u>(17,636)</u>
Fund Balances/(Deficit) - June 30, 2016	<u>\$ (7,275)</u>	<u>\$ (835)</u>	<u>\$ -</u>	<u>\$ 8,637</u>	<u>\$ 527</u>

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2016

	TIF Capital Projects Fund	Streetscape Fund	Sidewalk Fund	Subtotal Capital Projects Funds
<b>ASSETS</b>				
Cash	\$ 239,962	\$ -	\$ -	\$ 239,962
Receivables	<u>97,130</u>	<u>115,030</u>	<u>-</u>	<u>212,160</u>
Total Assets	<u>\$ 337,092</u>	<u>\$ 115,030</u>	<u>\$ -</u>	<u>\$ 452,122</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 98,525	\$ -	\$ 72,541	\$ 171,066
Due to Other Funds	<u>219,732</u>	<u>28,321</u>	<u>189,824</u>	<u>437,877</u>
Total Liabilities	318,257	28,321	262,365	608,943
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	<u>-</u>	<u>115,030</u>	<u>-</u>	<u>115,030</u>
Total Deferred Inflows of Resources	-	115,030	-	115,030
<b>FUND BALANCES (DEFICIT)</b>				
Restricted	430,003	-	-	430,003
Unassigned	<u>(411,168)</u>	<u>(28,321)</u>	<u>(262,365)</u>	<u>(701,854)</u>
Total Fund Balances/(Deficit)	<u>18,835</u>	<u>(28,321)</u>	<u>(262,365)</u>	<u>(271,851)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 337,092</u>	<u>\$ 115,030</u>	<u>\$ -</u>	<u>\$ 452,122</u>

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	TIF Capital Projects Fund	Streetscape Fund	Sidewalk Fund	Subtotal Capital Projects Funds
<b>REVENUES</b>				
Intergovernmental Revenues	\$ 297,130	\$ 154,316	\$ -	\$ 451,446
Total Revenues	297,130	154,316	-	451,446
<b>EXPENDITURES</b>				
Current:				
Community Development	755,340	-	-	755,340
Capital Outlay:				
Public Works	-	854,418	681,240	1,535,658
Total Expenditures	755,340	854,418	681,240	2,290,998
Excess/(Deficiency) of Revenue Over Expenditures	(458,210)	(700,102)	(681,240)	(1,839,552)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Long-Term Debt	-	-	418,875	418,875
Transfers In	34,702	678,658	-	713,360
Transfers Out	(522,003)	-	-	(522,003)
Total Other Financing Sources	(487,301)	678,658	418,875	610,232
Net Change in Fund Balances	(945,511)	(21,444)	(262,365)	(1,229,320)
Fund Balance/(Deficit) - July 1, 2015	964,346	(6,877)	-	957,469
Fund Balance/(Deficit) - June 30, 2016	\$ 18,835	\$ (28,321)	\$ (262,365)	\$ (271,851)

See Accompanying Independent Auditor's Report.

CITY OF ST. ALBANS, VERMONT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<b>TAX SALE ESCROW FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 16,752	\$ -	\$ 16,752	\$ -
Total Assets	<u>16,752</u>	<u>-</u>	<u>16,752</u>	<u>-</u>
<b>LIABILITIES</b>				
Due to Others	\$ 16,752	\$ -	\$ 16,752	\$ -
Total Liabilities	<u>16,752</u>	<u>-</u>	<u>16,752</u>	<u>-</u>
<b>SAFF FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 11,581	\$ 45,873	\$ 26,724	\$ 30,730
Due from others	-	4	-	4
Total Assets	<u>11,581</u>	<u>45,877</u>	<u>26,724</u>	<u>30,734</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,997	\$ -	\$ 1,997	\$ -
Due to Others	9,584	22,724	1,574	30,734
Total Liabilities	<u>11,581</u>	<u>22,724</u>	<u>3,571</u>	<u>30,734</u>
<b>EXPLORER FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 544	\$ 2,127	\$ 2,070	\$ 601
Total Assets	<u>544</u>	<u>2,127</u>	<u>2,070</u>	<u>601</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 438	\$ -	\$ 438	\$ -
Due to Others	106	2,184	1,689	601
Total Liabilities	<u>544</u>	<u>2,184</u>	<u>2,127</u>	<u>601</u>
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 28,877	\$ 48,000	\$ 45,546	\$ 31,331
Due from others	-	4	-	4
Total Assets	<u>28,877</u>	<u>48,004</u>	<u>45,546</u>	<u>31,335</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,435	\$ -	\$ 2,435	\$ -
Due to Others	26,442	24,908	20,015	31,335
Total Liabilities	<u>28,877</u>	<u>24,908</u>	<u>22,450</u>	<u>31,335</u>

See Accompanying Independent Auditor's Report.

# STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends	92-96
<i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	
Revenue Capacity	97-100
<i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	
Debt Capacity	101-105
<i>These schedules contain information to help the reader assess the affordability of the government’s current level of outstanding debt and the government’s ability to issue additional deb tin the future.</i>	
Demographic and Economic Information	106-107
<i>These schedules contain information to help the reader understand the environment within which the government’s financial activities take place.</i>	
Operating Information	108-110
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	



Table 1

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

	2016	2015	2014 (1)	2013	2012	2011	2010 (restated)	2010	2009	2008	2007
<b>Governmental Activities</b>											
Net Investment in Capital Assets	\$ 8,578,242	\$ 10,198,477	\$ 8,540,627	\$ 7,119,924	\$ 5,687,628	\$ 4,094,397	\$ 1,828,246	\$ 1,994,677	\$ 1,726,179	\$ 2,484,655	\$ 2,174,146
Restricted	440,834	169,832	207,167	215,538	214,623	264,656	555,570	345,682	210,527	94,116	94,116
Unrestricted	(493,699)	(2,963,868)	(2,144,164)	(1,742,334)	(334,422)	(226,679)	696,496	666,509	242,004	(307,414)	(182,941)
Total Governmental Activities Net Position	8,525,377	7,404,441	6,603,630	5,593,128	5,567,829	4,132,374	3,080,312	3,006,868	2,178,710	2,271,357	2,085,321
<b>Business-type Activities</b>											
Net Investment in Capital Assets	11,641,845	11,433,940	12,100,228	12,009,592	11,583,644	12,053,482	10,891,827	10,947,222	11,045,813	11,545,938	11,519,323
Unrestricted	3,436,619	3,773,956	2,763,469	2,450,449	2,252,046	1,198,191	1,138,845	1,191,575	730,207	(181,539)	(148,221)
Total Business-type Activities Net Position	15,078,464	15,207,896	14,863,697	14,460,041	13,835,690	13,251,673	12,030,672	12,138,797	11,776,020	11,364,399	11,371,102
<b>Primary Government</b>											
Net Investment in Capital Assets	20,220,087	21,632,417	20,640,855	19,129,516	17,271,272	16,147,879	12,720,073	12,941,899	12,771,995	14,030,593	13,693,469
Restricted	440,834	169,832	207,167	215,538	214,623	264,656	555,570	345,682	210,527	94,116	94,116
Unrestricted	2,942,920	810,088	619,305	708,115	1,917,624	971,512	1,835,341	1,858,084	972,211	(488,953)	(331,162)
Total Primary Government Net Position	<u>\$ 23,603,841</u>	<u>\$ 22,612,337</u>	<u>\$ 21,467,327</u>	<u>\$ 20,053,169</u>	<u>\$ 19,403,519</u>	<u>\$ 17,384,047</u>	<u>\$ 15,110,984</u>	<u>\$ 15,145,665</u>	<u>\$ 13,954,733</u>	<u>\$ 13,635,756</u>	<u>\$ 13,456,423</u>

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

Table 2

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 1,205,537	\$ 1,410,424	\$ 752,052	\$ 760,536	\$ 1,387,110	\$ 947,435	\$ 1,144,117	\$ 951,130	\$ 617,719	\$ 756,379
Public Safety	4,962,749	4,309,467	4,535,681	4,504,074	4,682,229	4,190,064	3,558,949	3,192,272	2,828,788	2,749,792
Public Works	1,125,780	1,044,000	815,624	610,692	581,886	571,072	520,534	470,066	467,661	434,770
Culture and Recreation	840,608	604,679	600,304	540,147	472,500	485,389	419,147	507,323	403,011	417,362
Community Development	755,341	554,978	762,129	2,005,440	498,887	2,356	284,619	748,394	1,023,587	999,195
Depreciation, Unallocated	-	-	-	-	-	-	206,832	165,288	135,906	132,526
Interest on Long-term Debt	574,680	517,014	337,282	74,998	50,438	62,959	76,276	25,592	48,237	47,594
Total Governmental Activities	<u>9,464,695</u>	<u>8,440,562</u>	<u>7,803,072</u>	<u>8,495,887</u>	<u>7,673,050</u>	<u>6,259,275</u>	<u>6,210,474</u>	<u>6,060,065</u>	<u>5,524,909</u>	<u>5,537,618</u>
Business-type Activities:										
Water	2,023,263	2,128,265	1,895,517	1,885,455	1,807,120	1,714,023	1,652,883	1,511,804	1,504,356	1,640,767
Sewer	2,935,021	2,830,952	2,623,091	2,842,362	2,505,130	2,365,686	2,268,216	2,125,398	2,201,700	2,100,465
Total Business-Type Activities	<u>4,958,284</u>	<u>4,959,217</u>	<u>4,518,608</u>	<u>4,727,817</u>	<u>4,312,250</u>	<u>4,079,709</u>	<u>3,921,099</u>	<u>3,637,202</u>	<u>3,706,056</u>	<u>3,741,232</u>
Total Expenses	<u>\$14,422,979</u>	<u>\$13,399,779</u>	<u>\$12,321,680</u>	<u>\$13,223,704</u>	<u>\$11,985,300</u>	<u>\$10,338,984</u>	<u>\$10,131,573</u>	<u>\$ 9,697,267</u>	<u>\$ 9,230,965</u>	<u>\$ 9,278,850</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services										
General Government	\$ 301,961	\$ 139,525	\$ 140,099	\$ 492,848	\$ 237,930	\$ 136,402	\$ 245,471	\$ 129,977	\$ 133,800	\$ 150,052
Public Safety	1,317,354	1,376,666	1,402,824	1,197,101	1,172,465	684,202	712,195	506,101	266,931	273,181
Public Works	174,649	107,293	54,405	86,756	42,756	28,111	240,765	358,985	330,638	307,699
Culture and Recreation	395,570	399,619	450,924	436,241	325,041	414,298	272,733	216,324	191,550	166,297
Community Development	-	39	7,892	1,000	579	85,608	-	-	-	-
Operating Grants and Contributions	1,333,954	1,060,125	861,861	1,106,294	2,377,447	1,050,574	1,285,243	1,458,740	1,421,720	1,551,299
Capital Grants and Contributions	1,324,321	1,414,679	885,807	1,264,603	933,940	920,671	-	-	-	-
Total Governmental Activities	<u>4,847,809</u>	<u>4,497,946</u>	<u>3,803,812</u>	<u>4,584,843</u>	<u>5,090,158</u>	<u>3,319,866</u>	<u>2,756,407</u>	<u>2,670,127</u>	<u>2,344,639</u>	<u>2,448,528</u>
Business-type Activities:										
Charges for Services										
Water	2,246,862	2,298,907	2,404,911	2,102,458	2,085,442	1,988,380	1,900,576	1,892,135	1,775,887	1,529,324
Sewer	2,930,614	2,913,086	3,113,773	2,745,270	2,680,843	2,267,927	2,350,434	2,303,097	1,910,123	1,688,736
Operating Grants and Contributions	109,666	12,287	-	-	-	-	-	-	-	50,982
Capital Grants and Contributions	-	-	251,537	452,696	79,587	1,000,000	-	-	-	-
Total Business-type Activities	<u>5,287,142</u>	<u>5,224,280</u>	<u>5,770,221</u>	<u>5,300,424</u>	<u>4,845,872</u>	<u>5,256,307</u>	<u>4,251,010</u>	<u>4,195,232</u>	<u>3,686,010</u>	<u>3,269,042</u>
Total Program Revenues	<u>\$10,134,951</u>	<u>\$ 9,722,226</u>	<u>\$ 9,574,033</u>	<u>\$ 9,885,267</u>	<u>\$ 9,936,030</u>	<u>\$ 8,576,173</u>	<u>\$ 7,007,417</u>	<u>\$ 6,865,359</u>	<u>\$ 6,030,649</u>	<u>\$ 5,717,570</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (4,616,886)	\$ (3,942,616)	\$ (3,999,260)	\$ (3,911,044)	\$ (2,582,892)	\$ (2,939,409)	\$ (3,454,067)	\$ (3,389,938)	\$ (3,180,270)	\$ (3,089,090)
Business-type Activities	328,858	265,063	1,251,613	572,607	533,622	1,176,598	329,911	558,030	(20,046)	(472,190)
Total Net Expense	<u>\$ (4,288,028)</u>	<u>\$ (3,677,553)</u>	<u>\$ (2,747,647)</u>	<u>\$ (3,338,437)</u>	<u>\$ (2,049,270)</u>	<u>\$ (1,762,811)</u>	<u>\$ (3,124,156)</u>	<u>\$ (2,831,908)</u>	<u>\$ (3,200,316)</u>	<u>\$ (3,561,280)</u>

Table 2 (continued)

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Revenues</b>										
Governmental Activities:										
Property Taxes	\$ 4,941,051	\$ 4,534,809	\$ 3,953,716	\$ 3,763,707	\$ 3,780,436	\$ 3,765,017	\$ 3,810,002	\$ 3,597,523	\$ 3,377,979	\$ 3,188,435
Interest and Penalties on Delinquent Taxes	63,231	65,645	65,714	55,706	96,792	95,793	-	-	-	-
Unrestricted Investment Earnings	17,493	3,907	4,540	2,994	4,884	7,934	5,931	11,766	13,329	22,951
General State Grants	95,199	84,441	86,703	95,416	89,834	85,435	-	-	-	-
Other Revenues	160,293	44,617	19,983	17,670	23,140	34,005	-	-	-	-
Gain/(Loss) on Capital Assets	(20,089)	3,341	2,251,711	850	23,261	-	498,680	(312,000)	-	-
Transfers	487,896	6,667	306,946	-	-	3,287	-	-	(25,001)	(30,000)
Prior Period Adjustment	-	-	-	-	-	-	(32,388)	-	-	-
Total Governmental Activities	<u>5,745,074</u>	<u>4,743,427</u>	<u>6,689,313</u>	<u>3,936,343</u>	<u>4,018,347</u>	<u>3,991,471</u>	<u>4,282,225</u>	<u>3,297,289</u>	<u>3,366,307</u>	<u>3,181,386</u>
Business-type Activities:										
Unrestricted Investment Earnings	29,606	85,803	312,244	51,744	50,395	42,313	32,861	13,040	13,324	-
Other Revenues	-	-	-	-	-	5,377	-	-	-	-
Transfers	(487,896)	(6,667)	(306,946)	-	-	(3,287)	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-	(159,446)	-	-
Total Business-type Activities	<u>(458,290)</u>	<u>79,136</u>	<u>5,298</u>	<u>51,744</u>	<u>50,395</u>	<u>44,403</u>	<u>32,861</u>	<u>(146,406)</u>	<u>13,324</u>	<u>-</u>
Total Primary Government	<u>\$ 5,286,784</u>	<u>\$ 4,822,563</u>	<u>\$ 6,694,611</u>	<u>\$ 3,988,087</u>	<u>\$ 4,068,742</u>	<u>\$ 4,035,874</u>	<u>\$ 4,315,086</u>	<u>\$ 3,150,883</u>	<u>\$ 3,379,631</u>	<u>\$ 3,181,386</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 1,128,188	\$ 800,811	\$ 25,299	\$ 107,303	\$ 1,408,579	\$ 1,342,816	\$ (156,778)	\$ (23,631)	\$ 1,116	\$ 64,136
Business-type Activities	(129,432)	344,199	624,351	623,002	578,025	1,209,459	183,505	571,354	(20,046)	(472,190)
Total Change in Net Position	<u>\$ 998,756</u>	<u>\$ 1,145,010</u>	<u>\$ 649,650</u>	<u>\$ 730,305</u>	<u>\$ 1,986,604</u>	<u>\$ 2,552,275</u>	<u>\$ 26,727</u>	<u>\$ 547,723</u>	<u>\$ (18,930)</u>	<u>\$ (408,054)</u>

Table 3

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

	2016	2015 (1)	2014 (1)	2013 (1)	2012 (1)	2011 (1)	2010	2009	2008	2007
<b>General Fund</b>										
Nonspendable	\$ 791,045	\$ 92,858	\$ 268,930	\$ 201,638	\$ 193,645	\$ 200,523	\$ -	\$ -	\$ -	\$ -
Restricted	8,435	-	26,324	20,000	20,000	15,919	-	-	-	-
Committed	2,302,184	-	-	-	-	-	-	-	-	-
Assigned	-	374,308	414,326	709,897	318,203	517,393	-	-	-	-
Unassigned	(188,336)	-	-	-	-	6,687	-	-	-	-
Reserved	-	-	-	-	-	-	345,683	210,527	94,116	94,116
Unreserved	-	-	-	-	-	-	584,645	302,423	(461,856)	(487,132)
Total General Fund	<u>\$2,913,328</u>	<u>\$ 467,166</u>	<u>\$ 709,580</u>	<u>\$ 931,535</u>	<u>\$ 531,848</u>	<u>\$ 740,522</u>	<u>\$ 930,328</u>	<u>\$ 512,950</u>	<u>\$ (367,740)</u>	<u>\$ (393,016)</u>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ -	\$ 252,082	\$ 50,476	\$ 114,290	\$ 50,476	\$ 50,476	\$ -	\$ -	\$ -	\$ -
Restricted	440,834	976,318	4,578,771	993,607	63,568	115,293	-	-	-	-
Assigned	-	2,502,194	2,500,000	-	-	-	-	-	-	-
Unassigned	(1,373,683)	(630,389)	(513,305)	(750,224)	(269,158)	(275,378)	-	-	-	-
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	88,704	35,367	82,749	177,775
Total All Other Governmental Funds	<u>\$ (932,849)</u>	<u>\$3,100,205</u>	<u>\$6,615,942</u>	<u>\$ 357,673</u>	<u>\$ (155,114)</u>	<u>\$ (109,609)</u>	<u>\$ 88,704</u>	<u>\$ 35,367</u>	<u>\$ 82,749</u>	<u>\$ 177,775</u>

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

Table 4

CITY OF ST. ALBANS, VERMONT CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN YEARS (modified accrual basis of accounting)										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues</b>										
Property Taxes	\$ 4,910,083	\$ 4,532,609	\$ 4,035,416	\$ 3,753,707	\$ 3,850,436	\$ 3,707,017	\$ 4,059,977	\$ 3,958,175	\$ 3,710,830	\$ 3,416,794
Penalties and Interest	63,231	65,645	65,713	55,706	96,791	95,793	31,351	17,917	12,241	36,930
Intergovernmental Revenues	2,375,111	2,427,415	2,176,164	2,074,187	2,931,608	1,947,208	515,519	442,030	155,242	1,066,891
Charges for Services	2,005,579	1,912,381	1,798,004	1,610,276	1,583,855	1,311,588	545,033	440,798	318,783	330,593
Investment Income	17,474	3,907	4,540	2,994	4,884	7,934	8,683	11,729	15,117	25,073
Loan Repayments	-	966	-	-	98,887	3,662	17,691	112,845	34,421	33,786
Licenses and Permits	183,956	113,935	154,227	468,198	202,758	113,486	79,778	80,058	87,658	50,187
Recreation Department	-	-	-	-	-	-	306,433	248,862	218,550	193,297
Grant Revenue	-	-	-	-	-	-	751,317	585,531	1,072,848	177,533
Donations	166,440	173,545	-	-	-	-	-	-	-	-
Other Revenue	160,293	160,716	142,114	97,463	95,333	63,112	270,030	440,652	61,476	185,729
<b>Total Revenues</b>	<b>9,882,167</b>	<b>9,391,119</b>	<b>8,376,178</b>	<b>8,062,531</b>	<b>8,864,552</b>	<b>7,249,800</b>	<b>6,585,812</b>	<b>6,338,597</b>	<b>5,687,166</b>	<b>5,516,813</b>
<b>Expenditures</b>										
Current:										
General Government	1,167,734	1,457,172	761,903	813,050	1,514,761	1,238,677	943,532	713,239	472,400	566,927
Public Safety	4,584,531	3,973,959	4,252,826	4,140,795	4,481,489	4,055,873	3,690,738	3,330,406	2,991,708	2,863,852
Public Works	682,714	715,622	637,760	546,484	513,179	535,024	550,784	565,061	542,425	548,732
Culture and Recreation	1,548,616	552,838	566,235	435,924	453,683	465,542	375,124	308,766	281,430	255,474
Community Development	-	422,141	762,129	2,005,440	598,887	2,356	119,102	369,927	525,593	1,064,346
Grant Expenditures	-	-	-	-	-	-	479,654	615,498	1,071,568	177,533
Miscellaneous	-	-	-	-	-	-	212,624	263,492	170,653	224,502
Capital Outlay	5,525,948	5,082,998	9,228,485	1,978,708	1,357,999	1,599,721	87,500	225,000	-	-
Debt Service:										
Principal	867,704	879,981	318,553	308,671	291,468	483,187	155,961	103,223	44,199	48,943
Interest	546,480	518,080	280,245	69,451	54,006	65,292	55,861	61,708	48,965	16,673
<b>Total Expenditures</b>	<b>14,923,727</b>	<b>13,602,791</b>	<b>16,808,136</b>	<b>10,298,523</b>	<b>9,265,472</b>	<b>8,445,672</b>	<b>6,670,880</b>	<b>6,556,320</b>	<b>6,148,941</b>	<b>5,766,982</b>
Excess (Deficiency) of Revenues over Expenditures	(5,041,560)	(4,211,672)	(8,431,958)	(2,235,992)	(400,920)	(1,195,872)	(85,068)	(217,723)	(461,775)	(250,169)
<b>Other Financing Sources (Uses)</b>										
Proceeds of Long-Term Debt	2,974,024	444,479	11,656,626	3,148,466	123,480	529,118	87,500	1,051,028	393,026	-
Proceeds from Sale of Capital Assets	-	2,375	2,504,700	-	23,261	4,350	500,671	-	24,000	48,000
Transfers In	3,881,181	798,077	838,398	3,500	132,672	94,045	-	50,114	104,896	15,000
Transfers Out	(3,393,285)	(791,410)	(531,452)	(3,500)	(132,672)	(90,758)	-	(50,114)	(129,897)	(45,000)
<b>Total Other Financing Sources (Uses)</b>	<b>3,461,920</b>	<b>453,521</b>	<b>14,468,272</b>	<b>3,148,466</b>	<b>146,741</b>	<b>536,755</b>	<b>588,171</b>	<b>1,051,028</b>	<b>392,025</b>	<b>18,000</b>
<b>Net Change in Fund Balances</b>	<b>\$(1,579,640)</b>	<b>\$(3,758,151)</b>	<b>\$ 6,036,314</b>	<b>\$ 912,474</b>	<b>\$ (254,179)</b>	<b>\$ (659,117)</b>	<b>\$ 503,103</b>	<b>\$ 833,305</b>	<b>\$ (69,750)</b>	<b>\$ (232,169)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	15.05%	16.41%	7.90%	4.54%	4.37%	8.01%	3.22%	2.61%	1.52%	1.14%

Table 5

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

Fiscal Year	Assessed Value	Estimated Actual Value	Total Direct Tax Rate	Education Grand List	
				Residential	Nonresidential
2016	\$ 5,403,024	\$ 5,525,129	\$ 0.8563	\$ 2,110,729	\$ 2,834,996
2015	\$ 5,185,853	\$ 5,303,050	\$ 0.8557	\$ 2,145,192	\$ 2,607,223
2014	\$ 4,876,797	\$ 4,987,010	\$ 0.8344	\$ 2,220,851	\$ 2,384,785
2013	\$ 4,721,660	\$ 4,752,073	\$ 0.8400	\$ 2,318,092	\$ 2,188,360
2012	\$ 4,730,704	\$ 4,808,603	\$ 0.8410	\$ 2,261,360	\$ 2,242,897
2011	\$ 3,833,296	\$ 5,146,055	\$ 1.0341	\$ 1,755,837	\$ 1,855,401
2010	\$ 3,835,249	\$ 5,339,342	\$ 1.0139	\$ 1,742,725	\$ 1,870,482
2009	\$ 3,845,371	\$ 5,397,012	\$ 0.9806	\$ 1,761,073	\$ 1,852,464
2008	\$ 3,837,823	\$ 5,163,222	\$ 0.9083	\$ 1,757,688	\$ 1,848,427
2007	\$ 3,846,550	\$ 4,795,001	\$ 0.8476	\$ 1,705,435	\$ 1,891,063

**Notes:**

Tax rates are per \$100 of assessed value.

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

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

Table 6

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

Fiscal Year	City of St. Albans	After Act 68			
		State-wide Education Taxes		Total Taxes	
		Residential	Nonresidential	Residential	Nonresidential
2016	0.8563	1.4828	1.5697	2.3391	2.4260
2015	0.8557	1.4413	1.5442	2.2970	2.3999
2014	0.8344	1.3234	1.4493	2.1578	2.2837
2013	0.8400	1.3173	1.4027	2.1573	2.2427
2012	0.8410	1.3330	1.4688	2.1740	2.3098
2011	1.0341	1.6464	1.8794	2.6805	2.9135
2010	1.0139	1.6525	1.8947	2.6664	2.9086
2009	0.9806	1.5475	1.8297	2.5281	2.8103
2008	0.9083	1.4565	1.6953	2.3648	2.6036
2007	0.8476	1.4447	1.6446	2.2923	2.4922

**Notes:**

Tax rates are per \$100 of assessed value.

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

Table 7

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

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed value
Mylan Technologies Inc.	\$ 299,798	1	5.55%	\$ 142,343	1	3.70%
Mylan Technologies Inc.	\$ 232,494	2	4.30%	\$ 76,679	3	1.99%
Elman Vermont Investors	\$ 144,139	3	2.67%			
27 Federal Street, LLC	\$ 106,466	4	1.97%	\$ 1,675		0.04%
St. Albans Coop Creamery	\$ 91,126	5	1.69%	\$ 36,668	4	0.95%
Suntrust Funding LLC	\$ 77,224	6	1.43%			
St. Albans Coop Creamery	\$ 69,423	7	1.28%			
Green Mountain Power	\$ 65,933	8	1.22%	\$ 34,289	5	0.89%
St. Albans Shopping Center	\$ 39,563	9	0.73%	\$ 24,060	6	0.63%
Vermont Gas Systems Inc	\$ 33,482	10	0.62%			
Mylan Technologies Inc.				\$ 95,139	2	2.47%
Holy Angels Common Association				\$ 17,796	7	0.46%
Fonda Group, Inc				\$ 16,882	8	0.44%
Emile J. Legere				\$ 16,767	9	0.44%
Switchyard Association				\$ 15,286	10	0.40%
	<u>\$ 1,159,648</u>		<u>21.46%</u>	<u>\$ 477,584</u>		<u>12.42%</u>

Table 8

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2016	\$ 12,207,881	\$ 12,012,102	98.40%	\$ -	\$ 12,012,102	98.40%
2015	\$ 11,557,477	\$ 11,342,736	98.14%	\$ 195,778	\$ 11,538,514	99.84%
2014	\$ 10,461,499	\$ 10,288,042	98.34%	\$ 138,755	\$ 10,288,042	98.34%
2013	\$ 10,078,467	\$ 9,841,255	97.65%	\$ 217,257	\$ 10,046,686	99.68%
2012	\$ 10,288,103	\$ 9,983,848	97.04%	\$ 295,062	\$ 10,263,463	99.76%
2011	\$ 10,338,270	\$ 10,000,762	96.74%	\$ 327,539	\$ 10,333,170	99.95%
2010	\$ 10,308,950	\$ 10,036,219	97.30%	\$ 273,596	\$ 10,307,138	99.98%
2009	\$ 9,880,566	\$ 9,602,732	97.12%	\$ 278,151	\$ 9,878,140	99.98%
2008	\$ 9,185,814	\$ 8,920,116	97.10%	\$ 209,900	\$ 9,184,409	99.98%
2007	\$ 8,836,454	\$ 8,596,949	97.28%	\$ 237,240	\$ 8,835,959	99.99%

Table 9

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

Fiscal Year	Governmental Activities			Business-type Activities			Total Debt Outstanding	Estimated Population (1)	Debt per Capita	Percentage of Personal Income (2)
	Bonds	Notes	Capital Leases	Bonds	Notes	Capital Leases				
2016	\$13,455,000	\$4,036,638	\$ 30,618	\$6,567,419	\$2,768,876	\$185,317	\$27,043,868	6,816	\$3,968	n/a
2015	\$14,050,000	\$1,327,560	\$ 38,388	\$6,844,811	\$2,092,922	\$ -	\$24,353,681	6,860	\$3,550	n/a
2014	\$14,775,000	\$1,030,609	\$ 45,841	\$7,114,923	\$1,737,489	\$ -	\$24,703,862	6,875	\$3,593	7.49%
2013	\$ 430,000	\$4,057,612	\$ 25,765	\$7,377,971	\$1,372,097	\$ -	\$13,263,445	6,876	\$1,903	4.22%
2012	\$ 585,000	\$1,085,322	\$ 3,260	\$7,634,159	\$ 494,388	\$ 13,042	\$ 9,815,171	6,894	\$1,424	3.21%
2011	\$ 750,000	\$1,085,144	\$ 6,426	\$7,481,794	\$ 809,051	\$ 25,704	\$10,158,119	6,971	\$1,469	3.30%
2010	\$ 670,000	\$1,086,898	\$ 38,741	\$7,486,635	\$1,092,762	\$ -	\$10,375,036	6,918	\$1,500	3.56%
2009	\$ 704,482	\$1,119,759	\$ 75,873	\$4,007,069	\$1,430,453	\$ -	\$ 7,337,636	7,243	\$1,013	2.39%
2008	\$ 265,000	\$ 662,847	\$ 78,020	\$3,818,344	\$1,225,391	\$ 12,834	\$ 6,062,436	7,250	\$ 836	2.10%
2007	\$ 305,000	\$ 366,400	\$ 25,640	\$3,871,391	\$1,582,783	\$ 25,640	\$ 6,176,854	7,305	\$ 846	2.26%

**Sources:**

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

**Notes:**

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

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

Table 10

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

Fiscal Year Ended June 30	Total Debt	Less: Debt Payable from Enterprise Fund Revenues	Less: Notes and capital leases	Net General Obligation Debt	Estimated Population (1)	Debt per Capita	Assessed Value	Ratio of Debt to Assessed Value
2016	\$ 27,043,868	\$ 9,521,612	\$ 4,067,256	\$ 13,455,000	6,816	\$ 1,974	\$ 540,302,440	2.49%
2015	\$ 24,353,681	\$ 8,937,733	\$ 1,365,948	\$ 14,050,000	6,860	\$ 2,048	\$ 518,585,300	2.71%
2014	\$ 24,703,862	\$ 8,852,414	\$ 1,076,448	\$ 14,775,000	6,875	\$ 2,306	\$ 487,679,700	3.25%
2013	\$ 13,263,445	\$ 8,750,068	\$ 4,083,377	\$ 430,000	6,876	\$ 647	\$ 472,166,000	0.96%
2012	\$ 9,815,171	\$ 8,141,589	\$ 1,088,582	\$ 585,000	6,894	\$ 243	\$ 473,070,400	0.35%
2011	\$ 10,158,119	\$ 8,316,549	\$ 1,091,570	\$ 750,000	6,971	\$ 266	\$ 383,329,600	0.48%
2010	\$ 10,375,036	\$ 8,579,397	\$ 1,125,639	\$ 670,000	6,918	\$ 260	\$ 383,524,900	0.47%
2009	\$ 7,337,636	\$ 5,437,522	\$ 1,195,632	\$ 704,482	7,243	\$ 262	\$ 384,537,100	0.49%
2008	\$ 6,062,436	\$ 5,056,569	\$ 740,867	\$ 265,000	7,250	\$ 139	\$ 383,782,300	0.26%
2007	\$ 6,176,854	\$ 5,479,814	\$ 392,040	\$ 305,000	7,305	\$ 95	\$ 384,655,000	0.18%

**Sources:**

(1) United States Census Bureau

**Notes:**

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

CITY OF ST. ALBANS, VERMONT  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 JUNE 30, 2016

<u>Jurisdiction</u>	<u>Net General Obligation Debt Outstanding</u>	<u>Percentage Applicable to the City</u>	<u>Amount Applicable to the City of St. Albans</u>
Direct:			
City of St. Albans	\$ 17,522,256	100.0%	\$ 17,522,256
Overlapping:			
Bellows Free Academy Union High School (1)	3,325,000	48.1%	1,598,660
St. Albans City School (1)	<u>4,432,530</u>	100.0%	<u>4,432,530</u>
Subtotal Overlapping:	7,757,530		6,031,190
 Total	 <u><u>\$ 25,279,786</u></u>		 <u><u>\$ 23,553,446</u></u>

**Sources:**

(1) Franklin County Supervisory Union

CITY OF ST. ALBANS  
LEGAL DEBT MARGIN INFORMATION  
JUNE 30, 2016

Grand List Valuation	\$ 5,403,024
Legal Debt Margin	
Debt Limitation - Ten Times Last Grant List	54,030,240
Debt Applicable to Limitation	<u>17,522,256</u>
Legal Debt Margin	<u>\$ 36,507,984</u>
Debt as Percentage of Debt Limit	32.43%

LEGAL DEBT MARGIN  
PRECEDING NINE YEARS

Fiscal Year	Debt Limit	Applicable Debt	Legal Debt Margin	Debt as Percentage of Debt Limit
2015	\$ 51,858,530	\$ 15,415,948	\$ 36,442,582	29.73%
2014	\$ 48,767,970	\$ 15,851,450	\$ 32,916,520	32.50%
2013	\$ 47,216,600	\$ 4,513,377	\$ 42,703,223	9.56%
2012	\$ 47,307,040	\$ 1,673,582	\$ 45,633,458	3.54%
2011	\$ 38,332,960	\$ 1,841,570	\$ 36,491,390	4.80%
2010	\$ 38,352,490	\$ 1,795,639	\$ 36,556,851	4.68%
2009	\$ 38,453,710	\$ 1,900,114	\$ 36,553,596	4.94%
2008	\$ 38,378,230	\$ 1,005,867	\$ 37,372,363	2.62%
2007	\$ 38,465,500	\$ 697,040	\$ 37,768,460	1.81%

**Notes:**

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

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

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

Table 13

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

WATER FUND

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2016	\$ 2,231,862	\$ 1,843,764	\$ 388,098	\$ 168,959	\$ 179,499	\$ 348,458	111.38%
2015	\$ 2,283,907	\$ 1,945,616	\$ 338,291	\$ 161,956	\$ 182,649	\$ 344,605	98.17%
2014	\$ 2,389,911	\$ 1,750,845	\$ 639,066	\$ 154,061	\$ 144,672	\$ 404,060	158.16%
2013	\$ 2,102,458	\$ 1,743,027	\$ 359,431	\$ 230,739	\$ 142,428	\$ 373,167	96.32%
2012	\$ 2,085,442	\$ 1,644,221	\$ 441,221	\$ 104,181	\$ 162,899	\$ 267,080	165.20%
2011	\$ 1,988,380	\$ 1,542,120	\$ 446,260	\$ 211,595	\$ 171,903	\$ 383,498	116.37%
2010	\$ 1,900,576	\$ 1,457,632	\$ 442,944	\$ 461,271	\$ 195,251	\$ 656,522	67.47%
2009	\$ 1,892,135	\$ 1,312,940	\$ 579,195	\$ 256,233	\$ 198,864	\$ 455,097	127.27%
2008	\$ 1,775,887	\$ 1,286,292	\$ 489,595	\$ 245,506	\$ 218,064	\$ 463,570	105.61%
2007	\$ 1,529,324	\$ 1,426,995	\$ 102,329	\$ 256,698	\$ 213,772	\$ 470,470	21.75%

WASTEWATER FUND

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2016	\$ 2,930,614	\$ 2,852,189	\$ 78,425	\$ 201,032	\$ 82,832	\$ 283,864	27.63%
2015	\$ 2,913,086	\$ 2,739,917	\$ 173,169	\$ 195,942	\$ 78,748	\$ 274,690	63.04%
2014	\$ 3,113,773	\$ 2,537,896	\$ 575,877	\$ 292,105	\$ 85,195	\$ 590,614	97.50%
2013	\$ 2,730,270	\$ 2,690,840	\$ 39,430	\$ 395,008	\$ 151,522	\$ 546,530	7.21%
2012	\$ 2,680,843	\$ 2,490,705	\$ 190,138	\$ 302,732	\$ 14,425	\$ 317,157	59.95%
2011	\$ 2,267,927	\$ 2,344,320	\$ (76,393)	\$ 250,739	\$ 21,366	\$ 272,105	-28.07%
2010	\$ 2,350,434	\$ 2,223,855	\$ 126,579	\$ 615,551	\$ 44,361	\$ 659,912	19.18%
2009	\$ 2,303,097	\$ 2,078,639	\$ 224,458	\$ 217,905	\$ 46,759	\$ 264,664	84.81%
2008	\$ 1,910,123	\$ 2,142,976	\$ (232,853)	\$ 191,502	\$ 58,724	\$ 250,226	-93.06%
2007	\$ 1,688,736	\$ 2,057,882	\$ (369,146)	\$ 202,299	\$ 42,583	\$ 244,882	-150.74%

Table 14

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

Year	Population (1, 2)	Per Capita Income (1, 2)	Personal Income	State-wide Per Capita Income (3)	State-wide Median Family Income (1)	Unemployment Rate		Enrollment Grades 9-12 (2)	High School Graduation Rate (2)
						St. Albans City (3)	State-wide (3)		
2016	6,816	N/A	N/A	N/A	N/A	3.00%	3.20%	N/A	N/A
2015	6,860	\$ 44,013	\$ 301,929,180	\$ 48,587	\$ 56,990	4.20%	3.60%	1,030	93%
2014	6,875	\$ 48,004	\$ 330,039,685	\$ 46,428	\$ 54,166	5.90%	4.10%	1,047	93%
2013	6,876	\$ 45,712	\$ 314,315,712	\$ 44,839	\$ 54,267	6.40%	4.40%	1,069	88%
2012	6,894	\$ 44,376	\$ 305,928,144	\$ 44,287	\$ 55,582	7.30%	5.00%	1,069	90%
2011	6,971	\$ 44,108	\$ 307,476,868	\$ 42,735	\$ 51,862	8.90%	5.50%	1,083	87%
2010	6,918	\$ 42,174	\$ 291,759,732	\$ 40,066	\$ 55,928	9.30%	6.10%	1,119	86%
2009	7,243	\$ 42,446	\$ 307,436,378	\$ 39,268	\$ 52,318	10.70%	6.90%	1,129	86%
2008	7,250	\$ 39,864	\$ 289,014,000	\$ 40,111	\$ 50,706	6.90%	4.50%	1,175	92%
2007	7,305	\$ 37,355	\$ 272,878,275	\$ 38,460	\$ 47,390	5.50%	4.00%	1,199	91%

**Sources:**

(1) United States Census Bureau

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

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

Table 15

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

Employer	2015			2006		
	Employees (1, 2)	Rank	Percentage of Total City Employment (3)	Employees (2)	Rank	Percentage of Total City Employment (3)
Department of Homeland Security, USCIS	850	1	11.88%	1,232 *	1	16.51%
Mylan Technologies	650	2	9.09%	400	3	5.36%
Northwestern Medical Center	447	3	6.25%	600	2	8.04%
Franklin Central Supervisory Union	426	4 ^	5.95%	335 *	4	4.49%
Peoples Trust Company	110	5	1.54%	110	6	1.47%
A. N. Deringer, Inc.	90	6	1.26%	130	5	1.74%
SB Collins	80	7	1.12%	52	10	0.70%
St. Albans Coop Creamery	85	8	1.19%	67	9	0.90%
City of St. Albans	75	9	1.05%	74	8	0.99%
Sticks & Stuff	65	10	0.91%	90	7	1.21%
RailAmerican, Inc.						
	<u>2,878</u>		<u>40.23%</u>	<u>3,090</u>		<u>41.42%</u>

**Sources:**

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

**Notes:**

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

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

Table 16

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

Function/Program	Full-time Equivalent Employees as of June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government:										
Administration & Finance	4.50	4.50	5.00	5.00	5.00	5.00	5.00	5.00	4.00	5.00
Clerk	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.50	2.00	1.50
Planning and Zoning	3.00	3.00	2.50	3.50	2.50	3.50	3.00	2.50	3.00	3.50
Assessing	0.50	0.50	0.50	0.50	0.50	1.00	1.00	1.00	1.00	1.00
Restorative Justice Center	9.50	5.50	5.00	4.50	4.50	4.50	2.00	0.00	0.00	1.00
Public Safety:										
Police (incl. Parks Patrol)	25.00	25.00	25.50	23.00	23.00	25.00	24.00	23.00	20.00	20.00
Fire	2.00	2.00	2.00	3.00	4.00	5.00	6.00	11.00	12.00	10.00
Dispatch	8.50	9.50	9.00	10.00	9.50	10.00	11.50	9.00	8.00	7.00
Public Works:										
Highways	9.50	9.50	10.50	11.00	9.00	10.00	8.50	7.50	9.00	8.00
Public Works Administration	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Culture and Recreation, Admin.	2.00	2.00	1.50	1.50	1.00	1.00	2.50	3.00	3.00	3.50
Water	3.00	3.00	3.00	2.50	2.50	2.00	2.00	3.00	2.00	4.00
Wastewater	4.00	4.00	4.00	4.50	4.50	5.00	5.00	5.00	5.00	5.00
<b>Total Employees</b>	<b>75.00</b>	<b>72.00</b>	<b>72.00</b>	<b>72.50</b>	<b>69.50</b>	<b>75.50</b>	<b>74.00</b>	<b>73.00</b>	<b>70.50</b>	<b>71.00</b>

Table 17

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

Function/Program	Fiscal Year										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>General Government:</b>											
Full-time equivalent positions filled	75.00	72.00	72.00	72.50	69.50	75.50	74.00	73.00	70.50	71.00	74.00
Tax bills mailed	2,481	2,488	2,484	2,474	2,475	2,363	2,360	2,427	2,543	2,543	2,514
Active Recreation Programs	565	485	545	551	564	500	n/a	n/a	n/a	n/a	n/a
Recreation Participants	3,969	3,969	3,641	3,498	3,578	2,983	n/a	n/a	n/a	n/a	n/a
Birth Certificates Recorded*	449	469	539	479	507	507	553	465	510	544	535
Marriage Licenses Recorded*	55	53	61	63	69	47	58	72	53	74	92
Death Certificates Recorded*	168	158	149	160	156	160	161	114	170	158	165
<b>Public Safety (1):</b>											
Total Cases	12,735	12,595	12,372	9,992	6,858	6,558	5,433	5,556	6,192	5,703	4,880
Number of Traffic Tickets	1,571	1,327	1,018	645	721	1,104	1,791	873	1,047	1,209	964
Number of Traffic Warnings	2,520	2,125	2,087	1,774	1,225	1,944	2,689	1,177	643	624	399
<b>Water System:</b>											
Average Daily Consumption (gallons)*	1,860,000	2,092,537	2,195,218	2,169,423	2,022,000	2,057,940	1,961,707	1,906,400	1,851,277	1,959,466	2,087,858
<b>Wastewater System:</b>											
Average Daily Treatment (gallons)*	2,390,000	2,458,500	2,520,000	2,739,000	2,273,973	3,013,699	2,739,726	2,350,685	2,484,932	2,646,575	2,739,726
Sludge Disposed (tons)*	956	1,586	1,489	1,150	2,346	1,518	1,854	342	274	363	632

**Notes:**

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

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

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

Table 18

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

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government:										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of police vehicles	13	14	14	13	12	12	12	12	11	10
Number of fire stations	1	1	1	1	1	1	1	1	1	1
Number of fire vehicles	4	4	4	4	4	6	6	6	6	6
Public Works:										
Number of public works buildings	3	3	3	3	3	3	3	3	3	3
Miles of streets	24.4	24.4	24.4	24.4	24.4	24.4	24.4	24.4	24.4	24.4
Miles of sidewalks	45	45	45	45	45	45	45	45	45	45
Culture and Recreation:										
Number of culture and recreation facilities	4	4	4	4	4	4	4	4	4	4
Acres of parks	12	12	12	12	12	12	12	12	12	12
Water:										
Number of water treatment facilities	2	2	2	2	2	2	2	2	2	2
Miles of water mains	50	50	50	50	50	50	50	50	50	50
Wastewater:										
Number of wastewater facilities	0	1	1	1	1	1	1	1	1	1
Miles of sanitary sewers	0	50	50	50	50	50	50	50	50	50

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Albans, Vermont, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the City of St. Albans, Vermont's basic financial statements, and have issued our report thereon dated February 16, 2017.

***Internal Control Over Financial Reporting***

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

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent,

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Melanson Heath*

February 16, 2017