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A.M. PEISCH & COMPANY, LLP

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**TOWN OF ST. ALBANS, VERMONT**

**FINANCIAL REPORT**

**JUNE 30, 2014**

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**TOWN OF ST. ALBANS, VERMONT  
AUDIT REPORT AND FINANCIAL STATEMENTS  
JUNE 30, 2014**

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**TOWN OF ST. ALBANS, VERMONT  
AUDIT REPORT AND FINANCIAL STATEMENTS  
JUNE 30, 2014**

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## INDEPENDENT AUDITOR'S REPORT

To the Selectboard  
Town of St. Albans  
St. Albans, Vermont

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the as of and for the year ended , and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the as of , and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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57 Farmvu Drive White River Jct., VT 05001 (802) 295-9349	401 Water Tower Circle Suite 302 Colchester, VT 05446 (802) 654-7255	27 Center Street P. O. Box 326 Rutland, VT 05702 (802) 773-2721	1020 Memorial Drive St. Johnsbury, VT 05819 (802) 748-5654	181 North Main Street St. Albans, VT 05478 (802) 527-0505
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## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–10 and 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of St. Albans, Vermont's basic financial statements. The combining nonmajor governmental funds financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2015, on our consideration of the Town of St. Albans, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

St. Albans, Vermont  
January 20, 2015  
VT. Reg. No. 92-0000102

## Management's Discussion and Analysis

As management of the Town of St. Albans, we offer readers of the Town of St. Albans' financial statements this narrative overview and analysis of the financial activities of the Town of St. Albans for the fiscal year ended June 30, 2014.

### Financial Highlights

- The assets of the Town of St. Albans exceeded its liabilities at the close of the most recent fiscal year by \$8,046,331 (*net position*). Of this amount, \$2,737,712 (*unrestricted net position*) may be used by the various funds of the Town to meet the Town's ongoing obligations to its citizens and creditors.
- The Town's total net position increased by \$963,190.
- As of the close of the current fiscal year, the Town of St. Albans' governmental funds reported combined ending fund balances of \$3,390,110, an increase of \$755,800 in comparison with the prior year. Of this total amount, \$474,536 is *available for spending* at the government's discretion.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of St. Albans' basic financial statements. The Town of St. Albans' basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of St. Albans' finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of St. Albans' assets and deferred outflows, liabilities and deferred inflows, with the difference between the two 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 Town of St. Albans is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of St. Albans that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of St. Albans include general government, public safety, public works, health and social services, recreation and parks, conservation and development, cultural, and public improvements. The Town of St. Albans has no business-type activities

The government-wide financial statements are designed to include not only the Town of St. Albans itself (known as the *primary government*), but also any legally separate entities for which the Town of St. Albans is financially accountable (*known as component units*). The Town of St. Albans has no such entities that qualify as component units.

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

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of St. Albans,

like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of St. Albans can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of St. Albans maintains ten individual governmental funds, including the General Fund, four Special Revenue Funds, and five Capital Projects Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found in Exhibits C through E of this report.

**Proprietary funds.** The Town of St. Albans has no proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**Fiduciary funds.** Fiduciary funds are used to account for resources held 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 Town of St. Albans' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Town maintains three fiduciary funds, the Tax Sale Escrow Fund, Westview Escrow Fund and the Town Projects Escrow Fund. The basic fiduciary fund financial statement can be found in Exhibit F. of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* to provide additional financial information not included in the basic financial statements. This supplementary information includes combining statements for various funds, and budgetary comparison statements. The supplementary information can be found immediately following the notes to the financial statements in this report.

## Government-wide Financial Analysis

### TOWN OF ST. ALBANS, VERMONT'S NET POSITION

	Governmental Activities	
	2014	2013
Current and other assets	\$ 3,827,214	\$ 3,141,955
Capital assets	<u>5,045,989</u>	<u>5,049,596</u>
Total Assets	<u>8,873,203</u>	<u>8,191,551</u>
Long-term liabilities outstanding	552,797	661,259
Other liabilities	<u>274,075</u>	<u>447,151</u>
Total Liabilities	<u>826,872</u>	<u>1,108,410</u>
Net Position		
Net investments in capital assets	4,387,006	4,306,100
Restricted	921,613	717,344
Unrestricted	<u>2,737,712</u>	<u>2,059,697</u>
Total Net Position	<u>\$ 8,046,331</u>	<u>\$ 7,083,141</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of St. Albans, assets and deferred outflows exceeded liabilities and deferred inflows by \$8,046,331 at the close of the most recent fiscal year.

Almost two-thirds of the Town of St. Albans' net position (54.5%) reflects its investment in capital assets (e.g., land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town of St. Albans uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the Town of St. Albans' investment in its 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.

An additional portion of the Town of St. Albans' net position (11.5%) represents resources that are subject to external restriction on how they may be used. The remaining balance of *unrestricted net position* (\$2,737,712) may be used to meet the government's ongoing obligations to citizens and creditors. 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.

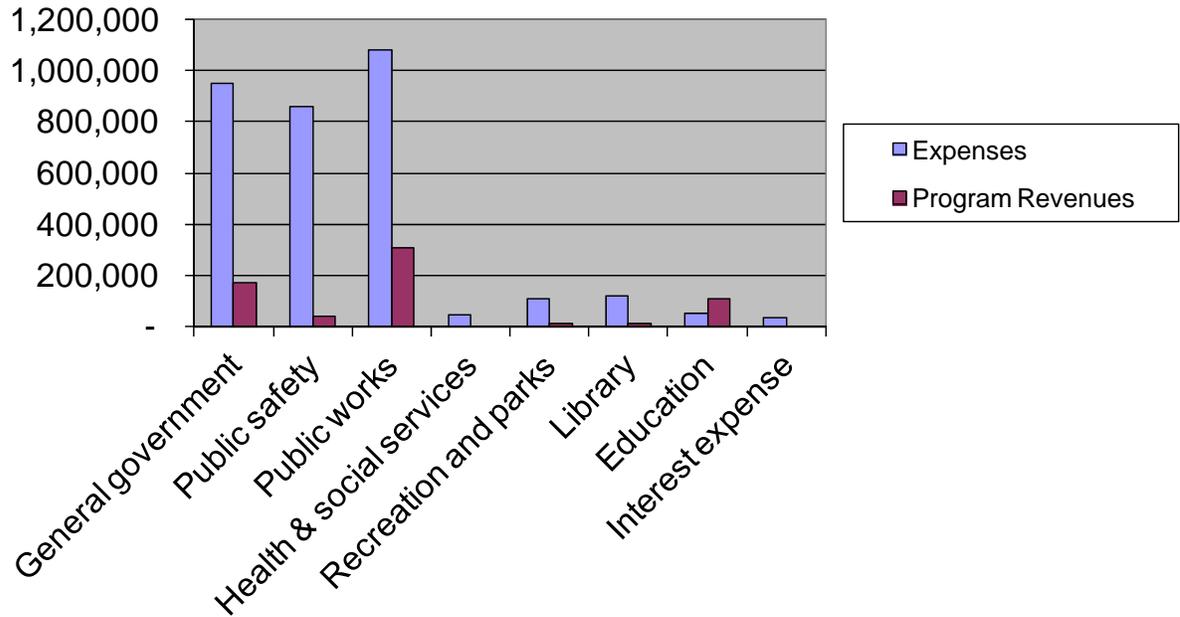
At the end of the current fiscal year, the Town of St. Albans is able to report positive balances in all three categories of net position.

**TOWN OF ST. ALBANS, VERMONT'S CHANGES IN NET POSITION**

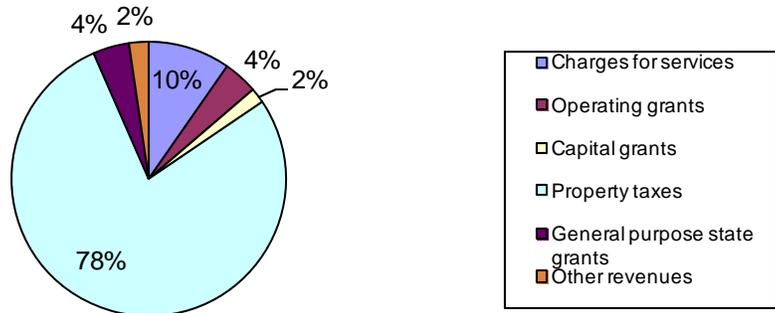
	Governmental Activities	
	2014	2013
Revenues		
Program revenues		
Charges for services	\$ 407,300	\$ 395,082
Operating grants and contributions	170,316	169,265
Capital grants and contributions	75,000	39,097
General revenues		
Property taxes	3,279,787	3,126,371
General purpose state grants	179,566	171,814
Other revenues	97,017	15,088
 Total Revenues	 4,208,986	 3,916,717
 Expenses		
Governmental activities		
General government	947,963	865,002
Public safety	857,062	857,729
Public works	1,082,807	1,033,401
Health and social services	44,309	45,829
Parks and recreation	108,412	116,595
Library	122,369	119,384
Education	50,000	40,000
Interest on long-term debt	32,874	35,617
 Total Expenses	 3,245,796	 3,113,557
 Change in net assets before transfers	 963,190	 803,160
Transfers	-	-
 Change in net assets	 963,190	 803,160
Net position - beginning of year	7,083,141	6,279,981
 Net position - end of year	 \$ 8,046,331	 \$ 7,083,141

**Governmental activities.** Governmental activities increased the Town of St. Albans' net assets by \$963,190 during the current fiscal year. Net investment in capital assets increased as a result of current year net additions to capital assets that exceeded depreciation expense (\$3,607), and as a result of principal payments on long-term bonds and notes (\$84,513). Restricted net position increased by \$204,269, primarily as a result of increases in amounts restricted for Impact Fee Plant Funds (\$78,623) and Fire Department Sinking Fund (\$114,113). Unrestricted net position increased by \$678,015, primarily as a result of expenditures less than planned for general government and capital outlay (\$322,059) and increases in capital reserve funds (\$303,593).

### Expenses and Program Revenues - Governmental Activities



### Revenues by Source - Governmental Activities



## Financial Analysis of the Government's Funds

As noted earlier, the Town of St. Albans, Vermont, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Town of St. Albans' *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of St. Albans' financing requirements. In particular, *unrestricted 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 Town of St. Albans' governmental funds reported combined ending fund balances of \$3,390,110, an increase of \$755,800 in comparison to the prior year. Of this total amount, \$33,185 is non-spendable (prepaid expenses) and \$921,613 is restricted to indicate that it is not available for discretionary spending, because it is otherwise restricted by grant agreements, statutes, or bond covenants. Of the remaining amount, \$1,505,408 has been committed by the Town's voters for various purposes, \$455,368 has been assigned by management for various purposes, and \$474,536 is unassigned and available for spending at the government's discretion.

The general fund is the chief operating fund of the Town of St. Albans. At the end of the current fiscal year, unassigned fund balance was \$474,536, and nonspendable, restricted, committed and assigned fund balance was \$716,934. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and operating transfers. Unassigned fund balance represents 13.8 percent of general fund expenditures and operating transfers, while total fund balance represents 34.6 percent of that same amount.

The fund balance of the Town of St. Albans' general fund increased by \$321,912 during the current fiscal year. Key factors in this change are as follows:

- Tax revenues were below budget by \$210,938, due in part to an increase in delinquent amounts not collected within 60 days of year end (unavailable revenue) (\$114,337).
- Expenditures were less than budgeted by \$695,486, particularly in general government and capital outlay.

Special revenue funds consist primarily of impact fee funds (\$611,477) and reappraisal funds (\$154,913). Use of impact fee funds is restricted by the impact fee statute, and the use of reappraisal funds is restricted by state statutes. Capital projects funds consist primarily of amounts to be used in the purchase of the public safety (\$941,484), public works (\$166,909), and infrastructure (\$75,094) capital assets.

### General Fund Budgetary Highlights

Differences between budgeted amounts and actual amounts can be briefly summarized as follows:

- Tax revenues were below budget due to an increase in delinquent amounts (see explanation above).
- State grant revenues were higher than expected for regular highway maintenance (\$12,486) and current use (\$19,504).
- Sale of various items of equipment totaled \$27,252 in unanticipated revenues.
- Savings were realized in salary and benefit expense for town hall administration (\$62,589), and legal fees and other professional services were under budget by \$39,554.
- Savings in operating expenses in public works were realized in guardrails and line striping (\$19,362) and stormwater costs (\$28,720).
- Transfers to the Fire Department Sinking Fund was more than budgeted (\$80,000), while transfers to Capital Equipment Reserve was less than budgeted (\$31,901).

## Capital Asset and Debt Administration

**Capital assets.** The Town of St. Albans' investment in capital assets for its governmental activities as of June 30, 2014, amounts to \$4,387,006 (net of accumulated depreciation and related debt). This investment in capital assets includes buildings and improvements, and vehicles and equipment. The investment in net assets increased by 1.9 percent for governmental activities.

Major capital asset events during the current fiscal year included the purchase of a truck for the fire department (\$40,695) and paving in various locations (\$273,119).

	<u>Governmental activities</u>	
	<u>2014</u>	<u>2013</u>
Buildings and improvements	\$ 717,544	\$ 739,354
Vehicles and equipment	\$ 1,603,062	\$ 1,691,560
Infrastructure	<u>2,725,383</u>	<u>2,618,682</u>
 Total Assets	 <u>\$ 5,045,989</u>	 <u>\$ 5,049,596</u>

Additional information on the Town of St. Albans' net assets can be found in note IV.C. of the notes to financial statements.

**Long-term debt.** At the end of the current year, the Town of St. Albans had total long-term debt outstanding of \$698,983. Of this amount, \$360,000 represents bonded debt backed by the full faith and credit of the Town, and \$338,983 represents notes payable for equipment. Included in the amount of bonded debt is the balance of the library improvement bond of \$40,000. The use of the proceeds of this bond did not result in a capital asset of the town, so this amount is not part of the calculation of the investment in capital assets net of related debt.

	<u>Governmental activities</u>	
	<u>2014</u>	<u>2013</u>
Bonds payable	\$ 360,000	\$ 410,000
Notes payable	<u>338,983</u>	<u>398,496</u>
 Totals	 <u>\$ 698,983</u>	 <u>\$ 808,496</u>

The Town of St. Albans' total debt decreased by \$109,513 during the year, as a result of new notes payable for equipment \$40,000 and repayment of existing debt (\$149,513).

State statutes limit the amount of bonded debt any governmental entity may issue to 10 times its total assessed valuation. The current debt limit for the Town of St. Albans is \$91,386,644, which is significantly in excess of the Town of St. Albans' outstanding bonded debt.

Bonds are issued through the Vermont Municipal Bond Bank. The Town issues no bonded debt on its own behalf and does not maintain its own credit rating.

Additional information on the Town of St. Albans' long-term debt can be found in note IV.G. of the notes to financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

The Town of St. Albans approved a general fund budget for fiscal year 2015 in the amount of \$3,968,826. This represents an increase of \$148,959 or 3.9 percent over the approved budget for the previous year. Anticipated non-tax revenue is expected to be \$696,714, a decrease of \$2,836 or 0.4 percent over the previous year. The Town will utilize \$100,000 in assigned funds for subsequent year expenditures to pay for expenditures included in this budget. The use of these funds was intended to keep any increase in taxes raised to a minimum. As a result, the amount to be collected in taxes increased by 5.0%.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town of St. Albans, Vermont's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Treasurer, Town of St. Albans, PO Box 37, St. Albans Bay, VT 05481.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**TOWN OF ST. ALBANS, VERMONT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,325,534
Receivables (net of allowance for uncollectible accounts)	
Taxes receivable	466,032
Accounts receivable	601
Other current assets	35,047
Capital assets (net of accumulated depreciation)	
Buildings and improvements	717,544
Vehicles and equipment	1,603,062
Infrastructure	<u>2,725,383</u>
Total Assets	<u>8,873,203</u>
<b>LIABILITIES</b>	
Accounts payable	61,107
Accrued payroll and benefits payable	7,428
Accrued interest payable	6,056
Due to other funds	2,505
Noncurrent liabilities	
Due within one year	196,979
Due in more than one year	<u>552,797</u>
Total Liabilities	<u>826,872</u>
<b>NET POSITION</b>	
Net investment in capital assets	4,387,006
Restricted for:	
Impact fees	611,477
Reappraisal	147,745
Other purposes	162,391
Unrestricted	<u>2,737,712</u>
Total Net Position	<u>\$ 8,046,331</u>

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

**TOWN OF ST. ALBANS, VERMONT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

	Program Revenues			Net (Expense)/ Revenue and Changes in Net Position Governmental Activities
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Functions/Programs</b>				
Governmental activities				
General government	\$ 947,963	\$ 139,572	\$ 32,991	\$ -
Public safety	857,062	40,418	-	-
Public works	1,082,807	94,132	137,325	75,000
Health and social services	44,309	-	-	-
Parks and recreation	108,412	12,464	-	-
Library	122,369	10,988	-	-
Education	50,000	109,726	-	-
Interest on long-term debt	32,874	-	-	-
	<u>\$ 3,245,796</u>	<u>\$ 407,300</u>	<u>\$ 170,316</u>	<u>\$ 75,000</u>
Total governmental activities				<u>(2,593,180)</u>
General Revenues				
Property taxes				3,279,787
General purpose state grants				179,566
Unrestricted investment income				5,951
Gain/(loss) on sale of capital assets				37,554
Other revenues				53,512
Total general revenues				<u>3,556,370</u>
Change in net position				963,190
Net position, July 1				<u>7,083,141</u>
Net position, June 30				<u>\$ 8,046,331</u>

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

## **FUND FINANCIAL STATEMENTS**

**TOWN OF ST. ALBANS, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	General Fund	Impact Fee Plant Fund	Fire Department Sinking Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Eliminations	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,102,148	\$ 629,756	\$ 941,484	\$ 126,697	\$ 525,449	\$ -	\$ 3,325,534
Receivables							
Taxes, penalties and interest	466,032	-	-	-	-	-	466,032
Accounts receivable	601	-	-	-	-	-	601
Due from other governments	1,862	-	-	-	-	-	1,862
Due from other funds	22,241	-	-	5	696	(22,942)	-
Prepaid expenses	33,185	-	-	-	-	-	33,185
<b>Total assets</b>	<b>\$ 1,626,069</b>	<b>\$ 629,756</b>	<b>\$ 941,484</b>	<b>\$ 126,702</b>	<b>\$ 526,145</b>	<b>\$ (22,942)</b>	<b>\$ 3,827,214</b>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 61,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,107
Accrued liabilities	7,428	-	-	-	-	-	7,428
Due to other funds	-	18,279	-	-	7,168	(22,942)	2,505
<b>Total liabilities</b>	<b>68,535</b>	<b>18,279</b>	<b>-</b>	<b>-</b>	<b>7,168</b>	<b>(22,942)</b>	<b>71,040</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenues	366,064	-	-	-	-	-	366,064
<b>Total deferred inflows of resources</b>	<b>366,064</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>366,064</b>
<b>FUND BALANCES</b>							
Non-spendable							
Prepaid expenses	33,185	-	-	-	-	-	33,185
Restricted	28,272	611,477	-	-	281,864	-	921,613
Committed	200,109	-	941,484	126,702	237,113	-	1,505,408
Assigned	455,368	-	-	-	-	-	455,368
Unassigned	474,536	-	-	-	-	-	474,536
<b>Total fund balances</b>	<b>1,191,470</b>	<b>611,477</b>	<b>941,484</b>	<b>126,702</b>	<b>518,977</b>	<b>-</b>	<b>3,390,110</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,626,069</b>	<b>\$ 629,756</b>	<b>\$ 941,484</b>	<b>\$ 126,702</b>	<b>\$ 526,145</b>	<b>\$ (22,942)</b>	

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 reportable in the funds	5,045,989
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	366,064
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	(755,832)
Net position of governmental activities (Exhibit A)	<u>\$ 8,046,331</u>

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

**TOWN OF ST. ALBANS, VERMONT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund	Impact Fee Plant Fund	Fire Department Sinking Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Eliminations	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 3,165,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,165,450
Licenses and permits	114,694	-	-	-	-	-	114,694
Intergovernmental	320,555	-	-	-	29,327	-	349,882
Charges for services	72,574	-	6,000	-	39,774	-	118,348
Impact fees	-	182,788	-	-	-	-	182,788
Interest	1,370	1,086	2,680	99	716	-	5,951
Miscellaneous	44,982	-	-	-	75,000	-	119,982
<b>Total revenues</b>	<u>3,719,625</u>	<u>183,874</u>	<u>8,680</u>	<u>99</u>	<u>144,817</u>	<u>-</u>	<u>4,057,095</u>
<b>EXPENDITURES</b>							
General government	916,004	24,957	-	-	-	-	940,961
Public safety	825,132	-	4,178	-	-	-	829,310
Public works	762,392	-	-	-	17,810	-	780,202
Health and social services	44,309	-	-	-	-	-	44,309
Parks and recreation	100,430	-	-	-	-	-	100,430
Library	122,369	-	-	-	-	-	122,369
Education	-	50,000	-	-	-	-	50,000
Capital outlay	-	-	-	-	-	-	-
General government	-	12,015	-	-	-	-	12,015
Public safety	695	-	-	40,000	-	-	40,695
Public works	273,118	-	-	-	-	-	273,118
Parks and recreation	12,166	-	-	-	-	-	12,166
Debt service	-	-	-	-	-	-	-
Principal	50,000	-	-	99,513	-	-	149,513
Interest	17,766	-	-	9,704	-	-	27,470
<b>Total expenditures</b>	<u>3,124,381</u>	<u>86,972</u>	<u>4,178</u>	<u>149,217</u>	<u>17,810</u>	<u>-</u>	<u>3,382,558</u>
<b>Excess (deficiency) of</b>							
<b>Revenues over expenditures</b>	<u>595,244</u>	<u>96,902</u>	<u>4,502</u>	<u>(149,118)</u>	<u>127,007</u>	<u>-</u>	<u>674,537</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds of long-term debt	-	-	-	40,000	-	-	40,000
Proceeds of sale of capital assets	27,252	-	14,011	-	-	-	41,263
Transfers in	18,279	-	121,600	139,218	58,045	(337,142)	-
Transfers out	(318,863)	(18,279)	-	-	-	337,142	-
<b>Total other financing sources (uses)</b>	<u>(273,332)</u>	<u>(18,279)</u>	<u>135,611</u>	<u>179,218</u>	<u>58,045</u>	<u>-</u>	<u>81,263</u>
<b>Net changes in fund balances</b>	321,912	78,623	140,113	30,100	185,052	-	755,800
<b>Fund balances, July 1</b>	<u>869,558</u>	<u>532,854</u>	<u>801,371</u>	<u>96,602</u>	<u>333,925</u>	<u>-</u>	<u>2,634,310</u>
<b>Fund balances, June 30</b>	<u>\$ 1,191,470</u>	<u>\$ 611,477</u>	<u>\$ 941,484</u>	<u>\$ 126,702</u>	<u>\$ 518,977</u>	<u>\$ -</u>	<u>\$ 3,390,110</u>

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

**TOWN OF ST. ALBANS, VERMONT  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

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

Net change in fund balance - total governmental funds (Exhibit D)	\$ 755,800
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays are exceeded by depreciation expense in the current period.	(3,607)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	114,337
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of those differences in the treatment of long-term debt and related items.	109,513
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>(12,853)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 963,190</u>

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

**TOWN OF ST. ALBANS, VERMONT**  
**STATEMENT OF NET POSITION**  
**AGENCY FUNDS**  
**JUNE 30, 2014**

	<b>Tax Sale Escrow</b>	<b>Town Projects Escrow</b>	<b>Westview Escrow</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,226	\$ -	\$ 85,028	\$ 87,254
Due from other funds	5	2,500	-	2,505
<b>Total assets</b>	<b>\$ 2,231</b>	<b>\$ 2,500</b>	<b>\$ 85,028</b>	<b>\$ 89,759</b>
<b>LIABILITIES</b>				
Deposits	\$ -	\$ 2,500	\$ -	\$ 2,500
Due to other individuals	2,231	-	85,028	87,259
<b>Total liabilities</b>	<b>\$ 2,231</b>	<b>\$ 2,500</b>	<b>\$ 85,028</b>	<b>\$ 89,759</b>

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

**TOWN OF ST. ALBANS, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

The Town of St. Albans, Vermont, operates under a Town Meeting form of government with an elected Board of Selectmen and an appointed Town Manager, and provides the following services: general administration, public safety, highways and streets, health and social services, culture and recreation, planning and zoning, and public improvements.

The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Town of St. Albans.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. The Financial Reporting Entity**

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

Based on the application of the criteria for evaluating potential component units, the Town evaluated the St. Albans Town School District and determined it does not meet the criteria and is excluded from this financial reporting entity.

**B. Basis of Presentation**

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

The basic financial statements of the Town of St. Albans 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 Town as a whole and present a longer-term view of the Town'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 Town and present a shorter-term view of how operations were financed and what remains available for future spending.

<p style="text-align:center"><b>TOWN OF ST. ALBANS, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2014</b></p>
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**B. Basis of Presentation (continued)**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the Town. 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; however, interfund services provided and used are not eliminated. These statements distinguish between the *governmental* and *business-type* activities of the Town. 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 Town has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. 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 Town's funds, including fiduciary funds. Separate statements for each fund category – *governmental* 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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of an enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The Town does not have any proprietary funds.

The Town reports on the following major governmental funds:

General Fund. This is the general operating fund of the Town. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Impact Fee Plant Fund. This fund accounts for proceeds from impact fees collected on new construction to help fund the additional maintenance and cost of capital improvements in anticipation of the new construction.

Fire Department Sinking Fund. This fund accounts for funds approved by voters to be set aside and used for the acquisition and replacement of fire department equipment.

Capital Improvements Fund. This fund accounts for funds approved by voters to be set aside and used for the acquisition, replacement and debt service associated with town hall capital improvements.

**TOWN OF ST ALBANS, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**B. Basis of Presentation (continued)**

The Town reports on the following nonmajor governmental fund types:

Special Revenue Funds. These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes other than debt service or capital projects. Included in this fund type are Industrial Park Fun, Highway Salvage Fund, and Reappraisal Fund.

Capital Project Funds. These funds account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by Proprietary Funds. Included in this fund type are the Public Works Fund, Capital Projects Reserve Fund, and Infrastructure Development Fund.

The Town has no proprietary fund types.

The Town reports on the following fiduciary fund type:

Agency Funds. These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. These funds report assets and liabilities and have no fund balance. Included in this fund type are the Tax Escrow Fund, Town Projects Escrow Fund, and Westview Escrow Fund.

**C. Measurement Focus**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide 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). Fund equity (i.e., total net position) is segregated into net investment in capital assets; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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

**D. Basis of Accounting**

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

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an 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.

<p style="text-align:center"><b>TOWN OF ST. ALBANS, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2014</b></p>
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**D. Basis of Accounting (continued)**

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

Property taxes, intergovernmental revenues and charges for current services associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town. The Town reports unavailable revenue on its balance sheet. Unavailable revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria.

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 Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town'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.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Town's policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

**E. Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimate used by the Town is the estimated useful lives used to calculate depreciation of property, plant and equipment.

**TOWN OF ST. ALBANS, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**F. Assets, Liabilities and Equity**

**1. Cash**

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

**2. Investments**

State statutes do not restrict the types of investments the Town can make. All investments require the authorization of the Board of Selectmen. In accordance with GASB 31, "Accounting and Financial Reporting for Certain Investments," investments with readily determinable fair values are reported at their fair values on the balance sheet. Unrealized gains and losses are included in revenue.

**3. Receivables**

Accounts receivable 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.

Transactions between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "due to/from other funds."

The Town is responsible for assessing and collecting its own property taxes, as well as taxes for the State for school purposes. Property taxes are assessed annually based on property valuations as of April 1. Taxes are collected four times a year, on August 15, November 15, February 15, and May 15. Taxes unpaid after the August, November, and February due dates are considered to be late, and are subject to monthly interest at 1%. Taxes unpaid after the May due date are delinquent, and are subject to an 8% penalty, and interest calculated at 1% per month for the first three months, and then 1.5% per month thereafter. Unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale by the delinquent tax collector.

The tax rate for 2014 is as follows:

	<u>Homestead</u>	<u>Non-residential</u>
Homestead education tax	\$ 1.2792	\$ -
Non-residential education tax	-	1.4063
Town general and highway fund appropriations	0.3443	0.3443
Local agreement tax	<u>0.0018</u>	<u>0.0018</u>
Total	<u>\$ 1.6253</u>	<u>\$ 1.7524</u>

**TOWN OF ST. ALBANS, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**F. Assets, Liabilities and Equity (continued)**

**4. Inventories and Prepaid Expenses**

The Town does not record inventories of supplies as these amounts are not material in relation to the Town's results of operations. Accordingly, expenditures related to inventories are reported in governmental funds when purchased.

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid expenses. The Town had prepaid expenses of \$33,185 as of June 30, 2014.

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

**5. Capital Assets**

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. The Town has elected to not report major general infrastructure assets retroactively.

Capital assets reported in the government-wide financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, 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 improvements	\$ 10,000	10-50 years
Buildings and building improvements	15,000	10-75 years
Vehicles and equipment	5,000	3-25 years
Roads, bridges, and sidewalks	20,000	20-75 years

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

**TOWN OF ST. ALBANS, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**F. Assets, Liabilities and Equity (continued)**

**6. Compensated Absences**

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick time. Unused vacation time must be used within the next succeeding fiscal year, and is paid to the employee upon termination of their employment if their term of employment has exceeded six months. One-half of unused sick time (up to 96 hours maximum) is paid to the employee upon termination of employment if the employee is in good standing. The accrual for unused vacation and sick time, based on current pay rates, is recorded in the government-wide financial statements, with the general fund being used to liquidate amounts recorded in the government-wide statements. Liability for unused vacation time is not reported in the governmental fund type financial statements unless they have matured. Payments for unused vacation time are recorded as expenditures in the year they are paid.

**7. Long-term Liabilities**

Long-term liabilities include bonds and notes payable. Long-term liabilities also include other obligations such as the non-current portion of compensated absences and postemployment benefits. Long-term liabilities are reported in the government-wide financial statements. Governmental fund type financial statements do not include any long-term liabilities as those funds use the current financial resources measurement focus and only include current assets and liabilities on their balance sheets.

**8. Fund Equity**

Fund balances and retained earnings 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 government-wide financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Net assets of governmental fund type financial statements 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 at town meeting); assigned (reflecting the select board's intended use of the resources); and unassigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds as needed, unless the Select Board has provided otherwise.

**9. Implementation of new accounting principles**

During the year ended June 30, 2014, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement established accounting and financial reporting standards that reclassified, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Town implemented this Statement during the year ended June 30, 2013.

<p style="text-align:center"><b>TOWN OF ST. ALBANS, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2014</b></p>
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**F. Assets, Liabilities and Equity (continued)**

**9. Implementation of new accounting principles (continued)**

GASB Statement No. 66, *Technical Corrections – 2012, and amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement was to resolve conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Town has determined that this Statement is not applicable.

GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. This Statement improves financial reporting by state and local governments' pension plans. The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules or required supplementary information that will be presented by the pension plans that are within this scope. The Town has determined that this Statement is not applicable.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement requires that a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The Town has determined that this Statement is not applicable.

In June 2012, the Governmental Accounting Standards Board issued Statement No. 68 *Accounting and Financial Reporting for Pensions*. The objective of Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. In November 2013, the Governmental Accounting Standards Board issued Statement No. 71 *Pension Transition For Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. Management plans to adopt these standards for the fiscal year ending June 30, 2015.

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

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

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

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

<b>TOWN OF ST. ALBANS, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2014</b>
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**II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (continued)**

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

**A. Governmental Funds Balance Sheet and the Statement of Net position**

Detailed explanation of the differences between governmental funds balance sheet and government-wide statement of net position are as follows:

	<u>Total Governmental Funds</u>	<u>Long-term Revenues/ Expenses</u>	<u>Capital- Related Items</u>	<u>Long-term Debt Transactions</u>	<u>Statement of Net Position Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,325,534	\$ -	\$ -	\$ -	\$ 3,325,534
Receivables					
Taxes receivable	466,032	-	-	-	466,032
Accounts receivable	601	-	-	-	601
Due from other governments	1,862	-	-	-	1,862
Prepaid expenses	33,185	-	-	-	33,185
Capital assets	<u>-</u>	<u>-</u>	<u>5,045,989</u>	<u>-</u>	<u>5,045,989</u>
Total Assets	<u>3,827,214</u>	<u>-</u>	<u>5,045,989</u>	<u>-</u>	<u>8,873,203</u>
<b>LIABILITIES</b>					
Accounts payable	61,107	-	-	-	61,107
Accrued payroll and benefits payable	7,428	-	-	-	7,428
Accrued interest payable	-	6,056	-	-	6,056
Due to other funds	2,505	-	-	-	2,505
Unavailable revenue	366,064	(366,064)	-	-	-
Noncurrent liabilities	<u>-</u>	<u>50,793</u>	<u>-</u>	<u>698,983</u>	<u>749,776</u>
Total Liabilities	<u>437,104</u>	<u>(309,215)</u>	<u>-</u>	<u>698,983</u>	<u>826,872</u>
<b>NET POSITION</b>					
Net investment in capital assets	-	-	5,045,989	(658,983)	4,387,006
Other	<u>3,390,110</u>	<u>309,215</u>	<u>-</u>	<u>(40,000)</u>	<u>3,659,325</u>
Total Net Position	<u>\$ 3,390,110</u>	<u>\$ 309,215</u>	<u>\$ 5,045,989</u>	<u>\$ (698,983)</u>	<u>\$ 8,046,331</u>

**TOWN OF ST. ALBANS, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**B. Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities**

Detailed explanation of the differences between governmental funds statement of revenues, expenditures and changes in fund balances and government-wide statement of activities are as follows

	Total Governmental Funds	Long-term Revenues/ Expenses	Capital- Related Items	Long-term Debt Transactions	Statement of Activities Total
<b>REVENUES</b>					
Taxes	\$ 3,165,450	\$ 114,337	\$ -	\$ -	\$ 3,279,787
Permits and licenses	114,694	(114,694)	-	-	-
Intergovernmental revenues	349,882	-	-	-	349,882
Charges for current services	118,348	288,952	-	-	407,300
Impact fees	182,788	(182,788)	-	-	-
Interest	5,951	-	-	-	5,951
Other revenues	119,982	8,530	-	-	128,512
Proceeds of long term debt	40,000	-	-	(40,000)	-
Proceeds of sale of capital assets	41,263	-	(3,709)	-	37,554
<b>Total Revenues</b>	<u>4,138,358</u>	<u>114,337</u>	<u>(3,709)</u>	<u>(40,000)</u>	<u>4,208,986</u>
<b>EXPENDITURES</b>					
Current					
General government	940,961	4,682	2,320	-	947,963
Public safety	829,310	-	27,752	-	857,062
Public works	780,202	2,767	299,838	-	1,082,807
Health and social services	44,309	-	-	-	44,309
Parks and recreation	100,430	-	7,982	-	108,412
Library	122,369	-	-	-	122,369
Education	50,000	-	-	-	50,000
Capital improvements	337,994	-	(337,994)	-	-
Debt service					
Principal	149,513	-	-	(149,513)	-
Interest	27,470	5,404	-	-	32,874
<b>Total Expenditures</b>	<u>3,382,558</u>	<u>12,853</u>	<u>(102)</u>	<u>(149,513)</u>	<u>3,245,796</u>
<b>Net change for the year</b>	<u>\$ 755,800</u>	<u>\$ 101,484</u>	<u>\$ (3,607)</u>	<u>\$ 109,513</u>	<u>\$ 963,190</u>

<p><b>TOWN OF ST. ALBANS, VERMONT</b>  <b>NOTES TO FINANCIAL STATEMENTS</b>  <b>JUNE 30, 2014</b></p>
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**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

Prior to December 1, the Town Manager prepares and presents to the Select Board a proposed budget for the ensuing budget year beginning July 1. The operating budget includes proposing expenditures and the means of financing them, and is prepared on the modified cash basis. Prior to January 31, the Select Board prepares and approves a budget to be presented to the voters at Town Meeting.

The legal voters of the Town of St. Albans, Vermont, meet on the first Tuesday in March to review, discuss, and vote on the proposed budget. Any revisions to the budget must be approved by the Select Board. Formal budgetary integration is employed as a management control device during the year for the General Fund. The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Budgetary Basis) present comparisons of the legally adopted budgets with actual data on a cash basis.

Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of monies are recorded, in order to reserve that portion of the applicable appropriation - is used in government funds. The Town does not record encumbrances at the end of the year.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Cash**

At year end, the Town's carrying amount of deposits was \$3,325,534, and the bank balance was \$3,365,414. The difference between the book and bank balances is due to reconciling items such as deposits in transit and outstanding checks. Due to higher cash flows at certain times during the year, the amounts collateralized with securities held by the financial institution's trust department not in the Town's name were substantially higher than at year end.

**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 town does not have any policy to limit the exposure to custodial credit risk. The table below presents the custodial credit risk of the deposits with financial institutions.

Insured - FDIC/SIPC	\$ 500,000
Collateralized with securities held by pledging institution's trust department not in the government's name	2,865,414
Uninsured and uncollateralized	-
Total	\$ 3,365,414

<b>TOWN OF ST. ALBANS, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2014</b>
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**B. Accounts receivable**

Accounts receivable at year end, as reported in the statement of net position, including applicable allowances for uncollectible accounts, consists of amounts that are billed on a semi-annual basis to property owners who benefit from sewer-related improvements for the cost of bond principal and interest payments on said improvements. The uncollected balance of these assessments at June 30, 2014, is \$601. No allowance for uncollectible accounts is deemed necessary.

**C. Capital assets**

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, being depreciated:				
Buildings and building improvements	\$ 1,037,852	\$ 5,457	\$ -	\$ 1,043,309
Vehicles and equipment	2,840,900	59,418	150,865	2,749,453
Infrastructure	<u>3,284,760</u>	<u>273,119</u>	<u>-</u>	<u>3,557,879</u>
Totals	<u>7,163,512</u>	<u>337,994</u>	<u>150,865</u>	<u>7,350,641</u>
Less accumulated depreciation for:				
Buildings and building improvements	298,498	27,267	-	325,765
Vehicles and equipment	1,149,340	144,207	147,156	1,146,391
Infrastructure	<u>666,078</u>	<u>166,418</u>	<u>-</u>	<u>832,496</u>
Totals	<u>2,113,916</u>	<u>337,892</u>	<u>147,156</u>	<u>2,304,652</u>
Total capital assets, being depreciated	<u>5,049,596</u>	<u>102</u>	<u>3,709</u>	<u>5,045,989</u>
Governmental activity capital assets, net	<u>\$ 5,049,596</u>	<u>\$ 102</u>	<u>\$ 3,709</u>	<u>\$ 5,045,989</u>

<b>TOWN OF ST ALBANS, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2014</b>
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**C. Capital assets (continued)**

Depreciation was charged to programs as follows:

Governmental activities		
General government	\$	2,320
Public safety		27,752
Public works		299,838
Parks and recreation		<u>7,982</u>
Total depreciation expense	\$	<u><u>337,892</u></u>

**D. Interfund Balances and Activity**

Interfund balances represent advances between funds which are intended to be liquidated by the payable fund within the next fiscal year. Interfund transfers represent advances to other funds that are intended to be of a permanent nature.

The composition of interfund balances at June 30, 2014, is as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 22,241	\$ -
Impact Fee Plant Fund	-	18,279
Reappraisal Fund	696	7,168
Capital Improvement Fund	5	-
Tax Sale Escrow Fund	5	-
Town Projects Escrow Fund	<u>2,500</u>	<u>-</u>
TOTAL	<u><u>\$ 25,447</u></u>	<u><u>\$ 25,447</u></u>

<b>TOWN OF ST. ALBANS, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2014</b>
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**D. Interfund Balances and Activity (continued)**

Interfund transfers for the year ended June 30, 2014, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Improvements Fund	\$ 30,000	Asset replacement
	Capital Improvements Fund	109,218	Debt service
	Fire Department Sinking Fund	121,600	Equipment replacement
	Public Works Fund	48,045	Equipment replacement
	Capital Projects Fund	<u>10,000</u>	Asset replacement
		318,863	
Impact Fee Fund	General Fund	<u>18,279</u>	Administrative fee
Total Interfund Transfers		<u>\$ 337,142</u>	

**E. Unavailable Revenues**

Unavailable revenues in the General Fund consists of \$366,064 of delinquent property taxes, penalties and interest not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

**F. Accrued Compensated Absences**

Changes in accrued compensated absences during the year were as follows:

	<u>Governmental Activities</u>
Beginning Balance	\$ 43,344
Additions	51,765
Reductions	<u>(44,316)</u>
Ending Balance	<u>\$ 50,793</u>
Due Within One Year	<u>\$ 44,316</u>

Compensated absences are paid by the applicable fund where the employee is charged.

<b>TOWN OF ST. ALBANS, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2014</b>
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**G. Long-term Liabilities**

General Obligation Bonds. The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds generally are issued as 15 to 25 year bonds. Bonds issued for general government activities generally are issued with equal amounts of principal maturing each year.

Notes Payable. The Town uses installment loans for the acquisition of equipment. Installment loans are issued for governmental activities. Notes are reported in governmental activities if the debt is expected to be repaid from general governmental revenues.

Notes payable are monthly installment obligations, and are issued in terms relative to the estimated useful life of the equipment being purchased. Notes payable are generally amortized using equal monthly payments applied to principal and interest.

General obligation bonds and revolving loans outstanding at June 30, 2014, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Due within One Year</u>
<b>NOTES AND BONDS PAYABLE</b>			
<u>Governmental Activities - Notes</u>			
Public Works Truck - original amount \$200,000, due 7/10/17, monthly payments \$3,572. Secured by 2013 International 7600 with a net book value of \$151,054.	2.75%	\$ 122,427	\$ 39,994
Fire Department Tanker - original amount \$300,000, due 7/09/17, monthly payments \$5,357. Secured by 2012 International Westside Tanker with a net book value of \$273,874.	2.75%	176,556	60,190
Fire Department Truck - original amount \$40,000, due 9/23/19, annual payments \$8,672. Secured by 2014 Chevrolet Silverado with a net book value of \$30,521	2.75%	<u>40,000</u>	<u>7,479</u>
Total notes payable		<u>338,983</u>	<u>107,663</u>
<u>Governmental Activities - Bonds</u>			
Library Improvements - original amount \$390,000 due 7/22/15, annual payments of \$25,000, and \$20,000 payments final two years	3.525% to 5.275%	40,000	20,000
Sewer Improvements - original amount \$645,000 due 12/1/26, annual payments of \$25,000 and \$20,000 payments final year	4.344% to 5.774%	<u>320,000</u>	<u>25,000</u>
Total bonds payable		<u>360,000</u>	<u>45,000</u>
Total General Long-term Debt		<u>\$ 698,983</u>	<u>\$ 152,663</u>

**TOWN OF ST. ALBANS, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**H. Long-term Liabilities (continued)**

Changes in all long-term liabilities (including notes and bonds) during the year were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Notes payable	\$ 398,496	\$ 40,000	\$ 99,513	\$ 338,983	\$ 107,663
Bonds payable	410,000	-	50,000	360,000	45,000
Compensated absences	43,344	51,765	44,316	50,793	44,316
<b>Total Governmental Activities Long-term Liabilities</b>	<u>\$ 851,840</u>	<u>\$ 91,765</u>	<u>\$ 193,829</u>	<u>\$ 749,776</u>	<u>\$ 196,979</u>

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2014, including interest payments, are as follows:

Year Ending <u>June 30</u>	<u>Notes Payable</u>		<u>Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 107,663	\$ 8,155	\$ 45,000	\$ 18,941
2016	110,752	5,068	45,000	16,546
2017	103,814	1,966	25,000	4,105
2018	8,211	461	25,000	2,482
2019	8,437	235	25,000	3,204
2020-2024	106	3	125,000	26,599
2025-2029	-	-	70,000	5,774
<b>Total</b>	<u>\$ 338,983</u>	<u>\$ 15,888</u>	<u>\$ 360,000</u>	<u>\$ 77,651</u>

<b>TOWN OF ST. ALBANS, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2014</b>
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**I. Net position/Fund Balances**

Net position in the governmental activities are restricted as follows:

Governmental Activities	
Preservation fee - restricted by statute	\$ 3,956
Public works - restricted by statute	23,796
Lister education - restricted by statute	520
Industrial Park Fund - restricted by agreement	47,119
Impact Fee Plant Trust Fund - restricted by statute	611,477
Highway Salvage Fund - restricted by agreement	11,906
Reappraisal Fund - restricted by statute	147,745
Infrastructure Development Fund - restricted by agreement	<u>75,094</u>
Total Governmental Activities	<u>\$ 921,613</u>

Fund balances in the following funds are composed of the following:

Nonspendable fund balance	
General Fund	
Prepays and inventories	<u>\$ 33,185</u>
Total Nonspendable fund balance	<u>33,185</u>
Restricted fund balances	
General Fund	
Preservation fee	3,956
Lister education	520
Public works	<u>23,796</u>
Total General Fund	<u>28,272</u>
Special Revenue Funds	
Industrial Park Fund	47,119
Impact Fee Plant Trust Fund	
General administration	96,400
Road equipment	41,233
Educational facilities	283,545
Library	46,258
Park fund	31,148
Fire District A	112,893
Highway Salvage Fund	11,906
Reappraisal Fund	147,745
Infrastructure Development Fund	<u>75,094</u>
Total Special Revenue Funds	<u>893,341</u>
Total Restricted fund balances	<u>921,613</u>

<b>TOWN OF ST. ALBANS, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2014</b>
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**I. Net position/Fund Balances (continued)**

Committed fund balances	
General Fund	
Emergency Reserve Funds	200,109
	<u>200,109</u>
Total General Fund	
	<u>200,109</u>
Capital Projects Funds	
Capital Improvements Funds	126,702
Capital Projects Reserve	70,204
Fire Department Sinking Fund	941,484
Public Works Sinking Fund	166,909
	<u>1,305,299</u>
Total Capital Projects Funds	<u>1,305,299</u>
Total Committed fund balances	<u>1,505,408</u>
Assigned fund balances	
General Fund	
Public works annual rollover account	455,368
	<u>455,368</u>
Total Assigned fund balances	<u>455,368</u>
Unassigned fund balances	
General Fund	
	<u>474,536</u>
Total Fund Balances	<u>\$ 3,390,110</u>

**V. OTHER INFORMATION**

**A. Risk Management**

The Town is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town 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 Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty 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.

**TOWN OF ST. ALBANS, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**A. Risk Management (continued)**

In addition, the Town is a member of Vermont League of Cities and Towns Health Trust. The Health Trust is a non-profit corporation formed to provide health insurance and wellness programs for Vermont municipalities and is owned by the participating members. The agreement does not permit the Health Trust to make additional assessments to its members.

The Town is also a member of the Vermont League of Cities and Towns Unemployment Trust. The Trust is a non-profit corporation formed to provide unemployment coverage for Vermont municipalities and is owned by its members. Contributions to the Trust are based on payroll expense and previous unemployment compensation experience. The agreement does not permit the Health Trust to make additional assessments to its members.

**B. Commitments and Contingent Liabilities**

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

The Town contracts for police services from the City of St. Albans. The Town has the option to renew the contract annually through June 30, 2016, subject to annual approval by the Selectboard.

The total contract for the year ended June 30, 2014 was \$513,604. The selectboard has approved and signed the agreements for the fiscal year end June 30, 2015 for \$565,021 and June 30, 2016 for \$582,521, plus dispatch fees.

**C. Retirement Plan**

The employees of the Town are covered under the Vermont Municipal Employees' Retirement Plan (VMERS), which is a cost-sharing multiple employer retirement plan administered by the State of Vermont. All full-time employees of participating employers are eligible to participate in the plan on the first day of service. The system requires that both the Town and the employee contribute to the plan, which provides retirement, disability, and death benefits. The Town has entered into Plan B which requires the Town to contribute 5.125% of gross wages and the employees to contribute 4.625%. The Town has also entered into Plan C which requires the Town to contribute 6.75% of gross wages and the employees to contribute 9.5%. (Rates were 6.625% and 9.375% for the first two quarters of the fiscal year.) Covered payroll for the fiscal year ended June 30, 2014, was \$133,609 and \$514,623, and Town contributions were \$6,847 and \$34,429 for Plan B and Plan C respectively. Town contributions required and contributed for the years ended June 30, 2013 and 2012, were \$35,171 and \$31,424 respectively.

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

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

<p><b>TOWN OF ST. ALBANS, VERMONT</b>  <b>NOTES TO FINANCIAL STATEMENTS</b>  <b>JUNE 30, 2014</b></p>
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**D. Reconciliation of Budgetary Basis and GAAP**

The accompanying schedule of Budget and Actual (Non-GAAP Budgetary Basis) for the General Fund presents comparisons of the legally adopted budget (more fully described in Note 1) with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, timing, perspective, and entity differences in the excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year ended June 30, 2014, is presented on the following page:

**D. Reconciliation of Budgetary Basis and GAAP (Continued)**

Excess of revenues and other sources of financial resources over expenditures and other uses of financial resources - Budgetary Basis	<u>\$ 165,973</u>
Adjustments:	
To adjust other accounts receivable	1,172
To adjust revenues for delinquent taxes, penalties and interest	(59,429)
To adjust expenditures for salary and grant accruals and accounts payable	<u>214,196</u>
Excess of revenues and other sources of financial resources over expenditures and other uses of financial resources - Reporting Basis	<u><u>\$ 321,912</u></u>

**E. Subsequent Events**

The Town has evaluated all subsequent events through January 20, 2015, the date the financial statements were available to be issued.

On July 14, 2014, the selectboard approved the purchase of a new fire truck tanker at a cost of \$449,258. This purchase was approved at town meeting and will be financed with previously collected funds and impact fees.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF ST. ALBANS, VERMONT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Taxes	\$ 3,376,388	\$ 3,224,879	\$ (151,509)
Licenses and permits	109,850	114,694	4,844
Intergovernmental	280,150	320,555	40,405
Charges for services	66,550	71,401	4,851
Interest	500	1,370	870
Proceeds of sale of capital assets	-	27,252	27,252
Miscellaneous	12,500	44,982	32,482
Operating transfers in	-	18,279	18,279
<b>Total revenues</b>	<u>3,845,938</u>	<u>3,823,412</u>	<u>(22,526)</u>
<b>EXPENDITURES</b>			
General government	1,047,042	922,491	124,551
Public safety	848,496	822,649	25,847
Public works	813,210	752,748	60,462
Health and social services	44,309	44,309	-
Parks and recreation	133,911	101,597	32,314
Library	122,369	122,369	-
Capital outlay	472,000	504,647	(32,647)
Debt service			
Principal	50,000	50,000	-
Interest	17,766	17,766	-
Operating transfers out	270,764	318,863	(48,099)
<b>Total expenditures</b>	<u>3,819,867</u>	<u>3,657,439</u>	<u>162,428</u>
<b>Excess of Revenues and Other Sources over Expenditures and Other Uses</b>	<u>\$ 26,071</u>	<u>\$ 165,973</u>	<u>\$ 139,902</u>

## **OTHER INFORMATION**

**TOWN OF ST. ALBANS, VERMONT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 213,242	\$ 312,207	\$ 525,449
Due from other funds	<u>696</u>	<u>-</u>	<u>696</u>
<b>Total Assets</b>	<u>\$ 213,938</u>	<u>\$ 312,207</u>	<u>\$ 526,145</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to other funds	<u>\$ 7,168</u>	<u>\$ -</u>	<u>\$ 7,168</u>
Total Liabilities	<u>7,168</u>	<u>-</u>	<u>7,168</u>
<b>FUND BALANCES</b>			
Restricted	206,770	75,094	281,864
Committed	<u>-</u>	<u>237,113</u>	<u>237,113</u>
Total Fund Balances	<u>206,770</u>	<u>312,207</u>	<u>518,977</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 213,938</u>	<u>\$ 312,207</u>	<u>\$ 526,145</u>

**TOWN OF ST. ALBANS, VERMONT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>			
Intergovernmental revenues	\$ 29,327	\$ -	\$ 29,327
Charges for services	39,774	-	39,774
Donations	-	75,000	75,000
Interest income	381	335	716
	<u>69,482</u>	<u>75,335</u>	<u>144,817</u>
<b>Total revenues</b>			
<b>EXPENDITURES</b>			
Public works	<u>17,810</u>	-	<u>17,810</u>
	<u>17,810</u>	-	<u>17,810</u>
<b>Total expenditures</b>			
<b>Excess of revenues over expenditures</b>	<u>51,672</u>	<u>75,335</u>	<u>127,007</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Transfers in	<u>-</u>	<u>58,045</u>	<u>58,045</u>
<b>Total other financing sources and uses</b>	<u>-</u>	<u>58,045</u>	<u>58,045</u>
<b>Net changes in fund balances</b>	51,672	133,380	185,052
<b>Fund balances, July 1</b>	<u>155,098</u>	<u>178,827</u>	<u>333,925</u>
<b>Fund balances, June 30</b>	<u>\$ 206,770</u>	<u>\$ 312,207</u>	<u>\$ 518,977</u>

**TOWN OF ST. ALBANS, VERMONT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2014**

	<u>Industrial Park Fund</u>	<u>Highway Salvage Fund</u>	<u>Reappraisal Fund</u>	<u>Total Special Revenue Funds</u>
<b>ASSETS</b>				
Cash	\$ 47,119	\$ 11,906	\$ 154,217	\$ 213,242
Due from other funds	<u>-</u>	<u>-</u>	<u>696</u>	<u>696</u>
<b>Total Assets</b>	<u>\$ 47,119</u>	<u>\$ 11,906</u>	<u>\$ 154,913</u>	<u>\$ 213,938</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,168</u>	<u>\$ 7,168</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>7,168</u>	<u>7,168</u>
<b>FUND BALANCES</b>				
Restricted	<u>47,119</u>	<u>11,906</u>	<u>147,745</u>	<u>206,770</u>
Total Fund Balances	<u>47,119</u>	<u>11,906</u>	<u>147,745</u>	<u>206,770</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 47,119</u>	<u>\$ 11,906</u>	<u>\$ 154,913</u>	<u>\$ 213,938</u>

**TOWN OF ST. ALBANS, VERMONT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Industrial Park Fund</u>	<u>Highway Salvage Fund</u>	<u>Reappraisal Fund</u>	<u>Total Special Revenue Funds</u>
<b>REVENUES</b>				
Intergovernmental revenues				
State of Vermont	\$ -	\$ -	\$ 29,327	\$ 29,327
Total intergovernmental revenues	-	-	29,327	29,327
Charges for services				
Water and wastewater charge	39,774	-	-	39,774
Total charges for services	39,774	-	-	39,774
Interest income	22	53	306	381
<b>Total revenues</b>	<u>39,796</u>	<u>53</u>	<u>29,633</u>	<u>69,482</u>
<b>EXPENDITURES</b>				
Public works				
Electricity for sewer pumps	9,701	-	-	9,701
Industrial park street lights	864	-	-	864
Repairs	7,245	-	-	7,245
Total public works	<u>17,810</u>	<u>-</u>	<u>-</u>	<u>17,810</u>
<b>Total expenditures</b>	<u>17,810</u>	<u>-</u>	<u>-</u>	<u>17,810</u>
<b>Excess of revenues over expenditures</b>	<u>21,986</u>	<u>53</u>	<u>29,633</u>	<u>51,672</u>
<b>Net changes in fund balances</b>	21,986	53	29,633	51,672
<b>Fund balances, July 1</b>	<u>25,133</u>	<u>11,853</u>	<u>118,112</u>	<u>155,098</u>
<b>Fund balances, June 30</b>	<u>\$ 47,119</u>	<u>\$ 11,906</u>	<u>\$ 147,745</u>	<u>\$ 206,770</u>

**TOWN OF ST. ALBANS, VERMONT  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2014**

	<u>Public Works Fund</u>	<u>Capital Projects Reserve</u>	<u>Infrastructure Development Reserve</u>	<u>Total Capital Projects Funds</u>
<b>ASSETS</b>				
Cash	\$ 166,909	\$ 70,204	\$ 75,094	\$ 312,207
<b>Total Assets</b>	<u>\$ 166,909</u>	<u>\$ 70,204</u>	<u>\$ 75,094</u>	<u>\$ 312,207</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted	-	-	75,094	75,094
Committed	<u>166,909</u>	<u>70,204</u>	<u>-</u>	<u>237,113</u>
<b>Total Fund Balances</b>	<u>166,909</u>	<u>70,204</u>	<u>75,094</u>	<u>312,207</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 166,909</u>	<u>\$ 70,204</u>	<u>\$ 75,094</u>	<u>\$ 312,207</u>

**TOWN OF ST. ALBANS, VERMONT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Public Works Fund</u>	<u>Capital Projects Reserve</u>	<u>Infrastructure Development Reserve</u>	<u>Total Capital Projects Funds</u>
<b>REVENUES</b>				
Donations	\$ -	\$ -	\$ 75,000	\$ 75,000
Interest income	120	121	94	335
Total Revenues	<u>120</u>	<u>121</u>	<u>75,094</u>	<u>75,335</u>
<b>EXPENDITURES</b>				
Public works	-	-	-	-
Total public works	-	-	-	-
Total Expenditures	-	-	-	-
<b>Excess of revenues over expenditures</b>	<u>120</u>	<u>121</u>	<u>75,094</u>	<u>75,335</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	48,045	10,000	-	58,045
Total Other Financing Sources (Uses)	<u>48,045</u>	<u>10,000</u>	<u>-</u>	<u>58,045</u>
<b>Net change in fund balances</b>	48,165	10,121	75,094	133,380
<b>Fund balances, July 1</b>	<u>118,744</u>	<u>60,083</u>	<u>-</u>	<u>178,827</u>
<b>Fund balances, June 30</b>	<u>\$ 166,909</u>	<u>\$ 70,204</u>	<u>\$ 75,094</u>	<u>\$ 312,207</u>