

CITY OF MONTPELIER, VERMONT

AUDIT REPORT

JUNE 30, 2009

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AUDIT REPORT
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Independent Auditor's Report

To the City Council
City of Montpelier
Montpelier, Vermont 05602

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Montpelier, Vermont as of and for the year ended June 30, 2009, which collectively comprise the City of Montpelier, Vermont's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City of Montpelier, Vermont's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

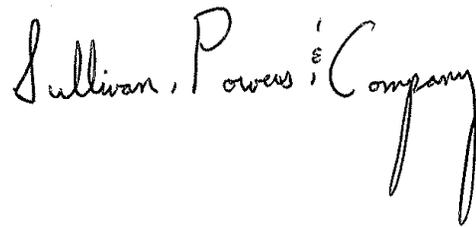
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Montpelier, Vermont, at June 30, 2009 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Information included under Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

City of Montpelier, Vermont

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining financial statements for the other governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit on the basic financial statements and, accordingly, we express no opinion on them.

January 15, 2010
Montpelier, Vermont
Vt Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive, flowing style with a large initial 'S' and a long, sweeping tail on the 'y'.

CITY OF MONTPELIER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

Our discussion and analysis of the City of Montpelier, Vermont's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the City's financial statements which begin on Exhibit A.

Financial Highlights

Government-Wide Statements

In December 2008, the City issued a Refunding Bond through the Vermont Municipal Bond Bank for \$3,561,735 to replace an unfunded pension liability agreement with the Vermont Municipal Employees Retirement System. Although the liability had already been incurred, it is recorded in the 2009 financial statements as new debt. No principal repayments are due on these refunding bonds until 2017.

- Net assets of the business-type activities decreased by \$845,889 or 4.2 percent and net assets of the governmental activities decreased by \$1,118,771 or 7.9 percent. The City's total net assets decreased by \$1,964,660 as a result of this year's operations. This decrease is primarily related a \$1,917,417 increase in the allowance for doubtful loans in community development loans receivable (see Note 4C in the Notes to the Financial Statements), a \$3,380,503 VMERS pension expense (see Note 4L. in the notes to the Financial Statements) offset by an increase of \$2,442,940 in capital grants and contributions, including the acquisition of the Senior Center building, a \$498,969 increase in charges for services and an increase of \$602,884 in property taxes, penalties, and interest.
- The cost of all of the City's programs was \$17,993,814 in fiscal year 2009 compared to \$15,032,742 in fiscal year 2008, which is approximately a 20% increase. The \$2,961,072 increase in expenses was primarily offset by \$2,442,940 of additional revenue in capital grants. Total government revenue is \$19,409,657 which is \$3,299,143 (20%) higher than in the previous fiscal year.

Fund Statements

- During fiscal year 2009, the General Fund reported a net increase in the fund balance of \$27,774.
- The unreserved fund balance for the General Fund was \$794,937 and the reserved fund balance of the General Fund was \$578,880 as of June 30, 2009. The reserved fund balances are reserved for special projects or are not available for current expenditures. \$205,522 of the \$794,937 unreserved fund balance is designated for future capital purchases and special programs which leaves \$589,415 unrestricted and undesignated.
- The Community Development Fund ended the year with a reserved fund balance of \$337,651, which was \$10,234 lower than the prior year fund balance of \$347,885. This fund balance is reserved by various sources for Community Development.

CITY OF MONTPELIER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

- The Capital Projects Fund ended the year with a deficit fund balance of \$252,385 which was \$1,019,444 lower than the prior year fund balance of \$767,059. The reserved fund balance of \$461,207 is reserved by various sources for Capital Projects. The negative unreserved fund balance of \$713,592 will be funded with the collection of grant receivables.
- Other nonmajor governmental funds ended the year with a fund balance of \$1,345,998, which was \$315,781 higher than the prior year fund balance of \$1,030,217. \$803,966 of this fund balance is reserved by various sources for various purposes.
- The Water Fund ended the year with net assets of \$8,962,249, which was \$445,469 lower than the prior year balance of \$9,407,718. Of the total net asset balance, \$9,536,504 is invested in property and equipment. This leaves an unrestricted deficit of \$574,255 to be recovered in future periods. \$297,500 of this unrestricted deficit is debt related to the refinancing of the unfunded pension liability. Principal repayments on this debt are not due until November, 2017.
- The Sewer Fund ended the year with net assets of \$10,002,447, which was \$324,396 lower than the prior year balance of \$10,326,843. Of the total net asset balance, \$10,531,770 is invested in property and equipment. This leaves an unrestricted deficit of \$529,323 to be recovered in future periods. \$402,500 of this unrestricted deficit is debt related to the refinancing of the unfunded pension liability. Principal repayments on this debt are not due until November, 2017.
- The Parking Fund ended the year with net assets of \$270,940, which was \$76,024 lower than the prior year balance of \$346,964. Of the total net asset balance, \$325,595 is invested in property and equipment and \$41,220 is restricted for various projects. This leaves a deficit of \$95,875 to be recovered in future periods. \$192,500 of this unrestricted deficit is debt related to the refinancing of the unfunded pension liability. Principal repayments on this debt are not due until November, 2017.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Exhibits A and B) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on Exhibit C. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

CITY OF MONTPELIER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

Reporting the City as a Whole

Our analysis of the City as a whole begins on Exhibit A. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the police, fire, public works, and parks departments, and general administration. Property taxes, franchise fees, and state and federal grants finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer and parking are reported here.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on Exhibit C. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

CITY OF MONTPELIER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

- **Governmental funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds on the exhibits that follow each financial statement.
- **Proprietary funds** – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The City as a Whole

The City's combined net assets decreased by \$1,964,660 from a year ago – decreasing from \$34,270,807 to 32,306,147. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1
Net Assets

	Governmental Activities 2009	Business-type Activities 2009	Total Primary Government 2009	Governmental Activities 2008	Business-type Activities 2008	Total Primary Government 2008
Current and other assets	\$ 7,929,806	\$ 37,085	\$ 7,966,891	\$ 6,940,760	\$ 871,992	\$ 7,812,752
Capital assets	<u>15,808,818</u>	<u>37,814,620</u>	<u>53,623,438</u>	<u>12,848,536</u>	<u>37,638,243</u>	<u>50,486,779</u>
Total assets	<u>23,738,624</u>	<u>37,851,705</u>	<u>61,590,329</u>	<u>19,789,296</u>	<u>38,510,235</u>	<u>58,299,531</u>
Long term liabilities	7,064,632	17,468,131	24,532,763	5,252,257	18,120,592	23,372,849
Other liabilities	<u>3,603,481</u>	<u>1,147,938</u>	<u>4,751,419</u>	<u>347,757</u>	<u>308,118</u>	<u>655,875</u>
Total liabilities	<u>10,668,113</u>	<u>18,616,069</u>	<u>29,284,182</u>	<u>5,600,014</u>	<u>18,428,710</u>	<u>24,028,724</u>
Net assets:						
Invested in capital assets,						
net of debt	12,014,867	20,393,869	32,408,736	8,823,373	20,479,970	29,303,343
Restricted	2,276,469	41,220	2,317,689	4,253,680	41,220	4,294,900
Unrestricted	<u>(1,220,825)</u>	<u>(1,199,453)</u>	<u>(2,420,278)</u>	<u>1,112,229</u>	<u>(439,665)</u>	<u>672,564</u>
Total net assets	<u>\$ 13,070,511</u>	<u>\$ 19,235,636</u>	<u>\$ 32,306,147</u>	<u>\$ 14,189,282</u>	<u>\$ 20,081,525</u>	<u>\$ 34,270,807</u>

CITY OF MONTPELIER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

As noted earlier, net assets may serve over time to be a useful indicator of a government's financial position.

Net assets of the City's governmental activities decreased 8% (\$13,070,511 compared to \$14,189,282). This decrease is primarily related to a \$1,917,417 increase in the allowance for doubtful loans in community development loans receivable (see Note 4C. Notes to the Financial Statements) and \$2,488,003 VMERS pension expense (See Note 4L in the Notes to the Financial Statement, offset by an increase of \$2,441,238 in capital grants and contributions, including the acquisition of the Senior Center building, a \$192,194 increase in charges for services and an increase of \$602,884 in property taxes, penalties, and interest.

Net assets of the business-type activities decreased by \$845,889 (\$19,235,636 compared to \$20,081,525, or 4.2 percent, \$892,500 of this decrease is the result of the refinancing of pension debt in the Water, Sewer and Parking Funds.

Table 2
Change in Net Assets

	Governmental Activities 2009	Business-type Activities 2009	Total Primary Government 2009	Governmental Activities 2008	Business-type Activities 2008	Total Primary Government 2008
REVENUES						
Program revenues:						
Charges for services	\$ 1,955,223	\$ 6,104,315	\$ 8,059,538	\$ 1,763,029	\$ 5,797,540	\$ 7,560,569
Operating grants and Contributions	1,015,434	0	1,015,434	1,047,971	0	1,047,971
Capital Grants and Contributions	2,665,834	14,051	2,679,885	224,596	12,349	236,945
General Revenues:						
Property Taxes, Penalties and Interest	7,198,011	0	7,198,011	6,595,127	0	6,595,127
Payment in Lieu of Taxes	184,000	0	184,000	184,000	0	184,000
Unrestricted Investment Earnings	115,393	13,199	128,592	316,236	15,440	331,676
Gain on Sale of Capital Assets	0	2,184	2,184	17,258	0	17,258
Other Revenues	99,434	32,154	131,588	108,100	9,997	118,097
Contributions to Permanent Endowments	10,425	0	10,425	18,870	0	18,870
Total Revenues	13,243,754	6,165,903	19,409,657	10,275,187	5,835,326	16,110,513
PROGRAM EXPENSES						
General government	2,147,763	0	2,147,763	2,074,469	0	2,074,469
Public Safety	3,864,168	0	3,864,168	3,613,370	0	3,613,370
Highways and Streets	2,379,156	0	2,379,156	2,356,563	0	2,356,563
Culture and Recreation	837,933	0	837,933	549,852	0	549,852
Community Development	1,962,157	0	1,962,157	37,902	0	37,902
Cemetery	185,150	0	185,150	182,944	0	182,944
MontpelierNet	37,590	0	37,590	0	0	0
Interest on Long-Term Debt	470,305	0	470,305	431,087	0	431,087
Water	0	2,361,919	2,361,919	0	2,209,827	2,209,827
Sewer	0	3,189,852	3,189,852	0	3,000,649	3,000,649
Parking	0	557,821	557,821	0	576,079	576,079
Total Program Expenses	11,884,222	6,109,592	17,993,814	9,246,187	5,786,555	15,032,742
Excess Before Special Item and Transfers	1,359,532	56,311	1,415,843	1,029,000	48,771	1,077,771
Special Item - Pension Expense VMERS Liability	(2,488,003)	(892,500)	(3,380,503)	0	0	0
Transfers	9,700	(9,700)	0	23,600	(23,600)	0
Increase in Net Assets	\$ (1,118,771)	\$ (845,889)	\$ (1,964,660)	\$ 1,052,600	\$ 25,171	\$ 1,077,771

CITY OF MONTPELIER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The City's tax rate increased to \$1.2197 from \$1.1459 per \$100 of assessed value from fiscal year 2008 to fiscal year 2009.

Table 3 presents the cost of each of the City's seven largest programs – general government, public safety, highways and streets, culture and recreation, water, sewer and parking – as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Table 3

	Governmental Activities		Business Activities		Governmental Activities		Business Activities	
	Total Cost	Net Revenues	Total Cost	Net Revenues	Total Cost	Net Revenues	Total Cost	Net Revenues
	of Services	(Cost)	of Services	(Cost)	of Services	(Cost)	of Services	(Cost)
	2009	2009	2009	2009	2008	2008	2008	2008
General Government	2,147,763	\$ (959,456)	\$ 0	\$ 0	\$ 2,074,469	\$ (826,355)	\$ 0	\$ 0
Public Safety	3,864,168	(3,423,416)	0	0	3,613,370	(2,937,029)	0	0
Highways and Streets	2,379,156	374,109	0	0	2,356,563	(1,878,338)	0	0
Culture and Recreation	837,933	250,692	0	0	549,852	(431,590)	0	0
Community Development	1,962,157	(1,876,462)	0	0	0	0	0	0
Water	0	0	2,361,919	(170,116)	0	0	2,209,827	(64,277)
Sewer	0	0	3,189,852	54,825	0	0	3,000,649	44,718
Parking	0	0	557,821	124,065	0	0	576,079	42,893
All others	693,045	(613,198)	0	0	651,933	(137,279)	0	0
Totals	\$ 11,884,222	\$ (6,247,731)	\$ 6,109,592	\$ 8,774	\$ 9,246,187	\$ (6,210,591)	\$ 5,786,555	\$ 23,334

The City's Funds

As the City completed the year, its governmental funds (as presented in the Balance Sheet on Exhibit C) reported a combined fund balance of \$2,805,081, which is below last year's total of \$3,491,204. Included in this year's total change in fund balance is an increase of \$27,774 in the City's General Fund; a decrease of \$10,234 in the Community Development Fund; a decrease of \$1,019,444 in the Capital Projects Fund and an increase of \$315,781 in Other Governmental Funds. The decrease in the Capital Projects Fund fund balance is due to a substantial grant receivable as of June 30, 2009 that will be recognized as revenue as it is collected.

CITY OF MONTPELIER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

General Fund Budgetary Highlights

Revenues exceeded the budget by \$2,985,740. A significant part of the unbudgeted revenue is \$2,537,500 long term debt proceeds from the Vermont Municipal Bond Bank Refunding Bond that refinanced unfunded pension liability and \$114,144 in unanticipated grant revenue. Other notable revenues exceeding budget are equipment revenues \$50,096 and State PILOT revenue \$79,825.

Expenditures exceeded the budget by \$2,930,966. A significant part of the unbudgeted expenditures are \$2,356,268 for the unfunded pension liability payoff and \$164,897 interest on the pension debt. Other notable expenditure exceeding budget are \$126,658 in grant expenditures, \$146,799 in winter storm related costs and \$70,037 for street vehicle maintenance. Expenditures that are lower than budget are reappraisal services \$52,297.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered economic factors and the importance of maintaining the level of City services when setting the fiscal year 2010 budget, tax rates, and fees that will be charged for the business-type activities. The 2010 budget was developed and approved before the full extent of the 2009 economic recession was known. With the downturn in the national and regional economy, consumer price indexes at or below zero and the relatively high Montpelier tax rate, the fiscal year 2011 budget will need to limit increases in property taxes.

One of the economic factors is the unemployment in the City, which stood at 3.4% (July 2008) compared with 2.9% (July 2007) a year earlier. This compares with the State's unemployment rate in August 2008 of 4.0% and the national rate of 5.8% (seasonally adjusted). In early 2009, the City's unemployment rate rose to 6% due to the economic recession. The City's officials will consider the long term effect of the State of Vermont employee layoffs when budgeting in the future.

Another economic factor is the Montpelier resident average household income increased 6.0% in 2008. The residents' annual average wages are 14% higher than the state average. When adopting the budget for fiscal year 2009, the City took into account these indicators as well as increased home values. They also factored in the Consumer Price Index percent change over one year of 5.6% for July, 2008. The municipal tax rate is \$1.2506 per assessed value for fiscal year 2010 which is an increase of 3 cents (2.5%).

A city-wide reappraisal of all real estate will be completed in April 2010. The updated Grand List may produce some cost-shifting between residential and commercial property owners.

CITY OF MONTPELIER, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

Looking ahead, the City is partnering with federal and state agencies to study flood mitigation measures to alleviate the threat of damages due to seasonal flooding of the Winooski River in the downtown area. The installation of flood gauges significantly improves the City's ability to monitor the river water levels.

As for the City's business-type activities, utility rates increased 5% on July 1, 2009. It is expected that utility rates will be adjusted annually due to increases in maintenance, chemical, fuel and electricity costs. The combination of users' water conservation and the lack of growth in numbers of users, provides additional challenges to the Water and Sewer Funds. The Water and Sewer Rate Committee has a multi-year plan to increase fees and sewer benefit charges to cover previous years' deficits.

Current quarterly water rates are as follows: \$7.51 per 1,000 for the first 50,000 gallons, \$7.97 per 1,000 for the next 200,000 gallons, \$12.93 per 1,000 for over \$250,000 gallons and a fixed charge for all accounts for meter reading, billing and other administrative service costs of \$25.00

Current quarterly sewer rates are as follows: \$8.47 per 1,000 gallons of water used and a fixed charge for all for meter reading, billing and other administrative service costs of \$30.00.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Finance Office at the City of Montpelier, 39 Main Street, Suite 600, Montpelier, VT 05602.

CITY OF MONTPELIER, VERMONT
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 1,543,740	\$ 50	\$ 1,543,790
Investments	1,340,762	0	1,340,762
Receivables (Net of Allowance for Uncollectibles)	1,860,899	1,639,027	3,499,926
Loans Receivable	1,102,181	0	1,102,181
Note Receivable	236,080	0	236,080
Deposits	0	1,600	1,600
Prepaid Expenses	0	15,000	15,000
Inventories	168,174	59,378	227,552
Internal Balances	1,677,970	(1,677,970)	0
Capital Assets			
Land	894,650	250,672	1,145,322
Construction in Progress	2,763,781	1,759,827	4,523,608
Other Capital Assets, (Net of Accumulated Depreciation)	12,150,387	35,804,121	47,954,508
Total Assets	<u>23,738,624</u>	<u>37,851,705</u>	<u>61,590,329</u>
<u>LIABILITIES</u>			
Accounts Payable	1,150,165	88,841	1,239,006
Accrued Payroll and Related Expenses	178,934	999	179,933
Due to Montpelier School District	229,138	0	229,138
Due to Fire District	691	0	691
Deferred Revenue	2,872	2,830	5,702
Accrued Interest	76,101	44,827	120,928
Grant Anticipation Note	1,500,000	0	1,500,000
Noncurrent Liabilities:			
Due within One Year	465,580	1,010,441	1,476,021
Due in More than One Year	7,064,632	17,468,131	24,532,763
Total Liabilities	<u>10,668,113</u>	<u>18,616,069</u>	<u>29,284,182</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	12,014,867	20,393,869	32,408,736
Restricted	2,276,469	41,220	2,317,689
Unrestricted	(1,220,825)	(1,199,453)	(2,420,278)
Total Net Assets	<u>\$ 13,070,511</u>	<u>\$ 19,235,636</u>	<u>\$ 32,306,147</u>

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

CITY OF MONTPELIER, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs:							
Governmental Activities:							
General Government	\$ 2,147,763	\$ 1,138,402	\$ 26,971	\$ 22,934	\$ (959,456)	\$ 0	\$ (959,456)
Public Safety	3,864,168	128,206	203,087	109,459	(3,423,416)	0	(3,423,416)
Public Works	2,379,156	538,181	281,643	1,933,441	374,109	0	374,109
Culture and Recreation	837,933	70,587	418,038	600,000	250,692	0	250,692
Community Development	1,962,157	0	85,695	0	(1,876,462)	0	(1,876,462)
Cemetery	185,150	44,554	0	0	(140,596)	0	(140,596)
MontpelierNet	37,590	35,293	0	0	(2,297)	0	(2,297)
Interest on Long-Term Debt	470,305	0	0	0	(470,305)	0	(470,305)
Total Governmental Activities	11,884,222	1,955,223	1,015,434	2,665,834	(6,247,731)	0	(6,247,731)
Business-Type Activities:							
Water	2,361,919	2,191,803	0	0	0	(170,116)	(170,116)
Sewer	3,189,852	3,230,626	0	14,051	0	54,825	54,825
Parking	557,821	681,886	0	0	0	124,065	124,065
Total Business-Type Activities	6,109,592	6,104,315	0	14,051	0	8,774	8,774
Total	\$ 17,993,814	\$ 8,059,538	\$ 1,015,434	\$ 2,679,885	(6,247,731)	8,774	(6,238,957)
General Revenues:							
Property Taxes, Penalties and Interest					7,198,011	0	7,198,011
Payment in Lieu of Taxes					184,000	0	184,000
Unrestricted Investment Earnings					115,393	13,199	128,592
Gain on Sale of Equipment					0	2,184	2,184
Other Revenues					99,434	32,154	131,588
Contributions to Permanent Endowments					10,425	0	10,425
Special Item - Pension Expense - VMERS Liability					(2,488,003)	(892,500)	(3,380,503)
Transfers					9,700	(9,700)	0
Total General Revenues, Special Item and Transfers					5,128,960	(854,663)	4,274,297
Change in Net Assets					(1,118,771)	(845,889)	(1,964,660)
Net Assets - July 1, 2008					14,189,282	20,081,525	34,270,807
Net Assets - June 30, 2009					<u>\$ 13,070,511</u>	<u>\$ 19,235,636</u>	<u>\$ 32,306,147</u>

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

CITY OF MONTPELIER, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General Fund	Community Development Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 1,107,527	\$ 312,360	\$ 0	\$ 123,853	\$ 1,543,740
Investments	264,967	0	0	1,075,795	1,340,762
Receivables (Net of Allowance for Uncollectibles)	338,264	15,020	1,477,097	30,518	1,860,899
Loans (Net of Allowance for Uncollectibles)	0	968,181	0	134,000	1,102,181
Note Receivable	236,080	0	0	0	236,080
Inventories	168,174	0	0	0	168,174
Due from Other Funds	118,208	0	1,370,495	462,922	1,951,625
	<u>\$ 2,233,220</u>	<u>\$ 1,295,561</u>	<u>\$ 2,847,592</u>	<u>\$ 1,827,088</u>	<u>\$ 8,203,461</u>
LIABILITIES					
Liabilities:					
Accounts Payable	\$ 287,461	\$ 605	\$ 813,907	\$ 48,192	\$ 1,150,165
Accrued Payroll and Related Expenses	167,015	0	0	11,919	178,934
Deferred Revenue	175,098	957,305	786,070	147,324	2,065,797
Due to Fire District	691	0	0	0	691
Due to Montpelier School District	229,138	0	0	0	229,138
Due to Other Funds	0	0	0	273,655	273,655
Grant Anticipation Note Payable	0	0	1,500,000	0	1,500,000
	<u>859,403</u>	<u>957,910</u>	<u>3,099,977</u>	<u>481,090</u>	<u>5,398,380</u>
Fund Balances/(Deficit):					
Reserved for					
Inventories	168,174	0	0	0	168,174
Trustees of Public Funds	0	0	0	719,434	719,434
Other Purposes	410,706	337,651	461,207	84,532	1,294,096
Unreserved, Reported In					
General Fund	794,937	0	0	0	794,937
Special Revenue Funds	0	0	0	542,032	542,032
Capital Projects Funds	0	0	(713,592)	0	(713,592)
	<u>1,373,817</u>	<u>337,651</u>	<u>(252,385)</u>	<u>1,345,998</u>	<u>2,805,081</u>
Total Fund Balances/(Deficit)	<u>1,373,817</u>	<u>337,651</u>	<u>(252,385)</u>	<u>1,345,998</u>	<u>2,805,081</u>
Total Liabilities and Fund Balances	<u>\$ 2,233,220</u>	<u>\$ 1,295,561</u>	<u>\$ 2,847,592</u>	<u>\$ 1,827,088</u>	<u>\$ 8,203,461</u>

Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.

15,808,818

Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.

2,062,925

Long-Term and Accrued Liabilities, are not Due or Payable in the Current Period and, Therefore, are Not Reported in the Funds.

(7,606,313)

Net Assets of Governmental Activities

\$ 13,070,511

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

CITY OF MONTPELIER, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Community Development Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes, Penalties and Interest	\$ 7,080,373	\$ 0	\$ 0	\$ 87,072	\$ 7,167,445
Permits and Licenses	79,249	0	0	0	79,249
Intergovernmental	684,495	78,084	1,229,722	154,476	2,146,777
Fees and Charges for Services	1,556,029	0	4,110	143,952	1,704,091
Fines and Forfeitures	25,561	0	0	0	25,561
Investment Income	96,620	15,267	0	11,155	123,042
Contributions	55	0	0	381,660	381,715
Rents and Commissions	550	0	0	3,240	3,790
Equipment Revenues	97,308	0	0	0	97,308
Loan Principal Repayments	0	45,383	0	0	45,383
Other Revenues	73,071	0	3,272	23,091	99,434
Total Revenues	9,693,311	138,734	1,237,104	804,646	11,873,795
Expenditures:					
General Government	1,977,833	0	29,490	0	2,007,323
Public Safety	3,458,169	0	2,504	167,248	3,627,921
Public Works	1,996,542	0	35,526	0	2,032,068
Culture and Recreation	441,245	0	0	374,212	815,457
Community Development	0	118,968	0	30,000	148,968
Cemetery	0	0	0	176,551	176,551
MontpelierNet	0	0	0	37,590	37,590
Capital Outlay					
General Government	30,093	0	149,861	0	179,954
Public Safety	168,593	0	15,620	0	184,213
Public Works	271,277	0	2,422,798	0	2,694,075
Culture and Recreation	6,000	0	0	19,611	25,611
Cemetery	0	0	0	41,056	41,056
Debt Service - Principal	464,337	0	0	9,554	473,891
Debt Service - Interest	406,779	0	0	7,863	414,642
Total Expenditures	9,220,868	118,968	2,655,799	863,685	12,859,320
Excess/(Deficiency) of Revenues Over Expenditures	472,443	19,766	(1,418,695)	(59,039)	(985,525)
Other Financing Sources/(Uses):					
Debt Proceeds	2,607,234	0	0	131,735	2,738,969
Proceeds from Sale of Equipment	24,136	0	0	14,600	38,736
Transfers from Other Funds	30,000	0	399,251	394,476	823,727
Transfers to Other Funds	(749,771)	(30,000)	0	(34,256)	(814,027)
Total Financing Sources/(Uses)	1,911,599	(30,000)	399,251	506,555	2,787,405
Net change in Fund Balances Before Special Item	2,384,042	(10,234)	(1,019,444)	447,516	1,801,880
Special Item:					
Pension Expense - VMERS Liability	(2,356,268)	0	0	(131,735)	(2,488,003)
Net Change in Fund Balances	27,774	(10,234)	(1,019,444)	315,781	(686,123)
Fund Balances - July 1, 2008	1,346,043	347,885	767,059	1,030,217	3,491,204
Fund Balances/(Deficit) - June 30, 2009	\$ 1,373,817	\$ 337,651	\$ (252,385)	\$ 1,345,998	\$ 2,805,081

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

CITY OF MONTPELIER, VERMONT
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2009

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

Net change in fund balances - total government funds (Exhibit D)	\$ (686,123)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost (\$3,124,909) of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$717,003). This is the amount by which capital outlays exceeded depreciation in the current period.	2,407,906
Noncash capital contributions are revenues that do not provide current financial resources and therefore are not reported as revenues in the funds.	600,000
The net effect of various transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets.	(47,624)
Revenues reported in the funds from prior year deferred revenues are not reported as revenues in the statement of activities.	(6,343)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	821,685
The issuance of loans receivable (\$95,645) consumes current financial resources of governmental funds, while the repayment of the principal of loans receivable (\$45,383) provides current financial resources to governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of loans receivable.	50,262
The issuance of long-term debt (\$2,738,969) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$473,891) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(2,265,078)
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>(1,993,456)</u>
Change in Net Assets of Governmental Activities (Exhibit B)	<u><u>\$ (1,118,771)</u></u>

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

CITY OF MONTPELIER, VERMONT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Property Taxes, Penalties and Interest	\$ 6,425,267	\$ 6,416,640	\$ (8,627)
Intergovernmental	512,663	665,261	152,598
Fees and Charges for Services	1,623,656	1,928,691	305,035
Fund Transfers	747,763	746,997	(766)
Proceeds of Long-Term Debt	0	2,537,500	2,537,500
	<u>9,309,349</u>	<u>12,295,089</u>	<u>2,985,740</u>
Expenditures:			
City Council Operations	26,724	43,630	(16,906)
City Manager's Office	293,311	306,375	(13,064)
Clerk/Treasurer/Elections	237,866	229,644	8,222
Finance Department	284,810	282,708	2,102
Technology Services	184,870	186,842	(1,972)
Property Assessment	175,002	133,469	41,533
Planning and Development	362,618	355,892	6,726
City Hall Maintenance	174,503	161,183	13,320
Fifty Eight Barre Street	0	2,343	(2,343)
Police:			
General	1,386,287	1,421,096	(34,809)
Communications	428,944	438,919	(9,975)
Outside Pay	0	2,499	(2,499)
School Resource Officer	79,890	80,028	(138)
Community Justice Center	20,000	20,006	(6)
Fire and Ambulance	1,546,929	1,697,162	(150,233)
Code/Health Enforcement	77,185	76,068	1,117
Emergency Management	24,750	15,793	8,957
Public Works:			
Streets	1,303,028	1,369,269	(66,241)
Fleet Operations	486,638	572,418	(85,780)
Building Operations	60,774	56,144	4,630
Wrightsville Beach	4,007	4,007	0
Kellogg-Hubbard Library	282,668	282,668	0
Outside Agencies in Budget	83,875	83,875	0
Ballot Items	52,000	52,000	0
Community Enhancements	49,300	47,300	2,000
Tree Management and Board	20,276	36,688	(16,412)
Conservation Commission	6,250	3,708	2,542
Debt Service	631,841	808,582	(176,741)
Other Governmental Service	151,497	155,914	(4,417)
Equipment Plan	233,735	299,193	(65,458)
Tax Abatements	0	2,907	(2,907)
Miscellaneous Expense	0	15,946	(15,946)
VMERS Pension Liability	0	2,356,268	(2,356,268)
Transfer to Other Funds:			
Capital Projects	399,251	399,251	0
Cemetery	110,917	110,917	0
Parks	104,603	104,603	0
Affordable Housing Fund	52,000	52,000	0
	<u>9,336,349</u>	<u>12,267,315</u>	<u>(2,930,966)</u>
Total Expenditures			
Excess/(Deficiency) of Revenue Over Expenditures	\$ <u>(27,000)</u>	27,774	\$ <u>54,774</u>
Fund Balance - July 1, 2008		<u>1,346,043</u>	
Fund Balance - June 30, 2009		<u>\$ 1,373,817</u>	

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

CITY OF MONTPELIER, VERMONT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

<u>ASSETS</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Parking Fund</u>	<u>Total</u>
Current Assets:				
Cash	\$ 0	\$ 0	\$ 50	\$ 50
Receivables (Net of Allowance for Uncollectibles)	1,007,308	606,607	25,112	1,639,027
Due from Other Funds	0	0	114,304	114,304
Deposits	0	0	1,600	1,600
Prepaid Expenses	0	0	15,000	15,000
Inventory	55,946	3,432	0	59,378
Total Current Assets	<u>1,063,254</u>	<u>610,039</u>	<u>156,066</u>	<u>1,829,359</u>
Noncurrent Assets:				
Capital Assets				
Land	32,000	0	218,672	250,672
Construction in Progress	0	1,759,827	0	1,759,827
Buildings	11,557,678	9,709,565	0	21,267,243
Improvements	10,414,823	18,772,023	234,742	29,421,588
Equipment and Vehicles	711,127	720,765	108,445	1,540,337
Accumulated Depreciation	(4,775,751)	(11,413,032)	(236,264)	(16,425,047)
Total Noncurrent Assets	<u>17,939,877</u>	<u>19,549,148</u>	<u>325,595</u>	<u>37,814,620</u>
Total Assets	<u>\$ 19,003,131</u>	<u>\$ 20,159,187</u>	<u>\$ 481,661</u>	<u>\$ 39,643,979</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 9,024	\$ 75,290	\$ 4,527	\$ 88,841
Due to Other Funds	1,256,536	535,738	0	1,792,274
Accrued Payroll and Related Expenses	999	0	0	999
Deferred Revenue	2,830	0	0	2,830
Accrued Interest Payable	33,724	11,103	0	44,827
Capital Leases - Current Portion	3,428	9,941	0	13,369
Bonds Payable - Current Portion	410,519	586,553	0	997,072
Total Current Liabilities	<u>1,717,060</u>	<u>1,218,625</u>	<u>4,527</u>	<u>2,940,212</u>
Noncurrent Liabilities:				
Capital Leases - Long-Term Portion	40,464	117,346	0	157,810
Bonds Payable - Long-Term Portion	8,246,462	8,778,346	192,500	17,217,308
Accrued Compensated Absences	36,896	42,423	13,694	93,013
Total Noncurrent Liabilities	<u>8,323,822</u>	<u>8,938,115</u>	<u>206,194</u>	<u>17,468,131</u>
Total Liabilities	<u>10,040,882</u>	<u>10,156,740</u>	<u>210,721</u>	<u>20,408,343</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	9,536,504	10,531,770	325,595	20,393,869
Restricted	0	0	41,220	41,220
Unrestricted/(Deficit)	(574,255)	(529,323)	(95,875)	(1,199,453)
Total Net Assets	<u>8,962,249</u>	<u>10,002,447</u>	<u>270,940</u>	<u>19,235,636</u>
Total Liabilities and Net Assets	<u>\$ 19,003,131</u>	<u>\$ 20,159,187</u>	<u>\$ 481,661</u>	<u>\$ 39,643,979</u>

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

CITY OF MONTPELIER, VERMONT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Parking Fund</u>	<u>Total</u>
OPERATING REVENUES:				
Charges for Services	\$ 2,165,407	\$ 3,202,758	\$ 681,886	\$ 6,050,051
Interest and Penalties	26,396	27,868	0	54,264
Miscellaneous	<u>15,067</u>	<u>17,087</u>	<u>0</u>	<u>32,154</u>
Total Operating Revenues	<u>2,206,870</u>	<u>3,247,713</u>	<u>681,886</u>	<u>6,136,469</u>
OPERATING EXPENSES:				
Administration	480,674	404,347	0	885,021
Supplies and Treatment	463,362	1,526,107	0	1,989,469
Wastewater Management	0	121,759	0	121,759
Distribution System	404,885	0	0	404,885
Collection System	0	376,689	0	376,689
Delinquent Collection	18,867	19,024	0	37,891
Meter Operations	51,956	0	0	51,956
Private Sewer System Maintenance	0	6,222	0	6,222
Parking Enforcement	0	0	362,933	362,933
Parking Lot Leases	0	0	73,378	73,378
Parking Lot Maintenance	0	0	93,556	93,556
Depreciation Expense	<u>467,980</u>	<u>551,457</u>	<u>17,212</u>	<u>1,036,649</u>
Total Operating Expenses	<u>1,887,724</u>	<u>3,005,605</u>	<u>547,079</u>	<u>5,440,408</u>
Net Operating Income	<u>319,146</u>	<u>242,108</u>	<u>134,807</u>	<u>696,061</u>
NONOPERATING REVENUES/(EXPENSES):				
Interest Earnings	4,596	6,192	2,411	13,199
Interest Expense	(474,195)	(176,893)	(10,742)	(661,830)
Capital Grants	0	14,051	0	14,051
Gain/(Loss) on Sale or Disposal of Equipment	2,184	(7,354)	0	(5,170)
Transfers from Other Funds	300	0	0	300
Transfers to Other Funds	<u>0</u>	<u>0</u>	<u>(10,000)</u>	<u>(10,000)</u>
Total Nonoperating Revenues/(Expenses)	<u>(467,115)</u>	<u>(164,004)</u>	<u>(18,331)</u>	<u>(649,450)</u>
Change in Net Assets Before Special Item	(147,969)	78,104	116,476	46,611
SPECIAL ITEM:				
Pension Expense - VMERS Liability	<u>(297,500)</u>	<u>(402,500)</u>	<u>(192,500)</u>	<u>(892,500)</u>
Change in Net Assets	(445,469)	(324,396)	(76,024)	(845,889)
Net Assets - July 1, 2008	<u>9,407,718</u>	<u>10,326,843</u>	<u>346,964</u>	<u>20,081,525</u>
Net Assets - June 30, 2009	<u>\$ 8,962,249</u>	<u>\$ 10,002,447</u>	<u>\$ 270,940</u>	<u>\$ 19,235,636</u>

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

CITY OF MONTPELIER, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Water Fund	Sewer Fund	Parking Fund	Total
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 2,190,982	\$ 3,212,275	\$ 631,711	\$ 6,034,968
Receipts from Interfund Services	0	0	24,948	24,948
Payments to Suppliers	(524,047)	(1,007,768)	(164,761)	(1,696,576)
Payments for Interfund Services	(366,356)	(550,609)	(45,531)	(962,496)
Payments for Wages and Benefits	(643,324)	(910,916)	(344,704)	(1,898,944)
Payments for Special Item - Pension Expense - VMERS Liability	(297,500)	(402,500)	(192,500)	(892,500)
Net Cash Provided/(Used) by Operating Activities	<u>359,755</u>	<u>340,482</u>	<u>(90,837)</u>	<u>609,400</u>
Cash Flows from Noncapital Financing Activities:				
Decrease/(Increase) in Due From Other Funds	0	0	(75,030)	(75,030)
(Decrease)/Increase in Due To Other Funds	816,752	162,604	0	979,356
Proceeds from General Obligation Bonds	297,500	834,171	192,500	1,324,171
Transfers Received From Other Funds	300	0	0	300
Transfers Paid to Other Funds	0	0	(10,000)	(10,000)
Interest Payments on Interfund Balances	(28,601)	0	0	(28,601)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>1,085,951</u>	<u>996,775</u>	<u>107,470</u>	<u>2,190,196</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	(612,788)	(597,106)	(8,302)	(1,218,196)
Receipts from Capital Grants	0	14,051	0	14,051
Receipts from Note Receivable	5,850	0	0	5,850
Principal Payments on General Obligation Bonds and Leases	(397,770)	(583,501)	0	(981,271)
Interest Payments on General Obligation Bonds and Leases	(445,594)	(176,893)	(10,742)	(633,229)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(1,450,302)</u>	<u>(1,343,449)</u>	<u>(19,044)</u>	<u>(2,812,795)</u>
Cash Flows from Investing Activities:				
Receipt of Investment Income	4,596	6,192	2,411	13,199
Net Cash Provided by Investing Activities	<u>4,596</u>	<u>6,192</u>	<u>2,411</u>	<u>13,199</u>
Net Increase in Cash	0	0	0	0
Cash - July 1, 2008	<u>0</u>	<u>0</u>	<u>50</u>	<u>50</u>
Cash - June 30, 2009	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 50</u>	<u>\$ 50</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Net Operating Income	\$ 319,146	\$ 242,108	\$ 134,807	\$ 696,061
Depreciation Expense	467,980	551,457	17,212	1,036,649
Special Item - Pension Expense - VMERS Liability	(297,500)	(402,500)	(192,500)	(892,500)
Decrease/(Increase) in Accounts Receivable	(17,200)	(36,568)	(24,962)	(78,730)
Decrease/(Increase) in Prepaid Expenses	0	100	(265)	(165)
Decrease/(Increase) in Inventory	2,596	1,030	0	3,626
(Decrease)/Increase in Accounts Payable	(121,277)	(21,591)	(26,655)	(169,523)
(Decrease)/Increase in Accrued Payroll	186	0	0	186
(Decrease)/Increase in Deferred Revenue	(1,284)	0	0	(1,284)
(Decrease)/Increase in Accrued Vacation	7,108	6,446	1,526	15,080
Net Cash Provided/(Used) by Operating Activities	<u>\$ 359,755</u>	<u>\$ 340,482</u>	<u>\$ (90,837)</u>	<u>\$ 609,400</u>

NonCash Transactions:

The Water Fund transferred equipment with a net book value of \$4,203 to the Sewer Fund.

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

CITY OF MONTPELIER, VERMONT
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The City of Montpelier, Vermont (City) was chartered on March 5, 1895 and operates under a Council-Manager form of government. The City provides the following services as authorized by its charter: public safety (police and fire), highways and streets, culture and recreation, community development, cemetery, public improvements, water, sewer, parking and general administrative services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the City of Montpelier, Vermont 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.

1A. The Financial Reporting Entity

This report includes all of the funds of the City of Montpelier, 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 organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Based on the aforementioned criteria, the City has one component unit, The Green Mountain Cemetery Commission. Although legally separate, the Commission is blended as a governmental non-major fund into the primary government. Separate financial statements for the Commission are not issued.

The Montpelier Public School System is a department of the City of Montpelier, Vermont authorized by Title VI of the City Charter. The School System operates under its separately elected Board of School Commissioners who appoint a Superintendent and provides education services. The School System also manages the Montpelier Recreation Department. The Recreation Department is responsible for general recreation activities in the City. The Recreation Department will become a department of the City on July 1, 2009.

The Montpelier Public School System is considered a primary government for financial reporting purposes in accordance with the standards set forth in Governmental Accounting Standards Board statement No. 14, "Defining the Financial Reporting Entity". This standard is based on the concept that financial reporting by a local government should report the accountability of elected officials for organizations under their control. Although the Montpelier Public School System is referred to as a department in the charter of the City of Montpelier, it meets the three criteria set forth in the standard for determining a primary government.

CITY OF MONTPELIER, VERMONT
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Those criteria are:

- a) It has a separately elected governing body. The voters of the City of Montpelier elect a board of seven School Commissioners who are charged with the exclusive management and control of the public schools and all school property of the City. Vacancies in the Board of School Commissioners are filled by the remaining members of the Board of School Commissioners.
- b) It is legally separate as defined in the standard. The Montpelier Public School System possesses the corporate powers that would distinguish it as being legally separate including the capacity to have its own name, the right to sue and be sued in its own name without recourse to the City of Montpelier, and the right to buy, sell, lease and mortgage property in its name, subject to the approval of the voters. The Board of School Commissioners have all the powers of a Vermont town school district except the power to call elections or take property.
- c) It is fiscally independent of other state and local governments. All monies received by the Montpelier Public School System from tuition and other sources, and all funds received from the issuance of bonds or notes authorized by the voters of the City of Montpelier for school purposes are restricted for school purposes. The Montpelier Public School System determines its own budget (the City has a ministerial approval power over the budget but does not have the authority to modify the budget), has its own tax appropriation approved by the voters of the City of Montpelier and sets rates or charges for tuition and other services without approval of any other government. As is the case in Vermont municipalities generally, issuance of bonded debt is subject to the approval of the voters.

The City Council of the City of Montpelier has a ministerial power in that the School Board must submit its request for debt to the City Council which is required to submit it to the voters for approval. No financial burden or benefit accrues to the City of Montpelier from the Montpelier Public School System.

Additionally, under state law, the laws governing education and regulations of the State Board of Education apply to all school districts unless otherwise specifically provided for in the charter of a City. Under Vermont law, school districts are considered separate legal entities from other municipal governments which exist in the same geographic boundaries and have the same voters.

1B. Basis of Presentation

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

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

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

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

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

The City reports on the following major governmental funds;

General Fund - This is the main operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Community Development Fund - This Fund is used to account for the Community Development grant and loan programs throughout the City.

Capital Projects Fund - This Fund is used to account for major capital project activities by the City.

The City reports on the following major enterprise funds:

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

Sewer Fund – This Fund accounts for the operations of the Sewer Department.

Parking Fund – This fund accounts for the operations of parking activities.

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

1C. Measurement Focus

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

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, and are segregated into reserved and unreserved amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

1D. 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 and proprietary fund 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 City gives (or receives) value without directly receiving (or giving) equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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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 City 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, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

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

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

The government-wide and proprietary fund financial statements follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board (APB) Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. As permitted under Statement of Governmental Accounting Standards No. 20, the City has elected not to apply FASB Standards issued after November 30, 1989.

1E. 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.

CITY OF MONTPELIER, VERMONT
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1F. Assets, Liabilities and Equity

1F a. Cash

The City considers all short-term investments of ninety (90) days or less to be cash equivalents. Additionally, each fund's equity in the City's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

1F b. Investments

The City invests in investments as allowed by State statute and the City Council's investment policy. Investments with readily determinable fair values are reported at their fair values on the financial statements. Unrealized gains and losses are included in revenue.

1F c. Receivables

The City utilizes the allowance method for uncollectible accounts. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

1F d. Internal Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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

1F e. Inventories and Prepaid Expenses

Inventories are determined by physical count and valued at the lower of cost (first-in, first-out) or market. Inventories in the General and Proprietary Funds consist of expendable supplies held for consumption.

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

Reported inventories and prepaid expenses of governmental funds in the fund financial statements are offset by a fund balance reserve which indicates that they do not constitute available expendable resources even though they are a component of net current assets.

CITY OF MONTPELIER, VERMONT
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1F f. 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 incurred during the construction phase for proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Infrastructure assets are reported starting with fiscal year ending June 30, 2004. The City has elected to not report major general infrastructure assets retroactively. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

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

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

	<u>Capitalization Threshold</u>	<u>Estimated Service Life</u>
Land	\$5,000	N/A
Buildings	\$5,000	40-100 years
Building Improvements	\$5,000	20-75 years
Improvements	\$5,000	15-75 years
Equipment and Vehicles	\$5,000	5-20 years
Infrastructure	\$5,000	10-25 years

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

1F g. Compensated Absences

It is the policy of the City of Montpelier, Vermont to permit employees to accumulate earned but unused vacation benefits. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide and proprietary fund financial statements. The liability for unused compensated absences is not reported in the governmental type financial statements. Payments for unused compensated absences are recorded as expenditures in the year they are paid. Unused sick days may be accumulated to use in the following year, but sick days are not accrued since they are not paid when the employee terminates employment.

CITY OF MONTPELIER, VERMONT
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1F h. Long-term Liabilities

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

1F i. Fund Equity

Fund balances and net assets are classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Reservations of fund balances and restrictions of net assets represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Designations of fund balance represent tentative management plans that are subject to change. Undesignated fund balances are available for future appropriations.

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

Governmental Fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, 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 occur. Long-term expense differences arise because governmental funds report expenditures (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

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

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

CITY OF MONTPELIER, VERMONT
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2A. Governmental Funds Balance Sheet and the Statement of Net Assets

The differences between the governmental funds balance sheet and government-wide statement of net assets are as follows:

	Balance Sheet	Long-term Revenues/ Expenses	Capital Related Items	Elimination of Interfund Balances	Statement of Net Assets
ASSETS					
Cash	\$ 1,543,740	\$ 0	\$ 0	\$ 0	\$ 1,543,740
Investments	1,340,762	0	0	0	1,340,762
Receivables	1,860,899	0	0	0	1,860,899
Loans Receivable	1,102,181	0	0	0	1,102,181
Note Receivable	236,080	0	0	0	236,080
Inventories	168,174	0	0	0	168,174
Due from Other Funds	1,951,625	0	0	(273,655)	1,677,970
Capital Assets	0	0	15,808,818	0	15,808,818
	<u>8,203,461</u>	<u>0</u>	<u>15,808,818</u>	<u>(273,655)</u>	<u>23,738,624</u>
Total Assets					
LIABILITIES					
Accounts Payable	1,150,165	0	0	0	1,150,165
Accrued Payroll and Related Expenses	178,934	0	0	0	178,934
Due to Montpelier School District	229,138	0	0	0	229,138
Due to Fire District	691	0	0	0	691
Due to Other Funds	273,655	0	0	(273,655)	0
Deferred Revenue	2,065,797	(2,062,925)	0	0	2,872
Accrued Interest	0	76,101	0	0	76,101
Grant Anticipation Note	1,500,000	0	0	0	1,500,000
Noncurrent Liabilities	0	3,736,261	3,793,951	0	7,530,212
	<u>5,398,380</u>	<u>1,749,437</u>	<u>3,793,951</u>	<u>(273,655)</u>	<u>10,668,113</u>
Total Liabilities					
NET ASSETS					
Invested in Capital Assets	0	0	12,014,867	0	12,014,867
Other	2,805,081	(1,749,437)	0	0	1,055,644
	<u>2,805,081</u>	<u>(1,749,437)</u>	<u>12,014,867</u>	<u>0</u>	<u>13,070,511</u>
Total Net Assets	\$ <u>2,805,081</u>	\$ <u>(1,749,437)</u>	\$ <u>12,014,867</u>	\$ <u>0</u>	\$ <u>13,070,511</u>

CITY OF MONTPELIER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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2B. Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

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

	Statement of Revenue, Expenditures and Changes in Fund Balances	Long-term Revenues/ Expenses	Capital Related Items	Reclassifications and Elimination of Interfund Activity	Statement of Activities
REVENUES					
Property Taxes, Penalties and Interest	\$ 7,167,445	\$ 30,566	\$ 0	\$ 0	\$ 7,198,011
Permits and Licenses	79,249	0	0	(79,249)	0
Intergovernmental	2,146,777	0	0	(2,146,777)	0
Fees and Charges for Services	1,704,091	48,000	0	203,132	1,955,223
Fines and Forfeitures	25,561	0	0	(25,561)	0
Investment Income	123,042	0	0	(7,649)	115,393
Contributions	381,715	0	0	(381,715)	0
Rents and Commissions	3,790	0	0	(3,790)	0
Equipment Revenues	97,308	0	0	(97,308)	0
Loan Principal Repayments	45,383	(45,383)	0	0	0
Other Revenues	99,434	0	0	0	99,434
Debt Proceeds	2,738,969	(2,738,969)	0	0	0
Proceeds from Sale of Equipment	38,736	0	(38,736)	0	0
Payment in Lieu of Taxes	0	0	0	184,000	184,000
Operating Grants and Contributions	0	(6,343)	0	1,021,777	1,015,434
Capital Grants and Contributions	0	743,119	600,000	1,322,715	2,665,834
Contributions to Permanent Endowments	0	0	0	10,425	10,425
Transfers from Other Funds	823,727	0	0	(814,027)	9,700
Total Revenues	15,475,227	(1,969,010)	561,264	(814,027)	13,253,454
EXPENDITURES					
General Government	2,007,323	9,653	130,787	0	2,147,763
Public Safety	3,627,921	9,653	226,594	0	3,864,168
Public Works	2,032,068	9,653	337,435	0	2,379,156
Culture and Recreation	815,457	0	22,476	0	837,933
Community Development	148,968	1,813,189	0	0	1,962,157
Cemetery	176,551	0	8,599	0	185,150
MontpelierNet	37,590	0	0	0	37,590
Capital Outlay	3,124,909	0	(3,124,909)	0	0
Debt Service - Principal	473,891	(473,891)	0	0	0
Debt Service - Interest	414,642	55,663	0	0	470,305
Special Item - Pension Expense - VMERS Liability	2,488,003	0	0	0	2,488,003
Transfers to Other Funds	814,027	0	0	(814,027)	0
Total Expenditures	16,161,350	1,423,920	(2,399,018)	(814,027)	14,372,225
Net Change for the Year	\$ (686,123)	\$ (3,392,930)	\$ 2,960,282	\$ 0	\$ (1,118,771)

CITY OF MONTPELIER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

3A. Budgetary Information

During December of each year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. In January, the Council finalizes a proposed budget to present to the City's residents. Public hearings are then conducted to obtain taxpayer comments.

Annually, on the first Tuesday in March, the voters authorize a specific sum of budgeted tax appropriation for the support of all City departments.

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. There were no budget amendments during the year. The City budgets operating transfers between the Proprietary Funds and the General Fund as expenses in the Proprietary Funds and as operating transfers in the General Fund.

3B. Budgeted Deficit

The City budgeted a current year's deficit of \$27,000 in the General Fund in order to utilize a portion of the previous years' surplus. This amount is reflected as a budgeted deficiency of revenue over expenditures in Exhibit F.

3C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2009, expenditures exceeded appropriations in the General Fund by \$2,930,966. This was primarily due to paying off the VMERS pension liability of \$2,356,268 which was funded by debt proceeds. The remaining overages were funded by excess revenues.

4. DETAILED NOTES ON ALL FUNDS

4A. Deposits and Investments

Cash - Deposits with Financial Institutions	\$ 1,543,190
Cash on Hand	600
Total Cash	<u>1,543,790</u>
Investments - Certificates of Deposit	490,952
Money Market Mutual Funds	92,382
Government Bonds	122,320
Mutual Funds - Mixed Holdings	91,108
Mutual Funds - Bonds	474,853
Mutual Funds - Stocks	67,121
Corporate Stock	2,026
Total Investments	<u>1,340,762</u>
Total Cash and Investments	<u>\$ 2,884,552</u>

CITY OF MONTPELIER, VERMONT
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Investment Policy

The City's investment policy is as follows:

All public funds (defined herein) shall be invested to achieve liquidity, security and return. Of the foregoing, it is the declared intention of the City Council to provide for security of investment, both principal and interest, as a priority.

Public funds shall be invested in accordance with the following schedule of priorities:

- (a) Deposits insured by an agency of the federal government; provided, however, that up to \$500,000 of uninsured public funds may be invested or deposited in any one state or federal banking institution which maintains offices in the City of Montpelier.
- (b) Obligations of the United States, such as Treasury Notes.
- (c) General obligations of the State of Vermont.
- (d) General obligations of the several states.
- (e) Securities fully insured by an agency of the United States, or fully collateralized by securities of the United States.
- (f) Periodically, and at least every three years, the City Treasurer shall cause to be made a survey of all banking institutions maintaining offices in Washington County and whose services area includes the City of Montpelier. Each banking institution so surveyed will be required to submit a proposal to serve as the City's lead bank and as one of the City's depository banks. The City Treasurer, in concert with the City Council, shall designate annually a lead bank and one or more depository banks, and shall establish the banking service to be secured from each.
- (g) In order to achieve investment liquidity, the City Treasurer shall be given thirty days advance notice of any requisition or warrant in excess of \$50,000.
- (h) The term "public funds" shall not include cash or credits held for the City's benefit as performance or completion.
- (i) For investments that the City controls directly, no investment will be made in tobacco stocks. For investments in which the City has an advisory role or has a seat on an investment board or committee, or where the City is constrained in its action by statute or existing contract, the City and/or its representatives shall make their best efforts to avoid investment of City funds in tobacco stocks, consistent with their fiduciary responsibilities.

CITY OF MONTPELIER, VERMONT
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Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have any policy to limit the exposure to interest rate risk.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity. Mutual funds are shown at their weighted average maturity (if available). The City's certificates of deposit are not subject to interest rate risk disclosure. Corporate stock is exempt from this analysis.

<u>Investment Type</u>	<u>Remaining Maturity (In Years)</u>					<u>Total</u>
	<u>0-1</u>	<u>1-5</u>	<u>6-10</u>	<u>Data not Available</u>	<u>N/A</u>	
Certificates of Deposit	\$ 0	\$ 0	\$ 0	\$ 0	\$ 490,952	\$ 490,952
Money Market Mutual Funds	92,382	0	0	0	0	92,382
Government Bonds	0	122,320	0	0	0	122,320
Mutual Funds - Mixed Holdings	0	0	0	91,108	0	91,108
Mutual Funds - Bonds	0	94,722	380,131	0	0	474,853
Mutual Funds - Stocks	0	0	0	0	67,121	67,121
Corporate Stock	0	0	0	0	2,026	2,026
	<u>\$ 92,382</u>	<u>\$ 217,042</u>	<u>\$ 380,131</u>	<u>\$ 91,108</u>	<u>\$ 560,099</u>	<u>\$ 1,340,762</u>

Credit Risk

Generally, credit risk is the risk than an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The certificates of deposit and the corporate stock are exempt from this analysis. The mutual funds are open-ended and are therefore excluded from the credit risk analysis.

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Concentration of Credit Risk

The City does not have any limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer, other than certificates of deposit and mutual funds, that represent more than 5% of total investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The City's investments are held in its name and are not subject to custodial credit risk. The City does not have any policy to limit the exposure to custodial credit risk. The table below shows the custodial credit risk of the City's cash and certificates of deposits.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured by FDIC	\$ 857,911	\$ 905,643
Insured by Private Surety Bond	1,167,863	1,295,139
Uninsured, Uncollateralized	<u>100,750</u>	<u>100,776</u>
 Total Deposits	 <u>\$ 2,126,524</u>	 <u>\$ 2,301,558</u>

The difference between the book and the bank balance is due to reconciling items such as deposits in transit and outstanding checks. Due to higher cash flow at certain times during the year, the amounts of uninsured, uncollateralized cash was much higher than at year end.

Deposits are comprised of the following:

Cash – Deposits with Financial Institutions	\$1,543,190
Investments – Certificate of Deposits	490,952
Investments – Money Market Funds	<u>92,382</u>
 Total	 <u>\$2,126,524</u>

CITY OF MONTPELIER, VERMONT
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4B. Receivables

Receivables at June 30, 2009, as reported in the statement of net assets, net of applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities	Total
Taxes, Penalties and Interest	\$ 153,643	\$ 0	\$ 153,643
Ambulance	333,994	0	333,994
Parking Tickets	0	298,968	298,968
Accounts Receivable	85,271	0	85,271
Grants	1,532,646	18,365	1,551,011
Insurance Receivable	0	377,085	377,085
Billed Services	0	277,095	277,095
Unbilled Services	0	948,514	948,514
Other Receivables	24,745	0	24,745
Allowance for Doubtful Accounts	<u>(269,400)</u>	<u>(281,000)</u>	<u>(550,400)</u>
	<u>\$ 1,860,899</u>	<u>\$ 1,639,027</u>	<u>\$ 3,499,926</u>

The Water Fund has an insurance receivable of \$377,085. The receivable represent unreimbursed principal payments on the note described in Note 4D. The City's insurance company may also reimburse related legal fees and unpaid interest on the note.

4C. Loans Receivable

Governmental Activities:

There are approximately 90 loans to residents, businesses, and non-profit organizations that were funded with various community development grants and loans. The largest outstanding balance is approximately \$600,000 and there are four other loans with balances over \$100,000. The terms of the loans vary depending on the type of the loan allowed per the grant agreements. Interest rates vary between 0% and 8%.

\$2,914,340

Notes Receivable, Six (6) Housing Loans,
0% Interest, Due Upon Any Conveyance or
Transfer of Condominium Units

134,000

Total

3,048,340

Allowance for Doubtful Loans

(1,946,159)

Net

\$1,102,181

CITY OF MONTPELIER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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The City reevaluated the collectability of the loans receivable and increased the allowance for doubtful loans by \$1,917,417.

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
\$3,005,578	\$ 95,645	\$52,883	\$3,048,340

4D. Notes Receivable

A loan of \$443,000 was made by the General Fund to Connor Brothers with monthly payments of \$2,889 beginning January 1, 2001 through October 1, 2015 with one final principal payment on November 1, 2015 of \$35,000 with interest at 2.7%. The balance of the loan on June 30, 2009 was \$236,080. This loan is secured by a building. The current principal due over the next twelve months is \$28,730.

The Water Fund had a note receivable from Scotts Construction, Inc. with monthly payments of \$7,446 through January 1, 2013 with interest at 5.0%. The balance of the note, in the amount of \$377,085, was written off during the year and replaced with an insurance receivable as described in Note 4B.

4E. Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 594,650	\$ 300,000	\$ 0	\$ 894,650
Construction in Progress	685,610	2,078,171	0	2,763,781
Total Capital Assets, Not Being Depreciated	<u>1,280,260</u>	<u>2,378,171</u>	<u>0</u>	<u>3,658,431</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	6,770,879	444,696	0	7,215,575
Vehicles and Equipment	4,874,568	554,689	428,271	5,000,986
Infrastructure	4,595,303	349,353	0	4,944,656
Totals	<u>16,240,750</u>	<u>1,348,738</u>	<u>428,271</u>	<u>17,161,217</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	1,674,139	184,100	0	1,858,239
Vehicles and Equipment	2,699,027	381,702	378,647	2,702,082
Infrastructure	299,308	151,201	0	450,509
Totals	<u>4,672,474</u>	<u>717,003</u>	<u>378,647</u>	<u>5,010,830</u>
Total Capital Assets, Being Depreciated	<u>11,568,276</u>	<u>631,735</u>	<u>49,624</u>	<u>12,150,387</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,848,536</u>	<u>\$ 3,009,906</u>	<u>\$ 49,624</u>	<u>\$ 15,808,818</u>

CITY OF MONTPELIER, VERMONT
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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 250,672	\$ 0	\$ 0	\$ 250,672
Construction in Progress	<u>2,906,057</u>	<u>991,802</u>	<u>2,138,032</u>	<u>1,759,827</u>
Total Capital Assets, Not Being Depreciated	<u>3,156,729</u>	<u>991,802</u>	<u>2,138,032</u>	<u>2,010,499</u>
Capital Assets Being Depreciated:				
Buildings	21,267,243	0	0	21,267,243
Improvements	27,293,301	2,182,687	54,400	29,421,588
Equipment and Vehicles	<u>1,471,573</u>	<u>185,942</u>	<u>117,178</u>	<u>1,540,337</u>
Total Capital Assets, Being Depreciated	<u>50,032,117</u>	<u>2,368,629</u>	<u>171,578</u>	<u>52,229,168</u>
Less Accumulated Depreciation for:				
Buildings	3,510,160	411,328	0	3,921,488
Improvements	11,286,868	497,577	49,070	11,735,375
Equipment and Vehicles	<u>753,575</u>	<u>127,744</u>	<u>113,135</u>	<u>768,184</u>
Totals	<u>15,550,603</u>	<u>1,036,649</u>	<u>162,205</u>	<u>16,425,047</u>
Total Capital Assets, Being Depreciated	<u>34,481,514</u>	<u>1,331,980</u>	<u>9,373</u>	<u>35,804,121</u>
Business-Type Activities Capital Assets, Net	<u>\$ 37,638,243</u>	<u>\$ 2,323,782</u>	<u>\$ 2,147,405</u>	<u>\$ 37,814,620</u>

Depreciation was charged as follows:

Governmental Activities:		Business - Type Activities:	
General Government	\$ 121,899	Water	\$ 467,980
Public Safety	226,594	Sewer	551,457
Public Works	337,435	Parking	<u>17,212</u>
Culture and Recreation	22,476		
Cemetery	<u>8,599</u>		
Total Depreciation		Total Depreciation	
Expense - Governmental		Expense - Business-	
Activities	<u>\$ 717,003</u>	Type Activities	<u>\$ 1,036,649</u>

\$651,924 of governmental activities equipment and vehicles have been acquired through outstanding capital leases. \$8,531 has been amortized to cemetery operating expenses, \$28,447 has been amortized to general government operating expenses, \$28,016 has been amortized to public safety operating expenses and \$2,788 has been amortized to public works operating expenses as of June 30, 2009. The amortization has been charged to depreciation expense.

\$179,957 of business-type activities building improvements have been acquired through outstanding capital leases. \$4,614 has been amortized to water operating expenses and \$13,381 has been amortized to sewer operating expenses as of June 30, 2009. The amortization has been charged to depreciation expense.

CITY OF MONTPELIER, VERMONT
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4F. Interfund Receivables, Payables and Transfers

The composition of interfund balances at June 30, 2009 is as follows:

<u>Fund</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>
Due To/From Other Funds:		
General Fund	\$ 118,208	\$ 0
Capital Projects Fund	1,370,495	0
Other Governmental Funds	462,922	273,655
Water Fund	0	1,256,536
Sewer Fund	0	535,738
Parking Fund	<u>114,304</u>	<u>0</u>
 Total Due To/From Other Funds	 <u>\$ 2,065,929</u>	 <u>\$ 2,065,929</u>

Interfund transfers during the year ended June 30, 2009 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Projects Fund	\$ 399,251	Budgetary Authorization
General Fund	Justice Fund	20,000	Budgetary Authorization
General Fund	Montpelier Events Fund	11,000	Budgetary Authorization
General Fund	Montpelier Parks Commission	104,603	Budgetary Authorizations
General Fund	Montpelier Housing Trust Fund	52,000	Transfer Reserves and Budgetary Authorizations
General Fund	Green Mountain Cemetery Fund	162,917	Budgetary Authorizations
Community Development Fund	General Fund	30,000	Budgetary Authorization
Expendable Cemetery Trust Fund	Green Mountain Cemetery Fund	28,000	Budgetary Authorization
Non-Expendable Cemetery Trust Fund	Expendable Cemetery Trust Fund	5,663	Interest Income Transfer
Montpelier Parks Commission Fund	Water Fund	300	Budgetary Authorization
Hubbard Park Trust Fund	Montpelier Parks Commission Fund	293	Interest Income Transfer
Parking Fund	Green Mountain Cemetery Fund	<u>10,000</u>	Budgetary Authorization
 Total		 <u>\$ 824,027</u>	

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4G. Deferred Revenue

Deferred Revenue in the General Fund consists of \$109,198 of delinquent taxes, \$48,000 of ambulance revenue and \$17,900 of grant receivables not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total Deferred Revenue in the General Fund is \$175,098.

Deferred Revenue in the Community Development Fund consists of \$623 of grant revenue received in advance and \$950,482 of loans receivable and \$6,200 of grant receivables not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total Deferred Revenue in the Community Development Fund is \$957,305.

Deferred Revenue in the Capital Projects Fund consists of \$786,070 of grant receivables not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred Revenue in the Other Governmental Funds consists of \$11,075 of grant receivables and \$134,000 of loans receivable that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities and \$2,249 of membership dues paid in advance. Total Deferred Revenue in the Other Governmental Funds is \$147,324.

Deferred Revenue in the Water Fund consists of \$2,830 of water usage overpayments.

4H. Long-term Liabilities

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and for the payment of a prior pension liability. General obligation bonds have been issued for general governmental and proprietary 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 City. New bonds generally are issued as 10 to 20 year bonds.

The City has other notes payable to finance various capital projects through local banks.

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

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

The City received money from the Agency of Commerce and Community Development (ACCD) to provide Community Development Loans. The City annually pays back a portion based upon program income as defined in the agreement between the City and ACCD.

It is the policy of the City of Montpelier, Vermont to permit employees to accumulate earned but unused benefits. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements and proprietary fund financial statements.

Long-term liabilities outstanding as of June 30, 2009 were as follows:

Governmental Activities

Berlin Street Reconstruction Bond, Various Interest Rates (6.6% - 7.7%), to Vermont Municipal Bond Bank, Refunded by the Vermont Municipal Bond Bank, August 2, 1995 from 1991 Series 1 To 1995 Series 1 and 2, Principal Payable in Annual Installments of \$10,000 to December 1, 2005 and \$5,000 from December 1, 2006 to December 1, 2011	\$ 15,000
Gould Hill Road Improvement Bond, Various Interest Rates (3.8% - 5.4%), to Vermont Municipal Bond Bank, \$42,300 Principal Due Annually from December 1, 1994 to December 1, 2008 and \$23,500 Principal due December 1, 2009	23,500
Bridge Improvement Bond, Various Interest Rates (3.8% - 5.4%), to Vermont Municipal Bond Bank, \$2,700 Principal Due Annually From December 1, 2004 to December 1, 2008 and \$1,500 Principal Due December 1, 2009	1,500
Retaining Walls Bond, Net Interest Rate of 5.676%, to Vermont Municipal Bond Bank, \$5,000 Principal Payments Due Annually From December 1, 1997 to December 1, 2016	40,000

CITY OF MONTPELIER, VERMONT
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<p>Fire Station Improvement Bond, Net Interest Rate of 5.029%, to Vermont Municipal Bond Bank, \$40,000 Principal Payments Due Annually From December 1, 1998 to December 1, 2007 and \$35,000 Due Annually From December 1, 2008 to December 1, 2017</p>	\$ 315,000
<p>Bridge Improvement Bond, Net Interest Rate of 5.033%, to Vermont Municipal Bond Bank, \$35,000 Principal Payments Due Annually from December 1, 1998 to December 1, 2013 and \$30,000 from December 1, 2014 to December 1, 2017</p>	295,000
<p>Fire Truck Bond, Net Interest of 4.08%, to Vermont Municipal Bond Bank, \$30,000 Principal Payments Due Annually December 1, 1999 to December 1, 2002 and \$25,000 from December 1, 2003 to December 1, 2013</p>	125,000
<p>Retaining Wall Bond, Net Interest of 4.789%, to Vermont Municipal Bond Bank, \$50,000 Principal Payments Due Annually December 1, 1999 to December 1, 2003 and \$45,000 from December 1, 2004 to December 1, 2018</p>	450,000
<p>Library Bond, Various Interest Rates (4.344% - 5.644%), to Vermont Municipal Bond Bank, \$30,000 Principal Due Annually from December 1, 2001 to December 1, 2020</p>	360,000
<p>Bike Path Lighting Project Bond, Interest at 4.67%, to Vermont Municipal Bond Bank, \$20,000 Principal Due Annually Until December, 2021</p>	260,000
<p>Montpelier Police Station, Various Interest Rates (4.344% - 5.644%), to Vermont Municipal Bond Bank, \$75,000 Principal Due Annually From December 1, 2001 to December 1, 2014 and \$70,000 from December 1, 2015 To December 1, 2020</p>	870,000
<p>City Hall Improvement Bond, Various Interest Rates (1.87% - 5.09%), to Vermont Municipal Bond Bank, \$45,000 Principal Due Annually from December 1, 2005 To December 1, 2014 and \$40,000 Principal Due from December 1, 2015 to December 1, 2024</p>	670,000

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Honeywell Global Finance, LLC. Lease, for Energy Efficiency Upgrades, Interest at 4.53%, Due in Annual Installments of Principal and Interest of \$25,600 until February 1, 2009, then \$26,890 until February 2010, then \$30,431 until February 1, 2018, (61% of lease Reported in Governmental Activities, 10% of Lease Reported in Water Fund and 29% Reported in Sewer Fund), Secured by Equipment	\$ 267,744
De Lage Landen Public Finance Lease, Interest at 4.25%, Six Annual Payments of Principal and Interest of \$10,993, Due August 25, 2013, Secured by Vehicle	48,599
City Hall/DPW/Turntable Park Improvement Bond, Various Interest Rates (3.835% - 4.665%) to Vermont Municipal Bond Bank, \$45,000 Principal Due Annually from December 1, 2007 to December 1, 2022, \$40,000 Due December 1, 2023 and \$35,000 Due December 1, 2024 to December 1, 2026	775,000
T.D. Banknorth Municipal Lease for Ambulance, Interest at 4.45%, Annual Payments of Principal and Interest of \$10,423 from January, 2007 to January, 2011	19,533
Community National Bank Municipal Note, Interest at 4.44%, Annual Payments of Principal and Interest of \$11,392 from April, 2008 to April, 2012, Secured by Excavator	31,311
T.D. Banknorth Municipal Note, Interest at 3.5%, One Annual Payment of Principal and Interest Due November 20, 2009, Secured by Vehicle	10,142
VMERS Refunding Bond, Vermont Municipal Bond Bank, Interest Rate at 6.501%, Semi-Annual Interest Only Payments through May 15, 2017, Principal Payable starting November 15, 2017 in Various Annual Installments Increasing from \$25,000 to \$520,000 Until December 1, 2032, (74.95% of Bond Reported in Governmental Activities, 8.35% Reported in Water Fund, 11.30% Reported in Sewer Fund and 5.40% Reported in Parking Fund)	<u>2,669,235</u>
Total Governmental Activities	<u>\$7,246,564</u>

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Business-Type Activities

Water Fund

<p>Water Line Improvement Bond, Various Interest Rates (3.865% - 4.665%) to Vermont Municipal Bond Bank, Principal Payable in Annual Installments of \$105,519 Decreasing to \$80,195 Until December 1, 2027</p>	<p>\$1,844,481</p>
<p>Water Filtration System Bond Issued July 10, 1991 to Vermont Municipal Bond Bank, Refunded by the Vermont Municipal Bond Bank August 2, 1995, from 1991 Series 1 to 1995 Series 1 and 2, Net Interest Rate of 7.14%, Interest Payable June 1 and December 1, Principal Payable in Various Annual Installments Increasing from \$25,000 to \$195,000 Until December 1, 2021</p>	<p>1,760,000</p>
<p>Vermont Water System Improvement Bond Refinanced July 2004 through Vermont Municipal Bond Bank, Various Interest Rates (1.87% - 5.09%), Interest Payable June 1 and December 1, and Principal Payable in Various Annual Installments Increasing from \$145,000 to \$310,000 Until December 1, 2024</p>	<p>3,555,000</p>
<p>Westside Connector Bond Issued July, 2004 to Vermont Municipal Bond Bank, Various Interest Rates (1.87% - 5.09%), Interest Payable June 1 and December 1, and Principal Payable in Annual Installments Increasing from \$50,000 to \$105,000 Until December 1, 2024</p>	<p>1,200,000</p>
<p>VMERS Refunding Bond Vermont Municipal Bond Bank, Interest Rate at 6.501%, Semi-Annual Interest Only Payments through May 15, 2017, Principal Payable starting November 15, 2017 in Various Annual Installments Increasing from \$25,000 to \$520,000 Until December 1, 2032, (74.95% of Bond Reported in Governmental Activities, 8.35% Reported in Water Fund, 11.30% Reported in Sewer Fund and 5.40% Reported in Parking Fund)</p>	<p>297,500</p>
<p>Honeywell Global Finance, LLC. Lease, for Energy Efficiency Upgrades, Interest at 4.53%, Due in Annual Installments of Principal and Interest of \$25,600 until February 1, 2009, then \$26,890 until February 2010, then \$30,431 until February 1, 2018, (61% of lease reported in Governmental Activities, 10% of Lease Reported in Water Fund and 29% Reported in Sewer Fund), Secured by Equipment</p>	<p><u>43,892</u></p>
<p>Total Water Fund</p>	<p><u>8,700,873</u></p>

CITY OF MONTPELIER, VERMONT
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Sewer Fund

Sewer System Improvement Bond, State of Vermont Special Revolving Loan Fund, 0% Interest, Annual Principal Payments of \$22,049 until December 1, 2016	\$ 176,392
Sewer System Improvement Bond, State of Vermont Special Revolving Loan Fund, 0% Interest, Average Annual Principal Payments of \$38,856 until December 1, 2017	349,700
Sewer System Improvement Bond, Vermont Municipal Bond Bank, Net Interest Rate of 5.676%, Annual Principal Payments of \$30,000 until December 1, 2016	240,000
Sewer System Improvement Bond, State of Vermont Special Revolving Loan Fund, 0% Interest, Annual Principal Payment of \$14,156 until December, 2018	141,562
Ultraviolet Disinfection System Bond Issued July 2004, to the Vermont Municipal Bond Bank, Various Interest Rates (1.87% - 5.09%), Payable June 1 and December 1 and Principal Payable in Various Annual Installments Increasing from \$55,000 to \$105,000 until December 1, 2024	1,260,000
Sewer System Improvement Bond, State of Vermont Special Revolving Loan Fund, 0% Interest, Annual Principal Payments of \$35,497 until June, 2019	390,467
Water Treatment Improvement Bond, State of Vermont Special Revolving Loan Fund, 0% Interest, Annual Principal Payments of \$174,171 from October, 2005 to January, 2025	2,786,734
Water Treatment Improvement Bond, State of Vermont Special Revolving Loan Fund, 0% Interest, Annual Principal Payments of \$13,807 from January, 2003 to January, 2022	179,492
Sewer System Improvement Bond, State of Vermont Special Revolving Loan Fund, 0% Interest, Annual Principal Payments of \$26,294 from January, 2003 to January, 2022	343,926
Water Treatment Improvement Bond, State of Vermont Special Revolving Loan Fund, 0% Interest, Annual Principal Payments of \$34,432 From July, 2004 to July, 2022	482,047

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Water Treatment Improvement Bond, State of Vermont Revolving Loan Fund, 0% Interest, Annual Principal Payments of \$28,100 From June, 2005 to June, 2024	\$ 421,495
Honeywell Global Finance, LLC. Lease, for Energy Efficiency Upgrades, Interest at 4.53%, Due in Annual Installments of Principal and Interest of \$25,600 until February 1, 2009, then \$26,890 until February 2010, then \$30,431 until February 1, 2018, (61% of lease reported in Governmental Activities, 10% of Lease Reported in Water Fund and 29% Reported in Sewer Fund), Secured by Equipment	127,287
Water Treatment Improvement Bond, State of Vermont Special Revolving Loan Fund, 0% Interest, Annual Principal Payments of \$25,785 Starting in Fiscal Year 2007 for 20 Years, During 2009 the Loan was Finalized and the Repayment Schedule was Adjusted to Annual Principal Payments of \$34,710	590,065
Local Share CSO Bond, to Vermont Municipal Bond Bank, 4.96% Interest, Annual Principal Payments of \$40,000 until 2020 then Annual Principal Payments of \$35,000 until 2032	860,000
River Street Sewer Line Bond, Vermont Municipal Bond Bank, Various Interest Rates (1.9% - 4.65%), Principal Payments in Twenty Annual Installments of \$20,000 Until November 15, 2028	400,000
VMERS Refunding Bond Vermont Municipal Bond Bank, Interest Rate at 6.501%, Semi-Annual Interest Only Payments through May 15, 2017, Principal Payable starting November 15, 2017 in Various Annual Installments Increasing from \$25,000 to \$520,000 Until December 1, 2032, (74.95% of Bond Reported in Governmental Activities, 8.35% Reported in Water Fund, 11.30% Reported in Sewer Fund and 5.40% Reported in Parking Fund)	402,500
Sewer Pump Bond, Vermont Municipal Bond Bank, Various Interest Rates (3.865% - 4.665%) Principal Payments in Annual Installments of \$19,481 Decreasing to \$14,805 Until December 1, 2027	<u>340,519</u>
Total Sewer Fund	<u>9,492,186</u>

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Parking Fund

VMERS Refunding Bond Vermont Municipal Bond Bank,
Interest Rate at 6.501%, Semi-Annual Interest Only
Payments through May 15, 2017, Principal Payable starting
November 15, 2017 in Various Annual Installments Increasing
from \$25,000 to \$520,000 Until December 1, 2032, (74.95% of
Bond Reported in Governmental Activities, 8.35% Reported in
Water Fund, 11.30% Reported in Sewer Fund and 5.40%
Reported in Parking Fund)

	<u>\$ 192,500</u>
Total Parking Fund	<u>192,500</u>
Total Business-Type Activities	<u>\$18,385,559</u>

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 4,610,000	\$ 2,669,235	\$ 410,000	\$ 6,869,235	\$ 390,000
Capital Leases	319,935	59,592	43,651	335,876	39,394
Notes Payable	51,551	10,142	20,240	41,453	20,124
ACCD Payable	44,167	0	16,082	28,085	16,062
Compensated Absences	226,604	28,959	0	255,563	0
Total Governmental Activities Long-Term Liabilities	\$ 5,252,257	\$ 2,767,928	\$ 489,973	\$ 7,530,212	\$ 465,580
Business-type Activities					
General Obligation Bonds	\$ 17,862,702	\$ 1,324,171	\$ 972,493	\$ 18,214,380	\$ 997,072
Capital Leases	179,957	0	8,778	171,179	13,369
Compensated Absences	77,933	15,080	0	93,013	0
Total Business-type Activities Long-Term Liabilities	\$ 18,120,592	\$ 1,339,251	\$ 981,271	18,478,572	\$ 1,010,441

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

CITY OF MONTPELIER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Capital	Principal	Interest	Capital
			Leases			Leases
2010	410,124	369,033	54,222	997,071	608,607	20,974
2011	375,431	350,548	58,542	1,012,071	583,486	23,736
2012	375,900	332,776	48,119	1,032,071	556,716	23,736
2013	360,000	314,836	48,120	1,052,071	528,201	23,737
2014	360,000	297,265	48,119	1,062,071	498,243	23,736
2015-2019	1,583,425	1,227,363	148,506	5,548,981	1,989,004	94,945
2020-2024	1,045,050	892,945	0	5,235,477	1,027,078	0
2025-2029	1,039,000	593,640	0	1,724,588	311,414	0
2030-2034	1,361,758	181,985	0	549,979	70,639	0
Less Amounts Representing Interest	0	0	(69,752)	0	0	(39,685)
Total	6,910,688	4,560,391	335,876	18,214,380	6,173,388	171,179

The City has authorized, but has not issued long-term debt at June 30, 2009 as follows:

<u>Purpose</u>	<u>Authorized</u>	<u>Amount</u>
Transportation Center	March 2002	\$ 800,000
District Heating	March 2003	250,000
Sabins Pasture	March 2005	188,000
Bridges and Retaining Walls	March 2009	<u>715,000</u>
Total		<u>\$1,953,000</u>

Subsequent to year end, the City issued \$1,150,000 of the authorized bonds.

The short-term debt activity during the year was as follows:

Beginning Balance	\$ 0
Proceeds of Tax Anticipation Note – General Fund	2,000,000
Repayment of Tax Anticipation Note – General Fund	(2,000,000)
Proceeds of Grant Anticipation Note	<u>1,500,000</u>
Ending Balance	<u>\$ 1,500,000</u>

The tax anticipation note had an interest rate of 2.80% and was paid on May 28, 2009. The grant anticipation note has an interest rate of 1.69% and was paid in full in November, 2009.

CITY OF MONTPELIER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

4I. Reserved and Designated Fund Balances/Net Assets

The reserved and designated fund balances/net assets of the City as of June 30, 2009 consisted of the following:

	Balance July 1, 2008	Increase (Decrease)	Balance June 30, 2009
<u>Governmental Funds</u>			
General Fund:			
Inventories	\$ 104,838	\$ 63,336	\$ 168,174
Prepaid Expenses	2,030	(2,030)	0
Act 60 Reappraisal - State Statute	29,750	10,829	40,579
Records Restoration - State Statute	54,620	7,655	62,275
Armory Note Receivable	261,753	(25,673)	236,080
Park Impact Fees - State Statute	35,824	1,625	37,449
Parks Wetland - Donations	140	0	140
City Hall Plaza -Donations	192	0	192
Civil Air Patrol - Donations	3,438	(3,438)	0
VMERS Bond Proceeds	0	33,936	33,936
Ambulance - Donations	0	55	55
	<u>492,585</u>	<u>86,295</u>	<u>578,880</u>
Total General Fund			
Community Development Fund:			
Community Development	330,184	(10,234)	319,950
Community Development - Program Expenditures	17,701	0	17,701
	<u>347,885</u>	<u>(10,234)</u>	<u>337,651</u>
Total Community Development Fund			
Capital Projects Fund:			
Traffic Impact Fees	31,945	(3,335)	28,610
Bond Proceeds	566,323	(142,945)	423,378
Capital Grants	9,219	0	9,219
	<u>607,487</u>	<u>(146,280)</u>	<u>461,207</u>
Total Capital Projects Fund			
Other Governmental Funds:			
Special Revenue Funds:			
Montpelier Events Fund - Donations	4,880	0	4,880
Montpelier Foundation - Donations	91,165	(11,513)	79,652
Total Special Revenue Funds	<u>96,045</u>	<u>(11,513)</u>	<u>84,532</u>
Permanent Funds:			
George Blanchard Trust	68,480	1,693	70,173
Non Expendable Cemetery Trust	349,143	10,425	359,568
Hubbard Park Trust	14,620	0	14,620
Expendable Cemetery Trust	297,410	(22,337)	275,073
Total	<u>729,653</u>	<u>(10,219)</u>	<u>719,434</u>
Total Other Governmental Funds			
	<u>825,698</u>	<u>(21,732)</u>	<u>803,966</u>
Total Reserved Fund Balances - Governmental Funds			
	<u>\$ 2,273,655</u>	<u>\$ (91,951)</u>	<u>\$ 2,181,704</u>

CITY OF MONTPELIER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

Designated Fund Balances/Net Assets:

Governmental Funds

Major Funds:

General Fund

Designated for Vactor Purchase	\$ 35,000
Designated for Fire Revenue Reserve	8,894
Designated for Computer Equipment	19,823
Designated for Tree Board Expenses	6,717
Designated for Conservation Commission	2,302
Designated for Reappraisal	70,000
Designated for Equipment Reserve	<u>62,786</u>
 Total General Fund	 <u>\$205,522</u>

Other Governmental Funds:

Special Revenue Funds

Designated for Green Mountain Cemetery Fund	\$ 7,488
Designated for Montpelier Park Commission	48,381
Designated for Montpelier Events Fund	32,593
Designated for Conservation Fund	46,000
Designated for Montpelier Housing Trust Fund	81,926
Designated for Montpelier Senior Citizen Fund	323,035
Designated for MontpelierNet Fund	<u>8,337</u>
 Total Special Revenue Funds	 <u>\$547,760</u>

The negative unreserved fund balance of \$713,592 in the Capital Projects Fund will be funded with the collection of the grant receivables.

The negative unreserved fund balance of \$5,728 in the Justice Fund will be transferred into the general fund and the fund will become a department of the General Fund.

CITY OF MONTPELIER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

4J. Restricted Net Assets

The restricted net assets of the City as of June 30, 2009 consisted of the following:

Governmental Activities:

Restricted by State Statute - Impact Fees	\$ 66,059
Restricted by State Statute – Other	102,854
Restricted by Donors	84,919
Restricted by Bond	33,936
Restricted by Trust Agreements - Non-Expendable	434,680
Restricted by Trust Agreements - Expendable	284,754
Restricted by Community Development Loan/Grant Agreements	<u>1,269,267</u>
Total Governmental Activities	<u>2,276,469</u>

Business-Type Activities:

Restricted by Impact Fees Statute	<u>41,220</u>
Total Business-Type Activities	<u>41,220</u>
Total Restricted Net Assets	<u>\$2,317,689</u>

4K. Senior Center Acquisition

The Montpelier Public School System transferred the Senior Citizen's Fund to the City on January 1, 2009. The City received cash and investments totaling \$326,446 as part of the transfer. The School System also contributed a building and land valued at \$600,000 to the City.

4L. Special Item – Pension Expense – VMERS Liability

The City switched pension plans to the Vermont Municipal Employees' Retirement System (VMERS) on January 1, 2003. Upon the conversion, actuaries determined the amount of funds necessary to cash up the City employees to others within the retirement system. The catch up amount was \$3,349,501 and was to be paid to VMERS as an additional contribution made yearly. During fiscal year 2009, the City paid off VMERS in the amount of \$3,248,768 of which \$2,356,268 is recorded in the General Fund, \$131,735 in the Other Governmental Funds, \$297,500 in the Water Fund, \$402,500 in the Sewer Fund and \$192,500 in the Parking Fund. This payment has been recorded as a special item in the financial statements because it was infrequent in occurrence and was within the control of management.

CITY OF MONTPELIER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

5. OTHER INFORMATION

5A. BENEFIT PLANS

All eligible employees of the City are covered under the State of Vermont Municipal Employees' Retirement Plan. The Plan requires that both the City and employees contribute to the Plan which provides retirement, disability and death benefits. The City has elected to participate in two (2) plans, Plan B and Plan C, which require all eligible employees to contribute 4.5% and 9%, respectively, of gross wages while the City contributes 5% and 6%, respectively.

The City pays all costs accrued each year for the plan. The premise of Plans B and C are 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 the present value of vested and nonvested plan benefits by municipality are not determinable.

Total payroll for the year was \$5,429,861 while covered payroll was \$5,289,505. Pension expense for the year was \$307,721.

Additional information regarding the State of Vermont Municipal Employees' Retirement Plan is available upon request from the State of Vermont.

5B. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of April 1. Taxes are levied on June 15 and are payable in four installments on August 15, November 15, February 15 and May 15. The City bills and collects its own property taxes and also taxes for the School District, Cemetery and education taxes for the State of Vermont. City property tax revenues are recognized when levied to the extent they result in current receivables. The tax rate for fiscal year 2008-2009 was as follows:

	<u>Residential</u>	<u>Non Residential</u>
City, Cemetery and Outside Agencies	\$1.2197	\$1.2197
State Education Tax	1.9673	2.1363
Water/Sewer Benefit Charge	0.1200	0.1200
Senior Citizens/Recreation	<u>0.1330</u>	<u>0.1330</u>
Total	<u>\$3.4400</u>	<u>\$3.6090</u>

CITY OF MONTPELIER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

5C. RISK MANAGEMENT

The City of Montpelier, Vermont is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City of Montpelier, Vermont maintains insurance coverage through the Vermont League of Cities and Town's Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City of Montpelier, Vermont. Settled claims have not exceeded this coverage in any of the past three fiscal years. The City must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and ratesetting 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.

In addition, the City of Montpelier, Vermont is a member of the Vermont League of Cities and Town's Health Trust. The Health Trust is a nonprofit 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 City of Montpelier, Vermont is also a member of the Vermont League of Cities and Town's Unemployment Insurance Trust. The Unemployment Trust is a nonprofit corporation formed to provide unemployment coverage for Vermont municipalities and is owned by the participating members. The agreement does not permit the Unemployment Trust to make additional assessments to its members.

5D. COMMITMENTS

Parking Lot Leases – The City leases three different parking lots around Montpelier for approximately \$100,000 per year. All are cancelable by the City. The City is responsible for the repair, maintenance and upkeep of the parking lots.

Montpelier Fire District – The City and the Montpelier Fire District have an inter-local agreement that requires the City to pay \$36,000 annually out of the Water Department revenues to the District. These payments entitle the City to integrate the improvements in the City's public water supply system and receive benefit of the improvements. This agreement shall remain in effect for as long as the Fire District has outstanding unpaid bonds issued to finance construction of the improvements.

Green Mountain Community Baseball, Inc.

On April 27, 2005, the City guaranteed a \$160,000 note between Green Mountain Community Baseball, Inc. and Northfield Savings Bank. The note is unsecured and is backed by the full faith and credit of the taxing authority of the City of Montpelier, Vermont by the Guaranty of Indebtedness. The loan will be amortized over ten years with \$16,000 annual principal payments plus interest. The balance on the note at June 30, 2009 was \$66,000.

CITY OF MONTPELIER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

East Central Vermont Community Fiber (ECF)

The City of Montpelier is a participant in an Interlocal Contract made up of 22 towns in East-Central Vermont committed to making state-of-the-art high-speed communications services available to all institutions, homes and businesses in participating towns. The revenue generated from system users is intended pay the costs of building, financing and operating the system so no cash outlay from member municipalities will be required.

On October 22, 2008, the City authorized ECF to issue certificates of participation (master lease) not to exceed \$106,000,000 for the purpose of making certain capital improvements for the delivery of communication services. The aggregate principal amount of the certificates of participation would be allocated to the City and the other participants based on their relative population. It is intended that the repayment of the certificates could only come from the revenues generated by the communications system.

Due to significant changes in the capital markets, ECF does not currently intend to finance the project with the certificates of participation described previously. ECF is pursuing alternative financing that, in accordance with the Interlocal Contract, will not result in any potential liability to the City.

Operating Leases

The City has three 60-month leases for copiers. One lease is for two copiers with a monthly payment of \$702 through June, 2011. The other two copier leases have monthly payments of \$305 and \$103, respectively, through November, 2013. The lease expense for the year ended June 30, 2009 was \$11,280.

The minimum lease payments are as follows:

2010	\$13,320
2011	13,320
2012	4,896
2013	<u>2,040</u>
	<u>\$33,576</u>

5E. SUBSEQUENT EVENTS

Subsequent to year end, the City obtained a tax anticipation note up to \$2,500,000 from Community National Bank with interest at 1.80% and due June 30, 2010.

CITY OF MONTPELIER, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

Subsequent to year end, the City leased a Caterpillar grader with a cost of \$178,507 through TD Equipment Finance, Inc. Lease payments of \$38,163 are due annually for five (5) years with interest at 3.45%.

Subsequent to year end, the building that the Senior Citizen's Center was housed in was damaged by a fire. The extent of the damage has not yet been determined, however, the City anticipates the City's insurance carrier will cover the cost of the damages.

Subsequent to year end, the City borrowed \$1,150,000 from the Vermont Municipal Bond Bank. Principal payments range from \$45,000 to \$95,000 with interest ranging from 1.391% to 4.981% and is due November 15, 2029. The bond was approved for various purposes.

Subsequent to year end, the City was awarded \$1,076,463 in American Recovery and Reinvestment Act grant funds from various agencies. The majority of the funds will be used for sewer projects.

CITY OF MONTPELIER, VERMONT
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 JUNE 30, 2009

	Special Revenue Funds										Permanent Funds				Total Other Governmental Funds
	Green Mountain Cemetery Fund	Montpelier Parks Commission Fund	Police Grants Fund	Montpelier Events Fund	Justice Fund	Conservation Fund	Montpelier Foundation Fund	Montpelier Housing Trust Fund	Montpelier Senior Citizens Fund	MontpelierNet Fund	George Blanchard Trust Fund	Non-Expendable Cemetery Trust Fund	Hubbard Park Trust Fund	Expendable Cemetery Trust Fund	
ASSETS															
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 46,000	\$ 38,441	\$ 0	\$ 39,412	\$ 0	\$ 0	\$ 0	\$ 0	\$ 123,853	
Investments	3,869	0	0	0	0	0	67,580	0	286,997	0	70,173	632,513	14,663	1,075,795	
Receivables	8,681	168	0	0	400	0	0	0	0	1,640	0	0	0	10,889	
Due from Other Governments	0	19,629	0	0	0	0	0	0	0	0	0	0	0	19,629	
Loans Receivable	0	0	0	0	0	0	0	134,000	0	0	0	0	0	134,000	
Due from Other Funds	1,372	48,455	0	37,473	158	0	0	81,926	11,671	6,794	0	0	275,073	462,922	
TOTAL ASSETS	\$ 13,922	\$ 68,252	\$ 0	\$ 37,473	\$ 558	\$ 46,000	\$ 106,021	\$ 215,926	\$ 338,080	\$ 8,434	\$ 70,173	\$ 632,513	\$ 14,663	\$ 1,827,088	
LIABILITIES AND FUND BALANCES															
Liabilities:															
Accounts Payable	\$ 4,229	\$ 7,208	\$ 0	\$ 0	\$ 155	\$ 0	\$ 25,659	\$ 0	\$ 10,801	\$ 97	\$ 0	\$ 0	\$ 43	\$ 48,192	
Accrued Payroll and Related Expenses	2,205	1,588	0	0	6,131	0	0	0	1,995	0	0	0	0	11,919	
Deferred Revenue	0	11,075	0	0	0	0	0	134,000	2,249	0	0	0	0	147,324	
Due to Other Funds	0	0	0	0	0	0	710	0	0	0	0	272,945	0	273,655	
Total Liabilities	6,434	19,871	0	0	6,286	0	26,369	134,000	15,045	97	0	272,945	43	481,090	
Fund Balances/(Deficit):															
Reserved	0	0	0	4,880	0	0	79,652	0	0	0	70,173	359,568	14,620	803,966	
Unreserved	7,488	48,381	0	32,593	(5,728)	46,000	0	81,926	323,035	8,337	0	0	0	542,032	
Total Fund Balances/(Deficit)	7,488	48,381	0	37,473	(5,728)	46,000	79,652	81,926	323,035	8,337	70,173	359,568	14,620	1,345,998	
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,922	\$ 68,252	\$ 0	\$ 37,473	\$ 558	\$ 46,000	\$ 106,021	\$ 215,926	\$ 338,080	\$ 8,434	\$ 70,173	\$ 632,513	\$ 14,663	\$ 1,827,088	

CITY OF MONTPELIER, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE:
 OTHER GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds										Permanent Funds				Total Other Governmental Funds
	Green Mountain Cemetery Fund	Montpelier Parks Commission Fund	Police Grants Fund	Montpelier Events Fund	Justice Fund	Conservation Fund	Montpelier Foundation Fund	Montpelier Housing Trust Fund	Montpelier Senior Citizens Fund	MontpelierNet Fund	George Blanchard Trust Fund	Non-Expendable Cemetery Trust Fund	Hubbard Park Trust Fund	Expendable Cemetery Trust Fund	
Revenues:															
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 87,072	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 87,072	
Intergovernmental	0	25,453	36,671	0	92,352	0	0	0	0	0	0	0	0	154,476	
Fees and Charges for Services	36,905	0	0	0	1,717	0	0	0	59,612	35,293	0	10,425	0	143,952	
Investment Income/(Loss)	529	482	0	0	0	388	(11,513)	836	12,784	0	1,693	5,663	293	11,155	
Contributions	0	2,901	0	0	3,150	0	0	0	375,609	0	0	0	0	381,660	
Rents and Commissions	0	3,240	0	0	0	0	0	0	0	0	0	0	0	3,240	
Other Revenues	0	5,276	3,300	0	4,330	0	0	0	9,551	634	0	0	0	23,091	
Total Revenues	37,434	37,352	39,971	0	101,549	388	(11,513)	836	544,628	35,927	1,693	16,088	293	804,646	
Expenditures:															
Public Safety	0	0	39,971	0	127,277	0	0	0	0	0	0	0	0	167,248	
Culture and Recreation	0	107,658	0	43,981	0	3,100	0	0	219,473	0	0	0	0	374,212	
Community Development	0	0	0	0	0	0	0	30,000	0	0	0	0	0	30,000	
Cemetery	176,551	0	0	0	0	0	0	0	0	0	0	0	0	176,551	
MontpelierNet Expenses	0	0	0	0	0	0	0	0	0	37,590	0	0	0	37,590	
Capital Outlay															
Culture and Recreation	0	19,611	0	0	0	0	0	0	0	0	0	0	0	19,611	
Cemetery	41,056	0	0	0	0	0	0	0	0	0	0	0	0	41,056	
Debt Service - Principal	9,554	0	0	0	0	0	0	0	0	0	0	0	0	9,554	
Debt Service - Interest	3,790	1,953	0	0	0	0	0	0	2,120	0	0	0	0	7,863	
Total Expenditures	230,951	129,222	39,971	43,981	127,277	3,100	0	30,000	221,593	37,590	0	0	0	863,685	
Excess/(Deficiency) of Revenues Over Expenditures	(193,517)	(91,870)	0	(43,981)	(25,728)	(2,712)	(11,513)	(29,164)	323,035	(1,663)	1,693	16,088	293	(59,039)	
Other Financing Sources/(Uses):															
Debt Proceeds	35,000	35,000	0	0	0	0	0	0	61,735	0	0	0	0	131,735	
Proceeds from Sale of Equipment	0	4,600	0	0	0	0	0	0	0	10,000	0	0	0	14,600	
Transfers In	200,917	104,896	0	11,000	20,000	0	0	52,000	0	0	0	0	5,663	394,476	
Transfers Out	0	(300)	0	0	0	0	0	0	0	0	0	(5,663)	(293)	(34,256)	
Total Other Financing Sources/(Uses)	235,917	144,196	0	11,000	20,000	0	0	52,000	61,735	10,000	0	(5,663)	(293)	506,555	
Special Item:															
Pension Expense - VMERS Liability	(35,000)	(35,000)	0	0	0	0	0	0	(61,735)	0	0	0	0	(131,735)	
Net Change in Fund Balance	7,400	17,326	0	(32,981)	(5,728)	(2,712)	(11,513)	22,836	323,035	8,337	1,693	10,425	0	315,781	
Fund Balances - July 1, 2008	88	31,055	0	70,454	0	48,712	91,165	59,090	0	0	68,480	349,143	14,620	1,030,217	
Fund Balances/(Deficit) - June 30, 2009	\$ 7,488	\$ 48,381	\$ 0	\$ 37,473	\$ (5,728)	\$ 46,000	\$ 79,652	\$ 81,926	\$ 323,035	\$ 8,337	\$ 70,173	\$ 359,568	\$ 14,620	\$ 1,345,998	