

Audited Financial Statements
and Other Financial Information

City of Winooski, Vermont

June 30, 2020



Proven Expertise & Integrity

CITY OF WINOOSKI, VERMONT

CONTENTS

JUNE 30, 2020

INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 15

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT A - STATEMENT OF NET POSITION	15
STATEMENT B - STATEMENT OF ACTIVITIES	16

FUND FINANCIAL STATEMENTS

STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	17
STATEMENT D - RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	18
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	19
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	20
STATEMENT G - STATEMENT OF NET POSITION - PROPRIETARY FUNDS	21
STATEMENT H - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	22
STATEMENT I - STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	23
NOTES TO FINANCIAL STATEMENTS	24 - 66

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	67
--	----

SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	68
SCHEDULE 2 - SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	69
SCHEDULE 3 - SCHEDULE OF CONTRIBUTIONS	70
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	71
SPECIAL REVENUE FUNDS DESCRIPTION	72
SCHEDULE A - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	73
SCHEDULE B - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	74
PROPRIETARY FUNDS DESCRIPTION	75
SCHEDULE C - COMBINING BALANCE SHEET - PROPRIETARY FUNDS - PARKING FUND	76
SCHEDULE D - COMBINING STATEMENT OF NET POSITION - PROPRIETARY FUND - PARKING FUND	77
<u>FEDERAL COMPLIANCE</u>	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	78
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	79
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	80 - 81
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	82 - 84
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	85



Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT

City Council
City of Winooski
Winooski, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Winooski, Vermont, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the City of Winooski, Vermont's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Winooski, Vermont as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 15 and 68 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Winooski, Vermont's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit*

Requirements for Federal Awards and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020 on our consideration of the City of Winooski, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Winooski, Vermont's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
December 18, 2020

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

(UNAUDITED)

This document will serve as a narrative overview and analysis of the financial operations of the City of Winooski for the fiscal year ended June 30, 2020. This information is to be considered in conjunction with the financial statements and accompanying notes that follow.

Overview

The City continues to operate from a strong financial position as a result of conservative budgeting and strategic investment. Winooski, in comparison to many other Vermont communities, is seeing active development and in-migration. This development will lead to positive grand list growth over the next year and into the future. With this growth and associated strategic investments in the city, we are poised to continue to fund the operating budget to ensure that we provide high quality municipal services and are able to invest in the City's infrastructure.

This discussion and analysis is intended to serve as an introduction to the City of Winooski's basic financial statements. The financial statements have three main components – government-wide presentation, fund presentation and notes to the financial statements.

Government Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Winooski finances in a way that is more commonly associated with private sector businesses.

The statement of net position presents information on all of the City's assets and liabilities with the difference being reported as net position. Increases or decreases in net position may serve as an indicator of whether the financial position is improving or deteriorating.

The statement of activities presents information demonstrating how the net position changed during the year. All changes to net position are reported as soon as the event giving rise to the change occurs, regardless of the timing of cash flows. This means that revenues and expenses reported in this statement may be for events that will happen in the future such as earned but unused time off for staff or uncollected property taxes.

These government-wide financial statements present separately the functions of the City that are primarily supported by taxes and other intergovernmental revenue, governmental activities, from those that are intended to recover all or most of their costs from user fees and charges, business-type activities. The governmental activities of the City of Winooski include general

government, public safety, public works, recreation, parks, community services, rental registry and public improvements. The business-type activities include the water, water pollution control (sewer) and parking operations.

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Towns and governments use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds can be divided into one of three categories: governmental, proprietary or fiduciary.

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

The focus of governmental funds is narrower than that of the government-wide financial statements so it can be useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide statements. This can give the reader a better understanding of the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to ease the comparison between governmental funds and governmental activities.

The City of Winooski maintains eight governmental funds including the General Fund, one Capital Fund and six Special Revenue Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, TIF Downtown Fund, Community Development Loan Fund and City Capital Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated classification. The basic governmental fund financial statements can be found in Statements C through E of this report. Individual fund data for each non-major governmental fund is provided in the form of combining statements in supporting Schedules A and B.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement is provided in Schedule 1 for the purpose of demonstrating compliance with the duly appropriated budget.

The City of Winooski maintains the proprietary type fund known as an enterprise fund for the Water Fund, Water Pollution Control (Sewer) Fund and Parking Fund. An enterprise fund is used to report the same function presented in the government-wide financial statements and they provide the same type of information in more detail. The proprietary fund financial statements provide separate information for the Water Fund, Water Pollution Control (Sewer) Fund and Parking Fund all of which are considered to be major funds for the City. The basic proprietary fund financial statements can be found in Statements F through H of this report. The Parking Fund is made up of two distinct operational centers, the Parking Garage and On Street Meters. There are bond covenant requirements that apply to the operations of the parking garage and in order to provide separate financial information for these departments their individual data is provided in the form of combining statements in Schedules C and D.

Fiduciary funds are used to account for resources held by the City for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support government programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has no fiduciary funds for the fiscal year ended June 30, 2020.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and notes this report presents certain supplementary information to provide additional financial information not included in the basic financial statements. This supplementary information includes budgetary comparison statements, information on changes in the net pension liability, employer contributions to pension, and investment returns and combining statements for various funds. The supplementary information can be found immediately following the notes to the financial statements in this report.

Government-wide Financial Analysis

Summary Statement of Net Position

	<u>2020</u>			<u>2019</u>		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
Current & Other Assets	\$ 8,225,235	2,857,905	11,083,139	\$ 5,984,543	3,288,504	9,273,047
Capital Assets	26,316,896	24,384,530	50,701,426	24,177,782	22,415,241	46,593,023
Total Assets	\$ 34,542,131	27,242,435	61,784,565	\$ 30,162,325	25,703,745	55,866,070
Deferred Outflow of Resources	\$ 1,186,605	78,085	1,264,690	\$ 1,323,725	74,379	1,398,104
Other Liabilities	\$ 1,417,323	429,837	1,847,160	\$ 1,067,077	370,203	1,437,280
Long Term Liabilities	19,556,680	3,822,337	23,379,017	17,146,927	1,791,275	18,938,202
Total Liabilities	\$ 20,974,003	4,252,174	25,226,177	\$ 18,214,004	2,161,478	20,375,482
Deferred Inflows of Resources	\$ 49,207	4,174	53,380	\$ 64,281	7,417	71,698
Net Investment in Capital						
Assets	\$ 9,459,184	21,020,245	30,479,429	\$ 9,521,092	21,090,443	30,611,535
Restricted	4,668,550	258,608	4,927,159	3,242,154	123,648	3,365,802
Unrestricted	577,792	1,785,318	2,363,110	444,521	2,395,136	2,839,657
Total Net Position	\$ 14,705,526	23,064,172	37,769,698	\$ 13,207,767	23,609,227	36,816,994

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Winooski, assets exceeded liabilities by \$37,769,698 at the close of the most recent fiscal year.

By far the largest portion of the City of Winooski's net position (80.70%) reflects its investment in capital assets including land, buildings, equipment and infrastructure less any related debt that is still outstanding used to acquire those assets. The City of Winooski uses these capital assets to provide services to its residents; consequently, these assets are not available for future spending. Although the City of Winooski's investment in capital assets is reported net of related debt it should be noted that the resources to repay this debt must be provided by other sources since the capital assets themselves cannot be used to as payment on these liabilities in most cases.

An additional portion of the City of Winooski's net position (13.05%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$577,792) may be used to meet the government's ongoing obligations to citizens and creditors. Included in unrestricted net position are amounts that management

has assigned for particular purposes such as capital reserves, programs and expenditures in subsequent years.

At the end of the current fiscal year, the City of Winooski was able to report positive balances in all three categories of net position for the government as a whole, as well as for its separate governmental and business-type activities. The same situation was true in the prior fiscal year.

Summary Statement of Activities

	<u>2020</u>			<u>2019</u>		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program Revenues						
Charges for Services	\$ 1,789,128	2,952,138	4,741,267	\$ 2,394,894	3,143,933	5,538,827
Operating Grants & Contributions	175,855	1,314	177,169	229,803	1,633	231,436
Capital Grants & Contributions	147,750	95,426	243,176	154,731	16,804	171,535
General Revenues						
Property Taxes and Penalty	8,695,782	-	8,695,782	8,194,734	-	8,194,734
Local Options Tax	375,089	-	375,089	-	-	-
Unrestricted Investment Earnings	67,546	9,337	76,882	33,025	16,657	49,682
Other Revenues	59,993	-	59,993	34,470	-	34,470
Total Revenues	\$ 11,311,142	3,058,215	14,369,357	\$ 11,041,657	3,179,027	14,220,684
Expenses						
General Government	1,787,329	-	1,787,329	1,807,130	-	1,807,130
Public Safety	3,489,076	-	3,489,076	3,458,517	-	3,458,517
Public Works	2,420,349	-	2,420,349	2,494,444	-	2,494,444
Culture & Recreation	841,110	-	841,110	873,125	-	873,125
Community Development	465,983	-	465,983	1,437,867	-	1,437,867
Interest on Long Term Debt	800,930	-	800,930	798,060	-	798,060
Water	-	1,001,423	1,001,423	-	890,956	890,956
Sewer	-	1,491,357	1,491,357	-	1,262,224	1,262,224
Parking	-	1,096,991	1,096,991	-	1,150,995	1,150,995
Total Expenses	\$ 9,804,777	3,589,771	13,394,548	\$ 10,869,143	3,304,175	14,173,318
Change in Net Position Before Transfers and Special Items	\$ 1,506,365	(531,557)	974,809	\$ 172,514	(125,148)	47,366
Gain/(Loss) on Sale of Capital Assets	(12,904)	(9,201)	(22,105)			
Transfers	4,299	(4,299)	-	110,197	(110,197)	-
Change in Net Position	\$ 1,497,760	(545,056)	952,704	\$ 282,711	(235,345)	47,366
Net Position - Beginning of Year	13,207,766	23,609,228	36,816,994	12,925,054	23,844,573	36,769,627
Net Position - End of Year	\$ 14,705,526	23,064,172	37,769,698	\$ 13,207,765	23,609,228	36,816,993

Governmental Activities

Governmental activities increased the City of Winooski's net position by \$1,497,760 during the current fiscal year. Net investment in capital assets, net of related debt, decreased by approximately \$61,908. This decrease resulted from the net effect of a decrease as a result of depreciation exceeding capital outlays, an increase as a result of principal payments on long term bonds and notes, and new debt issuance. Restricted net position increased by \$1,426,396

primarily due to unspent debt proceeds received during the fiscal year. Unrestricted net position increased by \$133,271 as a result of decreased spending due to the COVID-19 pandemic and as a result of several offsetting normal factors that influence net position from year to year.

Business-type Activities

Business-type activities decreased the City of Winooski's net position by \$545,056 during the current fiscal year. This was influenced primarily by the wastewater funds making use of reserves to complete capital projects. The Hickok Street preliminary engineering for wastewater line replacement was funded using reserves in anticipation of financing being approved in the 2021 fiscal year. The headworks expenses over the amount of financing received were also covered from fund balance. The water fund also contributed to the decrease in net position as fees are not currently able to cover the operational costs. There is a plan in place to increase revenues over time to be able to fund annual operations and estimated capital expenses using only revenues generated in the same fiscal year. Restricted net position increased by \$134,960 due to new aid in expansion fees paid for development in the current fiscal year.

Financial Analysis of the Government's Funds

As noted earlier, the City of Winooski uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

At the end of the current fiscal year the City of Winooski's governmental funds reported combined ending fund balances of \$4,924,561, an increase of \$1,539,691 in comparison to the prior year. Of this total amount \$232,382 is nonspendable (prepaid items and inventory) and \$2,669,845 is restricted to indicate it is not available for discretionary spending. These restrictions are generated by external sources including grant agreements, statutes or bond covenants. Of the remaining amount \$1,041,635 has been assigned for various purposes but may be reassigned at the option of the governing body. The remaining \$980,698 is unassigned and available for spending at the governing body's discretion.

The general fund is the chief operating fund of the City of Winooski. At the end of the current fiscal year unassigned balance in the general fund was \$1,000,653 and assigned balances were \$698,409. As a measure of the general funds liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and

transfers. Unassigned fund balance represents 12.84% of the general fund expenditures and transfers, while total fund balance represents 24.86% of the same amount.

The fund balance of the City of Winooski's general fund increased by \$256,946 during the current fiscal year. Key factors in this change are as follows:

- The COVID-19 pandemic caused a decrease in discretionary spending due to service disruptions and the furlough of staff not considered to be essential beginning in mid-April resulting in expense savings of at least \$74,770
- Increasing development in the City as a result of new zoning in the gateway districts and streamlined permitting processes resulted in collection of \$62,025 more in permit fees than anticipated in the budget
- Investment of reserves not intended for use in the current fiscal year resulted in \$57,517 in additional investment income than anticipated
- Approximately \$98,070 in additional local options tax was received over the budgeted amount likely due to this being the first year of receipts estimated from publicly available sales date.

Special revenue funds consist of the City of Winooski TIF Downtown Fund, Community Development Loan Fund, Justice Center Grant Fund, JAG Fund and Asset Forfeiture Fund. The TIF Downtown funds are restricted by bond covenants and state statute. The Community Development Loan Fund is restricted by grant close-out agreements. The Justice Center and JAG funds are restricted by grant agreement and outside donors. The Asset Forfeiture funds are restricted by Federal regulations.

The City's TIF district, created by legislation in 2000, has seen significant development as a result of the public investment in downtown parking, streets, sidewalks, water, sewer and storm water systems. Revenues are generated from the tax increment in the downtown TIF district. The base tax values from the original properties remain in the General Fund and the increment funds the expenses within this Fund. Additional revenues come from 98% of the Education taxes collected from that same base, ground leases, land sales and parking revenue in excess of the cost of the parking garage operating and maintenance needs. The municipal debt continues to be paid down by the tax increment collected. The City issued a request for proposals for the development of 17 Abenaki Way to move the process along. We have been working with the selected developer, however, in light of the COVID-19 pandemic the development continuing to experience delays. Additionally, we are in active talks with property owners and other developers to plan for additional growth in the TIF district. With progress made on these efforts, the District will generate enough revenue to retire the debt as scheduled.

The Community Development Loan Fund saw minimal activity during the current fiscal year. There are two active housing improvement fund loans that are continuing to be repaid with administrative fees for the program covered by these funds. No new loans were granted by the Housing Improvement Program of this fund. The Winooski Small Business Loan Program created a new small business COVID relief loan program where the program is being used as collateral

for the local businesses and used to pay for the first twenty-four months of interest. Total cost incurred for these COVID relief applications was \$3,646 for three local businesses.

The Community Justice Center is primarily funded through a grant from the State Department of Corrections and provides important services to the residents of Winooski. The funding this fiscal year was from the Vermont Department of Corrections; however, this will be the final year of operations for the Community Justice Center. During the course of operations, the two staff members making up this department left employment with the City. The City opted to turn the remaining grant funds back to the state for distribution to the remaining Justice Centers. The City continues to work with our state government and regional partners to ensure these programs continue to support our City through other local community justice centers. Due to payments from partner agencies participating in training held by the City, a surplus of \$1,435 was carried forward restricted for use on public safety expenses.

The JAG grants are only used for equipment purchased using grant funds. In general, revenues and expenses should be equal for this fund. In fiscal year 2020 we used the funds to purchase a radar speed sign to assist with traffic patrols. In this year we also received an additional JAG grant specifically related to COVID-19 pandemic response. The police department used these funds to buy equipment that could be used for a mobile dispatch center to allow the use of an alternate location for dispatch within minutes. This allows a partner agency to take over the City's dispatching duties from their own location if our dispatch staff became ill or was required to quarantine.

The Asset Forfeiture fund revenues are received primarily as proportionate shares of cases worked by the Winooski Police. These funds may only be used for items that supplement our Police Department and may not be used to supplant any funding provided by the general government. The City primarily uses these funds for criminal investigations or additional training capacity.

The City of Winooski maintains a single Capital Fund for governmental capital projects. The projects for this fund are approved on an annual basis by the governing body of the City. Major projects completed during the fiscal year included new HVAC controls at the O'Brien Community Center, new senior center roof, replacement of the overhead doors at the fire station, and the majority of the construction on the Myers Memorial Pool. Debt repayments are currently included within the Capital Fund.

Proprietary Funds

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

Unrestricted net position totaled \$554,166 for the Water Fund, \$226,210 for the Sewer Fund and \$1,004,943 for the Parking Fund. The changes in unrestricted net position for Water was a decrease of \$58,997, for Sewer a decrease of \$646,259 and for Parking an increase of \$95,439.

Other factors concerning the finances of these funds have already been addressed in the discussion of business-type activities.

General Fund Budgetary Highlights

The detailed general fund budget approved by voters as adjusted by Council and Manager is reflected in Scheduled 1. The actual expenditures from this budgetary comparison differ from those reported as general fund in the fund financial statements due to the combining of some other programs supported by fees with the general fund for financial reporting purposes. Any positive fund balance for these programs is reported in the fund financial statements as assigned balances. Negative fund balances for these programs are deducted from the unassigned balance. The programs combined with the General Fund for reporting purposes include the operating reserve, reimbursable activities, public art program, community service programs, community development, rental registry program and hazmat reserve.

Differences between budgeted and actual amounts for the General Fund as approved by voters and as amended by Council and Manager can be summarized as follows:

- Approximately \$62,025 in additional permit revenue was received during the year as part of increasing development in the City
- Additional investment income of \$57,517 from due to investment of funds in short term certificates of deposit.
- Approximately \$98,070 in additional local options tax was received over the budgeted amount likely due to this being the first year of receipts estimated from publicly available sales date.
- Training and Travel savings of \$13,948 due to cancellation of many spring conferences and training programs due to the COVID-19 pandemic.
- Salary and benefit savings of approximately \$60,822 generated by the furlough of staff beginning in mid-April in response to the COVID-19 pandemic.

Capital Asset and Debt Administration

Capital Assets

The City of Winooski's net investment in capital assets for its governmental and business-type activities as of June 30, 2020 totaled \$30,479,429 net of accumulated depreciation and related debt. This net investment in capital assets includes land, buildings and improvements, vehicles and equipment, roads, bridges and other infrastructure, water and wastewater distribution and collection systems, the parking garage and construction in progress. The net investment in capital assets decreased by 0.65% for governmental activities and decreased 0.33% for business-type activities.

Investment in Capital Assets

	<u>2020</u>			<u>2019</u>		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 1,709,519	647,573	2,357,092	\$ 1,709,519	647,573	2,357,092
Building and Improvements	6,561,388	-	6,561,388	6,667,271	-	6,667,271
Vehicles, Machinery, and Equipment	3,721,549	2,111,285	5,832,835	3,885,092	1,873,478	5,758,570
Infrastructure	33,829,976	-	33,829,976	33,823,426	-	33,823,426
Distribution and Collection Systems	-	19,383,654	19,383,654	-	19,098,115	19,098,115
Parking Garage	-	15,257,534	15,257,534	-	15,284,213	15,284,213
Construction in Progress	3,693,611	2,868,758	6,562,369	539,056	683,369	1,222,426
Total Assets	\$ 49,516,043	40,268,804	89,784,847	\$ 46,624,364	37,586,748	84,211,112

Major capital asset projects completed during the fiscal year included the following:

- Construction of a stormwater retention pond in the Pine Grove Terrace neighborhood \$170,084; plus \$33,607 of FY19 work in progress.
- Replacement of one Aerzen blower unit at the Wastewater Treatment Plant \$21,815; plus \$73,532 in FY19 work in progress
- Replacement of the HVAC system controls at the O'Brien Community Center \$68,290 partially funded for \$58,300 by Efficiency Vermont

There are a number of long-term projects construction in progress, in the City that will not be complete until future periods including:

- Main Street Reconstruction – General Fund which included \$401,522 of expenses during fiscal year 2020 and prior work in progress of \$93,796.
- Main Street Reconstruction – Water which included \$54,919 of expenses during fiscal year 2020 and prior work in progress of \$106,638.
- Main Street Reconstruction – Wastewater which included \$107,437 of expenses during fiscal year 2020 and prior work in progress of \$213,276.
- Myers Pool Reconstruction which included \$2,762,837 of expenses during fiscal year 2020 and prior work in progress of \$435,456.
- Headworks Construction which included \$1,180,647 of expenses during fiscal year 2020 and prior work in progress of \$172,436.
- Hickok Street Reconstruction – Water which included \$856,805 of expenses during fiscal year 2020 and prior work in progress of \$83,881.
- Hickok Street Reconstruction – Wastewater which included \$92,720 of expenses during fiscal year 2020.

Additional information on the City of Winooski's investment in capital assets can be found in note IV.D. of the notes to the financial statements.

Long Term Debt

At the end of the current year, the City of Winooski had total long-term debt outstanding of \$21,198,936. Of this amount \$10,687,470 is TIF related debt that is to be repaid using the tax increment generated by properties within the district and any other related revenues as specified in the bond and promissory notes.

The City of Winooski's total debt increased by \$4,089,223 during the year, reflecting repayments on existing debt of \$2,684,269, new bond debt of \$6,493,742 for the Myers Memorial Pool Reconstruction, headworks construction, Main Street preliminary engineering and Hickok Street water and sewer improvements and new capital lease debt of \$279,750 for the purchase of a new street sweeper.

State statutes limit the amount of bonded debt any governmental entity may issue to 10 times its total assessed valuation. The debt limit in fiscal year 2020 for the City of Winooski was \$5,712,469,670 which is significantly in excess of the City's outstanding bonded debt.

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

Additional information regarding the long-term debt of the City can be found in note IV.G. of the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- 2% COLA estimated in FY22.
- FY21 budget was built assuming a 2% COLA which actually came out as 2.3%
- Tiered COLA plans were previously adopted for the Police and Public Works union contracts
- Health insurance increasing by 3.35% for January 2021
- Modest Grand List growth of .7% was estimated

All of these factors were considered in the preparation of the City of Winooski's budget for the 2022 fiscal year.

The City of Winooski approved a general fund budget for fiscal year 2021 in the amount of \$7,627,149. This represents an increase of \$323,643 or 4.43% over the approved budget for the previous year. Only \$140,013 or 1.92% of this increase was to be raised from property taxes. Of the amount to be raised by taxes \$88,557 is directly attributable to the net operating costs for the Winooski Pool once construction is complete. Based on actual experience during the fiscal year 2020 year the amount of revenue included in the fiscal year 2021 budget for local option tax was increased by \$78,681 partially offsetting the additional expenses. The budget for the general fund does not include the budgets for programs supported by fees, special revenue funds, or proprietary funds. City Council approved rate increases for the Water Fund from

\$39.64 to \$40.63 per 1000cf with a minimum bill of 500cf, for the Wastewater Fund from \$50.03 to \$52.03 per 1000cf and the Parking Fund increases were limited to those outlined in existing contracts.

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note I of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the City. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the City.

Requests for Information

This financial report is designed to provide a general overview of the City of Winooski, Vermont's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Treasurer, City of Winooski, 27 West Allen Street, Winooski, VT 05404.

CITY OF WINOOSKI, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		Total	Component Unit
	Governmental Activities	Business-type Activities		Winooski Community Development Trust
ASSETS				
Cash and Cash Equivalents	\$ 7,192,054	\$ 352,625	\$ 7,544,679	\$ -
Receivables (Net of Allowance for Uncollectibles)	577,633	705,111	1,282,745	-
Notes Receivable	2,005,608	-	2,005,608	1,098,000
Interest Receivable	-	-	-	410,160
Prepaid Items	231,651	17,725	249,376	-
Inventory	731	-	731	-
Internal Balances	(1,782,443)	1,782,443	-	-
Capital Assets				
Land	1,709,519	647,573	2,357,092	-
Construction in Progress	3,693,611	2,868,758	6,562,369	-
Other Capital Assets, (Net of Accumulated Depreciation)	20,913,767	20,868,199	41,781,965	-
Total Assets	\$ 34,542,131	\$ 27,242,435	\$ 61,784,565	\$ 1,508,160
DEFERRED OUTFLOWS OF RESOURCES				
Bond Refunding Costs, Net of Amortization	\$ 567,803	\$ -	\$ 567,803	\$ -
Deferred Outflow - Pension Participation in VMERS	618,802	78,085	696,887	-
Total Deferred Outflows of Resources	\$ 1,186,605	\$ 78,085	\$ 1,264,690	\$ -
LIABILITIES				
Accounts Payable	\$ 618,046	\$ 241,100	\$ 859,146	\$ -
Accrued Payroll and Benefits Payable	189,678	49,172	238,849	-
Unearned Revenue	79,528	110,625	190,153	-
Accrued Interest Payable	119,912	28,940	148,852	-
Accrued Interest Payable - Component Unit	410,160	-	410,160	-
Noncurrent Liabilities:				
Unearned Revenue	-	207,692	207,692	-
Net Pension Liability	1,493,998	188,523	1,682,521	-
Note Payable - Component Unit	1,098,000	-	1,098,000	-
Due within One Year	2,245,568	174,871	2,420,439	-
Due in More than One Year	14,719,115	3,251,251	17,970,365	-
Total Liabilities	\$ 20,974,003	\$ 4,252,174	\$ 25,226,177	\$ -
DEFERRED INFLOWS OF RESOURCES				
Prepaid Property Taxes	\$ 16,132	\$ -	\$ 16,132	\$ -
Deferred Inflow - Pension Participation in VMERS	33,074	4,174	37,248	-
Total Deferred Inflows of Resources	\$ 49,207	\$ 4,174	\$ 53,380	\$ -
NET POSITION				
Net Investment in Capital Assets	9,459,184	21,020,245	30,479,429	-
Restricted For:				
Downtown Project and Debt Service	2,084,303	-	2,084,303	-
Capital Projects	1,439,930	-	1,439,930	-
Community Development	1,065,830	-	1,065,830	1,508,160
Public Safety	78,487	-	78,487	-
Sewer Expansion	-	258,608	258,608	-
Unrestricted	577,792	1,785,318	2,363,110	-
Total Net Position	\$ 14,705,526	\$ 23,064,172	\$ 37,769,698	\$ 1,508,160

See accompanying independent auditors' report and notes to financial statements.

CITY OF WINOOSKI, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Winooski Community Development Trust
					Governmental Activities	Business-Type Activities		
Functions/Programs:								
Primary Government:								
Governmental Activities:								
General Government	\$ 1,787,329	454,354	-	-	\$ (1,332,975)	\$ -	\$ (1,332,975)	\$ -
Public Safety	3,489,076	414,588	106,445	-	(2,968,044)	-	(2,968,044)	-
Public Works	2,420,349	127,272	6	206,050	(2,087,021)	-	(2,087,021)	-
Culture and Recreation	841,110	427,420	29,812	-	(383,879)	-	(383,879)	-
Community Development	465,983	307,196	39,593	-	(119,195)	-	(119,195)	-
Interest on Long-term Debt	800,930	-	-	-	(800,930)	-	(800,930)	-
Total Governmental Activities	9,804,777	1,730,828	175,855	206,050	(7,692,044)	-	(7,692,044)	-
Business-Type Activities:								
Water	1,001,423	885,267	-	-	-	(116,156)	(116,156)	-
Sewer	1,491,357	1,132,606	1,314	95,426	-	(262,012)	(262,012)	-
Parking Garage	1,096,991	934,266	-	-	-	(162,725)	(162,725)	-
Total Business-Type Activities	3,589,771	2,952,138	1,314	95,426	-	(540,893)	(540,893)	-
Total Primary Government	\$ 13,394,548	\$ 4,682,967	\$ 177,169	\$ 301,476	\$ (7,692,044)	\$ (540,893)	\$ (8,232,936)	\$ -
Component Unit:								
Winooski Community Development Trust	\$ 150,000	-	-	-	-	-	-	(150,000)
	150,000	-	-	-	-	-	-	(150,000)
General Revenues and Transfers:								
Property Taxes					8,685,118	-	8,685,118	-
Interest and Penalties on Delinquent Taxes					10,664	-	10,664	-
Local Sales Tax					375,089	-	-	-
Unrestricted Investment Earnings					67,546	9,337	76,882	-
Other Revenues					59,993	-	59,993	76,860
Interfund Transfers					4,299	(4,299)	(0)	-
Special Item - Gain on Sale of Capital Assets					-	1,575	1,575	-
Special Item - Loss on Sale of Capital Assets					(12,904)	(10,776)	(23,680)	-
Total General Revenues, Special Items, and Transfers					9,189,804	(4,163)	8,832,657	76,860
Change in Net Position					1,497,760	(545,056)	599,721	(73,140)
Net Position - July 1, 2019					13,207,766	23,609,228	36,816,994	1,581,300
Net Position - June 30, 2020					\$ 14,705,526	\$ 23,064,172	\$ 37,769,698	\$ 1,508,160

See accompanying independent auditors' report and notes to financial statements.

CITY OF WINOOSKI, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	Major Funds				Nonmajor Funds	Total
	General Fund	TIF Downtown Fund	Community Development Loan Fund	City Capital Reserve Fund	Other Governmental Funds	
<u>ASSETS</u>						
Cash	\$ 5,609,291	\$ 977,553	\$ 601,508	\$ -	\$ 3,703	\$ 7,192,054
Receivables (Net of Allowance for Uncollectibles)	398,690	-	-	147,750	31,194	577,633
Prepaid Items	231,651	-	-	-	-	231,651
Inventory	731	-	-	-	-	731
Due from Other Funds	-	-	400	2,191,538	104,135	2,296,073
Notes Receivable (Net of Allowance)	-	1,500,000	505,608	-	-	2,005,608
TOTAL ASSETS	\$ 6,240,363	\$ 2,477,553	\$ 1,107,516	\$ 2,339,288	\$ 139,031	\$ 12,303,750
<u>LIABILITIES</u>						
Accounts Payable	\$ 117,874	\$ 400	\$ 41,685	\$ 408,382	\$ 49,705	\$ 618,046
Accrued Payroll and Payroll Taxes	189,678	-	-	-	-	189,678
Due to Other Funds	3,675,226	392,850	-	-	10,439	4,078,515
Unearned Revenue	79,528	-	-	-	-	79,528
Total Liabilities	4,062,306	393,250	41,685	408,382	60,144	4,965,767
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Prepaid Property Taxes	16,132	-	-	-	-	16,132
Unavailable Property Taxes, Penalties and Interest	115,296	-	-	-	-	115,296
Unavailable Receivables	108,282	1,500,000	505,608	-	-	2,113,890
Unavailable Grant Revenue	-	-	-	147,750	20,355	168,105
Total Deferred Inflows of Resources	239,710	1,500,000	505,608	147,750	20,355	2,413,422
<u>FUND BALANCES</u>						
Nonspendable	232,382	-	-	-	-	232,382
Restricted	6,903	584,303	560,222	1,439,930	78,487	2,669,845
Assigned	698,409	-	-	343,226	-	1,041,635
Unassigned	1,000,653	-	-	-	(19,955)	980,698
Total Fund Balances	1,938,347	584,303	560,222	1,783,156	58,533	4,924,561
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,240,363	\$ 2,477,553	\$ 1,107,516	\$ 2,339,288	\$ 139,031	

See accompanying independent auditors' report and notes to financial statements.

CITY OF WINOOSKI, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

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

Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.	26,316,896
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Reported as Deferred Inflows of Resources in the Funds	2,397,290
Deferred Outflows and Inflows of Resources Related to the City's Participation in VMERS are applicable to Future Periods and Therefore, are not Reported in the Funds	585,728
Unamortized Bond Refunding Costs are not Financial Resources and Therefore, are not Reported in the Funds	567,803
Long-Term and Accrued Liabilities are not Due or Payable in the Current Period and, Therefore, are Not Reported in the Funds.	<u>(20,086,752)</u>
Net Position of Governmental Activities	\$ <u><u>14,705,526</u></u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF WINOOSKI, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Major Funds				Nonmajor Funds	Total
	General Fund	TIF Downtown Fund	Community Development Loan Fund	City Capital Reserve Fund	Other Governmental Funds	
Revenue:						
Property Taxes/PILOT	\$ 5,772,630	\$ 2,845,574	\$ -	\$ -	\$ -	\$ 8,618,204
Local Options Sales Tax	375,089	-	-	-	-	375,089
Charges for Services	588,591	-	-	-	-	588,591
Investment Income	67,546	81,883	172	-	-	149,600
Intergovernmental	132,462	-	-	-	138,431	270,893
Fees, Fines and Forfeits	276,296	-	-	-	-	276,296
Rent & Lease Income	269,440	-	-	-	-	269,440
Licenses & Permits	22,614	-	-	-	-	22,614
Donations	5,022	-	-	-	-	5,022
Loan Repayments	-	-	24,084	-	-	24,084
Other	318,001	-	-	70,352	1,080	389,433
Total Revenue	7,827,690	2,927,457	24,255	70,352	139,511	10,989,265
Expenditures:						
General Government	962,950	65,530	-	18,173	-	1,046,652
Public Safety	2,242,150	-	-	10,899	160,854	2,413,902
Public Works	515,451	-	-	179,932	-	695,383
Culture & Recreation	509,500	-	-	-	-	509,500
Public Buildings & Facilities	603,338	-	-	12,187	-	615,525
Employee Benefits	1,442,656	-	-	-	-	1,442,656
Regional Programs	245,839	-	-	-	-	245,839
Community Development	126,742	274,886	40,773	-	-	442,401
Capital Outlay:						
Public Safety	9,718	-	-	81,632	-	91,350
Public Works	-	-	-	451,043	-	451,043
Public Buildings & Facilities	7,149	-	-	2,888,009	-	2,895,158
Debt Service:						
Bond and Note Principal	110,000	1,945,188	-	390,750	-	2,445,939
Interest	51,191	465,396	-	146,948	-	663,535
Total Expenditures	6,826,684	2,751,001	40,773	4,179,572	160,854	13,958,884
Excess/(Deficiency) of Revenue Over Expenditures	1,001,006	176,456	(16,518)	(4,109,220)	(21,342)	(2,969,618)
Other Financing Sources/(Uses):						
Debt Proceeds	-	-	-	4,505,011	-	4,505,011
Transfers In	225,272	4,299	-	959,564	9,768	1,198,902
Transfers Out	(969,332)	(225,272)	-	-	-	(1,194,603)
Total Other Financing Sources/(Uses)	(744,060)	(220,973)	-	5,464,575	9,768	4,509,310
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures and Other Financing/(Uses)	256,946	(44,517)	(16,518)	1,355,355	(11,575)	1,539,691
Fund Balances - July 1, 2019	1,681,401	628,819	576,740	427,801	70,107	3,384,869
Fund Balances - June 30, 2020	\$ 1,938,347	\$ 584,303	\$ 560,222	\$ 1,783,156	\$ 58,533	\$ 4,924,561

See accompanying independent auditors' report and notes to financial statements.

CITY OF WINOOSKI, 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, 2020

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

Net change in fund balances - total government funds (Exhibit D)	\$ 1,539,691
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$3,437,550.93) is allocated over their estimated useful lives and reported as depreciation expense (\$1,274,287.71). This is the amount by which capital outlays exceeded depreciation expense in the current period.	2,163,263
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, loss on disposals and donations) is to increase net position.	(24,149)
Governmental funds report bond refunding costs as expenditures in the year in which they occur. However, in the Statement of Activities, these costs are recorded as deferred outflows of resources and recognized over the life of the new debt issuance.	(141,950)
The issuance of long-term debt (\$4,505,011) (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$2,445,938.87) consumes the current financial resources of governmental funds. Neither transaction, however; has any effect on net position. The amount is the net effect of these differences in the treatment of long-term debt and related items	(2,059,072)
Governmental funds report employer pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense	(313,058)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount reflects the decrease of unearned and unavailable revenue over last year.	333,122
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>(88)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 1,497,760</u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF WINOOSKI, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020

	Water Fund	Sewer Fund	Parking Fund	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 98,546	\$ 254,079	\$ -	\$ 352,625
Receivables (Net of Allowance for Uncollectibles)	287,206	388,196	29,709	705,111
Due from Other Funds	283,844	166,219	1,332,380	1,782,443
Prepaid Expenses	-	231	17,494	17,725
Total Current Assets	<u>669,596</u>	<u>808,725</u>	<u>1,379,583</u>	<u>2,857,905</u>
Noncurrent Assets:				
Capital Assets:				
Land	-	77,604	569,969	647,573
Construction in Progress	1,102,242	1,766,516	-	2,868,758
Machinery and Equipment	425,919	1,173,476	511,890	2,111,285
Buildings, Distribution/Collection Systems & Improvements	5,270,981	14,112,673	15,257,534	34,641,188
Less: Accumulated Depreciation	<u>(2,711,550)</u>	<u>(8,207,667)</u>	<u>(4,965,057)</u>	<u>(15,884,274)</u>
Total Noncurrent Assets	<u>4,087,593</u>	<u>8,922,602</u>	<u>11,374,336</u>	<u>24,384,530</u>
Total Assets	<u>\$ 4,757,189</u>	<u>\$ 9,731,327</u>	<u>\$ 12,753,919</u>	<u>\$ 27,242,435</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Outflow - Pension Participation in VMERS	<u>22,113</u>	<u>39,600</u>	<u>16,372</u>	<u>78,085</u>
Total Deferred Outflows of Resources	<u>\$ 22,113</u>	<u>\$ 39,600</u>	<u>16,372</u>	<u>78,085</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 4,779,302</u>	<u>\$ 9,770,927</u>	<u>12,770,291</u>	<u>27,320,520</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 46,496	\$ 186,419	\$ 8,184	\$ 241,100
Accrued Payroll and Benefits Payable	12,147	26,490	10,535	49,172
Accrued Interest Payable	7,853	21,087	-	28,940
Unearned Revenue - Current Portion	1,329	-	109,296	110,625
General Obligation Bonds Payable - Current Portion	35,478	126,149	-	161,627
Due to Champlain Water District - Current Portion	<u>13,243</u>	<u>-</u>	<u>-</u>	<u>13,243</u>
Total Current Liabilities	<u>116,546</u>	<u>360,146</u>	<u>128,016</u>	<u>604,707</u>
Noncurrent Liabilities:				
Compensated Absences Payable	15,148	31,786	14,902	61,837
Net Pension Liability	53,389	95,608	39,527	188,523
Unearned Revenue - Noncurrent Portion	-	-	207,692	207,692
General Obligation Bonds Payable - Noncurrent Portion	1,119,199	1,954,162	-	3,073,361
Due to Champlain Water District - Noncurrent Portion	<u>116,053</u>	<u>-</u>	<u>-</u>	<u>116,053</u>
Total Noncurrent Liabilities	<u>1,303,789</u>	<u>2,081,555</u>	<u>262,122</u>	<u>3,647,467</u>
Total Liabilities	<u>1,420,335</u>	<u>2,441,701</u>	<u>390,137</u>	<u>4,252,174</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Inflow - Pension Participation in VMERS	<u>1,182</u>	<u>2,117</u>	<u>875</u>	<u>4,174</u>
Total Deferred Outflows of Resources	<u>\$ 1,182</u>	<u>2,117</u>	<u>875</u>	<u>4,174</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 1,421,517</u>	<u>2,443,818</u>	<u>391,013</u>	<u>4,256,348</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	2,803,619	6,842,291	11,374,336	21,020,245
Restricted for Sewer Improvements-Expendable	-	258,608	-	258,608
Unrestricted	<u>554,166</u>	<u>226,210</u>	<u>1,004,943</u>	<u>1,785,318</u>
Total Net Position	<u>3,357,785</u>	<u>7,327,109</u>	<u>12,379,278</u>	<u>23,064,172</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 4,779,302</u>	<u>\$ 9,770,927</u>	<u>\$ 12,770,291</u>	<u>\$ 27,320,520</u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF WINOOSKI, VERMONT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Water Fund	Sewer Fund	Parking Fund	Total
Operating Revenues:				
Charges for Service	\$ 885,267	\$ 1,144,303	\$ 934,266	\$ 2,963,835
Total Operating Revenues	<u>885,267</u>	<u>1,144,303</u>	<u>934,266</u>	<u>2,963,835</u>
Operating Expenses:				
Salaries and Benefits	287,257	568,588	233,159	1,089,005
Water Purchases	410,422	-	-	410,422
Purchased Services	68,386	208,142	40,809	317,337
Repairs and Maintenance	40,757	64,240	123,919	228,915
Electricity and Fuel	6,125	73,682	35,298	115,106
Administration	39,984	63,660	101,564	205,209
Other	5,869	53,514	210,818	270,201
Depreciation	126,259	424,769	351,008	902,036
Total Operating Expenses	<u>985,060</u>	<u>1,456,596</u>	<u>1,096,575</u>	<u>3,538,232</u>
Operating Income	<u>(99,794)</u>	<u>(312,292)</u>	<u>(162,309)</u>	<u>(574,396)</u>
Non-Operating Revenues/(Expenses):				
Capital Grants	-	85,042	-	-
Loss on Disposition of Assets	-	(771)	(10,005)	(10,776)
Gain on Sale of Assets	-	1,575	-	1,575
Investment Income	4,244	5,093	-	9,337
Interest Expense	(16,363)	(34,762)	(416)	(51,541)
Total Non-Operating Revenues/(Expenses)	<u>(12,119)</u>	<u>56,178</u>	<u>(10,421)</u>	<u>(51,405)</u>
Net Income Before Capital Contributions and Transfers	(111,913)	(256,114)	(172,730)	(540,757)
Transfers Out	-	-	(4,299)	(4,299)
Capital Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(111,913)	(256,114)	(177,029)	(545,056)
Net Position - July 1, 2019	<u>3,469,698</u>	<u>7,583,223</u>	<u>12,556,307</u>	<u>23,609,228</u>
Net Position - June 30, 2020	<u>\$ 3,357,785</u>	<u>\$ 7,327,109</u>	<u>\$ 12,379,278</u>	<u>\$ 23,064,172</u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF WINOOSKI, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Water Fund	Sewer Fund	Parking Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 842,252	\$ 1,149,869	\$ 840,639	\$ 2,832,759
Payments to Suppliers	(533,555)	(398,217)	(426,459)	(1,358,231)
Payments for Wages and Benefits	(259,687)	(511,613)	(214,677)	(985,977)
Paid to General Fund - Administration	(39,984)	(63,660)	(101,564)	(205,209)
Net Cash Provided by Operating Activities	<u>9,026</u>	<u>176,379</u>	<u>97,938</u>	<u>283,343</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Decrease/(Increase) in Due from Other Funds	(236,249)	68,404	(4,677)	(172,522)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(236,249)</u>	<u>68,404</u>	<u>(4,677)</u>	<u>(172,522)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Grant Contributions	-	85,042	-	85,042
Acquisition and Construction of Capital Assets	(911,723)	(1,886,855)	(88,547)	(2,887,125)
Proceeds from Sales of Capital Assets	-	6,600	-	6,600
Debt Proceeds	889,613	1,378,868	-	2,268,481
Transfers to Other Funds	-	-	(4,299)	(4,299)
Principal Paid	(51,233)	(177,760)	-	(228,994)
Interest Paid	(10,815)	(16,081)	(416)	(27,312)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(84,159)</u>	<u>(610,186)</u>	<u>(93,261)</u>	<u>(787,606)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of Interest & Dividends	4,244	5,093	-	9,337
Net Cash Provided by Investing Activities	<u>4,244</u>	<u>5,093</u>	<u>-</u>	<u>9,337</u>
Net Increase in Cash	(307,138)	(360,310)	(0)	(667,448)
Cash - July 1, 2019	405,684	614,390	-	1,020,074
Cash - June 30, 2020	<u>\$ 98,546</u>	<u>\$ 254,079</u>	<u>\$ (0)</u>	<u>\$ 352,625</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	(99,794)	(312,292)	(162,309)	(574,395)
Depreciation	126,259	424,769	351,008	902,036
(Increase)/Decrease in Receivables	(39,316)	5,565	(25,318)	(59,069)
(Increase)/Decrease in Prepaid Expenses	157	6,617	(12,033)	(5,259)
Increase/(Decrease) in Accounts Payable	(2,152)	(5,255)	(3,583)	(10,991)
Increase/(Decrease) in Accrued Payroll	12,147	26,490	10,535	49,172
Increase/(Decrease) in Unearned Revenue	(3,699)	-	(68,309)	(72,008)
Increase/(Decrease) in Net Pension Liability and Related Deferrals	12,525	21,779	8,202	42,506
Increase/(Decrease) in Compensated Absences Payable	2,898	8,707	(255)	11,351
Net Cash Provided by Operating Activities	<u>\$ 9,026</u>	<u>\$ 176,379</u>	<u>\$ 97,938</u>	<u>\$ 283,343</u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

The City of Winooski, Vermont (herein the "City") is a municipal corporation operating under a council-manager form of government. It is governed by five elected officials – a mayor and four Council members. The City Council appoints a City Manager to oversee the general operations of the City and a Treasurer as independent financial oversight.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

This report includes all of the activity of the City of Winooski, Vermont. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on the primary government and there is potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government or a jointly appointed board. The Winooski Community Development Corporation Trust is the only entity that meets this definition and, as a discretely presented component unit, is reported in a separate column in the government-wide financial statement to emphasize that it is legally separate from the City. Based on these criteria, there are no other entities that should be combined with the financial statements of the City.

B. Basis of Presentation

The accounts of the City are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 presenting 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 presenting a shorter-term view of how operations were financed and what remains available for future spending.

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

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

Fund Financial Statements: The fund financial statements provide information about the City's funds. 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 funds are aggregated and reported as non-major funds.

The City reports on the following major governmental funds:

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

TIF Downtown Fund – This special revenue fund is used to account for all expenditures, revenues, and debt service related to the tax increment financing (TIF) district.

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Community Development Loan Fund – This special revenue fund accounts for all housing grant and loan projects.

City Capital Reserve Fund – This capital project fund accounts for governmental fund capital expenditures and related debt service.

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 Wastewater and Stormwater Departments.

Parking Fund – This accounts for operations of the City Parking Infrastructure.

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.

C. 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, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Equity (i.e., net position) is segregated into invested in capital assets, net of related debt; restricted net position and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

D. Basis of Accounting

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

The government-wide 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 property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the 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 (60) days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, 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 positions 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.

Recognition of revenues on funds received in connection with the loan programs are recognized when loans are awarded and expenses incurred in excess of current grants and program income. An offsetting amount in deferred inflows of resources is recognized for all loans receivable. Loan repayment revenue is recognized as loans are repaid.

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

E. Use of Estimates

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

F. Implementation of New Accounting Standards

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 “Postponement of the Effective Dates of Certain Authoritative Guidance.” The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

Statement No. 97 “Certain Component Unit Criteria (paragraphs 4 & 5).” The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. Management has determined the impact of this Statement is not material to the financial statements.

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

G. COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Vermont, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Vermont issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a “stay at home” directive for most citizens, restricting nonessential travel and limiting movement of all persons in Vermont to those necessary to obtain or provide essential services or activities. See Executive Order 01-20 and its addendums. As of the date of this report, the state of emergency was extended to January 15, 2021 and may be further extended if circumstances warrant. While steps toward reopening the State have begun, the speed and scope of the reopening process will depend upon progress toward limiting the continued spread of the disease.

Impact on and Results of Operations

On March 31, 2020 Vermont Secretary of State issued a “Waiver of Mandated Upcoming Municipal Election Dates in 2020”. This allowed mandated date meetings or elections and special meeting petitions to be delayed pursuant to the order. This act was authorized by Act 92, §3 (2020). Additional guidance provided that all current incumbent officers would retain their position until the election may be held. As most Vermont municipalities hold their annual meetings during the first week of March annually, most town meeting days occurred as scheduled.

In accordance with Addendum 6 to Executive Order 01-20, issued by the Governor of Vermont on March 24, 2020 (also referred to as the “Stay Home, Stay Safe Order”) and Directive 5 to Executive Order 01-20, issued by the Governor of Vermont on March 26, 2020, City facilities were temporarily closed to the public and all nonessential services to its inhabitants were suspended from March 18, 2020 to July 13, 2020. Some City facilities remain closed to the public at this time but offer services by appointment or delivery. The City was required to reduce its staff temporarily, furloughing workers from April 23, 2020 until August 3, 2020.

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Unemployment rates

Closures of City facilities and staff reduction increased the unemployment expenditures of the City above budgeted levels for FY 2020. However, the City was able to compensate for those expenditures with current available resources.

Impact on Finances

The City does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security (“CARES”) Act funding and applicable State programs.

Expected Federal/State Support

The City may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the City expects that if those actions are necessary, that the City would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the City and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the City. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the City.

H. Assets, Liabilities and Equity

1. Cash

Cash balances of most City funds are deposited with and invested by the City Treasurer. The City considers all short-term investments of ninety (90) days or less to be cash equivalents.

2. Investments

The City invests its operating and capital reserve funds as allowed by State Statute and in compliance with the City’s own approved investment policy. Investment funds are collateralized by the investment institution or brokerage firm where able to ensure that all city funds and revenues are secure in accordance with applicable laws and policies. Investments with readily determinable fair values are reported at fair value on the balance sheet. Unrealized gains and losses are reported within applicable financial statements and included in the appropriate revenue

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

category. The City's investment program encompasses all classes of revenues and funds and is reviewed on an ongoing basis to determine compliance and accountability.

3. Receivables

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

4. Internal Balances

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

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

5. Inventories and Prepaid Items

Inventory quantities are determined by physical count and are valued at the lower of cost or market.

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

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

6. 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 acquisition 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. The City has elected to report major general infrastructure

CITY OF WINOOSKI, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

assets retroactively.

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

Capitalization thresholds (the dollar values above which asset acquisitions must 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	\$ 10,000	Not Depreciated
Buildings and Building Improvements	20,000	10-75 Years
Vehicles, Machinery and Equipment	3,000	3-20 Years
Roads, Bridges, and Sidewalks	20,000	20-75 Years
Water and Wastewater Distribution and and Collection Systems	20,000	20-75 Years

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

7. Deferred Inflows/Deferred Outflows

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, “deferred outflows of resources”, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. These amounts are deferred and recognized as an outflow of resources in the future periods to which they are related.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources”, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the future periods to which the amounts are related or when the amounts become available

8. Compensated Absences

It is the policy of the City of Winooski to permit employees to accumulate earned but unused vacation or CTO, comp-time and sick leave benefits. The entire value of vacation or CTO and

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

comp-time leave is paid upon termination. Sick leave has no cash value upon separation from the City. No expenditure is reported for these amounts until paid, except in the Proprietary Funds.

9. Pensions

The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries. The accrual for the City's share of the net pension liability is recorded in the government-wide financial statements and proprietary fund financial statements.

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

10. Long-term Liabilities

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

11. Fund Equity

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

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

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

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

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

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

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

1. Annually in December, 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.

CITY OF WINOOSKI, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

2. Public hearings are conducted to obtain taxpayer comments.
3. The City Council adopts the budget.
4. The budget is presented to the voters for approval at the March annual City meeting.
5. The City Manager is authorized to transfer budgeted amounts within each function. In fiscal year 2020 the City Manager did not authorize any budgetary adjustments. Any revisions that alter the total budgeted amounts of any function must be approved by the City Council. In fiscal year 2020 Council was not presented any budgetary adjustment for approval.
6. The budget presented in schedule 1 is for the City’s “General Fund” only and does not include the Reimbursables Fund, the Public Art Fund, the City Operating Reserve Fund, the Fire Hazmat Fund, the Community Services Program Fund, and the Community Development Reserve Fund activity that is included with the General Fund.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash

The City’s cash as of June 30, 2020 consisted of the following:

Cash:

Cash on Hand	\$ 5,761
Cash with Financial Institutions	<u>7,538,918</u>
 Total Cash	 <u>\$ 7,544,679</u>

Custodial Credit Risk

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

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

	Book Balance	Bank Balance
FDIC/SIPC/NCUA Insured	\$ 1,226,880	\$ 1,226,880
Insured by Letter of Credit Issued by Federal Home Loan Bank of Pittsburgh	4,678,020	4,900,076
Insured by Letter of Credit Issued by Federal Home Loan Bank of Boston	351,508	351,508
Collateralized by Pledged Securities from Peoples United Bank	90,089	90,089
Uninsured Uncollateralized	1,439,930	1,439,930
Total Cash Deposits	\$ 7,538,918	\$ 7,760,974

The difference between the book and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

B. Receivables

Receivables at June 30, 2020, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows.

	Governmental Activity		Business-type Activity		Total
Delinquent Taxes	\$ 130,260	\$	-	\$	130,260
Penalties and Interest	19,561		-		19,561
Billed Services	114,247		83,337		197,585
Unbilled Services	-		435,638		435,638
Grants	184,414		-		184,414
Aid in Expansion Fees	-		191,498		191,498
Parking Tickets	331,286		-		331,286
Local Options Tax	96,071		-		-
Other	6,499		627		7,126
Allowance for Doubtful Accounts - Property Taxes	(1,237)		-		(1,237)
Allowance for Doubtful Accounts - Billed Services	(8,750)		(5,363)		(14,113)
Allowance for Doubtful Accounts - Parking Tickets	(293,976)		-		(293,976)
Allowance for Doubtful Accounts - Other	(741)		(627)		(1,369)
	\$ 577,633	\$	705,111	\$	1,186,674

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

C. Loans and Notes Receivable

Loans, with a balance of \$19,284, were issued by the City's H.I.P. Program to qualifying residents for improvements to property at interest rates ranging from three (3%) to nine (9%) percent. These loans will be paid back in one (1) to twenty (20) years and re-loaned to new qualifying applicants. The City believes the loans are collectible as all are secured by real estate mortgage.

Loans, with a balance of \$210,800, were issued to Champlain Housing Trust for cooperative housing at 0% interest and to be repaid upon sale of the projects and are secured by mortgages. The City does not believe these loans are collectible so an allowance for doubtful accounts of \$210,800 has been recorded.

The City has a \$1,500,000 note receivable from HK Central Block Limited Partnership. This note is secured by real estate and is to assist in building affordable housing in Winooski. The source of the money for the loan was from a Federal grant. Interest is at 0% and the note is due December 31, 2035. The City believes the loan is collectible and has discounted it to present value of \$486,334 at June 30, 2020 using a 5% discount rate.

The City has a \$740,000 note receivable from Canal Street Housing Limited Partnership. The note is secured by real estate and was loaned to provide affordable veterans housing. The source of the funds was a Federal grant. Interest is at 0% and the note is due April 2, 2040. If all terms are met by the borrower, this loan will likely be forgiven at the due date. Therefore, an allowance for doubtful accounts of \$740,000 has been recorded.

The City has a \$370,000 note receivable from City Neighborhoods HLP. The City loaned the funds for the acquisition and rehabilitation of ten (10) affordable housing units. The source of the money for the loan was from a Federal grant. Interest is at 0% and the note is due in 2042. If all terms are met by the borrower, this loan will likely be forgiven at the due date. Therefore, an allowance for doubtful accounts of \$370,000 has been recorded.

The City has a \$764,500 note receivable from Champlain Housing Trust. The City loaned the funds to fund the Champlain Housing Loan Funds and allow the organization to continue providing Housing Rehabilitation and Counseling and Advocacy services. The source of the money for the loan was from a Federal grant. Interest is at 0% and the note is due in 2042. If all terms are met by the borrower, this loan will likely be forgiven at the due date. Therefore, an allowance for doubtful accounts of \$764,500 has been recorded.

The City has a \$1,500,000 note receivable from HK Central Block Limited Partnership due from the sale of land in the Downtown District known as Lot 5. The sale price was \$2,500,000 and the City received \$500,000 at closing. The City received an additional \$500,000 payment on this note on June 16, 2009. The terms of the note require the remaining \$1,500,000 to be repaid over twenty (20) years beginning in 2020. Until then, there are only annual payments of interest at 5%. Interest received in 2020 amounted to \$75,000. The note is secured by a second mortgage

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

on the entire Barlow Square condominium. The City believes this loan is collectible.

D. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,709,519	\$ -	\$ -	\$ 1,709,519
Construction in Progress	539,056	3,164,359	9,804	3,693,611
Total Capital Assets Not Being Depreciated	2,248,575	3,164,359	9,804	5,403,130
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	6,667,271	142,125	248,008	6,561,388
Vehicles, Machinery and Equipment	3,885,092	134,321	297,864	3,721,549
Infrastructure	33,823,426	6,550	-	33,829,976
	44,375,789	282,996	545,872	44,112,913
Less Accumulated Depreciation For:				
Buildings and Building Improvements	3,173,701	215,545	227,959	3,161,288
Vehicles, Machinery and Equipment	2,187,966	263,529	293,764	2,157,731
Infrastructure	17,084,915	795,213		17,880,128
Totals	22,446,582	1,274,288	521,723	23,199,147
Total Capital Assets Being Depreciated	21,929,207	(991,292)	24,149	20,913,767
Governmental Activities Capital Assets, Net	\$ 24,177,782	\$ 2,173,067	\$ 33,953	\$ 26,316,896
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 647,573	\$ -	\$ -	\$ 647,573
Construction in Progress	683,369	2,292,528	107,139	2,868,758
Total Capital Assets Not Being Depreciated	1,330,943	2,292,528	107,139	3,516,331
Capital Assets, Being Depreciated:				
Parking Garage	15,284,213		26,679	15,257,534
Buildings, Distribution and Collection System & Improvements	19,098,115	299,039	13,500	19,383,654
Vehicles, Machinery and Equipment	1,873,478	402,698	164,890	2,111,285
Total Capital Assets Being Depreciated	36,255,806	701,736	205,069	36,752,473
Less Accumulated Depreciation For:				
Parking Garage	4,343,900	314,145	16,674	4,641,371
Buildings, Distribution and Collection System & Improvements	9,630,903	470,186	13,500	10,087,588
Vehicles, Machinery and Equipment	1,196,703	117,706	159,095	1,155,315
Totals	15,171,506	902,036	189,268	15,884,274
Total Capital Assets Being Depreciated	21,084,300	(200,300)	15,801	20,868,199
Business Type Activities Capital Assets, Net	\$ 22,415,242	\$ 2,092,228	\$ 122,940	\$ 24,384,530

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

F. Deferred Outflows of Resources

Deferred outflows of resources in the Governmental Activities consists of \$193,562 from the difference between the expected and actual experience, \$49,881 from changes in assumptions, \$101,758 from the difference between the projected and actual investment earnings, \$102,723 from changes in the City's proportional share of contributions related to the City's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$170,878 of the required employer pension contributions made subsequent to the measurement date, as further described in Note V.A.1. Deferred outflows of resources in the Governmental Activities also includes \$567,803 of Bond Refunding Costs, which are being amortized over the 120-month life of the Downtown Project bonds. Total deferred outflows of resources in the Governmental Activities is \$1,186,605.

Deferred outflows of resources in the Business Activities consists of \$24,425 from the difference between the expected and actual experience, \$6,294 from changes in assumptions, \$12,841 from the difference between the projected and actual investment earnings, \$12,962 from changes in the City's proportional share of contributions related to the City's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$21,563, of required employer pension contributions made subsequent to the measurement date, as further described in Note V.A.1. Total deferred outflows of resources in the Business Activities is \$78,085.

Deferred outflows of resources in the Water Fund consists of \$6,917 from the difference between the expected and actual experience, \$1,783 from changes in assumptions, \$3,636 from the difference between the projected and actual investment earnings, \$3,671 from changes in the City's proportional share of contributions related to the City's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$6,106 of required employer pension contributions made subsequent to the measurement date, as further described in Note V.A.1. Total deferred outflows of resources in the Water Fund is \$22,113.

Deferred outflows of resources in the Sewer Fund consists of \$12,387 from the difference between the expected and actual experience, \$3,192 from changes in assumptions, \$6,512 from the difference between the projected and actual investment earnings, \$6,574 from changes in the City's proportional share of contributions related to the City's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$10,935 of required employer pension contributions made subsequent to the measurement date, as further described in Note V.A.1. Total deferred outflows of resources in the Sewer Fund is \$39,600.

Deferred outflows of resources in the Parking Fund consists of \$5,121 from the difference between the expected and actual experience, \$1,320 from changes in assumptions, \$2,692 from the difference between the projected and actual investment earnings, \$2,718 from changes in the City's proportional share of contributions related to the City's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$4,521 of required employer pension contributions made subsequent to the measurement date, as further described in Note V.A.1. Total deferred outflows of resources in the Parking Fund is \$16,372.

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

G. Unearned Revenue and Deferred Inflows of Resources

Deferred inflows of resources in the Governmental Activities consists of \$16,132 of prepaid property taxes, \$12,914 from the difference between the expected and actual experience and \$20,161 resulting from the differences between the employer contributions and the proportionate share of total contributions related to the City's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note V.A.1. Total deferred inflows of resources in the Governmental Activities is \$49,207.

Deferred inflows of resources in the Business Activities consists of \$1,630 from the difference between the expected and actual experience and \$2,544 resulting from the differences between the employer contributions and the proportionate share of total contributions related to the City's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note V.A.1. Total deferred inflows of resources in the Business Activities is \$4,174.

Deferred inflows of resources in the Water Fund consists of \$462 from the difference between the expected and actual experience and \$720 resulting from the differences between the employer contributions and the proportionate share of total contributions related to the City's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note V.A.1. Total deferred inflows of resources in the Water Fund is \$1,182.

Deferred inflows of resources in the Sewer Fund consists of \$827 from the difference between the expected and actual experience and \$1,290 resulting from the differences between the employer contributions and the proportionate share of total contributions related to the City's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note V.A.1. Total deferred inflows of resources in the Sewer Fund is \$2,117.

Deferred inflows of resources in the Parking Fund consists of \$342 from the difference between the expected and actual experience and \$533 resulting from the differences between the employer contributions and the proportionate share of total contributions related to the City's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note V.A.1. Total deferred inflows of resources in the Parking Fund is \$875.

Unearned revenue in the Governmental Activities and the Governmental Funds consists of \$3,998 of grant revenue received in advance and \$75,530 of fees paid by customers for services to be rendered during fiscal year 2021. The revenue will be recognized as expenses are incurred on the grants and services are provided. Total unearned revenue in the Governmental Activities and the Governmental Funds is \$79,528.

Unearned revenue in the Business-Type Activities consists of \$316,989 of parking fees received in advance of which \$109,296 will be recognized in fiscal year 2021 and \$1,329 in water service fees paid in advance of which all is anticipated to be recognized in fiscal year 2021. The revenue will be recognized as services are provided.

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Unearned revenue in the Water Fund consists of \$1,329 of service fees received in advance all of which is anticipated to be recognized in fiscal year 2021. The revenue will be recognized as services are provided.

Unearned revenue in the Parking Garage Fund consists of \$316,989 of parking fees received in advance of which \$109,296 will be recognized in fiscal year 2020. The revenue will be recognized as parking and other services are provided.

Deferred inflows of resources in the General Fund consists of \$16,132 of prepaid property taxes as well as \$115,296 of delinquent property taxes, penalties and interest on those taxes and \$108,282 in receivables that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total deferred inflows of resources in the General Fund are \$239,710.

Deferred inflows of resources in the TIF Downtown Fund includes \$1,500,000 for a note receivable that was not collected within sixty (60) days after year-end as it would not be available to liquidate current liabilities. Total deferred inflows of resources in the TIF Downtown Fund are \$1,500,000.

Deferred inflows of resources in the Community Development Loan Fund consists of \$505,608 in loans and notes receivable that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total deferred inflows of resources in the Community Development Loan Fund are \$505,608.

H. Long-term Liabilities

General Obligation Bonds – The City issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds have been issued for both general governmental and proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues. All of the City’s debt that will be repaid from the revenues of the Tax Increment Financing District are reported in governmental activities even though Water, Sewer and Parking Fund capital assets were financed with this debt and all net parking revenue is collateral for the outstanding letter of credit securing the debt. The amount of the future net parking revenue is not determinable.

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

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

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Other Notes From Direct Borrowings Payable - The City has other notes from direct borrowings payable to finance various capital projects and purchases through local banks and partners. The City enters into lease agreements as the lessee for the purpose of financing the acquisition of major pieces of equipment. These lease agreements qualify as notes from direct borrowings payable for accounting purposes (even though they may include clauses that allow for cancellation of the lease in the event the City does not appropriate funds in future years) and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception of the leases. Leases are reported in governmental activities if the debt is expected to be repaid from general governmental revenue and in the business-type activities if the debt is expected to be repaid from proprietary fund revenue.

Compensated Absences - It is the policy of the City to permit employees to accumulate vacation or CTO, comp-time and sick leave time. The value of vacation, CTO, and comp time will be paid at the employee's current rate of pay upon retirement, termination or death. Sick time has no monetary value. The accrual for compensated absences, based on current rates, is recorded in the government-wide financial statements and proprietary fund financial statements.

Other Post-Employment Benefits - The City offers retired employees single coverage health insurance provided the employee has reached age 62 and their years of service plus their age equals 100. The benefit ends at age 65. The estimated liability is based on two employee who are likely to receive benefits in the near future

Long-term liabilities outstanding as of June 30, 2020 were as follows:

CITY OF WINOOSKI, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

	<u>Beginning Balance</u>		<u>Additions</u>		<u>Deletions</u>		<u>Ending Balance</u>
<u>Governmental Activities:</u>							
Special Obligation Refunding Bonds – Downtown Project, Series 2014A, Payable To TD Bank, N.A., Monthly payments of \$163,695 beginning July 1, 2014 inclusive of interest and principal through 2024, 2.79% Interest; This Bond will be Repaid from the Revenues of the Tax Increment Financing (TIF) District	\$ 9,015,076	\$	-	\$	1,734,889	\$	7,280,187
Subordinate Special Obligation Tax Increment Financing Note, Series 2004B, Payable to Winooski Community Development Trust (the Mayor and City Council are Trustees of the Trust), Downtown Land Purchase, Interest at 5.0% Beginning July 1, 2005, Payable Semi-Annually, However, the City has the Option not to Pay the Interest Payments, and has Executed this Option, but Interest shall Accrue without Additional Interest, Principal and Interest Payments of \$192,441 Due Semi-Annually Beginning July 1, 2014 through July 1, 2024. Nonpayment of principal does not result in default or acceleration of the loan but triggers interest rates of 6% beginning January 1, 2014 and 7% beginning January 1, 2016 if no payments are made. Unpaid Accrued Interest is Estimated to be \$483,300 at June 30, 2019. The Payment of this Note is Subordinate to the Payment in Full of the Special Obligation Refunding Bonds and the Pecor Note. This Note will be Repaid from the Revenues of the Tax Increment Financing District. During the fiscal year the City paid \$150,000 of Accrued Interest.	\$ 1,098,000	\$	-	\$	-	\$	1,098,000

CITY OF WINOOSKI, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Subordinate Special Obligation Tax Increment Financing Note, Series 2004A, Payable to Raymond Pecor, III and Stacey Pecor, Downtown Land Purchase, Interest at 5.0% Beginning July 1, 2005, Payable Semi-Annually, City has the Option not to Pay the Interest Payments, and has Executed this Option, but Interest shall Accrue Without Additional Interest, Principal and Interest Payments of \$201,647 Due Semi-Annually Beginning July 1, 2014 through July 1, 2024. Non-payment does not result in default or acceleration of the loan but triggers interest rates of 6% beginning January 1, 2014. After this date payments have been made as scheduled. Unpaid Accrued Interest is \$10,261 at June 30, 2019. Note is Subordinate to the Special Obligation Refunding Bonds. This Note will be Repaid from the Revenues of the Tax Increment Financing District	\$ 2,519,582	\$ -	\$ 210,299	\$ 2,309,283
Bond Payable – Vermont Municipal Bond Bank, Street Reconstruction, \$74,358 Due Annually on November 15 Through 2031, Interest Ranging from .804% to 4.664% Paid Semi-Annually on May 15 and November 15	920,429	-	70,817	849,612
Bond Payable – Vermont Municipal Bond Bank, Community Center, \$110,000 Due Annually on November 15 through 2029, Interest Ranging from 1.31% to 5.23% Paid Semi-Annually on May 15 and November 15	1,210,000	-	110,000	1,100,000
Bond Payable - Vermont Municipal Bond Bank, Pool Reconstruction, \$170,000 Due Annually November 15 Through 2039, Interest Ranging from 1.35% to 3.372% Paid Semi-Annually on May 15 and November 15	-	3,417,000	-	3,417,000

CITY OF WINOOSKI, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

	<u>Beginning Balance</u>		<u>Additions</u>		<u>Deletions</u>		<u>Ending Balance</u>
Bond Payable - Vermont Municipal Bond Bank - Main Street Reconstruction, \$54,400.55 Due Annually November 15 Through 2039, Interest Ranging from 1.35% to 3.372% Paid Semi-Annually on May 15 and November 15	-		1,088,011		-		1,088,011
Lease Payable - Bank Capital Services LLC, Loader & Backhoe, Interest 3.5%, \$18,736 Inclusive of Interest Due Annually December 1 through 2021	\$ 18,103	\$ -		\$ 18,103		\$ -	
Lease Payable - TD Equipment Financing, Dump Truck w/ Plow Attachment, Interest 2.81%, \$30,526 Inclusive of Interest Due Annually on January 30 through 2020	29,692	-		29,692		-	
Lease Payable - Bank Capital Services LLC, Maclean MV2 Sidewalk Snowplow, Interest 3.45%, \$24,018.96 Due Annually September 1 through 2021	45,659	-		22,442			23,217
Lease Payable - Ford Motor Credit, 2017 Ford Interceptor, Interest 4.95%, \$7,786 Due Annually on August 1 through 2020	14,487	-		7,068			7,418
Lease Payable - Leasing 2, 2014 Sutphen Pumper, Interest 4.231%, \$27,903 Due Annually on July 15 through 2029	223,737	-		18,437			205,300
Bond Anticipation Note - TD Bank. Myers Pool Reconstruction, Interest 2.95% per annum; Payable on September 13, 2019; to be rolled into Bond for Pool Reconstruction	205,000	-		205,000		-	
Lease Payable - Ford Motor Credit, 2018 Ford Interceptor Fire Command Vehicle, Interest 7.5%, \$8115 Inclusive of Interest Due Annually on July 24 through 2023	35,075	-		7,896			27,179

CITY OF WINOOSKI, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Lease Payable - Ford Motor Credit, 2018 Ford Interceptor, Interest 7.2%, \$8,887.65 Inclusive of Interest due Annually on October 5 through 2020	16,025	-	7,734	8,291
Lease Payable - Municipal Leasing Consultants, Livescan Fingerprinting System, Interest 5.99%, \$4,495 Inclusive of Interest Due Annually on July 15 through 2023	\$ 15,578	\$ -	\$ 3,561	\$ 12,016
Total Governmental Long-Term Debt	\$ 15,366,443	\$ 4,505,011	\$ 2,445,939	17,425,515

The Special Obligation Refunding Bonds include certain financial and other covenants.

The City also has another long-term liability to Vermont Works for Women (VFW) which is a tenant in the City's Community Center. The City has agreed to pay for VFW's cost incurred to fit up its space by reducing VFW's lease payments by 63.82%. This equated to \$10,373 in 2020. If VFW were to move out of the space, the remaining balance of \$454,596, less a penalty rate of 10% results in \$409,136, payable to VFW.

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Sewer Fund:				
Bond Payable – Vermont Municipal Bond Bank, Garage Construction, \$12,500 Due Annually on November 15 Through 2038, Interest Ranging from 1.7% to 4.13% Paid Semi-Annually on May 15 and November 15	\$ 250,000	\$ -	\$ 12,500	\$ 237,500
Bond Payable – State of Vermont Special Environmental Revolving Loan Fund, Main Street Reconstruction, \$11,328 Due Annually starting in April 2023, 0% Interest, partial principal forgiveness	190,383	47,107	-	237,490
Bond Payable – State of Vermont Special Environmental Revolving Loan Fund, Pollution Aeration Improvements, \$9540 Annually starting in October 2024, 0% Interest, partial principal forgiveness	159,310	1,040,691	-	1,200,000
Bond Payable – State of Vermont Special Environmental Revolving Loan Fund, 0% Interest, \$60,000 Due Annually on January 1 through 2020	60,000	-	60,000	-
Bond Payable - State of Vermont Special Environmental Revolving Loan Fund, Hickok Street, \$1310 Due Annually on August 1 through 2028, 0% Interest, partial principal forgiveness	-	11,320	-	11,320
Bond Payable – Vermont Municipal Bond Bank, Street Reconstruction, \$15,791 Due Annually on November 15 Through 2031, Interest Ranging from .804% to 4.664% Paid Semi-Annually on May 15 and November 15	195,555	-	15,040	180,516

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Lease Payable - BciCapital, Inc, Street Sweeper, Interest 2.795%, \$57,151.96 Due Annually August 5 through 2023	-	279,750	66,265	213,485
Lease Payable - Bank Capital Services LLC, Loader & Backhoe, Interest 3.5%, \$24,794.04 Due Annually December 1 through 2021	23,956	-	23,956	-
Total Sewer Fund	879,204	1,378,868	177,760	2,080,311
Water Fund:				
Bond Payable – State of Vermont Special Environmental Revolving Loan Fund, Main Street Reconstruction, 0% Interest, \$21,327 Due Annually starting in April 2023, 0% Interest	\$ 95,192	\$ 20,470	\$ -	\$ 115,661
Bond Payable – Vermont Municipal Bond Bank, Street Reconstruction, \$14,851 Due Annually on November 15 Through 2031, Interest Ranging from .804% to 4.664% Paid Semi-Annually on May 15 and November 15	184,016	-	14,143	169,872
Bond Payable – State of Vermont Special Environmental Revolving Loan Fund, Hickok Street water lines, 1% Interest, \$51,784.55 Due Annually on June 1 through 2049	-	869,143	-	869,143
Lease Payable - Bank Capital Services LLC, Loader & Backhoe, Interest 3.5%, \$24,794.04 Due Annually December 1 through 2021	23,956	-	23,956	-
Other Liability – Champlain Water District, Water Allocation, \$9,480 Due Annually on December 1 through 2024, Interest at 4.44% Paid Semi-Annually on December 1 and June 1	56,880	-	9,480	47,400
Other Liability – Champlain Water District, Water Allocation, \$6,220.26 Due Annually on August 1 through 2036, Interest at 1% and Admin Fee at 2%	\$ 85,550	\$ -	\$ 3,654	\$ 81,897
Total Water Fund	445,594	889,613	51,233	1,283,974
Total Business-Type Activities	\$ 1,324,798	\$ 2,268,481	\$ 228,994	\$ 3,364,285

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable	\$ 11,350,505	\$ 4,505,011	2,120,706	\$ 13,734,810	\$ 2,189,984
Notes Payable	3,617,582	-	210,299	3,407,283	-
Capital Leases Payable	398,355	-	114,933	283,422	45,003
Other Long-Term Liability - VFWF	418,473	-	9,336	409,136	10,571
Compensated Absences	188,878	17,342	-	206,220	-
Other Post Employment Benefit	25,173	-	3,362	21,811	-
Total Governmental Activities					
Long Term Liabilities	<u>15,998,966</u>	<u>4,522,353</u>	<u>2,458,637</u>	<u>18,062,682</u>	<u>2,245,558</u>
Business-type Activities					
Bonds Payable	1,134,456	1,988,731	101,683	3,021,503	110,442
Capital Leases Payable	47,912	279,750	114,177	213,485	51,185
Due to Champlain Water District	142,430	-	13,134	129,297	13,243
Compensated Absences	50,486	11,351	-	61,837	-
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 1,375,284</u>	<u>\$ 2,279,831</u>	<u>\$ 228,994</u>	<u>\$ 3,426,122</u>	<u>\$ 174,871</u>

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

The cost of assets financed by capital leases during fiscal year 2020 is \$851,387 for Governmental Activities and \$475,231 for Business-type activities. Amortization of the leases is included in depreciation expense. Accumulated depreciation for Governmental activities is \$238,544 and Business-type activities is \$59,929.

Maturities of notes from direct borrowings payable and bonds payable based on the City's intentions and contracts are as follows:

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Capital Leases	Principal	Interest	Capital Leases
2021	\$ 2,189,984	\$ 321,637	\$ 48,807	\$ 116,564	\$ 66,922	\$ 57,152
2022	2,240,397	262,167	40,512	118,052	63,798	57,152
2023	2,292,234	204,783	40,512	152,230	60,515	57,152
2024	5,589,125	145,688	40,512	153,789	57,362	57,152
2025	406,068	84,869	27,903	155,385	54,219	-
2026-2030	2,030,338	180,005	139,514	690,838	223,364	-
2031-2035	1,267,694	15,837	-	572,634	141,913	-
2036-2040	1,126,253	-	-	511,628	79,207	-
Less Imputed Interest	-	-	(54,339)	-	-	(15,123)
Total	<u>\$ 17,142,093</u>	<u>\$ 1,214,986</u>	<u>\$ 283,422</u>	<u>\$ 2,471,121</u>	<u>\$ 747,300</u>	<u>\$ 213,485</u>

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

The principal amount to be repaid under the business type activities does not include the principal forgiveness included on the State revolving loan fund bonds. Principal forgiveness will be recorded in the year in which it is recognized.

I. Net Position/Fund Balances

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the City Council's intended use of the resources) and unassigned.

Special Revenue Funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special Revenue Funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The City does not have any stabilization arrangements.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. The City does not have a minimum fund balance policy; however, there is in place a governmental fund balance policy that sets a target operating reserve of 30 days cash on hand.

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

The purpose for each major Special Revenue Fund, including which specific revenues and other resources are authorized to be reported in each, are described in the following section.

The restricted net position of the City as of June 30, 2020 consisted of the following:

CITY OF WINOOSKI, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

Governmental Activities:

Restricted for Downtown Project and Debt Service By Bond Agreement and TIF Legislation	\$ 2,084,303
Restricted for Capital Projects	1,439,930
Restricted for Community Development by Grant Agreements and Donations	1,065,830
Restricted for Public Safety by Grant Agreements and Regulation	<u>78,487</u>
Total Governmental Activities	<u>\$ 4,668,550</u>

Business-Type Activities:

Restricted for Sewer Expansion by Ordinance	<u>\$ 258,608</u>
---	-------------------

The fund balances of the following funds are nonspendable as follows:

Major Funds

General Fund:

Nonspendable Prepaid Expenses	\$ 231,651
Nonspendable Inventory	<u>731</u>
Total Major Funds	<u>\$ 232,382</u>
Total Nonspendable Fund Balances	<u>\$ 232,382</u>

The fund balances in the following funds are restricted as follows:

Major Funds

General Fund:

Restricted for Parks Planning work purposes by Grant Agreement	\$6,903
--	---------

TIF Downtown:

Downtown Project and Debt Service by Bond Agreement and TIF Legislation	584,303
--	---------

Community Development Fund:

Restricted for Community Development by Grant Agreements	560,222
--	---------

CITY OF WINOOSKI, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

City Capital Reserve Fund:	
Restricted for Capital Projects	<u>1,439,930</u>
Total Major Funds	<u>\$2,591,348</u>

Non-Major Funds:

Asset Forfeitures Fund:	
Restricted for Public Safety by Regulation (Source of Revenue is Asset Seizures)	\$ 77,052
Justice Center Fund:	
Restricted for Public Safety by Donations and Grant Agreements (Source of Revenue is Donations and Grant Payments)	<u>1,435</u>
Total Non-Major funds	<u>\$ 78,487</u>
Total Restricted Fund Balances	<u>\$ 2,669,845</u>

The fund balances in the following funds are assigned as follows:

Major Funds

General Fund:

Assigned for Community Development	\$250,418
Assigned for Reappraisal	204,490
Assigned for Public Art	5,501
Assigned for Lister Education	2,760
Assigned for Records Restoration	99,820
Assigned for Fire/Hazmat	51,471
Assigned for Community Service Programs	62,139
Assigned for Other Post-Employment Benefits	<u>21,811</u>
Total General Fund	<u>\$698,409</u>

City Capital Reserve Fund:

Assigned for Capital Projects	<u>343,226</u>
Total Assigned Fund Balances	<u>\$1,041,635</u>

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

V. OTHER INFORMATION

A. PENSION PLAN

Defined Benefit Plans

The Vermont Municipal Employees' Retirement System (VMERS)

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a school district or by a supervisory union for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071, or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2019 (the most recent data available), the retirement system consisted of 14,755 participating members.

The general administration and responsibility for formulating administrative policy and procedures of the Retirement System for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system and two employer representatives - one elected by the governing bodies of participating employers of the system and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Schools and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR may be viewed on the State's Department of Finance and Management website at:

http://finance.vermont.gov/reports_and_publications/cafr.

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

As of June 30, 2019, the measurement date selected by the State of Vermont, VMERS was funded at 80.35% and had a plan fiduciary net position of \$709,465,831 and a total pension liability of \$882,957,638 resulting in a net position liability of \$173,491,807. As of June 30, 2019, the City’s proportionate share was .96980% resulting in liability of \$1,682,521. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contribution to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2019, the City’s proportion of 0.96980% was an increase of 0.0549% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$548,005.

As of June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 217,987	\$ 14,543
Difference between projected and actual earnings on pension plan investments	114,598	-
Changes in Assumptions	56,175	-
Differences between the employer contributions and proportionate share of total contributions	115,686	22,705
City’s required employer contribution made subsequent to measurement date	192,441	-
	\$ 696,887	\$ 37,248

The deferred outflows of resources resulting from the City’s required employer contributions made subsequent to the measurement date in the amount of \$192,441 will be recognized as a reduction of net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

CITY OF WINOOSKI, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

Year Ending June 30		
2020	\$	173,110
2021		103,284
2022		123,851
2023		66,954
	\$	<u>467,199</u>

Summary of System Provisions

Membership – Full time employees of participating municipalities. The City has elected coverage under Groups B, C and D provisions.

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC) – Groups B and C – Average annual compensation during highest three (3) consecutive years. Group D – Average annual compensation during highest two (2) consecutive years.

Service Retirement Allowance:

Eligibility – Group B – The earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service. Groups C and D – Age 55 with five (5) years of service.

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

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

Early Retirement Allowance:

Eligibility – Age 55 with five (5) years of service for Group B. Age 50 with twenty (20) years of service for Group D.

Amount – Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Group B members and payable without reduction to Group D members.

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

Eligibility – Five (5) years of service and disability as determined by Retirement Board.

Amount – Immediate allowance based on AFC and service to date of disability; children’s benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit:

Eligibility – Death after five (5) years of service.

Amount – For Groups B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor’s benefit under disability annuity computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children’s benefit.

Optional Benefit and Death after Retirement – For Groups B and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.

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

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

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

CITY OF WINOOSKI, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

	Group	Effective 7/1/19	For Fiscal Year ended 6/30/19
Member Contributions	B	5.125%	5.000%
	C	10.250%	10.125%
	D	11.600%	11.475%
Employer Contributions	B	5.750%	5.625%
	C	7.500%	7.375%
	D	10.100%	9.975%

Significant Actuarial Assumptions and Methods

Investment Rate of Return: 7.50%, net of pension plan investment expenses, including inflation, the same as in the prior year.

Salary increases: 5% per year.

Mortality –

Death in Active Service: Groups B and C – 98% of RP-2006 Mortality Tables, blended 60% Blue Collar Employee and 40% Healthy Employee with generational projection using scale SSA-2017. Group D – RP-2006 Blue Collar Mortality Table with generation projection using scale SSA-2017.

Healthy Post-Retirement: Groups B and C – 98% of RP-2006 Mortality Table, blended 60% Blue Collar Annuitant and 40% Healthy Annuitant with generational projection using scale SSA-2017. Group D – 100% of RP-2006 Blue Collar Annuitant Table with generational projections using scale SSA-2017.

Disabled Post-Retirement: Groups B, C and D – RP-2006 Disabled Mortality Table with generational projection using scale SSA-2017.

Spouse’s Age: Females three years younger than males.

Cost-of-Living Adjustments: 1.30% for Groups B, C, and D members. The January 1, 2019 and January 1, 2020 COLAs are 1.30% and 0.80%, respectively for all groups.

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

Assets: The valuation is based on the market value of assets as of the valuation date, as provided

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

by the System. The System uses an “actuarial value of assets” that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.

Inflation: 2.50%, the same as the prior year.

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2019 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	29.00%	6.90%
US Equity – Large Cap	4.00%	5.94%
US Equity – Small/Mid Cap	3.00%	6.72%
Non-US Equity – Large Cap	5.00%	6.81%
Non-US Equity – Small Cap	2.00%	7.31%
Emerging Markets Debt	4.00%	4.26%
Core Bond	14.00%	1.79%
Non-Core Bonds	6.00%	3.22%
Short Quality Credit	5.00%	1.81%
Private Credit	5.00%	6.00%
US TIPS	3.00%	1.45%
Core Real Estate	5.00%	4.26%
Non-Core Real Estate	3.00%	5.76%
Private Equity	10.00%	10.81%
Infrastructure/Farmland	<u>2.00%</u>	4.89%
	100.00%	

Discount Rate:

The discount rate used to measure the total pension liability was 7.50%, the percentage used in the prior year. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System’s projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed

CITY OF WINOOSKI, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.50%) or one percent higher (8.50%) than the current rate.

1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
\$2,759,081	\$1,682,521	\$791,328

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

2. Vermont Municipal Employees Retirement System – Deferred Contribution Plan

The City also offers participation in the VMERS defined contribution (DC) Plan as an option for police dispatchers. The premise of Plan DC is to allow employees to have a choice in investing their retirement assets. Each employee will receive the value of their account upon retirement. Employees contribute 5% of earnings to the plan and the City contributes 5.125%. Employees may only enroll in a single VMERS type plan. No employees elected VMERS DC coverage during the 2020 fiscal year.

3. Other Defined Contribution Plan

The City also maintains a Section 401(a) defined contribution pension plan for all other employees not included in VMERS. Eligible employees must be twenty-one (21) years of age and work a minimum of 1,000 hours per year. This Plan provides retirement and survivor benefits. Under the plan specifications, a member may retire after reaching the age of 65 with no provision for early retirement. Benefits are not vested until an employee has five (5) years of service at which time they become 100% vested. Upon retirement, members are entitled to a lump sum distribution only. The City contributes 5% for all participating employees of gross salary less amounts deferred under a Section 125 cafeteria plan. The City will match contributions to the plan up to 6%. Per an employee contract the City contributions on the wages for the City Manager are 9%. The City’s covered payroll for this retirement plan was \$1,448,638. Pension expense for this plan for the years ended June 30, 2020, 2019 and 2018 was \$81,113, \$82,054 and \$83,149 respectively.

The City also maintains a Section 457 Deferred Compensation Plan for its employees with a plan year of January 1 through December 31. The 457 Plan covers substantially all employees at their

CITY OF WINOOSKI, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

discretion. The Plan is administered and investments are held by ICMA RC. The Plans permit employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, or death. The City has no liability for losses under the plans, but does have the duty of due care that would be required of an ordinary prudent investor.

The City does not report these assets on their financial statements as they are held in trust by third parties for the benefit of the employees.

B. Property Taxes

Property taxes attach as an enforceable lien on property as of April 1. Taxes are levied on July 1 and are payable in four (4) installments due August 15, November 15, February 15 and May 15. The City bills and collects its own property taxes as well as education taxes for the State of Vermont. City property tax revenue is recognized when levied to the extent it is collected within sixty (60) days after year-end.

The tax rate for fiscal year 2020 is as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Education	\$1.6182	\$1.8009
Local Agreement Rate	.0032	.0032
City	<u>1.1295</u>	<u>1.1295</u>
Total	<u>\$2.7509</u>	<u>\$2.9336</u>

C. Risk Management

The City of Winooski 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 Winooski maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc., covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City of Winooski. 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 rate setting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

Effective January 1, 2014 the City of Winooski, as a small group per the State of Vermont (50 and under full time employees), was mandated to buy insurance for health benefits through

CITY OF WINOOSKI, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

Vermont Health Connect. The City makes all Blue Cross Blue Shield Plans available through VHC available to qualified employees.

The City contributes up to 90% of the premium for the Silver CDHP plan to each employee regardless of plan chosen. The City also provides first dollar coverage through a Health Reimbursement Account (HRA) equal to \$4,500 for single plans and \$9,000 for all other plans. The City has exposure to the extent of funded deductibles.

City Contribution toward a BCBS Plan		City Funding toward HRA
Single	\$597.52	\$4,500
Two Person	\$1,208.42	\$9,000
Employee & Children	\$1,177.21	\$9,000
Family	\$1,679.03	\$9,000

The City of Winooski is also a member of the Vermont League of Cities and Towns Employment Resources and Benefits Trust. The Trust is a nonprofit corporation formed to provide unemployment coverage and other employee benefits for Vermont municipalities and is owned by the participating members. The agreement does not permit the Trust to make additional assessments to its members. The City has only elected unemployment coverage with the trust.

D. Operating Leases

The City has entered into operating leases for copiers, computer equipment, software licensing, a postage machine, and electric vehicles. Lease expense for the fiscal year 2020 was \$38,748. Future minimum lease payments are as follows:

2021	\$ 33,052
2022	10,585
2023	8,290
2024	4,980
2025	<u>835</u>
Total	<u>\$ 57,742</u>

E. Parking Garage Leases

The City leases spaces in its parking garage on a long-term basis to six commercial tenants. Future minimum rentals under these leases over the next five years are as follows:

CITY OF WINOOSKI, VERMONT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

2021	\$ 537,437
2022	548,454
2023	559,740
2024	518,831
2025	<u>529,625</u>
 Total	 <u>\$ 2,694,087</u>

Revenue recognized under these leases for 2020 is \$621,625 which includes revenue for spaces leased at tenants’ option in excess of the minimum and lease payments deferred from prior years.

One of the tenants pre-paid a portion of its lease commitment in 2011. This prepayment was deferred and is being amortized into revenue annually through June 30, 2024. The revenue recognized for this year is \$69,231 and the unamortized, unearned revenue at June 30, 2020 is \$276,923. In addition to this, other tenants pre-paid a portion of their fiscal 2020 leases before year end in the amount of \$40,065. Total unearned revenue at June 30, 2020 was \$316,989.

F. Concentration of Expenses

The City purchased all of its water from Champlain Water District (CWD) for the year ended June 30, 2020. The City purchased \$410,422 of water from CWD.

The City has all of the dewatering services for biosolid waste from the Wastewater Treatment Plant provided by the Burlington Department of Public Works. The City paid \$151,928 for these services in the fiscal year ended June 30, 2020.

G. TIF District

The City Council approved the establishment of a Tax Increment Financing (TIF) District on November 2, 2000 which was later approved by the Vermont Legislature in 2000. The TIF District allowed the City to undertake and pay for infrastructure improvements and community development in its downtown. In 2004, Winooski voters approved \$25.9 million in revenue bonds to finance improvements in the District. As of April 1, 2004, the taxable value of properties in the District was frozen at \$24,822,940. Per TIF legislation adopted in May 2016 this base value was reconciled with the Vermont Economic Progress Council and Vermont State Property Valuation and Review during and increased to \$25,065,900 effective with the 2018 fiscal year grand list. With a TIF District, the value of properties within the District are frozen at the time the District is created. All property taxes generated by the original base value continue to go to the municipal General Fund and the State Education Fund. For twenty (20) years, all of the municipal and education property taxes generated by any “new” development will finance the TIF District infrastructure debt with the exception of 2% of the education property taxes going to the State Education Fund. As part of the downtown development, the City constructed a parking garage and private developers built commercial and residential properties. Revenues

CITY OF WINOOSKI, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

from the parking garage and from agreements with the developers are also pledged towards repayment of the debt.

H. Related Party Transactions

City Councilor Michael Myers and the owner of the City's trash removal vendor, Myer's Containers, are related. The trash removal contract was entered into prior to Councilor Myers being elected. Myers Container was paid \$16,692 during the year ended June 30, 2020.

City Councilor Michael Myers and the President of the Kenneth Myers Memorial Pool Foundation, Inc, are related. The Foundation pledged a donation of \$300,000 toward the construction of the new pool which had not yet been received by fiscal year end.

I. Commitments and Contingencies

Grants and contracts require the fulfillment of certain conditions set forth in the instrument of the grant or contract including a true up by the grantor. Failure to fulfill the conditions or the results of the true up could result in the return of funds to the grantors. Although that is a possibility, management deems the contingency remote, since by accepting the awards and their terms; it has accommodated the objectives of the City to the provisions of the grant.

The City is a participating member in the Chittenden Solid Waste District (CSWD), Champlain Water District (CWD), and the Green Mountain Transit (GMT). The City could be subject to a portion, or all, of these entities' debt if these entities experience financial problems.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions

CITY OF WINOOSKI, VERMONT

**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenue:			
Taxes	\$ 6,099,342	\$ 6,147,718	\$ 48,376
Charges for Services	107,000	163,336	56,336
Investment Income	10,000	67,517	57,517
Intergovernmental Income	510,075	506,243	(3,832)
Fees, Fines and Forfeits	173,600	149,088	(24,512)
Licenses and Permits	19,700	22,614	2,914
Other	112,014	149,198	37,184
O'Brien Community Center	271,775	269,440	(2,334)
	<u>7,303,506</u>	<u>7,475,154</u>	<u>171,648</u>
Total Revenue			
Expenditures:			
Mayor & City Council	67,947	65,988	1,959
City Manager's Department	251,394	236,017	15,376
Legal Department	53,000	61,017	(8,017)
Administrative Services	660,441	599,947	60,494
Clerk's Office	133,986	127,320	6,666
Planning & Zoning	47,250	49,571	(2,322)
Fire Department/Code Enforcement	403,817	399,557	4,260
Police Department	2,486,389	2,483,462	2,927
Engineering Services	40,848	44,718	(3,870)
Public Works Department	636,984	618,183	18,801
Grounds & Facilities Department	517,501	505,463	12,038
O'Brien Community Center	299,807	332,080	(32,273)
Community Services	148,080	124,613	23,467
Pool Operation	-	-	-
Senior Citizens Center	36,874	35,933	941
Youth Programs	96,781	123,488	(26,707)
Library Department	219,131	194,362	24,769
Regional Programs	243,715	245,839	(2,124)
Capital Program	959,564	959,564	-
	<u>7,303,506</u>	<u>7,207,120</u>	<u>96,386</u>
Total Expenditures			
Excess of Revenue Over Expenditures	<u>-</u>	<u>268,034</u>	<u>\$ 268,034</u>
Reconciliation of Budgetary Basis to GAAP Basis:			
Expenditures of other funds combined with the General Fund		(601,577)	
Revenues of other funds combined with the General Fund		590,489	
Transfers In - Intrafund		12,681	
Transfers Out - Intrafund		<u>(12,681)</u>	
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses - Exhibit D		<u>\$ 256,946</u>	

The reconciling items are due to combining five (5) funds with the General Fund in order to comply with GASB Statement No. 54.

See accompanying independent auditors' report and notes to financial statements.

CITY OF WINOOSKI, VERMONT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Plan Net Pension Liability	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
City's Proportion of the Net Pension Liability	0.96980%	0.91490%	0.75815%	0.84733%	.97345%	.94419%
City's Proportionate Share of the Net Pension Liability	\$ 1,682,521	\$ 1,287,028	\$ 918,535	\$ 1,090,462	\$ 750,487	\$ 86,173
City's Covered Payroll	\$ 2,279,833	\$ 2,205,765	\$ 1,857,247	\$ 1,317,914	\$ 1,403,915	\$ 1,541,131
City's Proportionate Share of the Net Pension Liability as a Percentage of City's Covered Payroll	73.800%	58.348%	49.457%	82.742%	53.457%	5.592%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%
	as of June 30, 2019	as of June 30, 2018	as of June 30, 2017	as of June 30, 2016	as of June 30, 2015	as of June 30, 2014

Notes to Schedule

Valuation Dates: June 30, 2019, 2018, 2017, 2016, 2015 and 2014.

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

Benefit Changes: None.

Change in Assumptions: There have been no changes in actuarial assumptions since the last measurement date

See accompanying independent auditors' report and notes to financial statements.

CITY OF WINOOSKI, VERMONT
 SCHEDULE OF CONTRIBUTIONS
 LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 192,441	\$ 186,332	\$ 160,249	\$ 123,812	\$ 128,779	\$ 135,187
Contributions in Relation to the Actuarially Determined Contributions	<u>(192,441)</u>	<u>(186,332)</u>	<u>(160,249)</u>	<u>(123,812)</u>	<u>(128,779)</u>	<u>(135,187)</u>
Contribution Excess/(Deficiency)	<u>\$ -</u>					
City's Covered Payroll	\$ 2,279,833	\$ 2,205,765	\$ 1,857,247	\$ 1,317,914	\$ 1,403,915	\$ 1,541,131
Contributions as a Percentage of City's Covered Payroll	8.441%	8.447%	8.628%	9.395%	9.173%	8.772%

Notes to Schedule

Valuation Dates: June 30, 2018, 2017, 2016, 2015 and 2014

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

See accompanying independent auditors' report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Statement of Net Position - Proprietary Funds - Parking Fund
- Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds - Parking Fund

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

CITY OF WINOOSKI, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Justice Center Fund	Asset Forfeitures Fund	JAG Fund	Total
<u>ASSETS</u>				
Cash	\$ 180	\$ 3,523	\$ -	\$ 3,703
Receivables	-	-	31,194	31,194
Due From Other Funds	30,605	73,529	-	104,135
Prepaid Expenses	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ <u>30,785</u>	\$ <u>77,052</u>	\$ <u>31,194</u>	\$ <u>139,031</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 29,350	\$ -	\$ 20,355	49,705
Accrued Payroll	-	-	-	\$ -
Unearned Revenue	-	-	-	-
Due to Other Funds	-	-	10,439	10,439
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>29,350</u>	<u>-</u>	<u>30,794</u>	<u>60,144</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Receivables	-	-	20,355	20,355
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>20,355</u>	<u>20,355</u>
<u>FUND BALANCES</u>				
Nonspendable	-	-	-	-
Restricted	1,435	77,052	-	78,487
Assigned	-	-	-	-
Unassigned	-	-	(19,955)	(19,955)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances/ (Deficits)	<u>1,435</u>	<u>77,052</u>	<u>(19,955)</u>	<u>58,533</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>30,785</u>	\$ <u>77,052</u>	\$ <u>31,194</u>	\$ <u>139,031</u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF WINOOSKI, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Justice Center Fund	Asset Forfeitures Fund	JAG Fund	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenue:				
Intergovernmental	\$ 97,500	\$ 26,092	\$ 14,839	\$ 138,431
Other	680	-	400	1,080
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenue	98,180	26,092	15,239	139,511
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Expenditures:				
Public Safety	119,101	6,559	35,194	160,854
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	119,101	6,559	35,194	160,854
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Excess/(Deficiency) of Revenue Over Expenditures	(20,921)	19,533	(19,955)	(21,342)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other Financing Sources/(Uses):				
Transfers In	9,768	-	-	9,768
Transfers Out	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources/(Uses)	9,768	-	-	9,768
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures and and Other Financing/(Uses)	(11,153)	19,533	(19,955)	(11,575)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances/(Deficit) - July 1, 2019	12,588	57,519	-	70,107
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances/(Deficit) - June 30, 2020	\$ 1,435	\$ 77,052	\$ (19,955)	\$ 58,533
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

See accompanying independent auditors' report and notes to financial statements.

Proprietary Funds

Proprietary Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

CITY OF WINOOSKI, VERMONT

COMBINING STATEMENT OF NET POSITION
 PROPRIETARY FUND - PARKING
 JUNE 30, 2020

<u>ASSETS</u>	<u>Parking Garage</u>	<u>On Street Meters</u>	<u>Total</u>
Current Assets:			
Cash	\$ -	\$ -	\$ -
Receivables (Net of Allowance for Uncollectibles)	29,709	-	29,709
Due from Other Funds	767,622	564,758	1,332,380
Prepaid Expenses	4,994	12,500	17,494
	<u>802,325</u>	<u>577,258</u>	<u>1,379,583</u>
Total Current Assets	\$ 802,325	\$ 577,258	\$ 1,379,583
Noncurrent Assets:			
Capital Assets:			
Land	\$ 569,969	\$ -	\$ 569,969
Machinery and Equipment	317,146	194,744	511,890
Buildings, Distribution/Collection Systems & Improvements	15,257,534	-	15,257,534
Less: Accumulated Depreciation	(4,850,422)	(114,635)	(4,965,057)
	<u>11,294,227</u>	<u>80,108</u>	<u>11,374,336</u>
Total Noncurrent Assets	\$ 11,294,227	\$ 80,108	\$ 11,374,336
Total Assets	\$ 12,096,552	\$ 657,366	\$ 12,753,919
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflow - Pension Participation in VMERS	\$ 13,875	\$ 2,496	\$ 16,372
	<u>13,875</u>	<u>2,496</u>	<u>16,372</u>
Total Deferred Outflows of Resources	\$ 13,875	\$ 2,496	\$ 16,372
Total Assets and Deferred Outflows of Resources	\$ 12,110,428	\$ 659,863	\$ 12,770,291
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 6,963	\$ 1,221	\$ 8,184
Accrued Payroll and Benefits Payable	6,231	4,305	10,535
Unearned Revenue - Current Portion	109,296	-	109,296
	<u>122,490</u>	<u>5,526</u>	<u>128,016</u>
Total Current Liabilities	\$ 122,490	\$ 5,526	\$ 128,016
Noncurrent Liabilities:			
Compensated Absences Payable	\$ 8,449	\$ 6,454	\$ 14,902
Net Pension Liability	33,500	6,027	39,527
Unearned Revenue - Noncurrent Portion	207,692	-	207,692
	<u>249,641</u>	<u>12,480</u>	<u>262,122</u>
Total Noncurrent Liabilities	\$ 249,641	\$ 12,480	\$ 262,122
Total Liabilities	\$ 372,131	\$ 18,006	\$ 390,137
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflow - Pension Participation in VMERS	\$ 742	\$ 133	\$ 875
	<u>742</u>	<u>133</u>	<u>875</u>
Total Deferred Outflows of Resources	\$ 742	\$ 133	\$ 875
Total Liabilities and Deferred Inflows of Resources	\$ 372,873	\$ 18,140	\$ 391,013
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 11,294,227	\$ 80,108	\$ 11,374,336
Unrestricted	443,328	561,615	1,004,943
	<u>11,737,555</u>	<u>641,723</u>	<u>12,379,278</u>
Total Net Position	\$ 11,737,555	\$ 641,723	\$ 12,379,278
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 12,110,428	\$ 659,863	\$ 12,770,291

See accompanying independent auditors' report and notes to financial statements.

CITY OF WINOOSKI, VERMONT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND
NET POSITION - PROPRIETARY FUND - PARKING
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Parking Garage</u>	<u>On Street Meters</u>	Total
Operating Revenues:			
Charges for Service	\$ <u>709,682</u>	\$ <u>224,584</u>	\$ <u>934,266</u>
Total Operating Revenues	<u>709,682</u>	<u>224,584</u>	<u>934,266</u>
Operating Expenses:			
Salaries and Benefits	145,083	88,076	233,159
Purchased Services	19,979	20,830	40,809
Repairs and Maintenance	98,047	25,872	123,919
Electricity and Fuel	35,298	-	35,298
Administration	35,913	65,651	101,564
Other	182,296	28,522	210,818
Depreciation	<u>328,612</u>	<u>22,396</u>	<u>351,008</u>
Total Operating Expenses	<u>845,227</u>	<u>251,348</u>	<u>1,096,575</u>
Operating Income	<u>(135,545)</u>	<u>(26,763)</u>	<u>(162,309)</u>
Non-Operating Revenues/(Expenses):			
Gain/(Loss) on Sale of Assets	(10,005)	-	
Interest Expense	<u>-</u>	<u>(416)</u>	<u>(416)</u>
Total Non-Operating Revenues/(Expenses)	<u>(10,005)</u>	<u>(416)</u>	<u>(10,421)</u>
Net Income Before Capital Contributions and Transfers	<u>(145,550)</u>	<u>(27,180)</u>	<u>(172,730)</u>
Transfers Out	(4,299)	-	(4,299)
Change in Net Position	<u>(149,849)</u>	<u>(27,180)</u>	<u>(177,029)</u>
Net Position - July 1, 2019	<u>11,887,404</u>	<u>668,903</u>	<u>12,556,307</u>
Net Position - June 30, 2020	<u>\$ <u>11,737,555</u></u>	<u>\$ <u>641,723</u></u>	<u>\$ <u>12,379,278</u></u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF WINOOSKI, VERMONT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grant Title Pass Through Grantor/ Federal Grant/Program Title	Grant Number	CFDA Number	Grant Amount	Federal Expenditures	Expenditures to Subrecipients
<u>National Endowment for the Humanities</u>					
Passed through State of Vermont Department of Libraries					
Courier Grant	01130 Courier LSTA 19.1.96	45.310	390	\$ 390	\$ -
Total U.S. Department of Agriculture				\$ 390	\$ -
<u>U.S. Department of Agriculture</u>					
Passed through State of Vermont Department of Education					
Summer Food Service Program Grant	05100-4455R7911900	10.559	n/a	\$ 3,737	\$ -
Total U.S. Department of Agriculture				\$ 3,737	\$ -
<u>U.S. Department of Education</u>					
Passed through Winooski School District					
21st Century Learning Grant	4611T2498701	84.287	24,876	\$ 13,708	\$ -
Total U.S. Department of Education				\$ 13,708	\$ -
<u>U.S. Department of Interior</u>					
Passed through the State of Vermont Department of Forest, Parks, and Recreation					
Outdoor Recreation Acquisition, Development and Planning	06130-LWCF-50-00656	15.916	147,750	\$ 147,750	\$ -
Total U.S. Department of Interior				\$ 147,750	\$ -
<u>U.S. Department of Justice</u>					
Direct Programs					
BJA FY20 Coronavirus Emergency Supplemental Funding	2020-VD-BX-1025	16.034	33,392	\$ 33,392	\$ -
Total U.S. Department of Justice				\$ 33,392	\$ -
<u>U.S. Department of Transportation</u>					
Passed through the Chittenden County Sheriff's Department					
State & Community Highway Safety	GR1310	20.600	n/a	\$ 4,227	\$ -
Minimum Penalties for Repeat Offenders for DWI	GR1311	20.608	n/a	435	-
Total U.S. Department of Transportation				\$ 4,661	\$ -
<u>U.S. Environmental Protection Agency</u>					
Passed Through State of Vermont Revolving Loan Fund					
Clean Water State Revolving Fund Cluster:					
Capitalization Grants for Clean Water State Revolving Funds	06140-2018-RF-213	66.458	900,000	\$ 765,615	\$ -
Capitalization Grants for Clean Water State Revolving Funds	06140-RF1-212	66.458	412,674	39,254	-
Capitalization Grants for Clean Water State Revolving Funds	RF1-252.1.0	66.458	10,480	9,433	-
Total Clean Water State Revolving Fund Cluster				\$ 814,303	\$ -
Drinking Water State Revolving Fund Cluster:					
Capitalization Grants for Drinking Water State Revolving Funds	06140-WPL-284-1.0	66.468	204,758	\$ 16,376	\$ -
Capitalization Grants for Drinking Water State Revolving Funds	06140-RF3-374	66.468	1,087,500	668,458	-
Total Drinking Water State Revolving Fund Cluster				\$ 684,834	\$ -
Total U.S. Environmental Protection Agency				\$ 1,499,136	\$ -
Total Federal Awards				\$ 1,702,776	\$ -

Basis of Presentation:

CITY OF WINOOSKI, VERMONT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Winooski, Vermont under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Winooski, Vermont, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Winooski, Vermont.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The City of Winooski, Vermont has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.



Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

City Council
City of Winooski
Winooski, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Winooski, Vermont as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the City of Winooski, Vermont's basic financial statements and have issued our report thereon dated December 17, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Winooski, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the City of Winooski, Vermont in a separate letter dated December 17, 2020.

Purpose of this Report

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

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
December 17, 2020



Proven Expertise & Integrity

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE REQUIRED BY THE UNIFORM GUIDANCE

City Council
City of Winooski
Winooski, Vermont

Report on Compliance for Each Major Federal Program

We have audited the City of Winooski, Vermont's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Winooski, Vermont's major federal programs for the year ended June 30, 2020. The City of Winooski, Vermont's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to each of its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Winooski, Vermont's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Winooski, Vermont's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Winooski, Vermont's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Winooski, Vermont, complied in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the City of Winooski, Vermont is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Winooski, Vermont internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Winooski, Vermont's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency or combination of deficiencies, in internal control over compliance requirements of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
December 17, 2020

CITY OF WINOOSKI, VERMONT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
In accordance with § 200.516 of Uniform Guidance? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
66.458	Clean Water State Revolving Fund Cluster

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Federal Awards Findings and Questioned Costs

None