

**CITY OF WINOOSKI, VERMONT**

**AUDIT REPORT**

**JUNE 30, 2017**

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AUDIT REPORT  
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Independent Auditor's Report

Honorable City Council  
City of Winooski  
27 West Allen Street  
Winooski, Vermont 05404

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Winooski, Vermont, as of and for the year ended June 30, 2017, 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.

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of Winooski, Vermont'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 City of Winooski, Vermont's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-activities, each major fund, and the aggregate remaining fund information of the City of Winooski, Vermont as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, 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 management's discussion and analysis on pages 4 through 13, the budgetary comparison schedule for the General Fund, the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Contributions for the City's participation in VMERS 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.

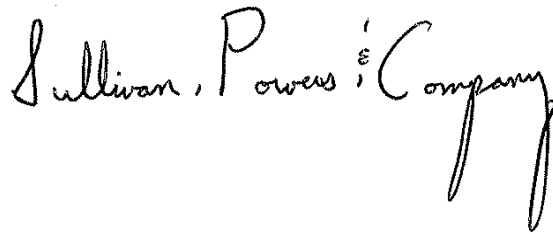
***Other Information***

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 fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by “Government Auditing Standards”***

In accordance with “Government Auditing Standards”, we have also issued our report dated December 19, 2017 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.

December 19, 2017  
Montpelier, Vermont  
VT Lic. #92-000180

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

CITY OF WINOOSKI, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

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, 2017. 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 are 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, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position. Increases or decreases in net position may serve as an indicator of if 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. These financial statements can be found in Exhibits A and B of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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.

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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 Exhibits C through E of this report. Individual fund data for each non-major governmental funds is provided in the form of combining statements in supporting Schedules 4 and 5.

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 Exhibits F through H of this report.

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, 2017.

Notes to the Financial Statements

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



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JUNE 30, 2017

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 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

	2017			2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current & Other Assets	\$ 7,161,400	3,467,651	10,629,051	\$ 7,106,727	3,426,164	10,532,891
Capital Assets	25,349,462	22,419,137	47,768,599	25,883,574	22,826,973	48,710,547
<b>Total Assets</b>	<b>\$ 32,510,862</b>	<b>25,886,788</b>	<b>58,397,650</b>	<b>\$ 32,990,301</b>	<b>26,253,137</b>	<b>59,243,438</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 1,660,733</b>	<b>14,380</b>	<b>1,675,113</b>	<b>\$ 1,578,043</b>	<b>13,232</b>	<b>1,591,275</b>
Other Liabilities	\$ 4,910,430	853,927	5,764,357	\$ 4,701,050	882,466	5,583,516
Long Term Liabilities	17,825,380	811,227	18,636,607	19,613,229	958,012	20,571,241
<b>Total Liabilities</b>	<b>\$ 22,735,810</b>	<b>1,665,154</b>	<b>24,400,964</b>	<b>\$ 24,314,279</b>	<b>1,840,478</b>	<b>26,154,757</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 66,902</b>	<b>1,349</b>	<b>68,251</b>	<b>\$ 38,373</b>	<b>955</b>	<b>39,328</b>
Net Investment in Capital Assets	\$ 7,174,294	21,493,887	28,668,181	\$ 6,105,807	21,739,844	27,845,651
Restricted	3,954,873	237,316	4,192,189	3,890,819	391,185	4,282,004
Unrestricted	239,716	2,503,462	2,743,178	219,066	2,293,907	2,512,973
<b>Total Net Position</b>	<b>\$ 11,368,883</b>	<b>24,234,665</b>	<b>35,603,548</b>	<b>\$ 10,215,692</b>	<b>24,424,936</b>	<b>34,640,628</b>

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 \$35,603,548 at the close of the most recent fiscal year.

By far the largest portion of the City of Winooski's net position (80.5%) 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 as payment on these liabilities in most cases.

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An additional portion of the City of Winooski's net position (11.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$2,743,178) 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>2017</u>			<u>2016</u>		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 2,253,915	2,936,884	5,190,799	\$ 2,285,237	2,944,881	5,230,118
Operating Grants & Contributions	228,920	20,000	248,920	194,861	2,504	197,365
Capital Grants & Contributions	120,701	-	120,701	27,555	-	27,555
General Revenues			-			
Property Taxes and Penalty	7,345,317	-	7,345,317	7,124,841	-	7,124,841
Unrestricted Investment Earnings	8,361	565	8,926	5,433	808	6,241
Gain on Sale of Capital Assets	1,752	-	1,752	15,335	-	15,335
Other Revenues	111,173	-	111,173	69,592	-	69,592
<b>Total Revenues</b>	<b>\$ 10,070,139</b>	<b>2,957,449</b>	<b>13,027,588</b>	<b>\$ 9,722,854</b>	<b>2,948,193</b>	<b>12,671,047</b>
<b>Expenses</b>						
General Government	1,640,503	-	1,640,503	1,442,272	-	1,442,272
Public Safety	3,337,445	-	3,337,445	2,994,582	-	2,994,582
Public Works	2,070,019	-	2,070,019	2,104,989	-	2,104,989
Culture & Recreation	810,919	-	810,919	824,413	-	824,413
Community Development	241,855	-	241,855	233,158	-	233,158
Interest on Long Term Debt	905,948	-	905,948	907,243	-	907,243
Water	-	863,713	863,713	-	843,464	843,464
Sewer	-	1,086,899	1,086,899	-	1,036,038	1,036,038
Parking	-	1,107,367	1,107,367	-	971,579	971,579
<b>Total Expenses</b>	<b>\$ 9,006,689</b>	<b>3,057,979</b>	<b>12,064,668</b>	<b>\$ 8,506,657</b>	<b>2,851,081</b>	<b>11,357,738</b>
Change in Net Position Before Transfers	\$ 1,063,450	(100,530)	962,920	\$ 1,216,197	97,112	1,313,309
Transfers	89,741	(89,741)	-	271,523	(271,523)	-
Change in Net Position	\$ 1,153,191	(190,271)	962,920	\$ 1,487,720	(174,411)	1,313,309
Net Position - Beginning of Year	10,215,692	24,424,936	34,640,628	8,727,972	24,599,347	33,327,319
<b>Net Position - End of Year</b>	<b>\$ 11,368,883</b>	<b>24,234,665</b>	<b>35,603,548</b>	<b>\$ 10,215,692</b>	<b>24,424,936</b>	<b>34,640,628</b>

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Governmental Activities

Governmental activities increased the City of Winooski's net position by \$1,153,191 during the current fiscal year. Net investment in capital assets, net of related debt, increased by \$1,068,487. This increase resulted from the net effect of an increase 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 \$64,054. Unrestricted net position increased by \$20,650 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 \$190,271 during the current fiscal year. This was primarily in the parking fund due to the use of reserves to make major repairs to the parking garage structure. Restricted net position decreased by \$153,869 due to the use of aid in expansion reserves of the wastewater/sewer fund being used to slip line sanitary sewers and manholes to reduce storm water infiltration exceeding the 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 \$3,919,276, an increase of \$761 in comparison to the prior year. Of this total amount \$224,400 is nonspendable (prepaid expenses and inventory) and \$1,381,800 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 \$1,488,847 has been assigned for various purposes but may be reassigned at the option of the governing body. The remaining \$824,229 is unassigned and available for spending at the governing body's discretion.

CITY OF WINOOSKI, VERMONT  
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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 \$824,229 and assigned balances were \$605,504. 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 12.4% of the general fund expenditures and transfers, while total fund balance represents 25.0% of the same amount.

The fund balance of the City of Winooski's general fund increased by \$227,298 during the current fiscal year. Key factors in this change are as follows:

- The City has several vacancies in the public works department for extended periods of time resulting in salary and benefit savings of approximately \$90,000.
- The Clerk's Office made a concentrated effort to collect delinquent tax payments and received \$112,000 of unanticipated collections

Special revenue funds consist of the City of Winooski TIF Downtown Fund, Community Development Loan Fund, the O'Brien Community Center, 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 O'Brien Community Center is currently restricted by outside donors. The Justice Center and JAG funds are restricted by grant agreement. 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. This fiscal year we saw a property owner lapse in payments on a ground lease as well as delays in progress on the last remaining parcels for development. The City is working with this property owner to ensure lease payments are received. Additionally, the City is in active talks with property owners and other developers to plan for the full build out of 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 several active 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 and the Winooski Small Business Loan Program is still in the planning stages for the administration of any future awards.

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The O'Brien Community Center continues to be an important gathering place in the community. However, current market and agreement based rents cannot cover the operations and debt costs. When the Center was built, commitments were made that the building would generate enough revenue to pay its costs and provide the City with enough revenue to make up for the taxes lost when the building was in private hands. This has not been the case, and is not likely in the foreseeable future. As revenues are not covering the cost of operations, our Auditors have recommended moving this service area into the General Fund and efforts are underway to do this for the 2019 fiscal year. In fiscal year 2017, this special revenue fund used \$22,442 in reserves to operate.

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. This fiscal year expenses were lower than projected in part to the time taken to conduct a hiring process for part time staff which led to a carryforward of unused grant funds of \$50,522. The City continues to work with our state government and regional partners to ensure these programs continue.

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 2017 we used the funds to purchase Taser equipment for department use.

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 to the City. Major projects completed during the fiscal year included full reconstruction of Maple Street from Weaver to Main Street, full reconstruction of Lapointe Street from Lafountain Street to Gamelin Court, and the complete roof rehab on the Fire Station. 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 \$672,742 for the Water Fund, \$1,399,664 for the Sewer Fund, and \$431,056 for the Parking Fund. The change in net position for the Water Fund was an increase of \$27,387, for the Sewer Fund an increase of \$13,373, and for the Parking Fund a decrease of \$231,031. Other factors concerning the finances of these funds have already been addressed in the discussion of business-type activities.

CITY OF WINOOSKI, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

**General Fund Budgetary Highlights**

The detailed general fund budget approved by voters as adjusted by Council and Manager is reflected in Schedule 3. 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. The fund balance for these programs are reported in the fund financial statements as assigned balances. The programs combined with the General Fund for reporting purposes include the operating reserve, reimbursable activities, public art program, community service programs, rental registry program, and hazmat reserve.

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

- The Clerk's Office made a concentrated effort to collect delinquent tax payments and received \$112,000 of unanticipated collections.
- Approximately \$28,000 in additional permits were received during the year as part of increasing development in the City
- Special Detail payments for police officers was over by \$104,000 due to additional grants received and the assignment of an officer to the drug task force
- \$186,910 was overspent on wages in the Police expense budget due to additional wages needed to fill shifts for officers fulfilling grant duties
- City Council approved an additional transfer of \$140,150 of FY16 reserves to the Capital Fund
- The City has several vacancies in the public works department for extended periods of time resulting in salary and benefit savings of approximately \$90,000.
- The City has wage and benefit savings of \$49,548 resulting from the use of existing staff to serve interim roles during the City Manager search conducted during the fiscal year

**Capital Asset and Debt Administration**

Capital Assets

The City of Winooski's investment in capital assets for its governmental and business-type activities as of June 30, 2017 totaled \$28,668,181 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 increased by 17.5% for governmental activities and decreased 1.1% for business-type activities.

**CITY OF WINOOSKI, VERMONT  
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Major capital asset events during the fiscal year included the following:

- Slip lining of sanitary sewer and manholes totaling \$235,772
- Financing of a new MVII sidewalk snowplow for \$122,340
- The Vermont Agency of Transportation completion of safety improvements to the Winooski rotary and donation of install assets to the City totaling \$85,375 for fencing, lighting and rapid flash pedestrian crossing signal
- Full reconstruction of Maple Street from Weaver to Main Street and of Lapointe Street from Lafountain Street to Gamelin Court for \$143,830
- Complete roof rehab on the Fire Station for \$29,400
- New Fire Department Utility Truck purchase for \$55,590

	<u>2017</u>			<u>2016</u>		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 2,241,446	647,573	2,889,019	\$ 2,241,446	647,573	2,889,019
Building and Improvements	6,589,638	-	6,589,638	6,518,743	-	6,518,743
Vehicles, Machinery, and Equipment	3,290,575	1,826,138	5,116,713	3,157,188	1,804,178	4,961,366
Infrastructure	33,397,007	-	33,397,007	33,189,065	-	33,189,065
Distribution and Collection Systems	-	18,213,557	18,213,557	-	17,977,785	17,977,785
Parking Garage	-	15,284,213	15,284,213	-	15,276,752	15,276,752
Construction in Progress	59,933	113,593	173,526	-	-	-
<b>Total Assets</b>	<b>\$ 45,578,599</b>	<b>36,085,074</b>	<b>81,663,673</b>	<b>\$ 45,106,442</b>	<b>35,706,288</b>	<b>80,812,730</b>

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 \$20,457,897. Of this amount \$16,441,126 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 decreased by \$1,913,740 during the year, reflecting repayments on existing debt of \$2,036,080, and new capital lease debt of \$122,340 for the purchase of the MVII sidewalk snowplow.

State statutes limit the amount of bonded debt any governmental entity may issue to 10 times its total assessed valuation. The current debt limit for the City of Winooski is \$5,656,661,830 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.H. of the notes to the financial statements.

CITY OF WINOOSKI, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

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

- 2.2% COLA estimated in FY19.
- FY18 budget was built assuming a 1.5% COLA which actually came out as 2.7%
- Police and DPW contracts were recently settled including increases to pay
- Health insurance increasing by 10.79% for January 2018
- Modest Grand List growth of .8%

All of these factors were considered in the preparation of the City of Winooski's budget for the 2019 fiscal year.

The City of Winooski approved a general fund budget for fiscal year 2018 in the amount of \$6,269,885. This represents an increase of 59,790 or .96% over the approved budget for the previous year. This does not include the budgets for programs supported by fees, special revenue funds, or proprietary funds. No rate increases were approved for the Water or Wastewater Funds while the Parking Fund increases were limited to those outlined in existing contracts.

**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, 2017

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,612,207	\$ 350,748	\$ 6,962,955
Receivables (Net of Allowance for Uncollectibles)	969,171	572,464	1,541,635
Notes Receivable	1,895,264	0	1,895,264
Prepaid Expenses	224,213	4,797	229,010
Inventory	187	0	187
Internal Balances	(2,539,642)	2,539,642	0
Capital Assets			
Land	2,241,446	647,573	2,889,019
Construction in Progress	59,933	113,593	173,526
Other Capital Assets, (Net of Accumulated Depreciation)	23,048,083	21,657,971	44,706,054
Total Assets	<u>32,510,862</u>	<u>25,886,788</u>	<u>58,397,650</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Bond Refunding Costs, Net of Amortization	993,653	0	993,653
Deferred Outflows of Resources Related to Participation in VMERS	667,080	14,380	681,460
Total Deferred Outflows of Resources	<u>1,660,733</u>	<u>14,380</u>	<u>1,675,113</u>
<b>LIABILITIES</b>			
Accounts Payable	146,864	123,532	270,396
Accrued Payroll and Benefits Payable	285,293	32,582	317,875
Unearned Revenue	151,266	107,997	259,263
Accrued Interest Payable	1,355,090	4,586	1,359,676
Noncurrent Liabilities:			
Unearned Revenue	0	415,385	415,385
Net Pension Liability	1,067,452	23,010	1,090,462
Due within One Year	1,904,465	146,835	2,051,300
Due in More than One Year	17,825,380	811,227	18,636,607
Total Liabilities	<u>22,735,810</u>	<u>1,665,154</u>	<u>24,400,964</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid Property Taxes	4,310	0	4,310
Deferred Inflows of Resources Related to Participation in VMERS	62,592	1,349	63,941
Total Deferred Inflows of Resources	<u>66,902</u>	<u>1,349</u>	<u>68,251</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	7,174,294	21,493,887	28,668,181
Restricted For:			
Downtown Project and Debt Service	2,961,773	0	2,961,773
Community Development	989,146	0	989,146
Public Safety	3,954	0	3,954
Sewer Expansion	0	237,316	237,316
Unrestricted	239,716	2,503,462	2,743,178
Total Net Position	<u>\$ 11,368,883</u>	<u>\$ 24,234,665</u>	<u>\$ 35,603,548</u>

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

CITY OF WINOOSKI, VERMONT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs:</b>							
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General Government	\$ 1,640,503	\$ 349,567	\$ 0	\$ 0	\$ (1,290,936)	\$ 0	\$ (1,290,936)
Public Safety	3,337,445	530,795	145,162	18,196	(2,643,292)	0	(2,643,292)
Public Works	2,070,019	68,532	61,786	95,875	(1,843,826)	0	(1,843,826)
Culture and Recreation	810,919	441,610	13,972	6,630	(348,707)	0	(348,707)
Community Development	241,855	863,411	8,000	0	629,556	0	629,556
Interest on Long-term Debt	905,948	0	0	0	(905,948)	0	(905,948)
Total Governmental Activities	<u>9,006,689</u>	<u>2,253,915</u>	<u>228,920</u>	<u>120,701</u>	<u>(6,403,153)</u>	<u>0</u>	<u>(6,403,153)</u>
<b>Business-Type Activities:</b>							
Water	863,713	870,927	20,000	0	0	27,214	27,214
Sewer	1,086,899	1,099,880	0	0	0	12,981	12,981
Parking	1,107,367	966,077	0	0	0	(141,290)	(141,290)
Total Business-Type Activities	<u>3,057,979</u>	<u>2,936,884</u>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>(101,095)</u>	<u>(101,095)</u>
Total Primary Government	<u>\$ 12,064,668</u>	<u>\$ 5,190,799</u>	<u>\$ 248,920</u>	<u>\$ 120,701</u>	<u>(6,403,153)</u>	<u>(101,095)</u>	<u>(6,504,248)</u>
<b>General Revenues and Transfers:</b>							
Property Taxes					7,333,514	0	7,333,514
Interest and Penalties on Delinquent Taxes					11,803	0	11,803
Unrestricted Investment Earnings					8,361	565	8,926
Other Revenues					111,173	0	111,173
Gain on Sale of Capital Assets					1,752	0	1,752
Interfund Transfers					89,741	(89,741)	0
Total General Revenues and Transfers					<u>7,556,344</u>	<u>(89,176)</u>	<u>7,467,168</u>
Change in Net Position					1,153,191	(190,271)	962,920
Net Position - July 1, 2016					<u>10,215,692</u>	<u>24,424,936</u>	<u>34,640,628</u>
Net Position - June 30, 2017					<u>\$ 11,368,883</u>	<u>\$ 24,234,665</u>	<u>\$ 35,603,548</u>

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

CITY OF WINOOSKI, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	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	\$ 5,059,030	\$ 956,476	\$ 593,481	\$ 0	\$ 3,220	\$ 6,612,207
Receivables (Net of Allowance for Uncollectibles)	285,376	680,908	0	0	2,887	969,171
Prepaid Expenses	222,988	0	0	0	1,225	224,213
Inventory	187	0	0	0	0	187
Due from Other Funds	0	0	400	708,526	248,692	957,618
Notes Receivable (Net of Allowance)	0	1,500,000	395,264	0	0	1,895,264
<b>TOTAL ASSETS</b>	<b>\$ 5,567,581</b>	<b>\$ 3,137,384</b>	<b>\$ 989,145</b>	<b>\$ 708,526</b>	<b>\$ 256,024</b>	<b>\$ 10,658,660</b>
<u>LIABILITIES</u>						
Accounts Payable	\$ 125,134	\$ 1,289	\$ 0	\$ 6,266	\$ 14,176	\$ 146,865
Accrued Payroll and Payroll Taxes	280,229	0	0	0	5,064	285,293
Due to Other Funds	3,322,938	174,322	0	0	0	3,497,260
Unearned Revenue	100,744	0	0	0	50,522	151,266
<b>Total Liabilities</b>	<b>3,829,045</b>	<b>175,611</b>	<b>0</b>	<b>6,266</b>	<b>69,762</b>	<b>4,080,684</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Prepaid Property Taxes	4,310	0	0	0	0	4,310
Unavailable Property Taxes, Penalties and Interest	33,389	0	0	0	0	33,389
Unavailable Receivables	47,929	2,177,808	395,264	0	0	2,621,001
<b>Total Deferred Inflows of Resources</b>	<b>85,628</b>	<b>2,177,808</b>	<b>395,264</b>	<b>0</b>	<b>0</b>	<b>2,658,700</b>
<u>FUND BALANCES</u>						
Nonspendable	223,175	0	0	0	1,225	224,400
Restricted	0	783,965	593,881	0	3,954	1,381,800
Assigned	605,504	0	0	702,260	181,083	1,488,847
Unassigned	824,229	0	0	0	0	824,229
<b>Total Fund Balances</b>	<b>1,652,908</b>	<b>783,965</b>	<b>593,881</b>	<b>702,260</b>	<b>186,262</b>	<b>3,919,276</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 5,567,581</b>	<b>\$ 3,137,384</b>	<b>\$ 989,145</b>	<b>\$ 708,526</b>	<b>\$ 256,024</b>	

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

Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.	25,349,462
Other Assets are not Available to Pay for Current-Period Expenditures and, Therefore, are Reported as Deferred Inflows of Resources in the Funds.	2,654,390
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	604,489
Unamortized Bond Refunding Costs are not Financial Resources and Therefore, are not Reported in the Funds	993,653
Long-Term and Accrued Liabilities are not Due or Payable in the Current Period and, Therefore, are Not Reported in the Funds.	(22,152,387)
<b>Net Position of Governmental Activities</b>	<b>\$ 11,368,883</b>

CITY OF WINOOSKI, VERMONT  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Major Funds				Nonmajor Funds	Total
	General Fund	TIF Downtown Fund	Community Development Loan Fund	City Capital Reserve Fund	Other Governmental Funds	
<b>Revenue:</b>						
Property Taxes/PILOT	\$ 5,357,651	\$ 2,052,331	\$ 0	\$ 0	\$ 0	\$ 7,409,982
Charges for Services	503,496	0	0	0	0	503,496
Investment Income	8,361	57,981	1,125	0	0	67,467
Intergovernmental	84,076	0	0	12,804	172,627	269,507
Fees, Fines and Forfeits	334,637	0	0	0	0	334,637
Rent & Lease Income	0	768,960	0	0	285,212	1,054,172
Licenses & Permits	16,503	0	0	0	0	16,503
Donations	8,972	0	0	0	1,322	10,294
Loan Repayments	0	0	8,745	0	0	8,745
Other	333,129	26,600	0	9,234	1,611	370,574
<b>Total Revenue</b>	<b>6,646,825</b>	<b>2,905,872</b>	<b>9,870</b>	<b>22,038</b>	<b>460,772</b>	<b>10,045,377</b>
<b>Expenditures:</b>						
General Government	998,091	72,946	0	0	0	1,071,037
Public Safety	2,228,088	0	0	0	166,343	2,394,431
Public Works	434,489	13,698	0	68,042	0	516,229
Culture & Recreation	494,076	0	0	0	0	494,076
Public Buildings & Facilities	359,469	0	0	32,823	142,576	534,868
Employee Benefits	1,229,162	0	0	0	0	1,229,162
Regional Programs	251,739	0	0	0	0	251,739
Community Development	0	240,655	1,200	0	0	241,855
Capital Outlay:						0
Public Safety	21,314	0	0	127,681	10,392	159,387
Public Works	0	0	0	364,391	0	364,391
Public Buildings & Facilities	7,740	0	0	50,392	0	58,132
Debt Service:						
Bond and Note Principal	0	1,595,745	0	161,143	110,000	1,866,888
Interest	0	971,949	0	39,675	62,878	1,074,502
<b>Total Expenditures</b>	<b>6,024,168</b>	<b>2,894,993</b>	<b>1,200</b>	<b>844,147</b>	<b>492,189</b>	<b>10,256,697</b>
Excess/(Deficiency) of Revenue Over Expenditures	622,657	10,879	8,670	(822,109)	(31,417)	(211,320)
<b>Other Financing Sources/(Uses):</b>						
Debt Proceeds	0	0	0	122,340	0	122,340
Transfers In	203,521	89,741	0	587,269	11,611	892,142
Transfers Out	(598,880)	(203,521)	0	0	0	(802,401)
<b>Total Other Financing Sources/(Uses)</b>	<b>(395,359)</b>	<b>(113,780)</b>	<b>0</b>	<b>709,609</b>	<b>11,611</b>	<b>212,081</b>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures and Other Financing/(Uses)	227,298	(102,901)	8,670	(112,500)	(19,806)	761
Fund Balances - July 1, 2016	1,425,610	886,866	585,211	814,760	206,068	3,918,515
Fund Balances - June 30, 2017	\$ 1,652,908	\$ 783,965	\$ 593,881	\$ 702,260	\$ 186,262	\$ 3,919,276

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

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, 2017

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)	\$	761
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$581,910) is allocated over their estimated useful lives and reported as depreciation expense (\$1,204,029). This is the amount by which depreciation expense exceeded capital outlays in the current period.		(622,119)
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.		88,008
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 (\$122,340) (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$1,866,888) 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		1,744,548
Governmental funds report employer pension contributions as expenditures (\$118,597). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$263,371) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense		(144,774)
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 unavailable revenue over last year.		(63,242)
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>291,959</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>1,153,191</u></u>

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

CITY OF WINOOSKI, VERMONT  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

	Water Fund	Sewer Fund	Parking Fund	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 97,821	\$ 252,927	\$ 0	\$ 350,748
Receivables (Net of Allowance for Uncollectibles)	246,605	321,976	3,883	572,464
Due from Other Funds	392,516	1,138,711	1,008,415	2,539,642
Prepaid Expenses	0	231	4,566	4,797
Total Current Assets	<u>736,942</u>	<u>1,713,845</u>	<u>1,016,864</u>	<u>3,467,651</u>
Noncurrent Assets:				
Capital Assets:	0	77,604	569,969	647,573
Land	93,924	19,669	0	113,593
Machinery and Equipment	414,960	994,755	416,423	1,826,138
Buildings, Distribution/Collection Systems & Improvements	5,179,889	13,033,668	15,284,213	33,497,770
Less: Accumulated Depreciation	<u>(2,340,411)</u>	<u>(7,395,027)</u>	<u>(3,930,499)</u>	<u>(13,665,937)</u>
Total Noncurrent Assets	<u>3,348,362</u>	<u>6,730,669</u>	<u>12,340,106</u>	<u>22,419,137</u>
Total Assets	<u>4,085,304</u>	<u>8,444,514</u>	<u>13,356,970</u>	<u>25,886,788</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Outflows of Resources Related to Participation in VMERS	0	3,574	10,806	14,380
Total Deferred Outflows of Resources	<u>0</u>	<u>3,574</u>	<u>10,806</u>	<u>14,380</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 4,085,304</u>	<u>\$ 8,448,088</u>	<u>\$ 13,367,776</u>	<u>\$ 25,901,168</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 38,364	\$ 40,774	\$ 44,394	\$ 123,532
Accrued Payroll and Benefits Payable	10,312	16,073	6,197	32,582
Accrued Interest Payable	2,803	1,783	0	4,586
Unearned Revenue - Current Portion	0	0	107,997	107,997
Bonds and Capital Leases Payable - Current Portion	36,507	97,403	0	133,910
Due to Champlain Water District - Current Portion	<u>12,924</u>	<u>0</u>	<u>0</u>	<u>12,924</u>
Total Current Liabilities	<u>100,910</u>	<u>156,033</u>	<u>158,588</u>	<u>415,531</u>
Noncurrent Liabilities:				
Compensated Absences Payable	12,721	15,755	4,336	32,812
Net Pension Liability	0	5,719	17,291	23,010
Unearned Revenue - Noncurrent Portion	0	0	415,385	415,385
Bonds and Capital Leases Payable - Noncurrent Portion	245,261	377,697	0	622,958
Due to Champlain Water District - Noncurrent Portion	<u>155,458</u>	<u>0</u>	<u>0</u>	<u>155,458</u>
Total Noncurrent Liabilities	<u>413,440</u>	<u>399,171</u>	<u>437,012</u>	<u>1,249,623</u>
Total Liabilities	<u>514,350</u>	<u>555,204</u>	<u>595,600</u>	<u>1,665,154</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Inflows of Resources Related to Participation in VMERS	0	335	1,014	1,349
Total Deferred Inflows of Resources	<u>0</u>	<u>335</u>	<u>1,014</u>	<u>1,349</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	2,898,212	6,255,569	12,340,106	21,493,887
Restricted for Sewer Improvements	0	237,316	0	237,316
Unrestricted	<u>672,742</u>	<u>1,399,664</u>	<u>431,056</u>	<u>2,503,462</u>
Total Net Position	<u>3,570,954</u>	<u>7,892,549</u>	<u>12,771,162</u>	<u>24,234,665</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 4,085,304</u>	<u>\$ 8,448,088</u>	<u>\$ 13,367,776</u>	<u>\$ 25,901,168</u>

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

CITY OF WINOOSKI, VERMONT  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Water Fund	Sewer Fund	Parking Fund	Total
<b>Operating Revenues:</b>				
Charges for Service	\$ 890,927	\$ 1,099,880	\$ 966,077	\$ 2,956,884
<b>Total Operating Revenues</b>	<b>890,927</b>	<b>1,099,880</b>	<b>966,077</b>	<b>2,956,884</b>
<b>Operating Expenses:</b>				
Salaries and Benefits	237,564	383,238	152,796	773,598
Water Purchases	381,773	0	0	381,773
Purchased Services	23,257	174,293	107,392	304,942
Repairs and Maintenance	19,119	50,930	137,895	207,944
Electricity and Fuel	4,721	60,909	33,777	99,407
Administration	34,822	52,042	112,634	199,498
Other	2,550	52,268	204,123	258,941
Depreciation	130,650	301,197	357,133	788,980
<b>Total Operating Expenses</b>	<b>834,456</b>	<b>1,074,877</b>	<b>1,105,750</b>	<b>3,015,083</b>
<b>Operating Income/(Loss)</b>	<b>56,471</b>	<b>25,003</b>	<b>(139,673)</b>	<b>(58,199)</b>
<b>Non-Operating Revenues/(Expenses):</b>				
Loss on Disposition of Capital Assets	(13,362)	0	0	(13,362)
Investment Income	173	392	0	565
Interest Expense	(15,895)	(12,022)	(1,617)	(29,534)
<b>Total Non-Operating Revenues/(Expenses)</b>	<b>(29,084)</b>	<b>(11,630)</b>	<b>(1,617)</b>	<b>(42,331)</b>
<b>Net Income Before Capital Contributions and Transfers</b>	<b>27,387</b>	<b>13,373</b>	<b>(141,290)</b>	<b>(100,530)</b>
<b>Transfers Out</b>	<b>0</b>	<b>0</b>	<b>(89,741)</b>	<b>(89,741)</b>
<b>Change in Net Position</b>	<b>27,387</b>	<b>13,373</b>	<b>(231,031)</b>	<b>(190,271)</b>
<b>Net Position - July 1, 2016</b>	<b>3,543,567</b>	<b>7,879,176</b>	<b>13,002,193</b>	<b>24,424,936</b>
<b>Net Position - June 30, 2017</b>	<b>\$ 3,570,954</b>	<b>\$ 7,892,549</b>	<b>\$ 12,771,162</b>	<b>\$ 24,234,665</b>

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

CITY OF WINOOSKI, VERMONT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Water Fund	Sewer Fund	Parking Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 869,180	\$ 1,052,809	\$ 896,735	\$ 2,818,724
Payments for Goods and Services	(434,737)	(326,114)	(452,597)	(1,213,448)
Payments for Wages and Benefits	(233,983)	(374,246)	(153,004)	(761,233)
Paid to General Fund - Administration	(34,822)	(52,042)	(112,634)	(199,498)
Net Cash Provided by Operating Activities	<u>165,638</u>	<u>300,407</u>	<u>178,500</u>	<u>644,545</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Decrease/(Increase) in Due from Other Funds	<u>(1,097)</u>	<u>(10,333)</u>	<u>(78,223)</u>	<u>(89,653)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(1,097)</u>	<u>(10,333)</u>	<u>(78,223)</u>	<u>(89,653)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets	(106,218)	(279,369)	(8,920)	(394,507)
Transfers to Other Funds	0	0	(89,741)	(89,741)
Principal Paid	(45,231)	(116,647)	0	(161,878)
Interest Paid	(13,092)	(10,239)	(1,616)	(24,947)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(164,541)</u>	<u>(406,255)</u>	<u>(100,277)</u>	<u>(671,073)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipt of Interest & Dividends	<u>173</u>	<u>392</u>	<u>0</u>	<u>565</u>
Net Cash Provided by Investing Activities	<u>173</u>	<u>392</u>	<u>0</u>	<u>565</u>
Net Increase/(Decrease) in Cash	173	(115,789)	0	(115,616)
Cash - July 1, 2016	<u>97,648</u>	<u>368,716</u>	<u>0</u>	<u>466,364</u>
Cash - June 30, 2017	<u>\$ 97,821</u>	<u>\$ 252,927</u>	<u>\$ 0</u>	<u>\$ 350,748</u>
<b>Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:</b>				
Operating Income/(Loss)	56,471	25,003	(139,673)	(58,199)
Depreciation	130,650	301,197	357,133	788,980
(Increase)/Decrease in Receivables	(21,747)	(47,071)	1,892	(66,926)
(Increase)/Decrease in Prepaid Expenses	0	(231)	(292)	(523)
Increase/(Decrease) in Accounts Payable	(3,316)	12,518	30,883	40,085
Increase/(Decrease) in Accrued Payroll	3,500	7,921	431	11,852
Increase/(Decrease) in Unearned Revenue	0	0	(71,234)	(71,234)
Increase/(Decrease) in Net Pension Liability and Related Deferrals	(1,034)	(244)	1,739	461
Increase/(Decrease) in Compensated Absences Payable	1,114	1,314	(2,379)	49
Net Cash Provided by Operating Activities	<u>\$ 165,638</u>	<u>\$ 300,407</u>	<u>\$ 178,500</u>	<u>\$ 644,545</u>
<b>Schedule of Non-Cash Capital and Related Financing Activities:</b>				
Assets Disposed				
Cost	\$ 15,720	\$ 0	\$ 0	15,720
Accumulated Depreciation	<u>(2,358)</u>	<u>0</u>	<u>0</u>	<u>(2,358)</u>
	<u>\$ 13,362</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,362</u>

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



CITY OF WINOOSKI, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

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 (5) elected officials – a mayor and four (4) council members. The City Council appoints a City Manager to oversee the general operations of the City.

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

### **B. Basis of Presentation**

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

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

CITY OF WINOOSKI, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

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.

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.

CITY OF WINOOSKI, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

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 outflows of resources and current liabilities and deferred inflows of resources are generally reported on their balance sheets. Their reported fund balances (net current position) are considered a measure of available spendable resources, and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

**D. Basis of Accounting**

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

The government-wide 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.

CITY OF WINOOSKI, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
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Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues reported in governmental funds to be available if the revenues are collected within sixty (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 position available to finance the program. It is the City’s policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

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

**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. 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.

CITY OF WINOOSKI, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
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**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 collatorized by the investment institution or brokerage firm 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 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 governmental 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 Expenses**

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 expenses.

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

CITY OF WINOOSKI, VERMONT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017

**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. The City has capitalized \$9,712 of interest in the proprietary funds in prior fiscal years. 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 assets retroactively.

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

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

	<u>Capitalization Threshold</u>	<u>Estimated Service Life</u>
Land	\$ 10,000	Not Depreciated
Buildings, Building Improvements, and Parking Garage Structure	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 of Resources**

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

CITY OF WINOOSKI, VERMONT  
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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, comp-time and sick leave benefits. The entire value of vacation and 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 and capital leases payable and other obligations such as compensated absences. 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.

CITY OF WINOOSKI, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
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## **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.

## **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 contributions as current period expenditures, whereas government-wide statements report those transactions as deferred outflows of resources. In addition, the accrual for the City's proportionate share of the net pension liability is recorded in the government-wide financial statements along with the related deferred inflows and outflows of resources.



CITY OF WINOOSKI, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

### **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.
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 2017, the City Manager authorized six budget transfers. The first transfer reallocated funding budgeted for the pool to cover alternative activities being offered to the community in lieu of the pool opening. The second adjustment reallocated salary savings in the Administrative Department to the City Manager Department. An adjustment was approved for the Fire Department to reallocate the funds budgeted for a full time Fire Chief to the Code Department to hire a zoning contractor with the existing staff to fill the Fire Chief's role. An additional budget transfer within the Fire Department was authorized to shift some operational maintenance costs for use to establish on call pay. The third budget transfer within the Fire Department was made to reflect the reclassification of an existing full time staff member to be partially paid from this Department. Finally, a budget transfer was made in Parks Grounds and Facilities Department to reclassify funding for a part time seasonal position to a contract for landscaping services over the summer.
6. The budget presented herein is for the City's "General Fund" only and does not include the Reimbursables Fund, the City Operating Reserve Fund, the Fire Hazmat Fund, the Community Service Program Fund and the Community Development Capital Reserve Fund activity that is included with the General Fund.

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

For the year ended June 30, 2017, expenditures in the General Fund exceeded appropriations by \$64,424. These overexpenditures were funded with excess revenues.

CITY OF WINOOSKI, VERMONT  
 NOTES TO THE FINANCIAL STATEMENTS  
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**IV. DETAILED NOTES ON ALL FUNDS**

**A. Cash**

The City's cash as of June 30, 2017 consisted of the following:

Cash:

Cash on Hand	\$	4,440
Cash with Financial Institutions		<u>6,958,515</u>
 Total Cash	 \$	 <u>6,962,955</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.

	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC/SIPC/NCUA Insured	\$ 877,509	\$ 877,509
Insured by Letter of Credit Issued by Federal Home Loan Bank of Pittsburgh	5,729,863	5,935,148
Uninsured Uncollateralized	<u>351,143</u>	<u>351,143</u>
 Total Cash Deposits	 \$ <u>6,958,515</u>	 \$ <u>7,163,800</u>

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

CITY OF WINOOSKI, VERMONT  
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**B. Receivables**

Receivables at June 30, 2017, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows.

	Governmental Activity	Business- type Activity	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Delinquent Taxes	\$ 73,973	\$ 0	\$ 73,973
Penalties and Interest	14,470	0	14,470
Billed Services	698,833	9,063	707,896
Unbilled Services	123	467,650	467,773
Grants	129,320	0	129,320
Aid in Expansion Fees	0	212,790	212,790
Parking Tickets	210,364	0	210,364
Other	7,388	100,269	107,657
Allowance for Doubtful Accounts - Billed Services	0	(972)	(972)
Allowance for Doubtful Accounts - Aid in Expansion Fees	0	(116,067)	(116,067)
Allowance for Doubtful Accounts - Parking Tickets	(160,912)	0	(160,912)
Allowance for Doubtful Accounts - Other	(4,388)	(100,269)	(104,657)
	<u>\$ 969,171</u>	<u>\$ 572,464</u>	<u>\$ 1,541,635</u>

**C. Loans and Notes Receivable**

Loans, with a balance of \$33,706, 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 being repaid.

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 the present value of \$361,558 at June 30, 2017 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.

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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 2017 amounted to \$56,250. The note is secured by a second mortgage 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, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,241,446	\$ 0	\$ 0	\$ 2,241,446
Construction in Progress	0	59,933	0	59,933
Total Capital Assets Not Being Depreciated	<u>2,241,446</u>	<u>59,933</u>	<u>0</u>	<u>2,301,379</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	6,518,743	70,895	0	6,589,638
Vehicles, Machinery and Equipment	3,157,188	317,387	184,000	3,290,575
Infrastructure	33,189,065	236,200	28,258	33,397,007
	<u>42,864,996</u>	<u>624,482</u>	<u>212,258</u>	<u>43,277,220</u>
Less Accumulated Depreciation For:				
Buildings and Building Improvements	2,487,054	243,772	0	2,730,826
Vehicles, Machinery and Equipment	1,995,226	172,056	173,000	1,994,282
Infrastructure	14,740,588	788,201	24,760	15,504,029
Totals	<u>19,222,868</u>	<u>1,204,029</u>	<u>197,760</u>	<u>20,229,137</u>
Total Capital Assets Being Depreciated	<u>23,642,128</u>	<u>(579,547)</u>	<u>14,498</u>	<u>23,048,083</u>
Governmental Activities Capital Assets, Net	<u>\$ 25,883,574</u>	<u>\$ (519,614)</u>	<u>\$ 14,498</u>	<u>\$ 25,349,462</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 647,573	\$ 0	\$ 0	\$ 647,573
Construction in Progress	0	113,593	0	113,593
Total Capital Assets Not Being Depreciated	647,573	113,593	0	761,166
Capital Assets, Being Depreciated:				
Parking Garage	15,276,752	7,461	0	15,284,213
Buildings, Distribution and Collection System & Improvements	17,977,785	235,772	0	18,213,557
Vehicles, Machinery and Equipment	1,804,178	37,680	15,720	1,826,138
Total Capital Assets Being Depreciated	35,058,715	280,913	15,720	35,323,908
Less Accumulated Depreciation For:				
Parking Garage	3,396,440	315,626	0	3,712,066
Buildings, Distribution and Collection System & Improvements	8,702,183	328,160	0	9,030,343
Vehicles, Machinery and Equipment	780,692	145,194	2,358	923,528
Totals	12,879,315	788,980	2,358	13,665,937
Total Capital Assets Being Depreciated	22,179,400	(508,067)	13,362	21,657,971
Business Type Activities Capital Assets, Net	\$ 22,826,973	\$ (394,474)	\$ 13,362	\$ 22,419,137

Governmental Activities Infrastructure increases include \$85,375 contributed by the State of Vermont and Buildings and Building Improvements increases include \$17,130 contributed by various donors.

Depreciation was charged as follows:

Governmental Activities:		Business-Type Activities:	
Public Safety	\$ 123,997	Water	\$ 130,650
Public Works	861,635	Sewer	301,197
Culture and Recreation	218,397	Parking	357,133
Total Depreciation Expense Governmental Activities	\$ 1,204,029	Total Depreciation Expense - Business-Type Activities	\$ 788,980

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**E. Interfund Balances and Activity**

The composition of interfund balances at June 30, 2017 is as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 0	\$ 3,322,938
TIF Downtown Fund	0	174,322
Community Development Loan Fund	400	0
City Capital Reserve Fund	708,526	0
Justice Center Fund	60,647	0
Asset Forfeitures Fund	804	0
Community Center Fund	187,241	0
Water Fund	392,516	0
Sewer Fund	1,138,711	0
Parking Garage Fund	<u>1,008,415</u>	<u>0</u>
Total	<u>\$ 3,497,260</u>	<u>\$ 3,497,260</u>

Interfund transfers during the year ended June 30, 2017 were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Fund	\$ 587,269	Capital Plan and Assignment of Balances by Council
General Fund	Justice Center Fund	11,611	Local match for Justice Center Grant
TIF Downtown Fund	General Fund	203,521	To offset additional operating costs due to TIF development
Parking Garage Fund	TIF Downtown Fund	<u>89,741</u>	Contribution toward debt owed per bond covenant
		<u>\$ 892,142</u>	

**F. Deferred Outflows of Resources**

Deferred outflows of resources in the Governmental Activities consists of \$21,928 from the difference between the expected and actual experience, \$171,430 from changes in assumptions, \$346,119 from the difference between the projected and actual investment earnings, \$6,404 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 \$121,199 of 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 \$993,653 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 \$1,660,733.

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Deferred outflows of resources in the Business Activities consists of \$473 from the difference between the expected and actual experience, \$3,695 from changes in assumptions, \$7,461 from the difference between the projected and actual investment earnings, \$138 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 \$2,613 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 \$14,380.

Deferred outflows of resources in the Sewer Fund consists of \$116 from the difference between the expected and actual experience, \$911 from changes in assumptions, \$1,839 from the difference between the projected and actual investment earnings, \$34 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 \$674 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 \$3,574.

Deferred outflows of resources in the Parking Fund consists of \$356 from the difference between the expected and actual experience, \$2,784 from changes in assumptions, \$5,622 from the difference between the projected and actual investment earnings, \$104 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 \$1,940 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 \$10,806

**G. Unearned Revenue and Deferred Inflows of Resources**

Deferred inflows of resources in the Governmental Activities consists of \$4,310 of prepaid property taxes and \$62,592 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 \$66,902.

Deferred inflows of resources in the Business Activities consists of \$1,349 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 \$1,349.

Deferred inflows of resources in the Sewer Fund consists of \$335 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 \$335.

Deferred inflows of resources in the Parking Fund consists of \$1,014 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 \$1,014.

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Unearned revenue in the Governmental Activities and the Governmental Funds consists of \$151,266 of grant revenue received in advance. 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 \$151,266.

Unearned revenue in the Business-Type Activities and the Parking Garage Fund consists of \$523,382 of parking fees received in advance of which \$107,997 will be recognized in fiscal year 2018. The revenue will be recognized as parking and other services are provided.

Deferred inflows of resources in the General Fund consists of \$4,310 of prepaid property taxes as well as \$33,389 of delinquent property taxes, penalties and interest on those taxes and \$47,929 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 \$85,628.

Deferred inflows of resources in the TIF Downtown Fund includes \$677,808 of receivables not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Deferred inflows of resources in the TIF Downtown Fund also includes \$1,500,000 of notes receivable. Total deferred inflows of resources in the TIF Downtown Fund are \$2,177,808.

Deferred inflows of resources in the Community Development Loan Fund consists of \$395,264 in loans and notes receivable.

## **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 sewer projects.

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



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

Compensated Absences - It is the policy of the City to permit employees to accumulate vacation, comp-time and sick leave time, the value of which will be paid at their current rate of pay upon retirement, termination or death. The accrual for compensated absences, based on current rates, is recorded in the government-wide 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 one employee who will likely receive benefits in the near future. The amount due within one year is the City's expected liability for 2017 for the anticipated benefits payable in the next five years.

Long-term liabilities outstanding as of June 30, 2017 were as follows.

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
<b><u>Governmental Activities:</u></b>				
Bond Payable - Vermont Municipal Bond Bank, Street, Reconstruction, \$10,000 Due Annually Until December 2012 and \$5,000 Due Annually Until December 2016, 5.1% Interest, Due and Paid in December, 2016	\$ 5,000	\$ 0	\$ 5,000	\$ 0
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	13,938,871	0	1,595,745	12,343,126

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	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
<p>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 \$70,434 Due Semi-Annually Beginning July 1, 2014 through July 1, 2024. Non-payment 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. Unpaid Accrued Interest is Estimated to be \$779,580 at June 30, 2017. 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</p>	\$ 1,098,000	\$ 0	\$ 0	\$ 1,098,000
<p>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, Payments of \$201,647 Due Semi-Annually Beginning July 1, 2014 through July 1, 2024. These payments are being made but are being applied to accrued interest first and thus no principal payments have been made. 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 estimated to be \$540,117 at June 30, 2017. Note is Subordinate to the Special Obligation Refunding Bonds. This Note will be Repaid from the Revenues of the Tax Increment Financing District</p>	3,000,000	0	0	3,000,000

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	<u>Beginning</u> <u>Balance</u>		<u>Additions</u>		<u>Deletions</u>		<u>Ending</u> <u>Balance</u>
Bond Payable – Vermont Municipal Bond Bank, Street Reconstruction, \$70,817 Due Annually on November 15 Through 2031, Interest Ranging from .804% to 4.664% Paid Semi-Annually on May 15 and November 15	\$ 1,132,880	\$	0	\$	70,817	\$	1,062,063
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	1,540,000		0		110,000		1,430,000
Lease Payable - Bank Capital Services LLC, Loader & Backhoe, Interest at 3.5%, \$18,736 Inclusive of Interest Due Annually on December 1 through 2021	68,824		0		16,329		52,495
Lease Payable - TD Equipment Financing, Dump Truck w/ Plow Attachment, Interest at 2.81%, \$30,526 Inclusive of Interest Due Annually on January 30 through 2020	113,987		0		27,323		86,664
Lease Payable - Bank Capital Services, LLC, MacLean MV2 Sidewalk Plow, Interest at 3.45%, \$24,019 Inclusive of Interest Due Annually on September 1 through 2021	0		122,340		34,019		88,321
Lease Payable - Ford Motor Credit, Transit Van, Interest at 6.5%, \$8,683 Inclusive of Interest Due Annually on April 27 through 2018	<u>15,808</u>		<u>0</u>		<u>7,655</u>		<u>8,153</u>
Total Governmental Long-Term Debt	<u>\$ 20,913,370</u>	\$	<u>122,340</u>	\$	<u>1,866,888</u>	\$	<u>19,168,822</u>

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 \$9,750 in 2017. If VFW were to move out of the space, the remaining balance of \$485,000, less a penalty rate of 25%, results in \$363,825 payable to VFW.

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	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
<b><u>Business-Type Activities</u></b>				
Sewer Fund:				
Bond Payable – State of Vermont Special Environmental Revolving Loan Fund, Pollution Aeration Improvements, \$20,000 Due Annually, 0% Interest, Due and Paid December 1, 2016	\$ 20,000	\$ 0	\$ 20,000	\$ 0
Bond Payable – State of Vermont Special Environmental Revolving Loan Fund, 0% Interest, \$60,000 Due Annually on January 1 through 2020	240,000	0	60,000	180,000
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	240,674	0	15,040	225,634
Lease Payable - Bank Capital Services LLC, Loader & Backhoe, Interest at 3.5%, \$24,794 Inclusive of Interest Due Annually on December 1 through 2021	<u>91,074</u>	<u>0</u>	<u>21,608</u>	<u>69,466</u>
Total Sewer Fund	<u>591,748</u>	<u>0</u>	<u>116,648</u>	<u>475,100</u>
Water Fund:				
Bond Payable – Vermont Municipal Bond Bank, Street Reconstruction, \$14,144 Due Annually on November 15 Through 2031, Interest Ranging from .804% to 4.664% Paid Semi-Annually on May 15 and November 15	\$ 226,446	\$ 0	\$ 14,143	\$ 212,303
Lease Payable - Bank Capital Services LLC, Loader & Backhoe, Interest at 3.5%, \$24,794 Inclusive of Interest Due Annually on December 1 through 2021	91,074	0	21,608	69,466
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	85,320	0	9,480	75,840

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	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
<b><u>Business-Type Activities</u></b>				
Other Liability – Champlain Water District, Water Allocation, \$6,220 Due Annually Beginning August 1, 2017 through 2036, Interest at 1% and Admin Fee at 2%	\$ <u>92,542</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>92,542</u>
Total Water Fund	<u>495,382</u>	<u>0</u>	<u>45,231</u>	<u>450,151</u>
Total Business-Type Activities	<u>\$ 1,087,130</u>	<u>\$ 0</u>	<u>\$ 161,879</u>	<u>\$ 925,251</u>

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable	\$ 16,616,751	\$ 0	\$ 1,781,562	\$ 14,835,189	\$ 1,821,657
Notes Payable	4,098,000	0	0	4,098,000	0
Capital Leases Payable	198,619	122,340	85,326	235,633	72,848
Other Long-Term Liability - VFWF	371,137	0	7,313	363,824	9,960
Compensated Absences	142,810	22,637	0	165,447	0
Other Post Employment Benefit	<u>28,532</u>	<u>3,220</u>	<u>0</u>	<u>31,752</u>	<u>0</u>
Total Governmental Activities					
Long Term Liabilities	<u>\$ 21,455,849</u>	<u>\$ 148,197</u>	<u>\$ 1,874,201</u>	<u>\$ 19,729,845</u>	<u>\$ 1,904,465</u>
<b>Business-type Activities</b>					
Bonds Payable	\$ 727,120	\$ 0	\$ 109,183	\$ 617,937	\$ 89,183
Capital Leases Payable	182,148	0	43,216	138,932	44,728
Due to Champlain Water District	177,862	0	9,480	168,382	12,924
Compensated Absences	<u>32,762</u>	<u>50</u>	<u>0</u>	<u>32,812</u>	<u>0</u>
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 1,119,892</u>	<u>\$ 50</u>	<u>\$ 161,879</u>	<u>\$ 958,063</u>	<u>\$ 146,835</u>

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

The total cost of assets under capital leases is \$389,085 for Governmental Activities and \$195,481 for Business-type activities. Amortization of the leases is included in depreciation expense. Accumulated depreciation for Governmental activities is \$21,189 and Business-type activities is \$14,790.

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Maturities of notes, bonds and capital leases payable based on the City's intentions are as follows:

Year Ending June 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Capital Leases	Principal	Interest	Capital Leases
2018	\$ 1,821,657	\$ 423,894	\$ 81,963	\$ 102,107	\$ 17,718	\$ 49,588
2019	1,868,027	371,734	73,281	102,211	16,371	49,588
2020	1,915,514	317,823	73,281	102,317	17,607	49,588
2021	1,964,734	262,197	24,019	42,426	16,199	0
2022	2,015,146	204,783	0	42,539	14,689	0
2023-2027	8,664,026	3,995,614	0	195,552	51,690	0
2028-2032	684,085	63,150	0	170,680	18,141	0
2033-2037	0	0	0	28,487	871	0
Less imputed interest	0	0	(16,911)	0	0	(9,832)
Total	<u>\$ 18,933,189</u>	<u>\$ 5,639,195</u>	<u>\$ 235,633</u>	<u>\$ 786,319</u>	<u>\$ 153,286</u>	<u>\$ 138,932</u>

**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.

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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, 2017 consisted of the following:

Governmental Activities:

Restricted for Downtown Project and Debt Service by Bond Agreement and TIF Legislation	\$ 2,961,773
Restricted for Community Development by Grant Agreements and Donations	989,146
Restricted for Public Safety by Grant Agreements and Regulation	<u>3,954</u>
Total Governmental Activities	<u>\$ 3,954,873</u>

Business-Type Activities:

Restricted for Sewer Expansion by Ordinance	<u>\$ 237,316</u>
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The fund balances of the following funds are nonspendable as follows:

Major Funds

General Fund:

Nonspendable Prepaid Expenses	\$ 222,988
Nonspendable Inventory	<u>187</u>
Total Major Funds	<u>223,175</u>

Non-Major Funds

Community Center Fund:

Nonspendable Prepaid Expenses	<u>1,225</u>
Total Non-Major Funds	<u>1,225</u>
Total Nonspendable Fund Balances	<u>\$ 224,400</u>

CITY OF WINOOSKI, VERMONT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017

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

Major Funds

TIF Downtown:

Downtown Project and Debt Service by Bond Agreement and TIF Legislation	\$ 783,965
--	------------

Community Development Fund:

Restricted for Community Development by Grant Agreements	<u>593,881</u>
--	----------------

Total Major Funds	<u>1,377,846</u>
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Non-Major Funds

Asset Forfeitures Fund:

Restricted for Public Safety by Regulation (Source of Revenue is Asset Seizures)	3,804
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Justice Center Fund:

Restricted for Public Safety by Donations (Source of Revenue is Donations)	<u>150</u>
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Total non-Major Funds	<u>3,954</u>
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Total Restricted Fund Balances	<u>\$1,381,800</u>
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The fund balances in the following funds are assigned as follows:

Major Funds:

General Fund:

Assigned for Library Rent	\$ 15,017
Assigned for Reappraisal	151,294
Assigned for Public Art	5,501
Assigned for Lister Education	2,482
Assigned for Records Restoration	74,001
Assigned for Fire/Hazmat	65,920
Assigned for Community Service Programs	132,387
Assigned for Other Post-Employment Benefits	31,752
Assigned for Marketing and Branding	28,150
Assigned for Tree City USA Grant Match	6,500
Assigned for Myers Pool Engineering	<u>92,500</u>
Total General Fund	<u>605,504</u>



CITY OF WINOOSKI, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
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City Capital Reserve Fund:	
Assigned for Capital Projects	\$ <u>702,260</u>
 <u>Nonmajor Funds:</u>	
Community Center Fund:	
Assigned for Community Development	<u>181,083</u>
 Total Assigned Fund Balances	 <u>\$1,488,847</u>

**V. OTHER INFORMATION**

**A. Retirement Plans**

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

**Plan Description**

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2017, the retirement system consisted of 441 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

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

CITY OF WINOOSKI, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

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

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

As of June 30, 2016, the measurement date selected by the State of Vermont, VMERS was funded at 80.95% and had a plan fiduciary net position of \$547,015,114 and a total pension liability of \$675,711,281 resulting in a net pension liability of \$128,696,167. As of June 30, 2017, the City's proportionate share of this was .84732% resulting in a liability of \$1,090,462. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2016, the City's proportion of .847326% was a decrease of 0.12613% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$269,048.

As of June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources from the following sources.

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference Between Expected and Actual Experience	\$ 22,401	\$ 0
Changes in proportional share of contributions	6,542	0
Difference between projected and actual earnings on pension plan investments	353,580	0
Changes in Assumptions	175,125	0
Differences between the employer contributions and proportionate share of total contributions	0	63,941
City's required employer contributions made subsequent to the measurement date	<u>123,812</u>	<u>0</u>
	<u>\$ 681,460</u>	<u>\$ 63,941</u>

The deferred outflows of resources resulting from the City's required employer contributions made subsequent to the measurement date in the amount of \$123,812 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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  
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JUNE 30, 2017

Year Ending <u>June 30</u>	
2018	\$ 120,708
2019	120,708
2020	191,286
2021	<u>61,006</u>
Total	\$ <u>493,708</u>

**Summary of System Provisions**

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

Creditable Service – Service as a member plus purchased service.

Average Final Compensation (AFC): Groups B and C – Average annual compensation during the highest three (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 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 within reduction for Group D members.

**Vested Retirement Allowance:**

Eligibility: Five (5) years of service.

CITY OF WINOOSKI, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
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Amount: Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments".

Disability Retirement Allowance:

Eligibility: Five (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 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 the Consumer Price Index but not more than 3% for Groups B, C and D.

Member Contributions: Group B - 4.875%. Group C - 10.00%. Group D - 11.35% .

Employer Contributions: Group B - 5.50%. Group C - 7.25%. Group D - 9.85%.

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

**Significant Actuarial Assumptions and Methods**

Interest Rate: 7.95% per annum.

Salary Increases: 5% per year.

CITY OF WINOOSKI, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

Deaths:

Groups A, B, and C: RP-2000 Tables for Employees and Healthy Annuitants projected 10 years from the valuation date with Scale BB and with a 60% Blue collar and 40% White Collar adjustment.

Group D: RP-2000 Tables for Employees and Healthy Annuitants projected 10 years from the valuation date with Scale BB with a 100% Blue Collar adjustment.

The post-retirement mortality assumption was chosen to recognize improved longevity experience after the valuation date.

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

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

Actuarial Cost Method: Projected benefit cost method. The unfunded accrued liability is amortized in installments increasing by 5% per year.

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

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

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

Long-term Expected Rate of Return:

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

CITY OF WINOOSKI, VERMONT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	8.54%
Fixed Income	2.36%
Alternatives	8.35%
Multi-strategy	4.90%

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

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

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

<u>1% Decrease (6.95%)</u>	<u>Discount Rate (7.95%)</u>	<u>1% Increase (8.95%)</u>
\$1,810,276	\$1,090,462	\$487,766

**Additional Information**

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

**2. Vermont Municipal Employees Retirement System – Deferred Contribution Plan**

The City also participates in the VMERS defined contribution (DC) Plan. 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%. Covered payroll under the plan was \$260,894 and pension expense was \$13,371.

CITY OF WINOOSKI, VERMONT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017

**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%. The City's covered payroll for this retirement plan was \$1,439,405. Pension expense for this plan for the years ended June 30, 2017, 2016 and 2015 was \$77,287, \$68,700, and \$64,321, 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. The Plan is administered by Pension Works, Inc. with investments held at John Hancock. The Plan permits 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 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 on 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 2017 is as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Education	\$1.4705	\$1.6391
Local Agreement Rate	.0012	.0012
City	<u>1.0325</u>	<u>1.0325</u>
Total	<u>\$2.5042</u>	<u>\$2.6728</u>

CITY OF WINOOSKI, VERMONT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2017

**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 Vermont Health Connect. The City makes all Blue Cross Blue Shield plans 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 the plan chosen. The City also provides first dollar coverage through a Health Reimbursement Account (HRA) equal to \$4,500 annually 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 (Annual)		City Funding toward HRA (Annual)
Single	\$5,672	\$4,500
Two Person	\$11,289	\$9,000
Employee & Child	\$11,015	\$9,000
Family	\$15,917	\$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, a motorcycle, and electric vehicles. Lease expense for the fiscal year 2017 was \$53,073. Future minimum lease payments are as follows:

2018	\$ 46,727
2019	31,488
2020	23,988
2021	<u>17,158</u>
Total	<u>\$119,361</u>



CITY OF WINOOSKI, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**E. Parking Garage Leases**

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

2018	\$ 538,694
2019	553,433
2020	564,868
2021	359,134
2022	<u>366,814</u>
Total	<u>\$ 2,382,943</u>

Revenue recognized under these leases for 2017 is \$521,454 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, 2017 is \$484,615. In addition to this, other tenants pre-paid a portion of their 2018 leases before year end in the amount of \$38,767. Total unearned revenue at June 30, 2017 was \$523,382.

The parking garage is capitalized in the parking fund at a cost of \$15,284,213 with accumulated depreciation of \$3,712,066.

**F. Concentration of Expenses**

The City purchased all of its water from Champlain Water District (CWD) for the year ended June 30, 2017. The City purchased \$381,773 of water from CWD.

**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 new TIF legislation adopted in May 2016, this base value is being reconciled with the Vermont Economic Progress Council and Vermont State Property Valuation and Review and may be subject to change. The value 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 from the parking garage and from agreements with the developers are also pledged towards repayment of the debt.

CITY OF WINOOSKI, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

**H. 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 Chittenden County Transportation Association (CCTA). The City could be subject to a portion, or all, of these entities' debt if these entities experience financial problems.

CITY OF WINOOSKI, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 VMERS DEFINED BENEFIT PLAN  
 JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Plan Net Pension Liability	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
City's Proportion of the Net Pension Liability	0.84733%	.97345%	.94419%
City's Proportionate Share of the Net Pension Liability	\$ 1,090,462	\$ 750,487	\$ 86,173
City's Covered Employee Payroll	\$ 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 Employee Payroll	82.742%	53.457%	5.592%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.95%	87.42%	98.32%
	as of June 30, 2016	as of June 30, 2015	as of June 30, 2014

**Notes to Schedule**

Valuation Dates: June 30, 2016, June 30, 2015 and 2014.

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

Benefit Changes: None.

Change in Assumptions: The actuarial assumptions regarding the incidence of maturity, terminations, retirements and disabilities were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2014.

CITY OF WINOOSKI, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 VMERS DEFINED BENEFIT PLAN  
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 123,812	\$ 128,779	\$ 135,187
Contributions in Relation to the Actuarially Determined Contributions	<u>(123,812)</u>	<u>(128,779)</u>	<u>(135,187)</u>
Contribution Excess/(Deficiency)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's Covered Employee Payroll	1,317,914	1,403,915	1,541,131
Contributions as a Percentage of City's Covered Employee Payroll	9.395%	9.173%	8.772%

**Notes to Schedule**

Valuation Dates: June 30, 2016, 2015 and 2014

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

CITY OF WINOOSKI, VERMONT  
GENERAL FUND  
SCHEDULE OF REVENUE AND EXPENDITURES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Adjusted Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenue:</b>				
Taxes	\$ 5,243,362	\$ 5,243,362	\$ 5,357,651	\$ 114,289
Charges for Services	56,500	56,500	84,632	28,132
Investment Income	4,000	4,000	8,343	4,343
Intergovernmental Income	571,533	571,533	511,717	(59,816)
Fees, Fines and Forfeits	146,000	146,000	184,564	38,564
Licenses and Permits	18,800	18,800	16,503	(2,297)
Other	<u>169,900</u>	<u>169,900</u>	<u>312,906</u>	<u>143,006</u>
 Total Revenue	 <u>6,210,095</u>	 <u>6,210,095</u>	 <u>6,476,316</u>	 <u>266,221</u>
<b>Expenditures:</b>				
Mayor & City Council	69,279	69,222	63,349	5,930
City Manager's Department	284,161	284,786	291,533	(7,372)
Legal Department	65,000	65,000	36,173	28,827
Administrative Services	561,617	561,303	535,322	26,295
Records Department	133,408	133,154	121,190	12,218
Planning/Zoning/Assessing	141,820	222,820	213,727	(71,907)
Fire Department	314,849	233,849	223,622	91,227
Police Department	2,259,922	2,259,922	2,446,832	(186,910)
Engineering Services	46,022	46,022	49,641	(3,619)
Public Works Department	558,746	552,691	495,263	63,483
Grounds & Facilities Department	525,724	531,779	421,224	104,500
Community Services	117,478	117,478	105,487	11,991
Pool Operation	48,000	48,000	38,011	9,989
Senior Citizens Center	51,109	51,109	45,926	5,183
Youth Programs	129,540	129,540	91,983	37,557
Library Department	210,902	210,902	177,431	33,471
Regional Programs	249,864	249,864	335,001	(85,137)
Capital Program	<u>442,654</u>	<u>442,654</u>	<u>582,804</u>	<u>(140,150)</u>
 Total Expenditures	 <u>6,210,095</u>	 <u>6,210,095</u>	 <u>6,274,519</u>	 <u>(64,424)</u>
 Excess of Revenue Over Expenditures	 <u>\$ 0</u>	 <u>\$ 0</u>	 201,797	 <u>\$ 201,797</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				
Expenditures of other funds combined with the General Fund			(431,791)	
Revenues of other funds combined with the General Fund			401,763	
Intrafund Transfers from Other Funds Combined with General Fund - Included in General Fund Revenue			(27,733)	
Transfers Out of Other Funds Combined with General Fund			<u>83,262</u>	
 Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses - Exhibit D			 <u>\$ 227,298</u>	

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

CITY OF WINOOSKI, VERMONT  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2017

	Special Revenue Funds				
	Community Center Fund	Justice Center Fund	Asset Forfeitures Fund	JAG Fund	Total
<u>ASSETS</u>					
Cash	\$ 0	\$ 220	\$ 3,000	\$ 0	\$ 3,220
Receivables	2,887	0	0	0	2,887
Due From Other Funds	187,241	60,647	804	0	248,692
Prepaid Expenses	1,225	0	0	0	1,225
<b>TOTAL ASSETS</b>	<b>\$ 191,353</b>	<b>\$ 60,867</b>	<b>\$ 3,804</b>	<b>\$ 0</b>	<b>\$ 256,024</b>
<u>LIABILITIES</u>					
Accounts Payable	\$ 9,045	\$ 5,131	\$ 0	\$ 0	14,176
Accrued Payroll	0	5,064	0	0	\$ 5,064
Unearned Revenue	0	50,522	0	0	50,522
<b>Total Liabilities</b>	<b>9,045</b>	<b>60,717</b>	<b>0</b>	<b>0</b>	<b>69,762</b>
<u>FUND BALANCES</u>					
Nonspendable	1,225	0	0	0	1,225
Restricted	0	150	3,804	0	3,954
Assigned	181,083	0	0	0	181,083
<b>Total Fund Balances</b>	<b>182,308</b>	<b>150</b>	<b>3,804</b>	<b>0</b>	<b>186,262</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 191,353</b>	<b>\$ 60,867</b>	<b>\$ 3,804</b>	<b>\$ 0</b>	<b>\$ 256,024</b>

See Disclaimer in the Accompanying Independent Auditor's Report.

CITY OF WINOOSKI, VERMONT  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				Total
	Community Center Fund	Justice Center Fund	Asset Forfeitures Fund	JAG Fund	
Revenue:					
Intergovernmental	\$ 7,800	\$ 145,162	\$ 9,273	\$ 10,392	\$ 172,627
Donations	0	1,322	0	0	1,322
Rent & Lease Income	285,212	0	0	0	285,212
Other	0	281	1,330	0	1,611
Total Revenue	<u>293,012</u>	<u>146,765</u>	<u>10,603</u>	<u>10,392</u>	<u>460,772</u>
Expenditures:					
Public Safety	0	158,998	7,345	0	166,343
Public Buildings and Facilities	142,576	0	0	0	142,576
Capital Outlay:					
Public Safety	0	0	0	10,392	10,392
Debt Service:					
Bond and Note Principal	110,000	0	0	0	110,000
Interest	62,878	0	0	0	62,878
Total Expenditures	<u>315,454</u>	<u>158,998</u>	<u>7,345</u>	<u>10,392</u>	<u>492,189</u>
Excess/(Deficiency) of Revenue Over Expenditures	<u>(22,442)</u>	<u>(12,233)</u>	<u>3,258</u>	<u>0</u>	<u>(31,417)</u>
Other Financing Sources:					
Transfers In	0	11,611	0	0	11,611
Total Other Financing Sources	<u>0</u>	<u>11,611</u>	<u>0</u>	<u>0</u>	<u>11,611</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures and and Other Financing/(Uses)	(22,442)	(622)	3,258	0	(19,806)
Fund Balances - July 1, 2016	<u>204,750</u>	<u>772</u>	<u>546</u>	<u>0</u>	<u>206,068</u>
Fund Balances - June 30, 2017	<u>\$ 182,308</u>	<u>\$ 150</u>	<u>\$ 3,804</u>	<u>\$ 0</u>	<u>\$ 186,262</u>

See Disclaimer in the Accompanying Independent Auditor's Report.

CITY OF WINOOSKI, VERMONT  
PARKING FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

	<u>Parking Garage Fund</u>	<u>On-Street Meters Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 0	\$ 0	\$ 0
Receivables (Net of Allowance for Uncollectibles)	3,883	0	3,883
Due from Other Funds	808,398	200,017	1,008,415
Prepaid Expenses	<u>4,566</u>	<u>0</u>	<u>4,566</u>
Total Current Assets	<u>816,847</u>	<u>200,017</u>	<u>1,016,864</u>
Noncurrent Assets:			
Capital Assets:			
Land	569,969	0	569,969
Machinery and Equipment	279,225	137,198	416,423
Buildings, Distribution/Collection Systems & Improvements	15,284,213	0	15,284,213
Less: Accumulated Depreciation	<u>(3,884,614)</u>	<u>(45,885)</u>	<u>(3,930,499)</u>
Total Noncurrent Assets	<u>12,248,793</u>	<u>91,313</u>	<u>12,340,106</u>
Total Assets	<u>13,065,640</u>	<u>291,330</u>	<u>13,356,970</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflow - Pension Participation in VMERS	<u>10,806</u>	<u>0</u>	<u>10,806</u>
Total Deferred Outflows of Resources	<u>10,806</u>	<u>0</u>	<u>10,806</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 13,076,446</u>	<u>\$ 291,330</u>	<u>\$ 13,367,776</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 39,445	\$ 4,949	\$ 44,394
Accrued Payroll and Benefits Payable	6,197	0	6,197
Unearned Revenue - Current Portion	<u>107,997</u>	<u>0</u>	<u>107,997</u>
Total Current Liabilities	<u>153,639</u>	<u>4,949</u>	<u>158,588</u>
Noncurrent Liabilities:			
Compensated Absences Payable	4,336	0	4,336
Net Pension Liability	17,291	0	17,291
Unearned Revenue - Noncurrent Portion	<u>415,385</u>	<u>0</u>	<u>415,385</u>
Total Noncurrent Liabilities	<u>437,012</u>	<u>0</u>	<u>437,012</u>
Total Liabilities	<u>590,651</u>	<u>4,949</u>	<u>595,600</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflow - Pension Participation in VMERS	<u>1,014</u>	<u>0</u>	<u>1,014</u>
Total Deferred Inflows of Resources	<u>1,014</u>	<u>0</u>	<u>1,014</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	12,248,793	91,313	12,340,106
Unrestricted	<u>235,988</u>	<u>195,068</u>	<u>431,056</u>
Total Net Position	<u>12,484,781</u>	<u>286,381</u>	<u>12,771,162</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 13,076,446</u>	<u>\$ 291,330</u>	<u>\$ 13,367,776</u>

See Disclaimer in the Accompanying Independent Auditor's Report.



CITY OF WINOOSKI, VERMONT  
PARKING FUND  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Parking Garage Fund</u>	<u>On-Street Meters Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for Service	\$ <u>665,371</u>	\$ <u>300,706</u>	\$ <u>966,077</u>
Total Operating Revenue	<u>665,371</u>	<u>300,706</u>	<u>966,077</u>
Operating Expenses:			
Salaries and Benefits	152,796	0	152,796
Purchased Services	33,830	73,562	107,392
Repairs and Maintenance	119,858	18,037	137,895
Electricity and Fuel	33,777	0	33,777
Administration	34,656	77,978	112,634
Other	170,801	33,322	204,123
Depreciation	<u>334,840</u>	<u>22,293</u>	<u>357,133</u>
Total Operating Expenses	<u>880,558</u>	<u>225,192</u>	<u>1,105,750</u>
Operating Income/(Loss)	<u>(215,187)</u>	<u>75,514</u>	<u>(139,673)</u>
Non-Operating Revenues/(Expenses):			
Interest Expense	<u>0</u>	<u>(1,617)</u>	<u>(1,617)</u>
Total Non-Operating Revenues/(Expenses)	<u>0</u>	<u>(1,617)</u>	<u>(1,617)</u>
Net Income/(Loss) Before Transfers	(215,187)	73,897	(141,290)
Transfers Out	<u>(89,741)</u>	<u>0</u>	<u>(89,741)</u>
Change in Net Position	(304,928)	73,897	(231,031)
Net Position - July 1, 2016	<u>12,789,709</u>	<u>212,484</u>	<u>13,002,193</u>
Net Position - June 30, 2017	<u>\$ 12,484,781</u>	<u>\$ 286,381</u>	<u>\$ 12,771,162</u>

See Disclaimer in the Accompanying Independent Auditor's Report.

# Sullivan, Powers & Co., P.C.

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VT Lic. #92-000180

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

Honorable City Council  
City of Winooski  
27 West Allen Street  
Winooski, Vermont 05404

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 City of Winooski, Vermont as of and for the year ended June 30, 2017, 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 19, 2017.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the City of Winooski, Vermont's internal control over financial reporting 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Winooski, Vermont's internal control over financial reporting.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

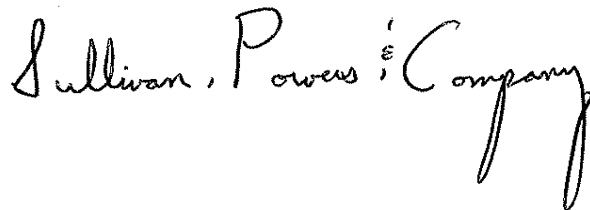
As part of obtaining reasonable assurance about whether the City of Winooski, Vermont's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

However, we noted other matters that we reported in a separate letter to the management of the City of Winooski, Vermont dated December 19, 2017.

### ***Purpose of this Report***

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

December 19, 2017  
Montpelier, Vermont  
VT Lic. #92-000180

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