CITY OF MONTPELIER MONTPELIER, VERMONT

Agenda for City Council Meeting
Wednesday, January 9, 2013
06:30 P.M.

1) 13-009. Call to Order by the Mayor

2) 13-010. General Business and Appearances

3) 13-011. Consideration of the Consent Agenda:

   a) Approve minutes from the City Council's December 18, 2012, and January 2, 2013 Meetings.

   b) Approve the purchase of a new survey grade GPS and authorize the City Manager to execute the purchase order in the amount of $13,950 from Maine Technical Source on behalf of the City.

      1) The Department of Public Works has a need to replace the six year old GPS unit to facilitate work on infrastructure and sidewalk mapping to establish maintenance tracking for the City of Montpelier.

      2) The proposed funding for the GPS will consist of $3,000 from the ADA Fund (to be voted on by the ADA Committee on January 8th), with the remaining amount of $10,950 budgeted from the Equipment Fund, for a total of $13,950. The proposed GPS system is a demo product and would cost $24,000 new. Competitive quotes were received for various GPS systems and the proposal from Maine Technical Source was found to be the most appropriate at the lowest price.

c) Approve updates to The City of Montpelier Title VI and Disadvantage Business Enterprise (DBE) plan and policy.

1) The City of Montpelier Title VI and DBE plan and policy were adopted by City Council on April 13, 2005, as a requirement of FTA funds earmarked for the Carr Lot Project, specifically Title VI of the Civil Rights Act of 1964 and the Civil Rights Restoration Act of 1978.

2) The City of Montpelier is required to periodically update its policies to reflect changes in federal legislation. The current policy update includes planning and provisions and strategies of inclusive public participation of minority, low income, and Limited English Proficiency (LEP) populations. Compliance is required in order to limit possible drawdown restrictions on FTA funds.

3) This item was placed on the November 14th, 2012 agenda but questions were raised at that time; those questions have been answered.

d) Payroll and Bills

4) 13-012. Consideration of appointments to Montpelier's Business Loan Fund Committee.

a) Two, 2-year terms expire this month: Claude Stone's and Beth Boutin's.

b) Staff advertised; the only responses received were from Claude and Beth, both seeking reappointment.

c) Recommendation: Reappoint Claude Stone and Beth Boutin to another 2-year term on Montpelier's Business Loan Fund Committee; said terms will expire in January, 2015.

5) <u>13-013. Receive FY 2012 Audit Report</u>

5) <u>13-013. Receive FY 2012 Audit Report</u>

6) <u>13-014. Conduct First Public Hearing on Proposed FY14 Municipal Budget</u>

a) The City Manager presented a recommended budget on December 12th, 2012.

b) The Council conducted "budget workshops" as part of their meetings held on December 18th, 2012, and January 2nd, 2013.

c) The proposed budget requires a two cent increase in the municipal tax rate (two cents for Capital Projects and Equipment Purchases).

d) Recommendation: Present budget to public; conduct public hearing; provide direction to staff as necessary.

7) 13-015. Consideration of a Necessity Resolution for the financing of sidewalks, retaining walls and storm drains and culverts in an amount not to exceed $710,000.

8) 13-016. Consideration of a Necessity Resolution for the financing of sewer line improvements in and around River Street in an amount not to exceed $670,000.

11) 13-019. Receive the final presentation for the Downtown Improvement District that the Montpelier Alive Board of Directors has formulated.

a) Board Members are currently out in the community talking with business owners and property owners about the proposal, a copy of which is attached.

b) The goal of this presentation is to ask the Council to put this proposal on the ballot for Town Meeting Day.

c) Recommendation: Receive presentation; opportunity for discussion; direction to staff.

7) 13-015. Consideration of a Necessity Resolution for the financing of sidewalks, retaining walls and storm drains and culverts in an amount not to exceed $710,000.

9) 13-017. Conduct First Public Hearing on Warning for March 5, 2013 Annual City Meeting.

a) A draft warning of ballot items for the Annual City Meeting is being prepared and will be available in advance of the meeting.

b) Recommendation: Conduct Public Hearing; provide direction to staff as necessary.

10) <u>13-018. Set date, time and location for Annual City Meeting</u>

a) Recommendation: Set date for the Annual City Meeting on Tuesday, March 5th, 2013, from 7:00 A.M. to 7:00 P.M. in the City Hall Auditorium.

12) <u>13-020. Consideration of a VTrans Transportation Alternatives Grant.</u>

a) The Planning Department would like to apply to VTrans for a Transportation Alternatives Grant to further the City Council's goal of becoming a nationally recognized bicycle and pedestrian friendly city.

b) A concept paper for the grant application is attached. The match requirement is 20%.

c) Action requested: Approve grant application.

13) <u>13-021. Consideration of a National Endowment for the Arts Our Town Grant.</u>

a) The Planning Department has been working with Vermont College of Fine Arts (VCFA) and the arts community to develop a proposal for the Our Town Grant made available by the National Endowment for the Arts to further the Council's goal of creating an environment where businesses thrive throughout Montpelier.

b) A concept paper for the grant application is attached. The match requirement is 50%, and will be provided by VCFA.

c) Action requested: Approve grant application.

14) 13-022. Reports by City Council

15) 13-023. Mayor's Report

16) 13-024. Report by the City Clerk

17) 13-025. Status Reports by the City Manager

18) 13-026. Agenda Reports by the City Manager

Adjournment

VTrans Transportation Alternatives Grant
Concept Paper

Need

One of the hallmarks of a thriving, livable community is a network of streets that are on a human scale and enable safe access for pedestrian and bicycle transit. Montpelier residents agree—in a 2004 study conducted in the city, 75% of the 1000+ respondents said that safe bicycle transportation should be provided on major travel routes. However, in the last century, the engineering of streets has focused on the needs of automobile, much to the detriment of pedestrian and bicycle transit. The city has made noticeable progress over the last several years to provide facilities for pedestrians and bicyclists through measures such as sidewalk extensions and traffic calming. However, a considerable portion of the street network is still not very safe for walking and bicycling, including major arteries such as Elm St./VT Rt. 12 and U.S. Route 2.

Goal

Realizing the importance of creating a high-quality pedestrian and bicycle network for Montpelier, the 2012-13 City Council has set the goal of becoming a nationally recognized bike and pedestrian friendly city. In November of 2012, the Mayor organized a city-wide Bike Summit to engage citizen participation to help define the steps that the city should take to improve its bicycling network. One of the outcomes of the summit was the creation of a Bike Advisory Committee that has been with tasked advising City Council on measures to improve bicycling access and safety. The city also has an active ADA Committee, as well as a citizen group initiative known as Sidewalk Stewards, which monitors sidewalk conditions and advocates for pedestrians.

Objective

To identify and guide future improvements in the city's bicycle and pedestrian network, especially concerning greater access and safety, the City proposes the creation of a Bicycle and Pedestrian Master Plan. The Bike and Pedestrian Master Plan will be written in concert with Vermont's Complete Streets Legislation and establish a Complete Streets Plan for Montpelier, in order to facilitate the development of roadway networks that are designed to accommodate all users. The Bike and Pedestrian Plan will greatly enhance the realization of key objectives from city's overall Master Plan including:

- By 2015, increase the number of Montpelier residents who commute by walking or bicycling, increasing by 40 percent by 2040

- By 2015, Montpelier maintains safe, quality roadways, sidewalks, and bike paths.

Strategy

We plan to hire a consultant to guide the process of creating a Bike and Pedestrian Master Plan for the city through a comprehensive feasibility study, which will effectively map out a vision for future improvements. Public participation will also be an essential part of the process.

Activities

We have identified key aspects of a feasibility study that are essential to guiding the creation of a Bike and Pedestrian Master Plan:

- Establish an inventory of bike and pedestrian facilities and document their existing conditions;
- Identify destinations not served well by existing facilities;
- Recommend improvements, prioritizing areas that are heavily traveled and/or pose safety hazards, downtown area, routes with greatest benefit for bicycle commuters, and routes suitable for families and recreational cyclists;
- Identify accommodations needed for novice cyclists;
- Provide cost estimates for recommended improvements and split into a multi-step implementation plan so that work can be integrated into repave jobs and pieces can be implemented according to available funds in future budgets. "bite-sized" chunks;
- Map routes through town that can be enhanced with minimum improvement cost such as those that can be improved with signage, paint & enforcement;
- Create a map of what the overall completed network would include, to provide a longer term vision for the project as a whole;
- Prioritize connectivity to schools, parks, and the downtown corridor, the planned multimodal transit center, park & rides and the bus stops;
- Prioritize regional connectivity with other bike and pedestrian networks such as the Cross Vermont Trail, the Central Vermont Regional Path, and the bike trails in city parks;
- Identify locations for increased bike parking and secure overnight bike storage;
- Minimize the loss of automobile parking;
- Ensure compliance with ADA to accommodate handicapped pedestrians;
- Complete a draft Complete Streets ordinance;
- Document potential improvements' impact on stormwater management and strategies to mitigate stormwater runoff;
- Link recommendations with a city-wide Recreational Plan;
- Engage in public participation activities such as convening an annual bike and pedestrian summit to continue the efforts to pursue national recognition;
- Identify potential permits associated with the improvements;

- Conduct three public meetings to present the proposed plan and receive comments; and
- Identify areas where R.O.W. acquisition would be recommended as part of the Bike and pedestrian master plan.

Outcomes

Through the completion of a feasibility study, the city will have a prioritized plan to guide future development and improvements to Montpelier's bike and pedestrian network. Cost estimates will enable City Council and the City Manager to understand the impact of instituting such improvements on the city's budget. By following such a roadmap, the city will improve safety, traffic congestion, and quality of life in the city, and will firmly be on the path toward becoming and nationally recognized bike and pedestrian friendly city.

Budget

$60,000

The match would fall between $10,000 and $12,000. According to Bill Fraser, "given the potential in-kind opportunities and our cash reserves, we should not have difficulty meeting the match requirement."

CITY OF MONTPELIER
MONTPELIER, VERMONT

Addendum to Agenda
January 9, 2013

13-021A. Charge to the Montpelier Bicycle Advisory Committee

a) Mayor Hollar requested that this item be added to this agenda.

b) The proposed charge for the Bicycle Advisory Committee is as follows:

1. To gather information and opinions about bicycle-related issues from people who live, work or bike in the city, and from model programs in other cities.

2. To recommend policies and actions by the city that will promote bicycling for all purposes and that will provide safe and convenient access to all parts of the community via bicycle.

3. To advise the city in its pursuit of Bicycle Friendly Community designation.

c) The Committee currently includes representatives from the Police and Planning Departments, the business community and the education community.

d) Recommendation: Discussion; approve the charge with, or without, amendments.

CITY OF MONTPELIER, VERMONT

Financial Statements and Schedules

June 30, 2012

(With Independent Auditors' Report Thereon)

Love, Cody & Company, CPAs

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Love, Cody & Company, CPAs

Independent Auditors' Report

The City Council
City of Montpelier, Vermont

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Montpelier, Vermont as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Montpelier, Vermont's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Montpelier, Vermont, as of June 30, 2012, and the respective budgetary comparison for the General Fund, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2013 on our consideration of the City of Montpelier, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and the schedule of funding progress, on page 50 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

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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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Montpelier, Vermont's financial statements as a whole. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Love, Cody & Company, CPAs, P.C.

January 4, 2013

Vt. Reg. #357

SECTION I

FINANCIAL SECTION

Our discussion and analysis of the City of Montpelier, Vermont's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the City's financial statements which begin on Exhibit A.

Financial Highlights

Government-Wide Statements

Net assets of the governmental activities increased by $3,041,072 or 17 percent. Net assets of the business-type activities increased by $573,109 or 3 percent. The City's total net assets increased by $3,614,181 as a result of this year's operations. This increase is the result of a large amount of capital grant, operating grant and contribution revenue.

The cost of all of the City's programs was $16,975,707 in fiscal year 2012 compared to $16,541,165 in fiscal year 2011, which is approximately a 3% increase. Total revenue for all the City's programs also increased from $18,607,279 in 2011 compared to $20,387,744 in 2012, which is a 9.6% increase from the previous year. This increase in revenue is related to the capital and operating grant activities in public safety, public works, culture and recreation and community development.

Fund Statements

During fiscal year 2012, the General Fund reported a net reduction in the fund balance of $23,522

The General Fund balances totaled $1,619,523 as of June 30, 2012. The fund balances that are nonspendable, restricted, committed and assigned totaled $655,382 of June 30, 2012. These fund balances are either nonspendable or have spending constraints placed on the purposes for which they can be used. This leaves an unassigned fund balance of $964,141 which is $152,260 lower than the prior year's unassigned fund balance.

The Community Development Fund ended the year with a restricted and committed fund balance of $459,549, which was $37,462 higher than the prior year fund balance of $422,087. This fund balance is reserved by various sources for Community Development programs and activities.

The Capital Projects Fund ended the year with a fund balance of $777,178 which was $1,192,094 lower than the prior year fund balance of $1,969,272. $592,641 of these funds are restricted by bonding constraints and impact fee ordinances. This leaves a committed/assigned fund balance of $184,537 for various capital improvement projects. Much of this decrease in the Capital Projects fund balance is the result of the completion of the 58 Barre Street renovation project.

Other nonmajor governmental funds ended the year with a fund balance of $1,002,502, which was $460,269 lower than the prior year fund balance of $1,462,771. Much of this decrease was the reduction in Senior Center Donations for the 58 Barre Street project. $451,035 of these funds are Non-Expendable by Trust Agreements. $523,765 of these funds are restricted by donations and permanent funds.

The Water Fund ended the year with net assets of $8,821,390 which was $85,534 more than the prior year balance of $8,735,856. Of the total net asset balance, $9,275,130 is invested in property and equipment. This leaves an unrestricted deficit of $453,740 to be recovered in future periods. This unrestricted deficit is $165,493 less than the $619,233 unrestricted deficit as of June 30, 2011. $297,500 of this unrestricted deficit is debt related to the refinancing of the unfunded pension liability. Principal repayments on this debt are not due until November, 2017.

The Sewer Fund ended the year with net assets of $11,441,907, which was $515,425 higher than the prior year balance of $10,926,482. Of the total net asset balance, $11,407,907 is invested in property and equipment. This leaves an unrestricted net assets balance of $34,091. Included in this balance is $402,500 in debt related to the refinancing of the unfunded pension liability. Principal repayments on this debt are not due until November, 2017.

The Parking Fund ended the year with net assets of $290,222, which was $27,850 lower than the prior year balance of $317,872. Of the total net asset balance, $359,832 is invested in property and equipment and $2,417 is restricted for various projects. This leaves a deficit of $72,227 to be recovered in future periods. Included in this deficit is $192,500 in debt related to the refinancing of the unfunded pension liability. Principal repayments on this debt are not due until November, 2017.

Using This Annual Report

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

Reporting the City as a Whole

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

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

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

Governmental activities - Most of the City's basic services are reported here, including the police, fire, public works, and parks departments, and general administration. Property taxes, franchise fees, and state and federal grants finance most of these activities.

Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer and parking activities are reported here.

Reporting the City's Most Significant Funds

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

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds on the exhibits that follow each financial statement.

Proprietary funds - When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The City as a Whole

The City's combined net assets increased by $3,614,181 from a year ago - increasing from $37,472,460 to $41,086,641. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1
Net Assets

		June 30, 2012			*June 30, 2011*		
		Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	$	6,317,659	715,829	7,033,488	8,179,945	397,502	8,577,447
Capital assets		22,958,068	35,817,293	58,775,361	18,594,888	36,759,161	55,354,049
Total assets		29,275,727	36,533,122	65,808,849	26,774,833	37,156,663	63,931,496
Long term liabilities		7,494,327	15,767,516	23,261,843	8,008,432	16,875,937	24,884,369
Other liabilities		1,248,078	212,287	1,460,365	1,274,151	300,516	1,574,667
Total liabilities		8,742,405	15,979,803	24,722,208	9,282,583	17,176,453	26,459,036
Net assets:							
Invested in capital assets, net of debt		19,337,797	21,042,778	40,380,575	14,683,993	20,747,341	35,431,334
Restricted		2,051,598	2,417	2,054,015	2,317,555	41,170	2,358,725
Unrestricted		(856,073)	(491,876)	(1,347,949)	490,702	(808,301)	(317,599)
Total net assets	$	20,533,322	20,553,319	41,086,641	17,492,250	19,980,210	37,472,460

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

Net assets of the City's governmental activities increased $3,041,072 or 17% ($20,533,322 compared to $17,492,250). This increase is the result of a large amount of capital grants for storm-related damages and district heat initiatives.

Net assets of the business-type activities increased by $573,109 ($20,553,319 compared to $19,980,210, or 3 percent). This increase is due to $282,000 a operations surplus, insurance proceeds from wastewater treatment plant flood damage and Federal ARRA/Stimulus Funds that were received for Sewer Fund projects.

Table 2
Change in Net Assets

	June 30, 2012			June 30, 2011		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
REVENUES:						
Program revenues:						
Charges for services	$ 954,703	6,397,323	7,352,026	966,684	6,371,444	7,338,128
Operating grants and contributions	1,931,796	0	1,931,796	1,573,857	0	1,573,857
Capital grants and contributions	2,724,031	133,541	2,857,572	983,264	435,646	1,418,910
General Revenues:			0			0
Property taxes, penalties and interest	7,124,124	0	7,124,124	7,099,779	0	7,099,779
Payment in lieu of taxes	964,912	0	964,912	930,233	0	930,233
Unrestricted investment earnings	88,998	0	88,998	138,241	0	138,241
Gain (loss) on sale of capital assets	8,328	(321)	8,007	22,616	0	22,616
Other revenues	54,709	0	54,709	79,630	0	79,630
Contributions to permanent endowments	5,600	0	5,600	5,885	0	5,885
Total revenues	13,857,201	6,530,543	20,387,744	11,800,189	6,807,090	18,607,279
PROGRAM EXPENSES:						
General government	1,797,853	0	1,797,853	1,744,867	0	1,744,867
Public safely	4,410,840	0	4,410,840	4,252,181	0	4,252,181
Public works	2,608,649	0	2,608,649	2,520,455	0	2,520,455
Culture and recreation	1,348,697	0	1,348,697	1,222,259	0	1,222,259
Community development	296,673	0	296,673	164,086	0	164,086
Cemetery	173,854	0	173,854	178,350	0	178,350
MontpelierNet	0	0	0	2,664	0	2,664
Interest on long-term debt	233,305	0	233,305	248,767	0	248,767
Water	0	2,254,147	2,254,147	0	2,353,052	2,353,052
Sewer	0	3,159,956	3,159,956	0	3,183,746	3,183,746
Parking	0	691,733	691,733	0	670,738	670,738
Total program expenses	10,869,871	6,105,836	16,975,707	10,333,629	6,207,536	16,541,165
Excess before special item and transfers	2,987,330	424,707	3,412,037	1,466,560	599,554	2,066,114
Flood/Fire Insurance Proceeds	43,742	158,402	202,144	851,846	0	851,846
Property transfer to Housing LP	0	0	0	(180,000)	0	(180,000)
Capital Asset Impairment	0	0	0	0	(12,466)	(12,466)
Transfers	10,000	(10,000)	0	9,700	(9,700)	0
Increase (decrease) in net assets	$ 3,041,072	573,109	3,614,181	2,148,106	577,388	2,725,494

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

Governmental Activities

The City's tax rate increased from $0.8350 to $0.8480 per $100 of assessed value from fiscal year 2011 to fiscal year 2012.

Table 3 presents the cost of each of the City's eight largest programs - general government, public safety, public works, culture and recreation, community development, water, sewer and parking - as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the

City's taxpayers by each of these functions.

Table 3
Costs of Programs

		June 30, 2012				June 30, 2011			
		Governmental Activities		Business-type Activities		Governmental Activities		Business-type Activities	
		Total Cost of Services	Net Revenues (Cost) of Services	Total Cost of Services	Net Revenues (Cost) of Services	Total Cost of Services	Net Revenues (Cost) of Services	Total Cost of Services	Net Revenues (Cost) of Services
General government	$	1,797,853	(1,364,405)	0	0	1,744,867	(1,348,242)	0	0
Public safely		4,410,840	(3,611,000)	0	0	4,252,181	(3,417,280)	0	0
Public works		2,608,649	492,735	0	0	2,520,455	(1,070,715)	0	0
Culture and recreation		1,348,697	(711,608)	0	0	1,222,259	(682,986)	0	0
Community development		296,673	301,354	0	0	164,086	109,251	0	0
Water		0	0	2,254,147	85,534	0	0	2,353,052	(30,178)
Sewer		0	0	3,159,956	357,344	0	0	3,183,746	630,825
Parking		0	0	691,733	(17,850)	0	0	670,738	(1,093)
All others		407,159	(366,417)	0	0	429,781	(399,852)	0	0
Totals	$	10,869,871	(5,259,341)	6,105,836	425,028	10,333,629	(6,809,824)	6,207,536	599,554

The City's Funds

As the City completed the year, its governmental funds (as presented in the Balance Sheet on Exhibit C) reported a combined fund balance of $3,858,752 which is lower than last year's total of $5,497,175. Included in this year's total change in fund balance are a decrease of $23,522 in the City's General Fund; an increase of $37,462 in the Community Development Fund; a decrease of 1,192,094 in the Capital Projects Fund and a decrease of $460,260 in Other Governmental Funds. The decrease in City Funds is primarily due to the use of capital and donated funds to complete the renovation of the 58 Barre Street property.

General Fund Budgetary Highlights

The Excess (deficiency) of Revenues Over Expenditures for the year ending June 30, 2012 is ($27,318).

Revenue is $149,270 less than budgeted. Although there are many variances in revenue line items, overall, this shortfall in revenue reflects the City Council's decision to use $149,275 of prior year fund balance in the FY12 budget.

Expenditures exceed the budget by $121,952 (as presented in Exhibit F). Some of the significant unbudgeted expenditures are; $68,080 in Police Salaries and Overtime which is due to a change in the timing of holiday payout. The $64,799 overage in Small Equipment is partially offset by grant funds. The retirement of the City Clerk and Assistant City Manager increases salary expenditures by approximately $36,000. Also, the expenditure of $27,062 for a Capital Needs Assessment contract is not included in the original budget. Savings of $68,069 in Fire/EMS Salaries help offset these overages in expenditures.

Employee health insurance costs are lower than anticipated and $33,000 in funds are set aside (committed) for possible, future health reimbursement arrangement overages.

The unassigned fund balance decreases from $1,116,401 on June 30, 2011 to $964,141 on June 30, 2012. This $152,260 reduction is due to the fiscal year's $27,318 deficit, other financing sources (the sale of equipment) of $3,796 and an increase of $128,738 in non-spendable, restricted and committed funds. The City of Montpelier's Fund Balance Policy sets a goal of an Unassigned Fund Balance that is 15% of budgeted General Fund Expenditures.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2012, the City has $58,775,361 compared to $55,354,049 at June 30, 2011 invested in a broad range of capital assets, including police, fire, and department of public works equipment, buildings, park facilities, roads, bridges, and sewer lines. (See Table 4 below) This amount represents a net increase (including additions and deductions) of $3,421,312 over last year. This increase is related to two projects (District Energy and 58 Barre Street Renovations) that are construction in progress. Also, substantial repairs to streets damaged in 2010 storms and the completion of a flood mitigation project added to the city's capital assets.

Table 4
Capital Assets at Year-End
(Net of Depreciation)

		June 30, 2012			*June 30, 2011*		
		Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
Land	$	742,050	250,672	992,722	742,050	250,672	992,722
Capital improvements and equipment		19,271,741	35,566,621	54,838,362	16,758,785	36,508,489	53,267,274
Construction in progress		2,944,277	-	2,944,277	1,094,053	-	1,094,053
Totals	$	22,958,068	35,817,293	58,775,361	18,594,888	36,759,161	55,354,049

This year's major additions included:

Senior Center Building Renovations	$ 1,613,409
Computer equipment	17,140
Police vehicle	20,957
Police - Equipment	19,185
Infrastructure	3,598,114
Cemetery - Vehicle	63,471
Water - 1/2 shared vehicle	10,597
Sewer - 1/2 shared vehicle	10,598
Sewer treatment improvements	37,912
Sewer - equipment	11,474
Parking - Infrastructure Improvements	38,753
Parking - equipment	12,500
	$ 5,454,110

Long Term - Debt

At June 30, 2012, the City has $22,812,377 in bonds and notes outstanding versus $24,459,616 on June 30, 2011 - a decrease of $1,647,239 - as shown in Table 5.

Table 5

Outstanding Debt at Year-End

		Balance at June 30, 2011	Additions	Payments	Balance at June 30, 2012
Notes, capital leases and bonds payable:					
Governmental activities	$	7,687,488	35,000	577,126	7,145,362
Proprietary Funds		16,772,128	0	1,105,113	15,667,015
Totals	$	24,459,616	35,000	1,682,239	22,812,377

New debt resulted from a loan for equipment to be used by the cemetery.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials consider economic factors and the community's priorities when setting the fiscal year 2013 budget, tax rates, and fees that will be charged for the business-type activities.

In recent years, the City of Montpelier's budgets contained no appreciable annual revenue growth or increase in taxable property. Annually, costs rise and demands for services remain. In difficult economic times the need for local government services often increases and winter weather-related expenditures occur regardless of economic climate. The combination of a slow-growing economy, little growth in the grand list and Montpelier's relatively high property tax rates, has resulted in decisions to defer capital improvements, maintenance and equipment replacement. The primary goal of the 2013 Budget is to increase equipment funding, increase capital funding, maintain all services at present levels while holding the tax rate and costs at or below inflation.

Economic factors considered include the unemployment in the City, which stood at 4.1% (August 2011) compared with 5.3% (August 2010). Also considered was the Consumer Price Index percent change over one year (August 2010-August 2011) which was 3.8%.

The 2013 budget maintained funding and staffing levels in Police, Planning, Parks and Roads while increasing the capital plan for infrastructure improvements. The municipal budget requires a three cent tax rate increase which, at 3.9% is consistent with the 3.8% inflation rate for 2011.

Looking ahead, the City is partnering with federal and state agencies to study flood mitigation measures to alleviate the threat of damages due to ice-jam flooding of the Winooski River in the downtown area. The installation of flood gauges significantly improves the City's ability to monitor the river water levels. A new flood mitigation project, which was completed in March of 2012, will reduce risk of ice-jam flooding.

As for the City's business-type activities, water and sewer rates increase 3% effective July 1, 2012. The combination of users' water conservation and the lack of growth in numbers of users provide challenges to the Water and Sewer Funds. The Water and Sewer Rate Committee is managing the rate structure to assure annual revenues will be generated to cover all costs and eliminate previous years' deficits. As of June 30, 2012 the Sewer Fund has a positive Unrestricted Net Assets for the first time since 2006.

Current quarterly water rates are as follows: $7.73 per 1,000 for the first 50,000 gallons, $8.21 per 1,000 for the next 200,000 gallons, $13.32 per 1,000 for over $250,000 gallons and a fixed charge for all accounts for meter reading, billing and other administrative service costs of $36.00.

Current quarterly sewer rates are as follows: $8.72 per 1,000 gallons of water used and a fixed charge for all for meter reading, billing and other administrative service costs of $31.00.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Finance Office at the City of Montpelier, 39 Main Street, Suite 6, Montpelier, VT 05602.

BASIC FINANCIAL STATEMENTS

Exhibit A

CITY OF MONTPELIER, VERMONT
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash	$ 1,512,242	$ 50	$ 1,512,292
Investments	996,315	0	996,315
Receivables (net of allowance for uncollectibles)	1,745,402	1,319,854	3,065,256
Loans receivable	1,051,709	0	1,051,709
Note receivable	150,103	0	150,103
Deposits	0	1,600	1,600
Prepaid expenses	8,992	15,946	24,938
Inventories	145,549	85,726	231,275
Internal balances	707,347	(707,347)	0
Capital assets:			
Land	742,050	250,672	992,722
Construction in progress	2,944,277	0	2,944,277
Other capital assets, (net of accumulated depreciation)	19,271,741	35,566,621	54,838,362
Total assets	29,275,727	36,533,122	65,808,849
Liabilities:			
Accounts payable	869,661	98,798	968,459
Accrued payroll and related expenses	226,858	54,881	281,739
Deferred revenue	31,754	9,601	41,355
Accrued interest	45,296	49,007	94,303
OPEB obligation	74,509	0	74,509
Noncurrent liabilities:			
Due within one year	560,332	1,099,084	1,659,416
Due in more than one year	6,933,995	14,668,432	21,602,427
Total liabilities	8,742,405	15,979,803	24,722,208
Net assets:			
Invested in capital assets, net of related debt	19,337,797	21,042,778	40,380,575
Restricted	2,051,598	2,417	2,054,015
Unrestricted	(856,073)	(491,876)	(1,347,949)
Total net assets	$ 20,533,322	$ 20,553,319	$ 41,086,641

See accompanying notes to financial statements.

CITY OF MONTPELIER, VERMONT
Statement of Activities
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities:							
General government	$ 1,797,853	$ 234,315	$ 199,133	$ 0	$ (1,364,405)	$ 0	$ (1,364,405)
Public safety	4,410,840	494,842	304,998	0	(3,611,000)	0	(3,611,000)
Public works	2,608,649	132,354	302,999	2,666,031	492,735	0	492,735
Culture and recreation	1,348,697	61,572	517,517	58,000	(711,608)	0	(711,608)
Community development	296,673	0	598,027	0	301,354	0	301,354
Cemetery	173,854	31,620	9,122	0	(133,112)	0	(133,112)
Interest on long-term debt	233,305	0	0	0	(233,305)	0	(233,305)
Total governmental activities	10,869,871	954,703	1,931,796	2,724,031	(5,259,341)	0	(5,259,341)
Business-type activities:							
Water	2,254,147	2,339,681	0	0	0	85,534	85,534
Sewer	3,159,956	3,383,759	0	133,541	0	357,344	357,344
Parking	691,733	673,883	0	0	0	(17,850)	(17,850)
Total business-type activities	6,105,836	6,397,323	0	133,541	0	425,028	425,028
Total	$ 16,975,707	$ 7,352,026	$ 1,931,796	$ 2,857,572	(5,259,341)	425,028	(4,834,313)
General revenues:							
Property taxes, penalties and interest					7,124,124	0	7,124,124
Payment in lieu of taxes					964,912	0	964,912
Unrestricted investment earnings					88,998	0	88,998
Gain (loss) on sale of equipment					8,328	(321)	8,007
Insurance Proceeds					43,742	158,402	202,144
Other revenues					54,709	0	54,709
Contributions to Permanent Endowments					5,600	0	5,600
Transfers					10,000	(10,000)	0
Total general revenues, special item and transfers					8,300,413	148,081	8,448,494
Change in net assets					3,041,072	573,109	3,614,181
Net Assets - July 1, 2011					17,492,250	19,980,210	37,472,460
Net Assets - June 30, 2012					$ 20,533,322	$ 20,553,319	$ 41,086,641

See accompanying notes to financial statements.

Exhibit C

CITY OF MONTPELIER, VERMONT
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Community Development Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash	$ 1,134,263	$ 267,315	$ 0	$ 110,664	$ 1,512,242
Investments	0	0	0	996,315	996,315
Receivables (net of allowance for uncollectibles)	308,199	0	1,339,186	98,017	1,745,402
Interfund loans receivable	0	174,850	0	0	174,850
Loans (net of allowance for uncollectibles)	0	782,709	0	269,000	1,051,709
Note receivable	150,103	0	0	0	150,103
Prepaid expenses	8,992	0	0	0	8,992
Inventories	145,549	0	0	0	145,549
Due from other funds	576,178	0	114,176	472,536	1,162,890
Total assets	$ 2,323,284	$ 1,224,874	$ 1,453,362	$ 1,946,532	$ 6,948,052
Liabilities:					
Accounts payable	$ 354,989	$ 0	$ 482,991	$ 31,681	$ 869,661
Accrued payroll and related expenses	213,902	0	0	12,956	226,858
Deferred revenue	134,870	765,325	193,193	269,000	1,362,388
Interfund loans payable	0	0	0	174,850	174,850
Due to other funds	0	0	0	455,543	455,543
Total liabilities	703,761	765,325	676,184	944,030	3,089,300
Fund balances (deficit):					
Nonspendable for:					
Inventories	145,549	0	0	0	145,549
Note receivable	150,103	0	0	0	150,103
Prepaids	8,992	0	0	0	8,992
Trustees of public funds	0	0	0	451,035	451,035
Restricted, reported in:					
General Fund	129,728	0	0	0	129,728
Community Development Fund	0	247,184	0	0	247,184
Capital Projects Funds	0	0	592,641	0	592,641
Special Revenue Funds	0	0	0	160,982	160,982
Trustees of public funds	0	0	0	362,783	362,783
Committed, reported in:					
General Fund	221,010	0	0	0	221,010
Community Development Fund	0	212,365	0	0	212,365
Capital Projects Funds	0	0	695,429		695,429
Special Revenue Funds	0	0	0	100,382	100,382
Unassigned, reported in:					
General Fund	964,141	0	0	0	964,141
Capital Projects Funds	0	0	(510,892)	0	(510,892)
Special Revenue Funds	0	0	0	(72,680)	(72,680)
Total fund balances	1,619,523	459,549	777,178	1,002,502	3,858,752
Total liabilities and fund balances	$ 2,323,284	$ 1,224,874	$ 1,453,362	$ 1,946,532	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	22,958,068
Other assets are not available to pay for current-period expenditures, and, therefore, are deferred in the funds.	1,330,634
Long-term and accrued liabilities, are not due or payable in the current period and, therefore, are not reported in the funds.	(7,614,132)
Net assets of governmental activities	$ 20,533,322

See accompanying notes to financial statements.

Exhibit D

CITY OF MONTPELIER, VERMONT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General Fund	Community Development Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes, penalties and interest	$ 7,932,266	$ 0	$ 0	$ 0	$ 7,932,266
Permits and licenses	103,984	0	0	0	103,984
Intergovernmental	902,273	598,027	2,987,860	430,521	4,918,681
Fees and charges for services	1,515,471	0	0	98,042	1,613,513
Fines and forfeitures	25,135	0	0	0	25,135
Investment income	39,633	10,084	0	39,281	88,998
Contributions	3,050	0	0	121,177	124,227
Rents and commissions	28,000	0	0	3,240	31,240
Equipment revenues	125,271	0	0	0	125,271
Loan principal repayments	0	49,556	0	0	49,556
Other revenues	38,026	0	11,979	4,704	54,709
Total revenues	10,713,109	657,667	2,999,839	696,965	15,067,580
Expenditures:					
General government	2,261,134	0	85,969	0	2,347,103
Public safety	4,176,747	0	14,877	0	4,191,624
Public works	2,019,031	0	193,292	0	2,212,323
Culture and recreation	469,619	0	30,900	835,787	1,336,306
Community development	0	314,845	0	105,000	419,845
Cemetery	0	0	0	164,218	164,218
Capital outlay;					
General government	17,140	0	0	0	17,140
Public safety	40,142	0	0	0	40,142
Public works	29,653	0	3,568,462	0	3,598,115
Culture and recreation	0	0	1,613,409	0	1,613,409
Cemetery	0	0	0	63,471	63,471
Debt service - principal	566,228	0	0	10,898	577,126
Debt service - interest	224,466	0	0	5,058	229,524
Total expenditures	9,804,160	314,845	5,506,909	1,184,432	16,810,346
Excess (deficiency) of revenues over expenditures	908,949	342,822	(2,507,070)	(487,467)	(1,742,766)
Other financing sources (uses):					
Debt proceeds	0	0	0	35,000	35,000
Proceeds from sale of equipment	3,796	0	0	11,805	15,601
Insurance reimbursements	0	0	43,742	0	43,742
Transfers from other funds	0		1,271,234	514,180	1,785,414
Transfers to other funds	(936,267)	(305,360)	0	(533,787)	(1,775,414)
Total other financing sources (uses)	(932,471)	(305,360)	1,314,976	27,198	104,343
Net change in fund balances	(23,522)	37,462	(1,192,094)	(460,269)	(1,638,423)
Fund balances - July 1, 2011	1,643,045	422,087	1,969,272	1,462,771	5,497,175
Fund balances - June 30, 2012	$ 1,619,523	$ 459,549	$ 777,178	$ 1,002,502	$ 3,858,752

See accompanying notes to financial statements.

CITY OF MONTPELIER, VERMONT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances, Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012

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

Net change in fund balances - total government funds (Exhibit D)	$ (1,638,423)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost ($5,332,277) of those assets is allocated over their estimated useful lives and reported as depreciation expense ($955,249). This is the amount by which capital outlays exceeded depreciation in the current period.	4,377,028
The net effect of various transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets.	(13,848)
Long term community development loans payments are recognized on an accrual basis in the statement of net assets, not the modified accrual basis.	(49,556)
The issuance of long term community development loans consumes the current financial resources of government funds. The transaction, however, has no effect on net assets.	105,000
Property taxes are recognized on an accrual basis in the statement of net assets, not the modified accrual basis.	(27,230)
Revenues are recognized on an accrual basis in the statement of net assets, not the modified accrual basis.	(197,496)
The issuance of long-term debt ($35,000) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt ($577,126) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	542,126
In the statement of activities, OPEB liabilities are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(24,727)
In the statement of activities, accrued compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(28,021)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(3,781)
Change in net assets, governmental activities (Exhibit B)	$ 3,041,072

To eliminate the doubling up of internal service charges between the Governmental Activities and the Business-type activities on the statement of activities, the charges for services was decreased by $926,253, the general government expenses was decreased by $701,005 and the public works was decreased by $225,248.

See accompanying notes to financial statements.

Exhibit F

CITY OF MONTPELIER, VERMONT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2012

	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property taxes, penalties and interest	$ 7,966,261	$ 7,932,266	$ (33,995)
Intergovernmental	863,815	902,273	38,458
Fees and charges for services	2,032,303	1,878,570	(153,733)
Total revenues	10,862,379	10,713,109	(149,270)
Expenditures:			
City Council operations	29,871	34,796	(4,925)
City Manager's office	316,704	341,121	(24,417)
Clerk/Treasurer/Elections	233,135	254,945	(21,810)
Finance Department	339,500	344,406	(4,906)
Technology services	209,884	199,276	10,608
Property assessment	190,286	165,048	25,238
Planning and development	403,420	401,156	2,264
City Hall maintenance	186,340	200,416	(14,076)
Fifty Eight Barre Street	1,500	4,263	(2,763)
Police:			
General	1,516,186	1,598,744	(82,558)
Communications	496,655	522,018	(25,363)
Outside pay	0	0	0
Canine	0	1,888	(1,888)
School Resource Officer	87,601	86,396	1,205
Community Justice Center	114,626	100,222	14,404
Re-Entry Program	116,269	111,456	4,813
Fire and ambulance	1,769,385	1,657,629	111,756
Code/health enforcement	85,043	83,725	1,318
Emergency management	6,969	14,669	(7,700)
Public works:			
Streets	1,472,909	1,422,576	50,333
Fleet operations	519,892	538,378	(18,486)
Building operations	61,150	58,077	3,073
Wrightsville Beach	4,007	4,007	0
Kellogg-Hubbard Library	293,975	293,975	0
Outside agencies in budget	98,675	99,175	(500)
Community enhancements	37,800	37,974	(174)
Tree management and Board	32,692	31,311	1,381
Conservation Commission	5,750	3,177	2,573
Other governmental service	155,971	155,860	111
Small equipment	0	64,799	(64,799)
Tax abatement	53,000	58,043	(5,043)
Miscellaneous expense	3,200	10,728	(7,528)
Capital Needs Assessment/SmartGov Community	0	27,062	(27,062)
Bad Debt Expense	0	(785)	785
Capital outlay:			
General government	39,534	17,140	22,394
Public safety	87,300	40,142	47,158
Public works	143,661	29,653	114,008
Debt service - principal	566,227	566,228	(1)
Debt service - interest	246,995	224,466	22,529
Total expenditures	9,926,112	9,804,160	121,952
Excess (deficiency) of revenues over expenditures	936,267	908,949	(27,318)
Other financing sources (uses):			
Debt proceeds	0	0	0
Proceeds from sale of equipment	0	3,796	3,796
Proceeds from sale of land	0	0	0
Transfers from other funds:	0	0	0
Transfer to other funds:			
Capital Projects	(491,024)	(491,024)	0
Cemetery	(137,029)	(137,029)	0
Parks	(130,507)	(130,507)	0
Senior Center	(125,707)	(125,707)	0
Events Fund	(11,000)	(11,000)	0
Affordable Housing Fund	(41,000)	(41,000)	0
Total financing sources (uses)	(936,267)	(932,471)	3,796
Net change in fund balance	$ 0	(23,522)	$ (23,522)
Fund balance - July 1, 2011		1,643,045	
Fund balance - June 30, 2012		$ 1,619,523	

See accompanying notes to financial statements.

Exhibit G

CITY OF MONTPELIER
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Water Fund	Sewer Fund	Parking Fund	Total
Assets:				
Current assets:				
Cash	$ 0	$ 0	$ 50	$ 50
Receivables (net of allowance for uncollectibles)	687,024	610,656	22,174	1,319,854
Due from other funds	0	0	118,198	118,198
Deposits	0	0	1,600	1,600
Prepaid expenses	0	0	15,946	15,946
Inventory	69,264	16,462	0	85,726
Total current assets	756,288	627,118	157,968	1,541,374
Noncurrent assets:				
Capital assets:				
Land	32,000	0	218,672	250,672
Buildings	11,557,678	9,824,589	0	21,382,267
Improvements	10,418,423	21,545,846	273,495	32,237,764
Equipment and vehicles	758,361	989,204	151,828	1,899,393
Accumulated depreciation	(6,366,745)	(13,301,895)	(284,163)	(19,952,803)
Total noncurrent assets	16,399,717	19,057,744	359,832	35,817,293
Total assets	$ 17,156,005	$ 19,684,862	$ 517,800	$ 37,358,667
Liabilities:				
Current liabilities:				
Accounts payable	$ 24,938	$ 67,042	$ 6,818	$ 98,798
Due to other funds	779,428	46,117	0	825,545
Accrued payroll and related expenses	19,935	23,347	11,599	54,881
Deferred revenue	9,601	0	0	9,601
Accrued interest payable	33,096	15,911	0	49,007
Capital leases - current portion	4,704	13,643	0	18,347
Bonds payable - current portion	345,296	735,441	0	1,080,737
Total current liabilities	1,216,998	901,501	18,417	2,136,916
Noncurrent liabilities:				
Capital leases - long-term portion	26,961	78,184	0	105,145
Bonds payable - long-term portion	7,045,126	7,225,160	192,500	14,462,786
Accrued compensated absences	45,530	38,110	16,861	100,501
Total noncurrent liabilities	7,117,617	7,341,454	209,361	14,668,432
Total liabilities	8,334,615	8,242,955	227,778	16,805,348
Net assets:				
Invested in capital assets, net of related debt	9,275,130	11,407,816	359,832	21,042,778
Restricted	0	0	2,417	2,417
Unrestricted/(deficit)	(453,740)	34,091	(72,227)	(491,876)
Total net assets	8,821,390	11,441,907	290,022	20,553,319
Total liabilities and net assets	$ 17,156,005	$ 19,684,862	$ 517,800	$ 37,358,667

See accompanying notes to financial statements.

CITY OF MONTPELIER, VERMONT
Statement of Revenues, Expenses
and Change in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Water Fund	Sewer Fund	Parking Fund	Total
Operating revenues:				
Charges for services	$ 2,312,841	$ 3,358,366	$ 673,883	$ 6,345,090
Interest and penalties	19,579	19,675	0	39,254
Miscellaneous	7,261	5,718	0	12,979
Total Operating Revenues	2,339,681	3,383,759	673,883	6,397,323
Operating expenses:				
Administration	438,044	383,938	0	821,982
Supplies and treatment	427,754	1,432,505	0	1,860,259
Wastewater management	0	92,087	0	92,087
Distribution system	369,503	0	0	369,503
Collection system	0	391,834	0	391,834
Delinquent collection	21,937	21,828	0	43,765
Meter operations	60,530	0	0	60,530
Private sewer system maintenance	0	5,759	0	5,759
Parking enforcement	0	0	470,205	470,205
Parking lot leases	0	0	88,379	88,379
Parking lot maintenance	0	0	104,312	104,312
Depreciation expense	530,574	672,262	16,322	1,219,158
Total operating expenses	1,848,342	3,000,213	679,218	5,527,773
Net operating income	491,339	383,546	(5,335)	869,550
Nonoperating revenues (expenses):				
Interest expense	(405,932)	(159,743)	(12,515)	(578,190)
Capital grants	0	133,541	0	133,541
Bad debt recovery	127	0	0	127
Loss on sale of equipment		(321)		(321)
Treatment plant flood insurance reimbursement	0	158,402	0	158,402
Transfers from other funds	0	0	0	0
Transfers to other funds	0	0	(10,000)	(10,000)
Total nonoperating revenues (expenses)	(405,805)	131,879	(22,515)	(296,441)
Change in net assets	85,534	515,425	(27,850)	573,109
Net assets - July 1, 2011	8,735,856	10,926,482	317,872	19,980,210
Net assets - June 30, 2012	$ 8,821,390	$ 11,441,907	$ 290,022	$ 20,553,319

See accompanying notes to financial statements.

Exhibit I

CITY OF MONTPELIER, VERMONT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Water Fund	Sewer Fund	Parking Fund	Total
Cash flows from operating activities:				
Receipts from customers and users	$ 2,338,496	$ 3,548,648	$ 674,308	$ 6,561,452
Receipts from interfund services	0	0	24,164	24,164
Payments to suppliers	(376,886)	(1,201,626)	(157,089)	(1,735,601)
Payments for interfund services	(345,385)	(487,466)	(55,160)	(888,011)
Payments for wages and benefits	(607,264)	(751,975)	(442,633)	(1,801,872)
Net cash provided by operating activities	1,008,961	1,107,581	43,590	2,160,132
Cash Flows from Noncapital Financing Activities:				
Decrease (increase) in due from other funds	0	0	30,178	30,178
(Decrease) increase in due to other funds	(151,455)	(359,123)	0	(510,578)
Proceeds from general obligation bonds	0	0	0	0
Transfers received from other funds	0	0	0	0
(Decrease) increase in accrued interest	(959)	198	0	(761)
Transfers paid to other funds	0	0	(10,000)	(10,000)
Interest payments on interfund balances	(14,936)	(1,118)	0	(16,054)
Net cash provided by (used in) noncapital financing activities	(167,350)	(360,043)	20,178	(507,215)
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(10,597)	(215,761)	(51,253)	(277,611)
Receipts from capital grants	0	133,541	0	133,541
Receipts from flood insurance proceeds	0	158,402	0	158,402
Principal payments on general obligation bonds and leases	(440,018)	(665,095)	0	(1,105,113)
Interest payments on general obligation bonds and leases	(390,996)	(158,625)	(12,515)	(562,136)
Net cash used in capital and related financing activities	(841,611)	(747,538)	(63,768)	(1,652,917)
Net increase in Cash	0	0	0	0
Cash - July 1, 2011	0	0	50	50
Cash - June 30, 2012	$ 0	$ 0	$ 50	$ 50
Adjustments to reconcile operating income to net cash provided by operating activities:				
Net operating income	$ 491,339	$ 383,546	$ (5,335)	$ 869,550
Depreciation expense	530,574	672,262	16,322	1,219,158
Decrease (increase) in accounts receivable	(5,366)	164,889	24,589	184,112
Decrease (increase) in prepaid expenses	0	0	3,646	3,646
Decrease (increase) in inventory	(16,572)	(8,986)	0	(25,558)
(Decrease) increase in accounts payable	(3,185)	(103,185)	806	(105,564)
(Decrease) increase in accrued payroll	6,335	5,767	1,813	13,915
(Decrease) increase in deferred revenue	4,181	0	0	4,181
(Decrease) increase in accrued vacation	1,655	(6,712)	1,749	(3,308)
Net cash provided by operating activities	$ 1,008,961	$ 1,107,581	$ 43,590	$ 2,160,132

Non-cash transactions:

None

See accompanying notes to financial statements.

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

1. Summary of Significant Accounting Policies

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

1.a. The Financial Reporting Entity

This report includes all of the funds of the City of Montpelier, Vermont. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Based on the aforementioned criteria, the City has one component unit, The Green Mount Cemetery Commission. Although legally separate, the Commission is blended as a governmental non-major fund into the primary government. Separate financial statements for the Commission are not issued.

The Montpelier Public School System is a department of the City of Montpelier, Vermont authorized by Title VI of the City Charter. The School System operates under its separately elected Board of School Commissioners who appoint a Superintendent and provides education services. The School System also manages the Montpelier Recreation Department. The Montpelier Public School System is considered a primary government for financial reporting purposes in accordance with the standards set forth in Governmental Accounting Standards Board statement No. 14, "Defining the Financial Reporting Entity". This standard is based on the concept that financial reporting by a local government should report the accountability of elected officials for organizations under their control. Although the Montpelier Public School System is referred to as a department in the charter of the City of Montpelier, it meets the three criteria set forth in the standard for determining a primary government.

Those criteria are:

a) It has a separately elected governing body. The voters of the City of Montpelier elect a board of seven School Commissioners who are charged with the exclusive management and control of the public schools and all school property of the City. Vacancies in the Board of School Commissioners are filled by the remaining members of the Board of School Commissioners.

(continued)

1. Summary of Significant Accounting Policies (continued)

1.a. The Financial Reporting Entity (continued)

b) It is legally separate as defined in the standard. The Montpelier Public School System possesses the corporate powers that would distinguish it as being legally separate including the capacity to have its own name, the right to sue and be sued in its own name without recourse to the City of Montpelier, and the right to buy, sell, lease and mortgage property in its name, subject to the approval of the voters. The Board of School Commissioners have all the powers of a Vermont town school district except the power to call elections or take property.

c) It is fiscally independent of other state and local governments. All monies received by the Montpelier Public School System from tuition and other sources, and all funds received from the issuance of bonds or notes authorized by the voters of the City of Montpelier for school purposes are restricted for school purposes. The Montpelier Public School System determines its own budget (the City has a ministerial approval power over the budget but does not have the authority to modify the budget), has its own tax appropriation approved by the voters of the City of Montpelier and sets rates or charges for tuition and other services without approval of any other government. As is the case in Vermont municipalities generally, issuance of bonded debt is subject to the approval of the voters.

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

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

1.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, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

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

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

(continued)

1. Summary of Significant Accounting Policies (continued)

1.b. Basis of Presentation (continued)

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

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

The City reports on the following major governmental funds:

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

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

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

The City reports on the following major enterprise funds:

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

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

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

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.

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

(continued)

1. Summary of Significant Accounting Policies (continued)

1.c. Measurement Focus (continued)

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

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

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

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

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

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

(continued)

1. Summary of Significant Accounting Policies (continued)

1.e. Use of Estimates

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

1.f. Assets, Liabilities and Equity

Cash

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

Investments

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

Receivables

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

Internal Balances

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

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

Inventories and Prepaid Expenses

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

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

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

(continued)

1. Summary of Significant Accounting Policies (continued)
1.f. Assets, Liabilities and Equity (continued)
Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest incurred during the construction phase for proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Infrastructure assets are reported starting with fiscal year ending June 30, 2004. The City has elected to not report major general infrastructure assets retroactively. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

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

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

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

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

Compensated Absences

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

(continued)

1. Summary of Significant Accounting Policies (continued)
1.f. Assets, Liabilities and Equity (continued)
Long-term Liabilities
Long-term liabilities include notes and bonds payable and other obligations such as compensated absences. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund type financial statements do not include any long-term liabilities as those statements use the current financial resources measurement focus and generally only include current assets and liabilities on their balance sheets.

Fund Equity
Fund balances and net assets are classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* changed how fund balances are classified. Under GASB Statement 54, fund balances are classified into five categories. Nonspendable fund balance consists of funds that are either not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balances and net assets consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation. Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the City Council). Assigned fund balances are amounts that are set aside with the intent to be used for a specific purpose by the City Council, a committee, or an official to which the governing body has delegated authority to assign amounts (the City Manager). Unassigned fund balances are available for future appropriations.

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

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

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

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

(continued)

3. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

4. Detailed Notes on All Funds

4.a. Deposits and Investments

Cash - Deposits with Financial Institutions	$ 1,511,692
Cash on Hand	600
Total Cash	1,512,292
Investments - Certificates of Deposit	127,601
Money Market Mutual Funds	21,347
Government Bonds	40,771
Mutual Funds - Mixed Holdings	89,183
Mutual Funds - Bonds	626,804
Mutual Funds - Stocks	87,422
Corporate Stock	3,187
Total Investments	996,315
Total Cash and Investments	$ 2,508,607

Investment Policy

The City's investment policy is as follows:

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

(continued)

4. Detailed Notes on All Funds (continued)
4.a. Deposits and Investments (continued)
Investment Policy (continued)

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

(a) Deposits insured by an agency of the federal government; provided, however, that up to $500,000 of uninsured public funds may be invested or deposited in any one state or federal banking institution which maintains offices in the City of Montpelier.

(b) Obligations of the United States, such as Treasury Notes.

(c) General obligations of the State of Vermont.

(d) General obligations of the several states.

(e) Securities fully insured by an agency of the United States, or fully collateralized by securities of the United States.

(f) Periodically, and at least every three years, the City Treasurer shall cause to be made a survey of all banking institutions maintaining offices in Washington County and whose services area includes the City of Montpelier. Each banking institution so surveyed will be required to submit a proposal to serve as the City's lead bank and as one of the City's depository banks. The City Treasurer, in concert with the City Council, shall designate annually a lead bank and one or more depository banks, and shall establish the banking service to be secured from each.

(g) In order to achieve investment liquidity, the City Treasurer shall be given thirty days advance notice of any requisition or warrant in excess of $50,000.

(h) The term "public funds" shall not include cash or credits held for the City's benefit as performance or completion.

(i) For investments that the City controls directly, no investment will be made in tobacco stocks. For investments in which the City has an advisory role or has a seat on an investment board or committee, or where the City is constrained in its action by statute or existing contract, the City and/or its representatives shall make their best effects to avoid investment of City funds in tobacco stocks, consistent with their fiduciary responsibilities.

Interest Rate Risk

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

(continued)

4. Detailed Notes on All Funds (continued)
4.a. Deposits and Investments (continued)

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

	Remaining Maturity (In Years)					
Investment Type	0-1	1-5	6-10	Data not Available	N/A	Total
Certificates of Deposit	$ 0	0	0	0	127,601	$ 127,601
Money Market Mutual Funds	21,347	0	0	0	0	21,347
Government Bonds	0	40,771	0	0	0	40,771
Mutual Funds - Mixed Holdings	0	0	0	89,183	0	89,183
Mutual Funds - Bonds	0	99,537	527,267	0	0	626,804
Mutual Funds - Stocks	0	0	0	0	87,422	87,422
Corporate Stock	0	0	0	0	3,187	3,187
	$ 21,347	140,308	527,267	89,183	218,210	$ 996,315

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

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

	Book Balance	Bank Balance
Insured by FDIC	$ 442,737	$ 437,673
Insured by Private Surety Bond	1,132,976	1,971,061
Uninsured, Uncollateralized	84,927	84,877
Total Deposits	$ 1,660,640	$ 2,493,611

(continued)

4. Detailed Notes on All Funds (continued)
4.a. Deposits and Investments (continued)
Custodial Credit Risk (continued)

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

Deposits are comprised of the following:

Cash – Deposits with Financial Institutions	$ 1,511,692
Investments – Certificate of Deposits	127,601
Investments – Money Market Funds	21,347
Total	$ 1,660,640

4.b. Receivables

Receivables at June 30, 2012, as reported in the statement of net assets, net of applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities	Total
Taxes, Penalties and Interest	$ 127,925	$ 0	$ 127,925
Ambulance	653,819	0	653,819
Parking Tickets	0	195,944	195,944
Accounts Receivable	98,437	74,671	173,108
Grants	1,448,472	0	1,448,472
Billed Services	0	165,541	165,541
Unbilled Services	0	1,066,758	1,066,758
Other Receivables	27,249	0	27,249
Allowance for Doubtful Accounts	(610,500)	(183,060)	(793,560)
	$ 1,745,402	$ 1,319,854	$ 3,065,256

4.c. Loans Receivable

Governmental Activities:

There are approximately 80 loans to residents, businesses, and non-profit organizations that were funded with various community development grants and loans. The largest outstanding balance is approximately $600,000 and there are five other loans with balances over $100,000. The terms of the loans vary depending on the type of the loan allowed per the grant agreements. Interest rates vary between 0% and 8%.	$ 3,166,167
Notes receivable, six (7) housing loans, 0% interest, due upon any conveyance or transfer of condominium units.	112,000
Total	3,278,167
Less allowance for doubtful loans	(2,226,458)
	$ 1,051,709

(continued)

4. Detailed Notes on All Funds (continued)

4.c. Loans Receivable (continued)

Changes in loans receivable for the year ended June 30, 2012 were as follows:

Beginning Balance	Additions	Deletions	Ending Balance
$ 2,924,549	403,174	49,556	$ 3,278,167

4.d. Note Receivable

A loan of $443,000 was made by the General Fund to Connor Brothers with monthly payments of $2,889 beginning January 1, 2001 through October 1, 2015 with one final principal payment on November 1, 2015 of $35,000 with interest at 2.7%. The balance of the loan on June 30, 2012 was $150,103. This loan is secured by a building. The current principal due over the next twelve months is $31,047.

4.e. Capital Assets

Capital assets activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 742,050	0	0	$ 742,050
Construction in progress	1,094,053	1,904,248	54,024	2,944,277
Total capital assets, not being depreciated	1,836,103	1,904,248	54,024	3,686,327
Capital assets being depreciated:				
Buildings and building improvements	7,121,839	1,478,937	0	8,600,776
Vehicles and equipment	5,211,489	120,753	43,421	5,288,821
Infrastructure	10,657,803	1,875,788	0	12,533,591
Totals	22,991,131	3,475,478	43,421	26,423,188
Less accumulated depreciation for:				
Buildings and building improvements	2,190,141	160,115	0	2,350,256
Vehicles and equipment	2,951,150	397,406	36,148	3,312,408
Infrastructure	1,091,055	397,728	0	1,488,783
Totals	6,232,346	955,249	36,148	7,151,447
Total capital assets, being depreciated	16,758,785	2,520,229	7,273	19,271,741
Governmental activities capital assets, net	$ 18,594,888	4,424,477	61,297	$ 22,958,068

(continued)

4. *Detailed Notes on All Funds (continued)*
4.e. *Capital Assets (continued)*

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets, not being depreciated:				
Land	$ 250,672	0	0	$ 250,672
Construction in progress	0	0	0	0
Total capital assets, not being depreciated	250,672	0	0	250,672
Capital Assets Being Depreciated:				
Buildings	21,224,490	157,777	0	21,382,267
Improvements	32,161,099	76,665	0	32,237,764
Equipment and vehicles	1,863,506	45,169	9,282	1,899,393
Total capital assets, being depreciated	55,249,095	279,611	9,282	55,519,424
Less accumulated depreciation for:				
Buildings	4,713,828	411,910	0	5,125,738
Improvements	13,035,168	671,467	0	13,706,635
Equipment and vehicles	991,610	135,781	6,961	1,120,430
Totals	18,740,606	1,219,158	6,961	19,952,803
Total capital assets, being depreciated	36,508,489	(939,547)	2,321	35,566,621
Business-type activities capital assets, net	$ 36,759,161	(939,547)	2,321	$ 35,817,293

Depreciation was charged as follows:

Governmental Activities:	
General Government	$ 117,687
Public Safety	209,876
Public Works	605,659
Culture and Recreation	12,391
Cemetery	9,636
	$ 955,249

Business - Type Activities:	
Water	$ 530,574
Sewer	672,262
Parking	16,322
	$ 1,219,158

During the fiscal year ended June 30, 2011, the Sewer Treatment Plant was damaged by flooding. At the time of the flood, the plant had a net book value of $7,524,295, an expected restoration cost of $267,555 and insurance proceeds of $152,648 were received in fiscal year 2011. A capital asset impairment loss of $12,466 was recorded in fiscal year 2011 on the Statement of Revenues, Expenses and Changes in Fund Net Assets. Additional insurance proceeds in the amount of $158,402 were received in the current fiscal year ended June 30, 2012.

(continued)

4. Detailed Notes on All Funds (continued)

4.f. Interfund Receivables, Payables and Transfers

The composition of interfund balances at June 30, 2012 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	$ 576,178	$ 0
Capital Projects Fund	114,176	0
Other Governmental Funds	472,536	455,543
Water Fund	0	779,428
Sewer Fund	0	46,117
Parking Fund	118,198	0
Total due to/from other funds	$ 1,281,088	$ 1,281,088

Interfund transfers during the year ended June 30, 2012 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Projects Fund	$ 491,024	Budgetary Authorization
General Fund	Green Mount Cemetery Fund	137,029	Budgetary Authorization
General Fund	Montpelier Parks Commission	130,507	Budgetary Authorizations
General Fund	Montpelier Events Fund	11,000	Budgetary Authorization
General Fund	Montpelier Housing Trust Fund	41,000	Budgetary Authorization
General Fund	Senior Center	125,707	Budgetary Authorization
Community Development Fund	Capital Projects Fund	305,360	Grant Funds Transfer
Senior Center Fund	Capital Projects Fund	200,000	Board Authorized Transfer
Senior Center Fund	Capital Projects Fund	174,850	Board Authorized Transfer
Montpelier Foundation	Capital Projects Fund	100,000	Board Authorized Transfer
Expendable Cemetery Trust Fund	Green Mount Cemetery Fund	27,000	Budgetary Authorization
Non-Expendable Cemetery Trust Fund	Expendable Cemetery Trust Fund	31,811	Interest Income Transfer
Hubbard Park Trust Fund	Montpelier Parks Commission Fund	126	Interest Income Transfer
Parking Fund	Green Mount Cemetery Fund	10,000	Budgetary Authorization
Total		$ 1,785,414	

Interfund loan balances at June 30, 2012 were as follows:

	Community Development Fund Receivable	Senior Citizens Fund Payable
Community Development (Capital Plaza) loan of $114,850, interest at 3.25% per annum, monthly installments of $651.42, due July 15, 2012 to July 15,2032	$ 114,850	$ (114,850)
Community Development (ADA) loan of $60,000, interest at 4% per annum, monthly installments of $443.81, due July 15, 2012 to July 15,2027	60,000	(60,000)
Total of interfund loans	$ 174,850	$ (174,850)

During the year ended June 30, 2012, the Community Development Fund loaned the Senior Citizens Fund a total of $174,850 for renovations at 58 Barre Street.

(continued)

4. Detailed Notes on All Funds (continued)
4.f. Interfund Receivables, Payables and Transfers (continued)

Changes in interfund loans for the year ended June 30, 2012 were as follows:

Beginning Balance	Additions	Deletions	Ending Balance
$ -	174,850	-	$ 174,850

4.g. Deferred Revenue

Deferred Revenue in the General Fund consists of $31,754 of grant revenue received in advance, $64,084 of delinquent taxes, $28,673 of ambulance revenue and $10,359 of grant receivables not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total Deferred Revenue in the General Fund is $134,870.

Deferred Revenue in the Community Development Fund consists of $765,325 of loans receivable not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred Revenue in the Capital Projects Fund consists of $193,193 of grant receivables not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities.

Deferred Revenue in the Other Governmental Funds consists of $269,000 of loans receivable that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total Deferred Revenue in the Other Governmental Funds is $269,000.

Deferred Revenue in the Water Fund consists of $9,601 of water usage overpayments.

4.h. Long-term Liabilities

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and for the payment of a prior pension liability. General obligation bonds have been issued for general governmental and proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues.

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

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

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

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.

(continued)

4. Detailed Notes on All Funds (continued)
4.h. Long-term Liabilities (continued)

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

Long-term liabilities outstanding as of June 30, 2012 were as follows:

Governmental Activities

Retaining walls bond, net interest rate 5.676%, to Vermont Municipal Bond Bank, \$5,000 principal payments due annually from December 1, 1997 to December 1, 2016.	$	25,000
Fire station improvement bond, net interest rate 5.029%, to Vermont Municipal Bond Bank, \$40,000 principal payments due annually from December 1, 1998 to December 1, 2007, \$35,000 from December 1, 2008 to December 1, 2017.		210,000
Bridge improvement bond, net interest rate 5.033%, to Vermont Municipal Bond Bank, \$35,000 principal payments due annually from December 1, 1998 to December 1, 2013, \$30,000 from December 1, 2014 to December 1, 2017.		190,000
Fire truck bond, net interest at 4.08% , to Vermont Municipal Bond Bank, \$30,000 principal payments due annually December 1, 1999 to December 1, 2002, \$25,000 from December 1, 2003 to December 1, 2013.		50,000
Retaining wall bond, net interest at 4.789%, to Vermont Municipal Bond Bank,\$50,000 principal payments due annually from December 1,1999 to December 1, 2003, \$45,000 from December 1, 2004 to December 1, 2018.		315,000
Library bond, various interest rates (4.344% - 5.644%), to Vermont Municipal Bond Bank, \$30,000 principal due annually from December 1, 2001 to December 1, 2020.		270,000
Bike path lighting project bond, interest at 4.67%, to Vermont Municipal Bond Bank, \$20,000 principal due annually, due in December 2021.		200,000
Montpelier Police Station bond, various interest rates (4.344% - 5.644%), to Vermont Municipal Bond Bank, \$75,000 principal due annually from December 1, 2001 to December 1, 2014, \$70,000 from December 1, 2015 to December 1, 2020.		645,000
City Hall improvement bond, various interest rates (1.87% - 5.09%), to Vermont Municipal Bond Bank, \$45,000 principal due annually from December 1, 2005 to December 1, 2014, \$40,000 principal due from December 1, 2015 to December 1, 2024.		535,000

(continued)

4. Detailed Notes on All Funds (continued)
4.h. Long-term Liabilities (continued)

Honeywell Global Finance, LLC. Lease, for energy efficiency upgrades, interest at 4.53%, due in annual installments of principal and interest of $25,600 until February 1, 2009 then $26,890 until February 2010, then $30,431 until February 1, 2018, (61% of lease reported in Governmental Activities, 10% of lease reported in Water Fund and 29% reported in Sewer Fund), secured by equipment.	$	193,153
De Lage Landen Public Finance Lease, interest at 4.25% six annual payments of principal and interest of $10,993, due August 25, 2013, secured by vehicle.		20,660
City Hall/DPW improvement bond, various interest rates (3.835% - 4.665%) to Vermont Municipal Bond Bank, $45,000 principal due annually from December 1, 2007 to December 1, 2022, $40,000 due from December 1, 2023 and $35,000 due from December 1, 2024 to December 1, 2026.		640,000
Community National Bank Municipal Note, interest at 2.30%, annual payments of principal and interest of $12,208 due from January 2013 to January 2015, secured by a truck.		35,000
VMERS refunding bond, Vermont Municipal Bond Bank, interest rate at 6.501%, semi-annual interest only payments through May 15, 2017, principal payable starting November 15, 2017 in various annual installments increasing from $30,000 to $524,000 until November 15, 2032, (74.96% of bond reported in Governmental Activities, 8.35% reported in Water Fund, 11.29% reported in Sewer Fund and 5.40% reported in Parking Fund).		2,672,500
T.D. Equipment Finance Lease for ambulance, interest at 3.6%, annual payments of principal and interest of $39,873 due until June 1, 2015.		111,498
Sabins pasture/district heating/retaining walls/bridges improvement bond, various interest rates (1.391% to 4.981%) to Vermont Municipal Bond Bank, annual installments of $95,000 decreasing to $45,000 until November 15, 2029.		960,000
T.D. Equipment Finance Lease for grader, interest at 3.45%, annual payments of principal and interest of $38,163 due November 1, 2009 to November 1, 2013.		72,551
Total governmental activities bonds and notes payable	$	7,145,362

(continued)

4. Detailed Notes on All Funds (continued)
4.h. Long-term Liabilities (continued)

Business-type Activities

Water Fund

Water line improvement bond, various interest rates (3.865% - 4.665%) to Vermont Municipal Bond Bank, principal payments in annual installments of $105,519 decreasing to $80,195 until December 1, 2027.	$	1,527,922
Water filtration system bond issued July 10, 1991 to Vermont Municipal Bond Bank, refunded by the Vermont Municipal Bond Bank August 2, 1995, from 1991 Series 1 to 1995 Series 1 and 2, net interest rate of 7.14%, interest payable June 1 and December 1, and principal payable in various annual installments increasing from $25,000 to $195,000 until December 1, 2021.		1,475,000
Vermont water system improvement bond refinanced July 2004 through the Vermont Bond Bank, various interest rates (1.87% - 5.09%),interest payable June 1 and December 1, and principal payable in various annual installments increasing from $145,000 to $310,000 until December 1, 2024.		3,060,000
Westside connector bond issued July 2004 to Vermont Municipal Bond Bank, interest rates (1.87% - 5.09%), interest payable June 1 and December 1, and principal payable in various annual installments increasing from $50,000 to $105,000 until December 1, 2024.		1,030,000
VMERS Refunding Bond, Vermont Municipal Bond Bank, interest rate at 6.501%, semi-annual interest only payments through May 15, 2017, principal payable starting November 15, 2017 in various annual installments increasing from $30,000 to $524,000 until November 15, 2032, (74.96% of bond reported in Governmental Activities, 8.35% reported in Water Fund, 11.29% reported in Sewer Fund and 5.40% reported in Parking Fund).		297,500
Honeywell Global Finance, LLC lease for energy efficient upgrades, interest at 4.53%, due in annual installments of principal and interest of $25,600 until February 1, 2009, then $26,890 until February 1,2010, then $30,431 until February 1, 2018, (61% of lease reported in Governmental Activities, 10% of lease reported in Water Fund and 29% reported in Sewer Fund), secured by equipment.		31,665
Total Water Fund bonds and leases payable	$	7,422,087

(continued)

4. Detailed Notes on All Funds (continued)
4.h. Long-term Liabilities (continued)

Sewer Fund

Sewer system improvement bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments of $22,049 until December 1, 2016.	$ 110,245
Sewer system improvement Bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments of $38,856 until December 1, 2017.	233,133
Sewer system improvement bond, Vermont Municipal Bond Bank, net interest rate of 5.676%, annual principal of $30,000 until December 1, 2016.	150,000
Sewer system improvement bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments of $14,156 until December 1, 2018.	99,093
Ultraviolet disinfection system bond issued July 2004 through the Vermont Municipal bond Bank, interest rates (1.87% - 5.09%), payable June 1 and December 1, and principal payable in various annual installments increasing from $55,000 to $105,000 until December 1, 2024.	1,080,000
Sewer system improvement bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments of $35,497 until April 1, 2020.	283,976
Water treatment improvement bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments of $174,171 until July 1, 2025.	2,264,222
Water treatment improvement bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments of $13,807 until January 1, 2022.	138,071
Sewer system improvement bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments of $26,456 until July 1, 2022.	264,558
Water treatment improvement bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments of $34,432 until July 1, 2023.	378,751

(continued)

4. Detailed Notes on All Funds (continued)
4.h. Long-term Liabilities (continued)

Water treatment improvement bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments payments of $28,100 until June 1, 2024.	$	337,196
Water treatment improvement bond, State of Vermont Special Revolving Loan Fund, 0% interest, annual principal payments of $25,785 starting in fiscal year 2007 for 20 years, during 2009 the loan was finalized and the repayment schedule was adjusted to annual principal payments of $34,710 until September 1, 2025.		485,936
Local share CSO bond, Vermont Municipal Bond Bank,various interest rates (2.80%-5.30%), annual principal payments of $40,000 until 2020 then annual principal payments of $35,000 until December 1, 2031.		740,000
River Street sewer line bond, Vermont Municipal Bond Bank, various interest rates (1.9% - 4.65%), principal payments of $20,000 until November 15, 2028.		340,000
VMERS refunding bond, Vermont Municipal Bond Bank, interest rate at 6.501%, semi-annual interest only payments through May 15, 2017, principal payable starting November 15, 2017 in various annual installments increasing from $30,000 to $524,000 until November 15, 2032, (74.96% of bond reported in Governmental Activities, 8.35% reported in Water Fund, 11.29% reported in Sewer Fund and 5.40% reported in Parking Fund).		402,500
Honeywell Global Finance, LLC lease for energy efficient upgrades, interest at 4.53%, due in annual installments of principal and interest of $25,600 until February 1, 2009, then $26,890 until February 1, 2010, then $30,431 until February 1, 2018, (61% of lease reported in Governmental Activities, 10% of lease reported in Water Fund and 29% reported in Sewer Fund), secured by equipment.		91,827
Sewer pump bond, Vermont Municipal Bond Bank, various interest rates (3.865% - 4.665%), principal payments in annual installments of $19,481, decreasing to $14,805 until December 1, 2027.		282,078
Sewer CSO/ultra violet bond, Vermont Municipal Bond Bank, interest rate 2%, due in annual installments of principal and interest of $26,064 until July 1, 2031.		370,842
Total Sewer Fund bonds and lease payable	$	8,052,428

(continued)

4. Detailed Notes on All Funds (continued)
4.h. Long-term Liabilities (continued)

Parking Fund

VMERS refunding bond, Vermont Municipal Bond Bank, interest rate at 6.501%, semi-annual interest only payments through May 15,2017, principal payable starting November 15, 2017 in various annual installments increasing from $30,000 to $524,000 until November 15, 2032, (74.96% of bond reported in Governmental Activities, 8.35% reported in Water Fund, 11.29% reported in Sewer Fund and 5.40% reported in Parking Fund).	$ 192,500
Total Parking Fund bonds payable	$ 192,500
Total Proprietary Funds bonds and leases payable	$ 15,667,015

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds	$ 7,172,500	0	(460,000)	$ 6,712,500	$ 450,000
Capital Leases	504,090	0	(106,228)	397,862	110,332
Notes Payable	10,898	35,000	(10,898)	35,000	0
Compensated Absences	320,944	28,021	0	348,965	0
Total Governmental Activities Long-Term Liabilities	$ 8,008,432	63,021	(577,126)	$ 7,494,327	$ 560,332
Business-type Activities					
General Obligation Bonds	$ 16,631,093	0	(1,087,570)	$ 15,543,523	$ 1,080,737
Capital Leases	141,035	0	(17,543)	123,492	18,347
Compensated Absences	103,809	0	(3,308)	100,501	0
Total Business-type Activities Long-Term Liabilities	$ 16,875,937	0	(1,108,421)	$ 15,767,516	$ 1,099,084

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

(continued)

4. Detailed Notes on All Funds (continued)
4.h. Long-term Liabilities (continued)

Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest	Governmental Activities Capital Leases	Business-Type Activities Principal	Business-Type Activities Interest	Business-Type Activities Capital Leases
2013	$ 461,402	$ 353,964	$ 126,155	$ 1,080,737	$ 535,625	$ 23,734
2014	456,665	334,383	126,156	1,091,308	505,118	23,735
2015	426,933	314,977	76,999	1,121,889	473,033	23,734
2016	370,000	296,544	37,126	1,132,481	439,390	23,735
2017	370,000	278,762	37,126	1,163,085	404,220	23,939
2018-2022	1,553,124	1,134,269	37,127	5,721,403	1,439,378	23,542
2023-2027	1,205,890	786,980	0	3,214,995	517,092	0
2028-2032	1,510,514	383,632	0	664,450	152,078	0
2033-2037	392,972	12,772	0	353,175	4,263	0
Less Amounts Representing Interest	0	0	(42,827)	0	0	(18,927)
Total	$ 6,747,500	$ 3,896,283	$ 397,862	$ 15,543,523	$ 4,470,197	$ 123,492

The City has authorized, but has not issued long-term debt at June 30, 2012 as follows:

Purpose	Authorized	Amount
Transportation Center	March 2002	$ 800,000
District Heat System Bonds	June 14,2011	$ 2,000,000
District Heat System Loan	June 14, 2011	$ 750,000
Streets, Fire Truck, Facilities Bonds	March 19, 2012	$ 870,000

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

Beginning Balance	$ 0
Proceeds of Tax Anticipation Note – General Fund	1,800,000
Repayment of Tax Anticipation Note – General Fund	(1,800,000)
Ending Balance	$ 0

The tax anticipation note had an interest rate of 1.59% and was paid in June 2012.

Subsequent to year end, the City issued a $2,500,000 tax anticipation note at 2.22% interest.

(continued)

4. Detailed Notes on All Funds (continued)

4.i. Restricted, Committed and Assigned Fund Balances/Net Assets

The restricted fund balances/net assets of the City as of June 30, 2012 consisted of the following:

		Balance June 30, 2012
Governmental Funds		
General Fund:		
Act 60 Reappraisal - State Statute	$	50,904
Records Restoration - State Statute		50,493
Park Impact Fees - State Statute		24,626
Drug Seizure		3,705
Total General Fund	$	129,728
Community Development Fund:		
Community Development Grant Funds	$	247,184
Total Community Development Fund	$	247,184
Capital Projects Fund:		
Traffic Impact Fees	$	10,050
Bond Proceeds		582,591
Total Capital Projects Fund	$	592,641
Other Governmental Funds:		
Special Revenue Funds:		
Montpelier Events Fund - Donations	$	5,001
Montpelier Events Fund - Grants		14,155
Total Montpelier Events Fund	$	19,156
Green Mount Cemetery		13,172
Montpelier Foundation - Donations		128,654
Total Special Revenue Funds	$	160,982
Permanent Funds:		
Hubbard Park Trust	$	14,620
Expendable Cemetery Trust		348,163
Total	$	362,783
Total Other Governmental Funds	$	523,765
Total Restricted Fund Balances - Governmental Funds	$	1,493,318

(continued)

4. *Detailed Notes on All Funds (continued)*

4.I. Restricted, Committed and Assigned Fund Balances/Net Assets (continued)

The committed fund balances/net assets of the City as of June 30, 2012 consisted of the following:

		Balance June 30, 2012
Governmental Funds:		
Major Funds:		
General Fund:		
Committed for Fire Revenue Reserve	$	7,541
Committed for Conservation Commission		9,250
Committed for Health Reimbursement Arrangment		33,000
Committed for Equipment Reserve		171,219
Total General Fund	$	221,010
Community Development Fund:		
Committed for MBL Program	$	51,119
Committed for HPG Program		119,501
Committed for 25/25/ Loan write-offs		17,701
Committed for Community Development Program		24,044
Total Community Development Fund	$	212,365
Capital Projects Fund:		
Committed for Future Projects	$	233,850
Committed for Flood Mitigation-Phase II Project		342,445
Committed for Retaining Wall Projects		119,134
Total Capital Projects Fund	$	695,429
Other Governmental Funds:		
Special Revenue Funds:		
Committed for Montpelier Park Commission	$	7,781
Committed for Montpelier Events Fund		14,275
Committed for Conservation Fund		34,932
Committed for Montpelier Housing Trust Fund		43,394
Total Special Revenue Funds	$	100,382
Total Committed Fund Balances - Governmental Funds	$	1,229,186

(continued)

4. Detailed Notes on All Funds (continued)

4.i. Restricted Net Assets

The restricted net assets of the City (government-wide statements) as of June 30, 2012 consisted of the following:

Governmental Activities:		
Restricted by State Statute - Impact Fees	$	34,676
Restricted by State Statute – Other		101,397
Restricted by Donors		137,360
Restricted by Trust Agreements - Non-Expendable		378,293
Restricted by Trust Agreements - Expendable		348,163
Restricted by Community Development Loan/Grant Agreements		1,051,709
Total Governmental Activities:	$	2,051,598
Business-Type Activities:		
Restricted by Impact Fees Statute	$	2,417
Total Business-Type Activities	$	2,417
Total Restricted Net Assets	$	2,054,015

5. Other Information

5.a. Benefit Plans

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

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

Total payroll for the year was $6,042,606 while covered payroll was $5,836,516. Pension expense for the year was $365,239.

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

5.b. Property Taxes

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

(continued)

5. Other Information (continued)
5.b. Property Taxes (continued)
The tax rate for fiscal year 2011-2012 was as follows:

		Residential		Non Residential
City, Cemetery and Outside Agencies	$	0.8546	$	0.8546
State Education Tax		1.2967		1.3844
Local Tax Agreements		0.0009		0.0009
Water/Sewer Benefit Charge		0.0900		0.0900
Recreation		0.0730		0.0730
Total	$	2.3152	$	2.4029

5.c. Risk Management
The City of Montpelier, Vermont is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City of Montpelier, Vermont maintains insurance coverage through the Vermont League of Cities and Town's Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City of Montpelier, Vermont. Settled claims have not exceeded this coverage in any of the past three fiscal years. The City must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and 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. In addition, the City of Montpelier, Vermont is a member of the Vermont League of Cities and Town's Health Trust. The Health Trust is a nonprofit corporation formed to provide health insurance and wellness programs for Vermont municipalities and is owned by the participating members. The agreement does not permit the Health Trust to make additional assessments to its members.

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

5.d. Committments
Parking Lot Leases
The City leases three different parking lots around Montpelier for approximately $88,000 per year. All are cancelable by the City. The City is responsible for the repair, maintenance and upkeep of the parking lots.

Montpelier Fire District
The City and the Montpelier Fire District have an inter-local agreement that requires the City to pay $45,000 annually out of the Water Department revenues to the District. These payments entitle the City to integrate the improvements in the City's public water supply system and receive benefit of the improvements. This agreement shall remain in effect for as long as the Fire District has outstanding unpaid bonds issued to finance construction of the improvements.

(continued)

5. Other Information (continued)

5.d. Commitments (continued)

Green Mountain Community Baseball, Inc.

On April 27, 2005, the City guaranteed a $160,000 note between Green Mountain Community Baseball, Inc. and Northfield Savings Bank. The note is unsecured and is backed by the full faith and credit of the taxing authority of the City of Montpelier, Vermont by the Guaranty of Indebtedness. The loan will be amortized over ten years with $16,000 annual principal payments plus interest. The balance on the note at June 30, 2012 was $18,000.

Operating Leases

The City has three 60-month leases for copiers. One lease is for three copiers with a monthly payment of $653 through February, 2016. The other two copier leases have monthly payments of $305 and $103, respectively, through November, 2013. The lease expense for the year ended June 30, 2012 was $12,732.

The minimum lease payments are as follows:

2013	$ 8,244
2014	7,836
2015	7,836
2016	5,887
	$ 29,803

5.e. Contingency – Health Care Benefits

On January 1, 2012, the City changed the employee health insurance carrier and increased the deductible amount from $3,500/$7,000 to a $4,000/$8,000 high deductible health plan. The City continues to fund a Health Reimbursement Arrangement (HRA) to help employees pay for their deductible costs. All eligible employees who choose to participate are enrolled in the BlueCross BlueShield's CDHP Blue Consumer Directed Health Plan $4,000/$8,000. The City is responsible for the $3,500 toward the maximum out-of-pocket health expenses for the single person plan. The City is responsible for the $7,000 toward the maximum out-of-pocket health expenses for the two person and family plans. In 2010 and 2011, the actual use of the City's HRA funding was 62%. The HRA cost of the employee health insurance program was well within the budgeted amount and a $33,000 reserve fund was established to offset future HRA overages.

When budgeting for the 2012 employee health insurance program costs, the City projected a use of 70% of the City's potential out-of-pocket funding obligation. If all employees used 100% of the City's out-of-pocket funding, health insurance costs could be $208,000 over budgeted costs. The risk remains that the city will have unbudgeted costs if usage is higher than the projected 70%. Based on the first two year's HRA experience of 62%, this risk is low.

5.f. Postemployment Benefits Other Than Pensions

Plan Description

The City of Montpelier administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the City and the City's employees. The Retiree Health Plan does not issue a publicly available financial report.

(continued)

5. Other Information (continued)

5.f. Postemployment Benefits Other Than Pensions (continued)

Funding Policy

Contribution requirements also are negotiated between the City and the City's employees. The City contributes none of the cost of current-year premiums for eligible retired plan members and their spouses. The City does continue to fund a net HRA contribution of 35% of the active life rate for early retirees and spouses. At age 65, retirees and spouses move into a different plan that has premiums that are 100% paid by the participants and there is no further subsidy. For fiscal year 2012, the City contributed $36,377 to the plan. Plan members receiving benefits contribute 100 percent of their premium costs.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	$ 63,781
Interest on net OPEB obligation	1,493
Adjustment to annual required contribution	(4,170)
Annual OPEB cost (expense)	61,104
Contributions made	(36,377)
Increase in net OPEB obligation	24,727
Net OPEB obligation—beginning of year	49,782
Net OPEB obligation—end of year	$ 74,509

Funded Status and Funding Progress

As of June 30, 2012, the actuarial accrued liability for benefits was $510,890, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $5,836,516, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.75 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(continued)

5. Other Information (continued)

5.f. Postemployment Benefits Other Than Pensions (continued)

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age — Later of age 62 or date eligible for retiree health benefits, but not more than age 65.

Marital status — Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality — Life expectancies were based on mortality tables from the RP2000 Generational Mortality Tables for Males and Females.

Turnover — Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate — The expected rate of increase in healthcare insurance premiums was 4.01 percent initially, 9.0 percent in year two, and reduced by .05 percent each year to an ultimate rate of 5.5 percent at year nine.

Health insurance premiums — 2012 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid, because of a change in the plan effective January 1, 2012 which increased the deductible and decreased the premium.

Inflation rate — An expected long-term inflation assumption of 3 percent was used.

Payroll growth rate — The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 3 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over thirty years.

(continued)

5. Other Information (continued)

5.g. Subsequent Events

Subsequent to year end, the City obtained a tax anticipation note of $2,500,000 from Community National Bank with interest at 2.22% and due June 28, 2013.

The City has evaluated subsequent events through January 4, 2013, the date on which the financial statements were available to be issued.

CITY OF MONTPELIER, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for the Retiree Health Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)— Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
6/30/2010	0	479,000	479,000	0.0	5,456,892	8.78
6/30/2011	0	495,747	495,747	0.0	5,722,355	8.66
6/30/2012	0	510,890	510,890	0	5,836,516	8.75

CITY OF MONTPELIER, VERMONT
Combining Balance Sheet
Other Governmental Funds
June 30, 2012

	Special Revenue Funds								Permanent Funds				
	Green Mount Cemetery Fund	Montpelier Parks Commission Fund	Montpelier Events Fund	Reach Fund	Conservation Fund	Montpelier Foundation Fund	Montpelier Housing Trust Fund	Montpelier Senior Citizens Fund	George Blanchard Trust Fund	Non-Expendable Cemetery Trust Fund	Hubbard Park Trust Fund	Expendable Cemetery Trust Fund	Total Other Governmental Funds
Assets:													
Cash	$ 0	$ 0	$ 0	$ 0	$ 0	$ 67,662	$ 0	$ 43,002	$ 0	$ 0	$ 0	$ 0	$ 110,664
Investments	3,187	0	0	0	0	90,069	0	90,438	72,742	725,216	14,663	0	996,315
Receivables	13,731	6,186	0	0	0	0	0	0	0	0	0	0	19,917
Due from other governments	0	0	0	78,100	0	0	0	0	0	0	0	0	78,100
Loans receivable	0	0	0	0	0	0	269,000	0	0	0	0	0	269,000
Due from other funds	3,713	7,088	35,246	0	34,932	0	43,394	0	0	0	0	348,163	472,536
Total assets	$ 20,631	$ 13,274	$ 35,246	$ 78,100	$ 34,932	$ 157,731	$ 312,394	$ 133,440	$ 72,742	$ 725,216	$ 14,663	$ 348,163	$ 1,946,532
Liabilities and fund balances:													
Liabilities:													
Accounts payable	$ 4,149	$ 3,468	$ 1,815	$ 11,554	$ 0	$ 0	$ 0	$ 10,652	$ 0	$ 0	$ 43	$ 0	$ 31,681
Accrued payroll and related expenses	3,310	2,025	0	0	0	0	0	7,621	0	0	0	0	12,956
Deferred revenue	0	0	0	0	0	0	269,000	0	0	0	0	0	269,000
Interfund loans payable	0	0	0	0	0	0	0	174,850	0	0	0	0	174,850
Due to other funds	0	0	0	66,546	0	29,077	0	12,997	0	346,923	0	0	455,543
Total liabilities	7,459	5,493	1,815	78,100	0	29,077	269,000	206,120	0	346,923	43	0	944,030
Fund balances (deficit):													
Unspendable	0	0	0	0	0	0	0	0	72,742	378,293	0	0	451,035
Restricted	13,172	0	19,156	0	0	128,654	0	0	0	0	14,620	348,163	523,765
Committed	0	7,781	14,275	0	34,932	0	43,394	0	0	0	0	0	100,382
Unassigned	0	0	0	0	0	0	0	(72,680)	0	0	0	0	(72,680)
Total fund balances (deficit)	13,172	7,781	33,431	0	34,932	128,654	43,394	(72,680)	72,742	378,293	14,620	348,163	1,002,502
Total liabilities and fund balances	$ 20,631	$ 13,274	$ 35,246	$ 78,100	$ 34,932	$ 157731	$ 312,394	$ 133,440	$ 72,742	$ 725,216	$ 14,663	$ 348,163	$ 1,946,532

CITY OF MONTPELIER, VERMONT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue Funds								Permanent Funds				
	Green Mount Cemetery Fund	Montpelier Parks Commission Fund	Montpelier Events Fund	Reach Fund	Conservation Fund	Montpelier Foundation Fund	Montpelier Housing Trust Fund	Montpelier Senior Citizens Fund	George Blanchard Trust Fund	Non-Expendable Cemetery Trust Fund	Hubbard Park Trust Fund	Expendable Cemetery Trust Fund	Total Other Governmental Funds
Revenues:													
Intergovernmental	$ 9,122	$ 9,216	$ 0	$ 404,183	$ 0	$ 8,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 430,521
Fees and charges for services	31,620	0	0	50	0	0	0	60,772	0	5,600	0	0	98,042
Investment income (loss)	(208)	0	0	0	19	3,595	1,765	1,560	613	31,811	126	0	39,281
Contributions	0	6,385	200	20	0	65,261	0	49,311	0	0	0	0	121,177
Rents and commissions	0	3,240	0	0	0	0	0	0	0	0	0	0	3,240
Other revenues	0	3,009	0	0	0	0	0	1,695	0	0	0	0	4,704
Total revenues	40,534	21,850	200	404,253	19	76,856	1,765	113,338	613	37,411	126	0	696,965
Expenditures:													
Culture and recreation	0	155,789	12,759	387,194	0	5,000	0	275,045	0	0	0	0	835,787
Community development	0	0	0	0	0	0	105,000	0	0	0	0	0	105,000
Cemetery	164,218	0	0	0	0	0	0	0	0	0	0	0	164,218
Capital outlay:													
Cemetery	63,471	0	0	0	0	0	0	0	0	0	0	0	63,471
Debt service - principal	10,898	0	0	0	0	0	0	0	0	0	0	0	10,898
Debt service - interest	2,783	2,275	0	0	0	0	0	0	0	0	0	0	5,058
Total expenditures	241,370	158,064	12,759	387,194	0	5,000	105,000	275,045	0	0	0	0	1,184,432
Excess (deficiency) of revenues over expenditures	(200,836)	(136,214)	(12,559)	17,059	19	71,856	(103,235)	(161,707)	613	37,411	126	0	(487,467)
Other financing sources (uses):													
Debt proceeds	35,000	0	0	0	0	0	0	0	0	0	0	0	35,000
Sale of vehicle proceeds	11,805	0	0	0	0	0	0	0	0	0	0	0	11,805
Transfers in	174,029	130,633	11,000	0	0	0	41,000	125,707	0	0	0	31,811	514,180
Transfers out	0	0	0	0	0	(100,000)	0	(374,850)	0	(31,811)	(126)	(27,000)	(533,787)
Total other financing sources (uses)	220,834	130,633	11,000	0	0	(100,000)	41,000	(249,143)	0	(31,811)	(126)	4,811	27,198
Net change in fund balance	19,998	(5,581)	(1,559)	17,059	19	(28,144)	(62,235)	(410,850)	613	5,600	0	4,811	(460,269)
Fund balance - July 1, 2011	(6,826)	13,362	34,990	(17,059)	34,913	156,798	105,629	338,170	72,129	372,693	14,620	343,352	1,462,771
Fund balance (deficit) - June 30, 2012	$ 13,172	$ 7,781	$ 33,431	$ 0	$ 34,932	$ 128,654	$ 43,394	$ (72,680)	$ 72,742	$ 378,293	$ 14,620	$ 348,163	$ 1,002,502

City of Montpelier Vermont
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Grant/Program Title	CFDA Number	Grant Number	Grant Amount	Expenditures
Department of Health and Human Services				
US Administration of Aging				
Rural Elder Assistance for Care and Health (REACH)	93.048	90AP2656/02	$ 409,734	$ 146,027
Rural Elder Assistance for Care and Health (REACH)	93.048	90AP2656/03	316,823	241,096
Total US Administration of Aging				387,123
US Department of Energy				
SEP Formula Grants Under ARRA	81.041	DE-EE0000229	518,356	518,356
SEP Formula Grants Under ARRA	81.041	DE-EE0000229, M001, M002	750,000	243,202
Recovery Act: Montpelier Community Renewable Energy	81.087	DE-EE0003071	8,000,000	369,827
Energy Efficiency and Conservation Block Grant Program	81.128	DE-EE0000859	350,000	350,000
Total US Department of Energy				1,481,385
United States Department of the Interior				
Passed through Vermont Division for Historic Preservation				
Certified Local Government Program				
Historic City Plans & Map Digitization	15.904	CLG -11-09	10,911	7,228
Total US Department of the Interior				7,228
US Department of Justice				
COPS Hiring Recovery Program	16.710	2009RKWX0869	209,571	58,586
Second Chance Act Prisoner Reentry Initiative	16.812	210-CZ-BX-0028	25,000	6,249
Total US Department of Justice				64,835
US Department of Homeland Security				
Passed through Vermont Department of Public Safety:				
US Department of Homeland Security Grant	97.067	2008-GE-T8-0045	4,698	2,364
US Department of Homeland Security Grant-FEMA Region I	97.039	FEMA-DR-1698-VT	449,756	429,989
Total Passed through Vermont Dept of Public Safety				432,353
Passed through Vermont Agency of Transportation:				
FEMA Disaster Relief	97.036	EA#40011211	N/A	94,194
FEMA Disaster Relief	97.036	EA#40221211	N/A	9,275
Total Passed through Vermont Agency of Transportation				103,469
Total US Department of Homeland Security				535,822
US Department of Housing and Urban Development				
Passed through Vermont Agency of Commerce and Community Development:				
Community Development Block Grants/State's program	14.228	IG-III-2008-Montpelier-00016	74,000	1,671
Community Development Block Grants/State's program	14.228	IG-2010-Montpelier-00007	588,500	339,509
Housing Preservation Grant	14.228	HPG-2007	50,000	8,152
Total US Department of Housing and Urban Development				349,332
US Department of Transportation-Federal Highway Administration				
Passed through Vermont Agency of Transportation:				
FHWA-Transportation Enhancement Project (Carr Lot)	20.205	STP MMTC(3)	246,000	71,430
Safe Routes to School	20.205	STP SRIN 11/300	101,700	98,962
Federal Highway Emergency Relief Program	20.205	FHWA-ER-VT11-1	N/A	521,801
Federal Highway Emergency Relief Program	20.205	FHWA-ER-VT11-2	N/A	21,746
Total Passed through Vermont Agency of Transportation				713,939
Passed through Vermont Department of Public Safety:				
Governor's Highway Safety Program	20.613	02140-0911-3530	9,495	2,057
Total Passed through Vermont Dept of Public Safety				2,057
Total US Department of Transportation				715,996
Total Expenditures of Federal Awards				$ 3,541,721

SECTION II

COMPLIANCE AND INTERNAL CONTROL

Love, Cody & Company, CPAs

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*

To the City Council
City of Montpelier, Vermont

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Montpelier, Vermont, as of and for the year ended June 30, 2012, which collectively comprise the City of Montpelier, Vermont's basic financial statements and have issued our report thereon dated January 4, 2013. 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.

Internal Control Over Financial Reporting

Management of City of Montpelier, Vermont, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Montpelier, Vermont's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Montpelier, Vermont's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Montpelier, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Montpelier, 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*.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Love, Cody & Company, CPAs, P.C.

January 4, 2013

Vt. Reg. #357

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CITY OF MONTPELIER
MONTPELIER, VERMONT

Agenda for City Council Meeting
City Council Chambers, City Hall
Wednesday, January 9, 2013
6:30 P.M.

1) 13-009. Call to Order by the Mayor

2) 13-010. General Business and Appearances

3) 13-011. Consideration of the Consent Agenda:

a) Approve minutes from the City Council's December 12, 2012, and January 2, 2013 Meetings.

b) Approve the purchase of a new survey grade GPS and authorize the City Manager to execute the purchase order in the amount of $13,950 from Maine Technical Source on behalf of the City.

1) The Department of Public Works has a need to replace the six year old GPS unit to facilitate work on infrastructure and sidewalk mapping to establish maintenance tracking for the City of Montpelier.

2) The proposed funding for the GPS will consist of $3,000 from the ADA Fund (to be voted on by the ADA Committee on January 8th), with the remaining amount of $10,950 budgeted from the Equipment Fund, for a total of $13,950. The proposed GPS system is a demo product and would cost $24,000 new. Competitive quotes were received for various GPS systems and the proposal from Maine Technical Source was found to be the most appropriate at the lowest price.

c) Approve updates to The City of Montpelier Title VI and Disadvantage Business Enterprise (DBE) plan and policy.

1) The City of Montpelier Title VI and DBE plan and policy were adopted by City Council on April 13, 2005, as a requirement of FTA funds earmarked for the Carr Lot Project, specifically Title VI of the Civil Rights Act of 1964 and the Civil Rights Restoration Act of 1978.

2) The City of Montpelier is required to periodically update its policies to reflect changes in federal legislation. The current policy update includes planning and provisions and strategies of inclusive public participation of minority, low income, and Limited English Proficiency (LEP) populations. Compliance is required in order to limit possible drawdown restrictions on FTA funds.

3) This item was placed on the November 14th, 2012 agenda but questions were raised at that time; those questions have been answered.

d) Payroll and Bills

4) 13-012. Consideration of appointments to Montpelier's Business Loan Fund Committee.

a) Two, 2-year terms expire this month: Claude Stone's and Beth Boutin's.

b) Staff advertised; the only responses received were from Claude and Beth, both seeking reappointment.

c) Recommendation: Reappoint Claude Stone and Beth Boutin to another 2-year term on Montpelier's Business Loan Fund Committee; said terms will expire in January, 2015.

5) 13-013. Receive FY 2012 Audit Report

6) 13-014. Conduct First Public Hearing on Proposed FY14 Municipal Budget

a) The City Manager presented a recommended budget on December 12th, 2012.

b) The Council conducted "budget workshops" as part of their meetings held on December 18th, 2012, and January 2nd, 2013.

c) The proposed budget requires a two cent increase in the municipal tax rate (two cents for Capital Projects and Equipment Purchases).

d) Recommendation: Present budget to public; conduct public hearing; provide direction to staff as necessary.

7) 13-015. Consideration of a Necessity Resolution for the financing of sidewalks, retaining walls and storm drains and culverts in an amount not to exceed $710,000.

8) 13-016. Consideration of a Necessity Resolution for the financing of sewer line improvements in and around River Street in an amount not to exceed $670,000.

9) 13-017. Conduct First Public Hearing on Warning for March 5, 2013 Annual City Meeting.

a) A draft warning of ballot items for the Annual City Meeting is being prepared and will be available in advance of the meeting.

b) Recommendation: Conduct Public Hearing; provide direction to staff as necessary.

10) 13-018. Set date, time and location for Annual City Meeting

a) Recommendation: Set date for the Annual City Meeting on Tuesday, March 5th, 2013, from 7:00 A.M. to 7:00 P.M. in the City Hall Auditorium.

11) 13-019. Receive the final presentation for the Downtown Improvement District that the Montpelier Alive Board of Directors has formulated.

a) Board Members are currently out in the community talking with business owners and property owners about the proposal, a copy of which is attached.

b) The goal of this presentation is to ask the Council to put this proposal on the ballot for Town Meeting Day.

c) Recommendation: Receive presentation; opportunity for discussion; direction to staff.

12) 13-020. Consideration of a **VTrans Transportation Alternatives Grant.**

a) The Planning Department would like to apply to VTrans for a Transportation Alternatives Grant to further the City Council's goal of becoming a nationally recognized bicycle and pedestrian friendly city.

b) A concept paper for the grant application is attached. The match requirement is 20%.

c) Action requested: Approve grant application.

13) 13-021. Consideration of a **National Endowment for the Arts Our Town Grant**.

a) The Planning Department has been working with Vermont College of Fine Arts (VCFA) and the arts community to develop a proposal for the Our Town Grant made available by the National Endowment for the Arts to further the Council's goal of creating an environment where businesses thrive throughout Montpelier.

b) A concept paper for the grant application is attached. The match requirement is 50%, and will be provided by VCFA.

c) Action requested: Approve grant application.

14) 13-022. Reports by City Council
15) 13-023. Mayor's Report
16) 13-024. Report by the City Clerk
17) 13-025. Status Reports by the City Manager

18) 13-026. Agenda Reports by the City Manager

Adjournment

Minutes of the Montpelier City Council Meeting
December 18, 2012, 6:30 PM
City Council Chambers, Montpelier City Hall

In attendance: Mayor John Hollar (presiding), City Manager Bill Fraser, City Councilors Andy Hooper, Angela Timpone, Thierry Guerlain, Alan Weiss, Anne Watson, and Tom Golonka. City Clerk John Odum acted as Secretary of the Meeting.

The Mayor called the meeting to order at 6:32PM and thanked the Council for its flexibility in rescheduling the meeting.

12-306. Marge Power rose to speak about the Senior Center budget, expressing concern that budgetary needs relating to the new facility may merit particular consideration by the Council.

John Bloch rose to comment on consent agenda item (c), characterizing it as "giving Sovernet a subsidy." He shared his opinion that their request was inappropriate.

Mary Alice Bisbee, a former Board member of the Senior Center, asked that the Council approve the Senior Center budget. She added that she would prefer the Senior Center be un-attached from the city and be an independent entity. She also believes that the Council should re-orient itself towards those 60 and above. She also objected to changes to the mission statement specifying the Center's service to Montpelier.

Jane Kast spoke in favor of the Senior Center budget, but is also concerned about tax rates and would like to see the Senior Center's increase be offset elsewhere in the budget.

Jane Osgatharp also spoke in support of the Senior Center budget, noting the benefits beyond the individual seniors.

Esme Sobel empathized with the challenges of building a budget before speaking in support of the Senior Center budget, characterizing it as part of a greater community health and wellness strategy.

Samara Mays, Director of the Children's House on Barre Street, spoke supportively of the GMTA circulator. Councilor Weiss raised a point of order, given that the subject was a pending agenda item. Mayor Hollar allowed for the comment at the time, prior to the agenda-driven discussion.

12-307. City Manager Fraser noted item (c) of the Consent Agenda, given that Mr. Bloch had risen in opposition. Fraser indicated he did not believe it constituted a subsidy, as it had been characterized. Todd Law rose and introduced Karen Kotecki of Sovernet (contractor) who explained that Sovernet did some work in

Montpelier this last year attaching some hardware/fiber to poles, and the item was a simple permit for the anchors, to facilitate the procedure (part of a federal grant to deploy high speed internet).

Councilor Hooper moved approval of the consent agenda, seconded by Councilor Watson.

John Bloch shared his view that the staff time spent on the Sovernet project constituted a subsidy. Mayor Hollar countered that any time anyone wants to do business in the city; it would attach city staff time. Mr. Bloch rejected the comparison.

The motion passed 5-1 at 6:50PM, with Councilor Weiss voting nay.

Passage of the consent agenda provided approval for the following corrections to the 2012 Grand List (errors and omissions) as requested by the Assessor's Office (items below designate the property owner, parcel number, listed value, corrected value, and the reason for the change):

1. Back, Katie, 801-285000, $2,000, $0 - Duplicate entry under owner & business name, Balance *of Being.*

2. Black Sheep Books, 801-003000, $912, $0 - Business closed.

3. College Hill Psychiatric Svcs, 801-203000, $2,880, $0 - Business closed.

4. Fig Rig Web Crafters, 801-162000, $1,728, $0 - Duplicate entry under owner & business name, *Carter Stowell.*

5. DeLage Landen Operational Svcs, 800-750000, $123,680, $109,788 - Incorrect listing of equipment leased to Northfield Savings Bank which was not located in Montpelier.

12-308. Meredith Birkett, Harold Garabedian, and Tawnya Kristen addressed the Council on the GMTA bus routes. Birkett was very appreciative that the base support was included in the proposed budget, and then broached the topic of the circulator (circ) bus – noting that it would be a burden to collect the signatures.

At the Mayor's request, ridership and cost statistics were passed out to the Council. Councilor Guerlain asked for clarification on the federal support for the circ. Ms. Kristen indicated that ridership had grown and broadened demographically in the last year. Councilor Timpone asked for and received more detail on the utility of the routes.

Councilor Weiss felt that the ridership was too low to merit the circ's inclusion on the proposed budget and advised that they should work through the ballot process.

Councilor Guerlain had questions about the numbers, and noted he had come up with an average cost per rider of approximately $8.60, which was distinctly lower than numbers in circulation.

Councilor Golonka expressed concern that other funding sources (CCMTA?) would disappear and that the city would be expected to make up the difference in the future, characterizing it as a "bait and switch." Birkitt indicated there was no deadline on this funding, but that were statewide benchmarks that could have funding implications.

Garabedian noted that the genesis of the circ was a citizen-driven process, and that GMTA had been approached to implement it.

Councilor Timpone spoke supportively of the circ, but felt that it should be on the ballot given the budget challenges.

Councilor Guerlain wondered if the circ needed to stay free indefinitely. Birkett indicated that comparable routes and services elsewhere were free. She also indicated that many of the grants GMTA receives require local matching funds.

12-309. Councilor Weiss asked for, and received permission to discuss the school resource officer. Weiss questioned whether the city's share of the position could be transferred to the school budget, where state money could partially offset the costs to city taxpayers. The Mayor concurred that it was a good question, and the City Manager responded that he would have the conversation with the superintendent, adding that it was a topic that had been discussed, and the 50-50 split reflected what they felt was a reasonable split given the duties of the position, but that it was a conversation worth having.

Fire Chief Gowans addressed the Council on the challenges of level-funding the budget, and spoke to the impacts of reducing staffing to what he felt were unprecedented levels, and during a time of increasing demands on the department. He suggested it would impact the department's ability to respond appropriately to crises, and to manage overtime costs.

Gowans suggested that outreach programs – such as those in the schools and the community – will likely have to be cut as a result of the reduced staffing.

Councilor Guerlain responded that the budget controls were necessary. Councilor Golonka asked if there were other revenue sources that could be examined, and Chief Gowans identified a couple options that had been unsuccessfully pursued in other towns.

Councilor Weiss asked about plans for ambulance billing, and the Chief outlined the options being looked at, and indicated that the future was uncertain, given that the staff may be in flux due to a potential retirement.

Councilor Guerlain wondered about ambulance billing unpaid debt. Gowans did not have specific numbers, but responded it was being looked at. Fraser indicated that some of the unpaid debt was a phantom figure, indicating some monies that perhaps should not have been billed, but were as a matter of bookkeeping.

Councilor Watson wondered whether the average resident would notice the impacts of the proposed staffing reduction.

Jake Larabee, president of the Montpelier Firefighters Union read a statement in strong opposition to the proposed staffing cuts, indicating that the union intended to mount a door-to-door campaign on the issue.

David Beatty asked if volunteer firefighters were an option. Gowans replied that there was a call force they had been working with, but it had not been very successful. He granted that Waterbury had been very successful in recruiting a volunteer force, but that it was a cultural difference. Beatty followed up, asking if the potentially retiring administrative position could be filled by volunteers. Gowans indicated it had not been discussed.

The mayor asked Gowans if he agreed with the statement that response times would be effected. Gowans would not agree or disagree with the characterization (but suggested that second or third calls could conceivably be affected), while City Manager Fraser indicated he would not have been comfortable proposing the budget if it would drastically change the response time.

Larabee noted that he was referring to second and third call impact, and Gowans agreed with the concern.

Councilor Golonka emphasized that the Council was looking to level-fund the budget, rather than cut budgets. He also had questions about budget spending to date. Finance Director Sandra Gallup reviewed the numbers and explained why spending was down as compared to the previous years at this point. Golonka suggested that, factoring those reductions in, that the FY14 proposal could be considered a budget increase in real money. Gowans indicated that some of that difference was sustainable, and some related to the pace of filling vacant positions and the like. Gallup noted the increases in such things as Worker's Comp as an offset. A brief discussion of the city's workers compensation insurance followed.

Councilor Weiss, noted the comment by the union president, and asked about the allowable political activity of the unionized staff. The City Manager indicated there were no limitations on political activity on individuals' personal time.

The Mayor called for a five minute recess. The meeting resumed at 8:05.

Department of Public Works Director Todd Law spoke about the DPW budget, noting its decrease in staffing under the FY14 budget, and expressing concerns about the expected increased workload, given the Council's increased emphasis on road and pedestrian infrastructure upkeep.

Director Law suggested that a mild winter would make for a minimal impact. Councilor Timpone asked in more detail about the impacts of staffing, and probed further about seasonal staffing, external contracting, and potential seasonal staff sharing with the recreation department. City Manager Fraser noted that there is some staff sharing with the cemetery.

At the mayor's request, Law indicated that the position to be eliminated (by not filling a staff vacancy) is a truck driving position during the winter months. He related the challenges under the current staffing.

Councilor Weiss asked about the staff impact of the District Heat project. Law indicated that he, himself was currently the project manager, and that some of his time would be taken up working with the resident engineer the project will need to pick up. He noted that DPW staff would be on call in the case of questions or unanticipated incidents during the district heat construction.

Mayor Hollar noted the tremendous amount of salt the sidewalk plows leave behind. Law replied that the City Manager had brought this to his attention recently. He indicated that the hardware on the salt spreading mechanism left much to be desired.

Councilor Guerlain relayed an email complaint about a sidewalk plow passing by a constituent home repeatedly. He also expressed concerns about the amount of salt in use, suggesting that the driver was not being diligent enough in monitoring it.

Law indicated that he also receives concerns about inadequate sidewalk clearing and salt coverage, suggesting there are two sides to such issues. Councilor Golonka also expressed frustration with the large amounts of salt and the commensurate costs. Law reviewed with Golonka the department's salt monitoring procedure, and the related standards.

Councilor Watson asked if a sand/salt combination would be more appropriate, and noted the potential environmental impacts. Law responded that the salt had a higher environmental impact on regional waterways, while noting that sand was used on back roads as the primary agent.

Councilor Weiss asked the City Manager if any of the staff time costs related to district heat would be reimbursed to the department. Fraser indicated most of them would be.

Councilor Guerlain asked for clarification on where the proposed budget increase targeted for street and sidewalk maintenance is reflected. City

Manager Fraser indicated it was in the capital fund, and that any increases that may appear in departmental budget lines are accounted for in the $129,000 increased revenue projected. Guerlain further asked about the choices made on the accounting sheets to reflect these numbers. Fraser replied that the approach had been discussed previously, but that the numbers could be displayed differently.

The Mayor asked where the position cut was reflected in the department's budget. Law replied that it was in the DPW street operations budget line.

Councilor Watson asked for clarification about the equipment replacement costs.

The Finance Director took a moment to highlight a fund transfer to the capital improvement fund reflected in the budget book.

Planning and Development Director Gwen Hallsmith discussed the impact of staffing changes proposed for the department. Some of the technological responsibilities will be moved to DPW and IT, while the reduction in the zoning administrator position to half time will have unknown impacts (and Hallsmith indicated she would return to the Council and report if it became untenable).

Councilor Hooper wondered if a half time position would attract qualified applicants. Hallsmith replied that applicants for the full-time position had responded well to the change to part-time, and were still interested in the position.

At Councilor Weiss's question, Director Hallsmith reported that the Building inspector position has been filled, and the department had been working with the state to insure the fees stay in the city. She spoke positively about the new hire.

Director Hallsmith's largest concern was with the loss of GIS expertise in the department.

Councilor Guerlain opined that Director Hallsmith's department seemed to be shortchanging the economic development portion of its mission. The City Manager answered, reviewing some of the city's work to develop the grand list, and referred to the previous Council discussions on the issue which delineated economic and community development tasks in the context of the Council's goals.

Councilor Guerlain indicated he was not seeing "payback" on the efforts. Director Hallsmith countered that the department had brought in grant monies of $14 million over her tenure, based on what was available. She cited the growth center designation, and the residential tax stabilization work underway – while noting the economic slump since 2008.

The City Manager added that the city has struggles with its role as an economic development engine, and whether it should be primarily supporting the private sector, or directly involving itself. He indicated that the Council could give guidance in this capacity.

Councilor Guerlain reiterated his feeling that economic development is being given insufficient priority, and offered Barre as a positive model.

The Mayor suggested the Council should continue the conversation, but added his own opinion that – as the City Manager had said – the city should play a support role, rather than an active one. At Councilor Guerlain's questioning, the Mayor suggested that Barre had a more developable downtown. Director Hallsmith also indicated that Barre City was ahead of Montpelier on Tax Increment Financing in light of decisions made not to pursue it by the City Council in the past. City Manager Fraser also noted that Barre put up $610,000 on their redevelopment.

Councilor Watson asked whether economic development can be addressed with such a large budgetary decrease. Hallsmith indicated that helping to make that budgetary room for the Assistant City Manager would yield dividends in this way.

12-310. Councilor Watson expressed her feeling that she was not opposed to providing the Senior Center with their full budget request.

Councilor Guerlain asked for clarification on the coming budget discussion process and schedule. A brief back-and-forth review followed.

Councilor Weiss reported on the Washington County Budget presentation attended by himself and the City Clerk. Tomorrow at 4:30, the Charter Committee will meet to discuss portions of the charter relating to indebtedness and utility rates.

12-311. The Mayor reported that he and the City Manager met with the VTRANS Director on the bike path and received a status report. He indicated it was likely that the project would be approved in a modular way, allowing the City to go forward on its segment before concerns in other towns' segments are worked out.

On the Carr Lot, the Mayor indicated that discussions continue with the lot owner.

Councilor Guerlain moved for adjournment, and Councilor Hooper seconded. The motion passed unanimously at 9:17PM.

Minutes of the Montpelier City Council Meeting
January 2, 2013, 6:30 PM
City Council Chambers, Montpelier City Hall

In attendance: Mayor John Hollar (presiding), City Manager Bill Fraser, City Councilors Andy Hooper, Angela Timpone, Thierry Guerlain, Alan Weiss, Anne Watson, and Tom Golonka. City Clerk John Odum acted as Secretary of the Meeting.

The Mayor called the meeting to order at 6:30 PM.

13-002. The City Clerk noted that the previous meeting's minutes were not available, as an edit needed to me made. Councilor Hooper moved approval for the remaining items on the Consent agenda and Councilor Timpone seconded. The motion passed unanimously and without discussion at 6:31 PM.

13-003. City Manager Fraser reviewed the pending city citizen survey, using the previous survey in 2009 as an example. Councilor Weiss spoke positively about the past surveys. Councilor Timpone asked questions to ascertain the purpose and functionality of the survey.

Councilor Guerlain asked about the relationship with Berlin in regards to the sewer system, and how their payments relate to the infrastructure maintenance.

Police Chief Anthony Facos briefed the Council on the proposed FY13 budget. He addressed the challenges of the proposed staff reduction, particularly in relation to special events. He also spoke about the proposed changes in parking permit and lot rates which would bring the parking portion of the budget out of the red.

Councilor Weiss has questions about how the School Resource Officer position is funded. He also questioned the workload and budget for the position, given the school calendar.

The City Manager responded that half the budget for the position is billed to the school – and that it is a negotiated amount, in the context of their other budget challenges. He also expressed his view that the position supports the school and the greater community. Finally, he noted that the incoming Resource Officer was of the same rank as the outgoing one.

Chief Facos added details on the partnership with the school district, as well as the specific expertise of the incoming officer. He also advocated for keeping the current funding relationship to firmly establish the officer as a Police employee who answers to the Police Department, rather than the school. Facos added that he felt an SRO was appropriate and necessary for a community like Montpelier.

Councilor Weiss asked whether the current SRO would stay on in a contract capacity, and Facos indicated there would be some overlap – restating his opinion that a 16-officer force was not ideal, but that the force was adapting.

Councilor Guerlain asked if there were other personnel resources available for special events. Chief Facos indicated there weren't, but made a note of the expertise and experience within the department on such events.

On the Parks budget, the City Manager noted that the only change was to craft a caretaker for the house in Hubbard Park, as Geoff Beyer was moving out of the house. The budget envisions renting the house, while paying a salary for a caretaker living on site.

Councilor Guerlain wondered whether police department staffing could be modified to provide more coverage for parking patrols between 4 and 5 PM.

The Mayor noted that the next meeting was a public hearing and invited Councilors to place any major proposed budget changes on the table with that in mind. Councilor Weiss took a moment to discuss the mission of Montpelier Alive and the budget monies and office space used to support the organization. He characterized the focus of Montpelier Alive as too narrow in scope, in terms of area. The Mayor responded that the meeting on the 9th would be an appropriate venue to raise the discussion, and that Montpelier Alive representatives would be in attendance. City Manager Fraser offered details on the geographic range served by Montpelier Alive as relating to the city's official downtown designation.

Councilor Guerlain asked about the responsibility of the City Council for the other budgets which appear before the voters (the Schools and the Recreation Department). City Manager Fraser and Mayor Hollar responded that the roles were distinct, and that there was little to be gained by the Council putting time and energy into the matter.

Councilor Timpone noted that voters keep approving budgets, and that this was evidence that there wasn't broad dissatisfaction with the overall budgets, as some suggest. She further suggested that the distinct budgets and budgetary perspectives between these differing entities was a structural quality of the city.

Mayor Hollar suggested that increasing communication between the city and the school prior to crafting budgets n the future would be prudent, so that the Council could take school cost increases into consideration when it crafts the municipal budget. The City Manager reflected that the two budgets had been more closely rolled out in previous years. Councilor Watson suggested it would be useful to see combined recent budgetary trends.

Finance Director Sandra Gallup directed the Council's attention to data presented in the budget books that compares the recent growth in the school and municipal budgets. Councilor Guerlain expressed concern over the increasing tax bills. When Councilor Timpone noted that the increasing budgets did not give a clear picture of how individual tax bills have increased (particular given income-sensitivity support from the state), Councilor Golonka expressed his concern that such state support should not be counted on, given the state's own budgetary volatility.

Councilor Weiss spoke out strongly against both proposed bonds, expressing his opinion that the city was too far in debt. Councilor Guerlain and City Manager Fraser briefly reviewed the bonding option for dealing with the city's infrastructure needs, versus a "pay as you go" option. Mayor Hollar referred to a memo authored by Councilor Guerlain reporting that the Capital Improvement Committee recommended the proposed bonding scheme, and suggested in was late in the process to reopen the discussion.

Councilor Golonka insisted that, contrary to the Mayor's statement that no Councilors had objected to the bonding proposal at the time, he did object at the time – but noted that he did not do so in a Council meeting. He then added that he was inclined – but not committed – to supporting these particular bonding proposals.

Councilor Guerlain reviewed the past Capital Improvement Committee discussions in more detail, clarifying his concerns, and adding that a change in direction at this time would not require a wholesale rewrite of the proposed budget, as the Mayor suggested it would.

Councilor Golonka suggested that the city could consider putting off moving on the infrastructure repair question another year, given the likelihood of a large budget request from the schools.

Councilor Weiss reminded the body that he had previously made clear his objection to any additional bonding.

Councilor Guerlain asked the City Manager about the implications of putting off the infrastructure bond decision for an additional year. Councilor Timpone noted that, in her experience, the Council continually has put off needed infrastructure improvements.

Mayor Hollar if there was a specific proposal to amend the draft budget. Councilor Guerlain indicated he was feeling somewhat reassured about the contents of the budget.

Councilor Golonka moved that the Council set the first public hearing for next week with the bond proposal as written to be included on the ballot pending public input. Councilor Hooper seconded. The motion passed unanimously at 8:10PM.

13-004. Councilor Weiss commended the Fire Department's response to the fire alarm in City Hall the previous week.

Councilor Hooper related that a lot of people were unhappy about the lack of First Night activities.

Councilor Timpone announced that she will not run for re-election to the Council.

13-006. The City Clerk reported that the City should be receiving two additional optical scan voting machines via the Secretary of State's office (through federal funds) in time for the annual city meeting. He indicated he would refrain from a formal announcement until the actual machines came into the city's possession.

13-007. City Manager Fraser noted that a grant had been received to overhaul police department consoles. He further noted that Councilor Weiss's commendation to the fire department (and their response to a false alarm the previous year's facilities bond and gone to insulation

Councilor Guerlain made a motion to adjourn at 8:15PM. Councilor Timpone seconded. The motion passed unanimously.

Downtown Improvement District

January 2013

Montpelier Alive
• ENRICHING A VIBRANT DOWNTOWN •

VISION: To equitably raise funds to enhance the downtown streetscape and to market Montpelier as a unique destination for tourism and business.

What is a Downtown Improvement District?

A Downtown Improvement District, also known as a "Special Assessment District," is a physical area defined by a municipality, or municipal agency for the purpose of generating funds within the District for reinvestment for a specific purpose, beneficial to the District.

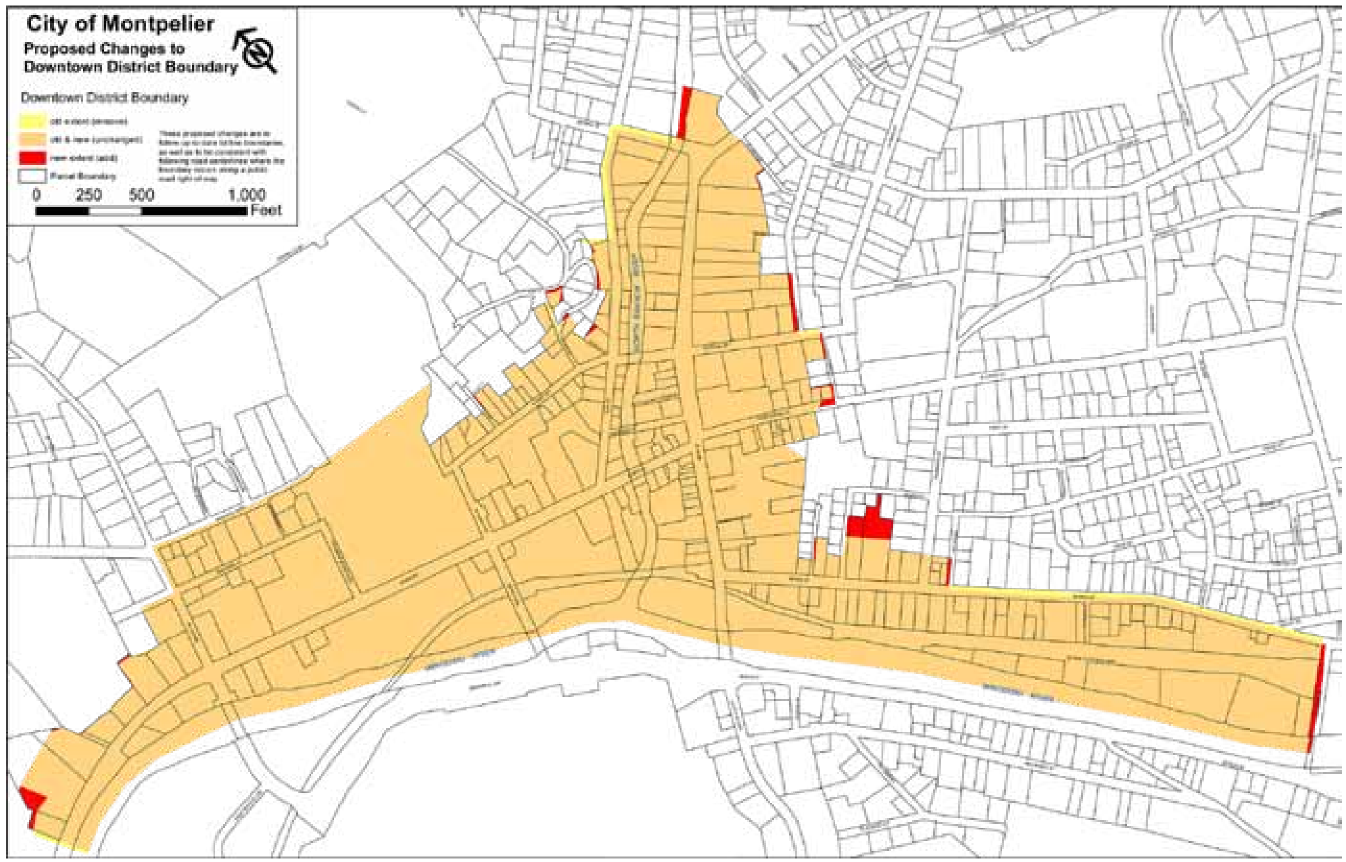
Why an Improvement District?

"Montpelier is a vibrant community center with a thriving downtown and unique sense of place." This is Montpelier Alive's Vision Statement and the Downtown District will ensure that our collective vision is realized now and endures for future generations. The District will reinvest 100 percent of its revenue downtown, to the direct benefit of those entities which pay into the District.

The District is intended to:

- Promote Montpelier regionally as a vacation, dining, shopping and business destination.
- Ensure that visitors have an exceptional experience, influencing their decision to come and see us again.
- Provide a climate which will strengthen our existing businesses while attracting new business to the city.

What are the District boundaries?



The District Boundaries will overlay the current Designated Downtown.

What is the proposed District budget and what will it cost landlords and businesses?

The fiscal 2014 budget is $75,000. This budget will be used to draw more visitors to Montpelier through strategic marketing and promotion and will enhance the backdrop for visitors and residents through vibrant streetscape improvements—our goal is to deliver a *real* experiential impact within the character of Montpelier, and to do it swiftly.

The additional tax rate on properties in the district will be 4.5 cents per $100 of assessed value.

SAMPLE TAX IMPACTS

Onion River Sports block will pay $530 per year. There are six businesses within this building that may contribute to this fee. Rivendell Books block will pay $232 per year. There are eight businesses within this building that may contribute to this fee.

How will the funds be generated and collected?

Funds will be generated as a property tax based on Grand List value.

Funds will be collected just like property taxes are currently collected, billed quarterly. Landlords may elect to absorb the assessment, or they may choose to pass it along to their tenants (lease agreements may influence tenant participation).

Comparison of Vermont Assessment Districts

City/Town	Rate per $100 of Assessed	Annual Revenue	Money for Marketing	Money for Streetscape	Residential Exclusions
Rutland	$.20 †	$265,000	X	X	Single/Duplex
Church Street	$2.60/SF ‡	$650,000	X		N/A
Middlebury	$.07	$35,000	X	X	All Excluded
Bennington	$.19	$89,000	X	X	All Excluded
Brattleboro	$.14	$78,000	X	X	Provision §
Montpelier	$.045	$75,000	X	X	Single Family

† Based on percentage of municipal tax rate, currently calculates to approximately 20 cents

‡ Burlington uses square footage levy. This rate is effectively 25X higher than proposed Montpelier rate

§ There is a provision for residential properties with fewer units to be excluded

What's it like in other Vermont cities with an assessment district?

"Rutland's Downtown Program is similar to the one being considered in Montpelier. The money raised for the Partnership pays for sprucing up our downtown, all the holiday lights, the flowers and greenery, way-finding street signs, etc. It pays for all the marketing, advertising and promotion of our downtown. Without the Partnership, none of this would happen. From the beginning, most property owners saw the Partnership as an investment in their properties, and the vast majority of businesses and building owners approve its renewal every three years. The Partnership is crucial to the prosperity of Rutland, and I'm very happy to participate."

—Bonnie Hawley, Hawley's Florist, Rutland, Vermont

Who will administer the District funds?

The City of Montpelier will collect the assessment along with regular property taxes.

The funds will be administered by an Improvement District Committee under the structure of Montpelier Alive. The committee will be composed primarily of landlords and business owners within the District—primary District beneficiaries.

What benefits will be provided in Phase One (first fiscal year)?

STREETSCAPE

Parklet Seed Money	$5,000
New Banners on State Street	$5,000
New Planters/Plantings	$12,000
Additional Benches	$8,000
New Waste/Recycling Barrels	$5,000

MARKETING MONTPELIER

Regional Magazines	$10,000
Vermont Radio Promotion	$5,000
Graphic Design, Creative Services	$5,000
Business/Tourism Website Dev.	$8,000
Printing (Brochures, Posters etc.)	$5,000
Montreal Regional Promotion	$7,000

Phase One streetscape enhancement detail

If approved, Phase One of our work will include a great new parklet for additional outdoor seating, multiple new planters along State Street, new colorful seasonal banners on our light posts, replacement of all remaining plastic waste containers and the introduction of additional high-quality steel recycling receptacles on State Street, as well as improved waste collection on weekends and holidays.

Marketing-spend detail

REGIONAL MAGAZINES *(event, tourism and co-op advertising)*
Exit 89, *Vermont Life*, *Yankee* magazine, *BTV*, *Seven Days*, *Vermont Weddings*, *Vermont Vows*

RADIO PROMOTION *(event and co-op advertising)*
Nassau Broadcasting, WCVT, WDEV, The Point, WVPR, WGDR

BUSINESS AND TOURISM WEBSITE
The site will list events and activities as well as stores, restaurants, bars, coffee shops, lodging and more. A map of the area and suggested itineraries will also be available on the site.

MONTREAL REGIONAL PROMOTION
Print, radio and trade-event promotion to invite Canadians to Montpelier for shopping and vacation.

Proposed ballot language

Shall the City levy a special assessment in the amount of $.045 per hundred dollars of listed value on the properties within Montpelier's Designated Downtown District to generate the sum of approximately $75,000 to be administered by Montpelier Alive to market and promote Montpelier and to make ongoing streetscape improvements? (item requested by Montpelier Alive).

POMERLEAU
REAL ESTATE

October 4, 2012

Montpelier Alive
39 Main Street
Montpelier, VT 05602

The Downtown Improvement District is an overdue resource in most Vermont downtowns. This model of shared investment for the enhancement of the Common Area is a proven, successful and critical measure for the long-term success of every thriving marketplace. The approach is simple: attract the customer with your message and reinforce their decision by providing a special experience. Your Improvement District will benefit retailers at the cash register, landlords through their occupancy and rental rates and residents by further improving a spectacular, historic downtown.

Our family owns/operates 2,000,000 square feet of commercial real estate in Vermont. Our properties on The Church Street Marketplace benefit from a similar type of common area investment strategy and are sought-after by the retail community at healthy lease rates. The Church Street Marketplace has an estimated 3,000,000 visitors a year and is a standard for successful downtowns in the country.

As the owner of the Shaw's, Railroad and Sarducci properties in downtown Montpelier, our company supports, and looks forward to the implementation of the Improvement District.

Sincerely,

Ernie Pomerleau, President

69 College Street Burlington, VT 05401 p 802.863.8210 f 802.863.8219
www.VermontRealEstate.com

rendering by Steve Frey

Designer's vision

INSTALLATION OF PARKLET
HANGING FLOWER BASKETS
NEW WASTE AND RECYCLING RECEPTACLES
NEW SEASONAL BANNERS
NEW WAYFARING SIGNAGE

Montpelier Alive

• ENRICHING A VIBRANT DOWNTOWN •

ANDREW BREWER
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PHAYVANH LUEKHAMHAN
Montpelier Alive Executive Director
director@montpelieralive.org

City of Montpelier, Vermont

TO: City Council Members
William Fraser, City Manager

FROM: Sandy Gallup, Finance Director

DATE: December 11, 2012

SUBJECT: June 30, 2012 Fund Balances

General Fund:

The General Fund balances totaled $1,619,523 as of June 30, 2012. The fund balances that are nonspendable, restricted, committed and assigned totaled $655,382 of June 30, 2012. These fund balances are either nonspendable or have spending constraints placed on the purposes for which they can be used. This leaves an unassigned fund balance of $964,141 which is $152,260 lower than the prior year's unassigned fund balance.

The FY12 General Fund Budget included Use of Prior Year Fund Balance of $149,275. This is the major reason for the decrease of $152,260.

General Fund Balance Summary – Unassigned Fund Balance

Unassigned Fund Balance 6/30/2011	**$ 1,116,401**
FY 12 decrease in Fund Balance	**152,260**
Unassigned Fund Balance 6/30/2012	**$ 964,141**

Target General Fund Balance per Fund Balance Policy: $1,488,917

Other Major Funds:

The Capital Projects Fund ended the year with fund balances of $777,178 which was $1,192,094 lower than the prior year fund balances of $1,969,272. $592,641 of these funds are restricted by bonding constraints and impact fee ordinances. This leaves a committed fund balance of $184,537 for various capital improvement projects. Much of this decrease in the Capital Projects fund balance is the result of the completion of the 58 Barre Street renovation project.

Other nonmajor governmental funds ended the year with a fund balance of $1,002,502, which was $460,269 lower higher than the prior year fund balance of $1,462,771. Much of this decrease was the reduction in Senior Center Donations for the 58 Barre Street project. $451,035 of these funds are Non-Expendable by Trust Agreements. $523,765 of these funds are restricted by donations and permanent funds.

The Water Fund ended the year with net assets of $8,821,390 which was $85,534 more than the prior year balance of $8,735,856. Of the total net asset balance, 9,275,130 is invested in property and equipment. This leaves an unrestricted deficit of $453,740 to be recovered in future periods. This unrestricted deficit is $165,493 less than the $619,233 unrestricted deficit as of June 30, 2011. $297,500 of this unrestricted deficit is debt related to the refinancing of the unfunded pension liability. Principal repayments on this debt are not due until November, 2017.

The Sewer Fund ended the year with net assets of $11,441,907, which was $515,425 higher than the prior year balance of $10,926,482. Of the total net asset balance, $11,407,907 is invested in property and equipment. This leaves an unrestricted net assets balance of $34,091. Included in this balance is $402,500 in debt related to the refinancing of the unfunded pension liability. Principal repayments on this debt are not due until November, 2017.

The Parking Fund ended the year with net assets of $290,222, which was $27,650 lower than the prior year balance of $317,872. Of the total net asset balance, $359,832 is invested in property and equipment and $2,417 is restricted for various projects. This leaves a deficit of $72,227 to be recovered in future periods. Included in this deficit is $192,500 in debt related to the refinancing of the unfunded pension liability. Principal repayments on this debt are not due until November, 2017.

The City's Fund Balance Policy establishes a goal to achieve positive Unrestricted Net Asset Balance for the City's Water, Sewer and Parking Funds. In FY12, we reduced the overall deficit in the proprietary funds from $808,301 to $491,876. We were successful in bringing the Sewer Fund out of a deficit position and reducing the Water Fund's deficit by $165,493. The Parking Fund is producing small losses which needs to be addressed in future budgets.

City of Montpelier
Department of Public Works
<u>Memorandum</u>

Ok, Tu
Bill, Please put on consent agenda with your approval. Thanks, Todd

To:	**Todd Law, Director of Public Works**
From:	**Kurt Motyka, PE, Project Engineer** Kurt Motyka **Zach Blodgett, E.I.T., Engineering Technician**
Date:	**January 3, 2013**
Subject:	**GPS replacement approval**

Please consider placing the following on the consent agenda for the January 9th, 2013 City Council meeting:

Consideration of authorizing and approving the purchase of a new survey grade GPS and to authorize the City Manager to execute the P.O. in the amount of $13,950 from Maine Technical Source on behalf of the City.

The Department of Public Works has a need to replace the six year old GPS unit to facilitate work on infrastructure and sidewalk mapping to establish maintenance tracking for the City of Montpelier. The sidewalks within the City need to be brought to compliance with the American Disabilities Act (ADA) including correcting existing cross slopes, slopes of ramps, and other improvements to meet current standards. Along with creating a sidewalk condition index, the GPS would also be used map our infrastructure such as existing water valves and hydrants so DPW can quickly identify key shutoff points during water breaks and a detailed maintenance plan can be generated.

The proposed funding for the GPS will consist of $3,000 from the ADA fund (to be voted on by the ADA Committee on January 8th), with the remaining amount of $10,950 budgeted from the equipment fund for a total of $13,950. The proposed GPS system is a demo product and would cost $24,000 new. Competitive quotes were received for various GPS systems and are summarized in Table 1. This purchase is in accordance with current city council goals and priorities as well as the recent matrix study.

In Table 1, prices are shown for various survey packages. The recommended choice is the Leica Viva GS12 with the CS15 controller. The Leica GS12 model has the following capabilities that are not offered in the other versions: project stakeout to assist with construction layout, navigation arrow to quickly locate mapped features, a full function controller to increase the speed of data collection, and an intermediate setting which will allow for better accuracy in partially obstructed conditions. The Carlson Supervisor doesn't produce the same accuracy or have the same capabilities as the Leica GS 12. The capabilities of the Leica GS 12 exceed the capabilities of the other models at a comparable price.

In the Manager's proposed budget report for FY14 it states "... a method to calculate a condition assessment tool to evaluate the sidewalks will be established." This GPS along with existing GIS software is our proposed method and is the justification for the funding approval from the ADA committee. The GPS is also survey grade, which will allow DPW staff to generate construction plans with a one-man survey crew. We feel it is the appropriate system to accomplish the ADA assessment as well as our other mapping needs.

<u>Recommendation:</u> authorization of the City Manager to sign the purchase order for the survey grade GPS in the amount of $13,950.00

Table 1

Quotes By	**Model**	**Receiver**	**Controller**	**Software**	**Price**	**Trade of Old Trimble GPS**
Leica Geosystems (NJ)	Leica Viva GS08 Plus	GS 08**	CS 10	Smartworx LT	$14,395.50	$0.00
Maine Technical Source	Leica Viva GS08 Plus	GS 08**	CS 10	Smartworx LT	$10,750.00*	$4,200.00
Maine Technical Source	**Leica Viva GS12**	**GS 12**	**CS15**	**Smartworx**	**$13,950.00***	**$750.00**
GEO Data Systems Management	Ashtech	Promark 800	Mobile Mapper 100	ArcPad	$15,735.00	$0.00
Surveyor Central	Carlson Supervisor + Super G	NovAtel 614 GNSS	Super G	Carlson Surv CE	$13,995.00	$0.00

*Includes trade amount
** This receiver does not have the accuracy that is necessary for the infrastructure management to include ADA evaluations.

C: Sandy Gallup, Finance Director

Office of the City Manager
City Hall - 39 Main Street, Montpelier, VT 05602
(802) 223-9502

December 21, 2012

The Times-Argus
Att: Classifieds

Please include this ad with City of Montpelier notices on Thursday, December 27th, 2012, and Monday, December 31st, 201.

MONTPELIER BUSINESS LOAN FUND COMMITTEE VACANCIES

The City of Montpelier is seeking individuals interested in serving on the Montpelier Loan Fund Committee. The Montpelier Loan Fund Committee assists Montpelier's Community Development Agency in the administration of several different loan programs. Two seats are vacant as of January 12th, 2013; these are both 2-year terms which will expire in January, 2015. Persons knowledgeable in the areas of banking, law, financial management, business management, or other related fields are encouraged to submit a letter of interest and/or a resume by noon on Thursday, January 3rd, 2013. The Council will make these appointments at their January 9th meeting; applicants are encouraged to attend. All municipal meetings are accessible to people with disabilities and are held in accordance with the public meeting and public records laws. Questions should be directed to the Department of Planning and Development: 223-9506.

William J. Fraser
City Manager

Sandy Pitonyak

From: Sandy Pitonyak
Sent: Friday, December 21, 2012 9:50 AM
To: 'Claude Stone'; 'Claude Stone'; 'Beth & Andy Boutin'
Subject: Your Terms on Business Loan Fund Committee

… expire on January 12th. (See attached ad.) If you'd like to seek reappointment, please just send me an e-mail to that effect. Thank you!

Sandy Pitonyak

Administrative Assistant to the City Manager
City Hall - 39 Main Street
Montpelier, VT 05602
Telephone: (802) 223-9502
FAX: (802) 223-9519
spitonyak@montpelier-vt.org

Sandy Pitonyak

From: Claude Stone [mailto:claude.stone@gmail.com]
Sent: Friday, December 21, 2012 11:01 AM
To: Sandy Pitonyak
Subject: Re: Your Terms on Business Loan Fund Committee

Sandy, thank you.
Yes, I would like to continue to serve on the loan committee.
Claude

Sandy Pitonyak

From: Beth & Andy Boutin [baboutin@comcast.net]
Sent: Wednesday, January 02, 2013 4:57 PM
To: Sandy Pitonyak
Subject: Re: Loan Fund Committee

Yes I would, sorry I forgot to reply.
Thanks for the reminder!
~Beth

City of Montpelier, Vermont

Disadvantaged Business Enterprise Program

Policy Statement

The City of Montpelier, Vermont has established a Disadvantaged Business Enterprise (DBE) program in accordance with regulations of the U.S. Department of Transportation (DOT), 49 CFR Part 26. The City of Montpelier has received Federal financial assistance from the Department of Transportation, and as a condition of receiving this assistance, the City has signed an assurance that it will comply with 49 CFR Part 26.

It is the policy of the City of Montpelier (City) to ensure that DBEs, as defined in part 26, have an equal opportunity to receive and participate in DOT assisted contracts. It is also our policy:

- To ensure nondiscrimination in the award and administration of DOT assisted contracts;
- To create a level playing field on which DBEs can compete fairly for DOT assisted contracts;
- To ensure that the DBE Program is narrowly tailored in accordance with applicable law;
- To ensure that only firms that fully meet 49 CFR Part 26 eligibility standards are permitted to participate as DBEs;
- To help remove barriers to the participation of DBEs in DOT assisted contracts; and
- To assist the development of firms that can compete successfully in the market place outside the DBE Program.

The department head of the Public Works Department and the department head of the Planning and Community Development Department have been delegated as the DBE Liaison Officer. In that capacity, they are responsible for implementing all aspects of the DBE program.

Implementation of the DBE program is accorded the same priority as compliance with all other legal obligations incurred by the City in its financial assistance agreements with the Department of Transportation.

The City of Montpelier will disseminate this policy statement to the Montpelier City Council and all the components of our organization. We will distribute this statement to DBE and non-DBE business communities that perform work for us on DOT-assisted contracts via direct mail to certified DBEs and potential DBEs utilized by the City of Montpelier in recent years.

Definitions of Terms

The terms used in this program have the meanings defined in 49 CFR 26.5.

Nondiscrimination

The City of Montpelier will never exclude any person from participation in, deny any person the benefits of, or otherwise discriminate against anyone in connection with the award and performance of any contract covered by 49 CFR Part 26 on the basis of race, color, gender, sexual orientation, or national origin.

In administering its DBE program, the City will not, directly or through contractual or other arrangements, use criteria or methods of administration that have the effect of defeating or substantially impairing accomplishment of the objectives of the DBE program with respect to individuals of a particular race, color, gender, sexual orientation, or national origin.

DBE Program Updates

We will continue to carry out this program until all funds from DOT financial assistance have been expended. We will provide to DOT updates representing significant changes in the program.

Quotas

We do not use quotas in any way in the administration of this DBE program.

DBE Liaison Officer (DBELO)

We have designated the following individuals as our DBE Liaison Officer:

Gwendolyn Hallsmith, Director
Department of Planning & Community Development
City of Montpelier
39 Main Street, City Hall
Montpelier, VT 05602
(802) 223-9506
ghallsmith@montpelier-vt.org

Todd Law, Director
Department of Public Works
City of Montpelier
39 Main Street, City Hall
Montpelier, VT 05602
(802) 262-6274
tlaw@montpelier-vt.org

In that capacity, Ms. Hallsmith and Mr. Law are responsible for implementing all aspects of the DBE program as it relates to projects administered through their respective departments and ensuring that the City of Montpelier complies with all provisions of 49 CFR Part 26. As department heads, they have direct, independent access to the City Manager concerning DBE program matters. The City provides procurement guidance through its Finance Department with support of DBE and W/MBE-specific activities through the city's Department of Planning and Community Development.

The DBELO is responsible for developing, implementing and monitoring the DBE program, in coordination other appropriate officials. Duties and responsibilities include the following:

Project Managers

- Gather and report statistical data and other information as required by DOT.
- Reviews third party contracts and purchase requisitions for compliance with this program.

Liaison Officer

- Ensures that bid notices and requests for proposals are available to DBEs in a timely manner.
- Identifies contracts and procurement so that DBE goals are included in solicitations (both race-neutral methods and contract specific goals) and monitors results.
- Participates in pre-bid meetings.
- Plans and participates in DBE training seminars.
- Certifies DBEs according to the criteria set by DOT and acts as liaison to the Uniform Certification Process in Vermont.

Planning & Community Development Department

- Analyzes the City of Montpelier's progress toward goal attainment and identifies ways to improve progress.
- Advises the City Manager and City Council on DBE matters and achievement.
- Participates with the legal counsel and project manager to determine contractor compliance with good faith efforts.
- Provides DBEs with information and assistance in preparing bids, obtaining bonding and insurance.
- Provides outreach to DBEs and community organizations to advise them of opportunities
- Refers DBEs to the state's directory and provides assistance with the registration process.
- Will develop and maintain a government contracting link on the City's Web site <http://www.montpelier-vt.org> that lists various DBE registries and includes information on how DBEs can access government contracting information.

<u>Federal Financial Assistance Agreement Assurance</u>

The City has signed the following assurance, applicable to all DOT-assisted contracts and their administration and includes this language in financial assistance agreements with sub-recipients:

> *The City of Montpelier shall not discriminate on the basis of race, color, national origin, or gender, sexual orientation in the award and performance of any DOT assisted contract or in the administration of its DBE Program or the requirements of 49 CFR part 26. The recipient shall take all necessary and reasonable steps under 49 CFR part 26 to ensure nondiscrimination in the award and administration of DOT assisted contracts. The recipient's DBE Program, as required by 49 CFR part 26 and as approved by DOT, is incorporated by reference in this agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the City of Montpelier of its failure to carry out its approved program, the Department may impose sanctions as provided for under part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).*

DBE Financial Institutions

To the extent that there may be DBE financial institutions operating in the state of Vermont, the City of Montpelier will solicit bids for service. No such financial institution currently exists in Vermont.

Directory

The State of Vermont Agency of Transportation (VTrans) maintains a directory identifying all firms eligible to participate as DBEs. The City of Montpelier relies on this directory to identify firms eligible to participate as DBEs. The directory lists the firm's name, address, phone number, date of most recent certification, and the type of work the firm has been certified to perform as a DBE. VTrans publishes quarterly updates to the directory and distributes it widely. The Directory is available from the VTrans Office of Civil Rights and Labor, 133 State Street, Montpelier, VT 05633, 802-828-2717 and is being listed on their recently launched Civil Rights Web site. A recent version of the Directory may be found in Attachment B to this program document.

Over concentration

The City of Montpelier has not identified an over-concentration of DBEs in any particular field. If an over-concentration is identified, the City will work closely with the VTrans to reach out to business development agencies to assist in moving DBEs into additional areas of work.

Required Contract Clauses

Contract Assurance

We will ensure that the following clause is placed in every DOT-assisted contract and subcontract:

> *The contractor or subcontractor shall not discriminate on the basis of race, color, national origin, gender, or sexual orientation in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR part 26 in the award and administration of DOT assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate.*

Prompt Payment

We will include the following clause in each DOT-assisted prime contract:

> *The prime contractor agrees to pay each subcontractor under this prime contract for satisfactory performance of its contract no later than seven days from the receipt of each payment the prime contractor receives from the City of Montpelier. The prime contractor*

agrees further to return retainage payments to each subcontractor within 30 days after the subcontractor's work is satisfactorily completed. Any delay or postponement of payment from the above referenced time frame may occur only for good cause following written approval of the City of Montpelier. This clause applies to both DBE and non-DBE subcontractors.

The City requires prime contractors to provide evidence of compliance with prompt payment provisions if requested. Evidence may include providing copies of invoices and payment vouchers. Failure to comply with the prompt payment provisions may result in contract termination. Whenever possible, The City will provide the contractor with an opportunity to remedy the error or negotiate a fair remedial agreement.

Monitoring and Enforcement Mechanisms

Prime contractors shall be required to submit detailed invoices that include a tally of payments actually made to all subcontractors, including DBE contractors. Prior to approval for payment, the project manager will review invoices for the extent to which performance has matched promises.

The City will bring to the attention of the Department of Transportation any false, fraudulent, or dishonest conduct in connection with the program, so that DOT can take the steps (e.g., referral to the Department of Justice for criminal prosecution, referral to the DOT Inspector General, action under suspension and debarment or Program Fraud and Civil Penalties rules) provided in 26.109. We also will consider similar action under our own legal authorities, including responsibility determinations in future contracts.

Overall Goals

Amount of Goal

The City of Montpelier does not expect to award $250,000 or more in FTA funds in prime contracts in FY 2005, and so was not required to develop overall goals for that year. However, the City elected to follow its already-established DBE policies in the procurement of all professional services funded all or in part with federal funds.

In FY 2006, the City of Montpelier intends to expend 4.2% of the Federal financial assistance received under the Department of Transportation with small business concerns owned and controlled by socially and economically disadvantaged individuals (DBEs). The City intends this expenditure be obtained through a race and gender neutral program and will exclude FTA funds used for the purchase of transit vehicles.

Process

The City of Montpelier has availed itself of a variety of techniques and models to comply with the goal setting provisions for participation by disadvantaged business enterprises (DBEs) in its DOT-assisted contracting program, as required by Section 26.45 of the DBE Regulations.

The City of Montpelier will submit its overall goal to DOT on August 1 of each year.

Before establishing the overall goal each year, the City will consult with VTrans to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses. The City will review its efforts to establish a level playing field for the participation of DBEs and will solicit ideas and suggestions for developing and implementing overall goals from the VTrans Office of Civil Rights and Labor Compliance, which has invited input from the women, minority and general contracting community. Information concerning the purpose and elements of the DBE Program were widely disseminated by the Office of Civil Rights and Labor Compliance in writing, and through a series of presentations to a diverse range of individuals and organizations, including our currently certified DBEs, the Associated General Contractors of Vermont, the American Council of Engineering Consultants, the Vermont Technical Assistance Providers Association, the Governor's Commission on Women, the Vermont Government Contracting Coalition, the Vermont Commerce and Community Development Agency, and Northern New England Tradeswomen.

We will publish a notice of the proposed overall goal, informing the public that the proposed goal and its rationale are available for inspection during normal business hours at our principal office for 30 days following the date of the notice, and informing the public that we and DOT will accept comments on the goals for 45 days from the date of the notice. The notice will be published in the local daily newspaper *The Time-Argus* or the weekly *Seven Days.* Normally, we will issue this notice by June 1 of each year.

Our overall goal submission to DOT will include a summary of information and comments received during this public participation process and our responses.

We will begin using our overall goal on October 1 of each year, unless we have received other instructions from DOT.

Methodology

The City of Montpelier has employed the two step process outlined in Section 26.45. First, a baseline figure was created reflecting the relative availability of ready, willing and able DBEs in our marketplace. Then, all relevant evidence was examined, including past DBE participation, to determine what adjustments, if any, are needed to arrive at our overall goal. While the City of Montpelier has affirmed its commitment to meeting the maximum feasible portion of our overall goal using race-neutral means, we have also provided the requisite projection of a breakout of participation derived from both race-neutral and race-conscious measures, as specified in Section 26.51.

Step 1: Base Figure for the Relative Availability of DBEs

As specified in Section 26.45(c) of the DBE Regulations, the method used to calculate the relative availability of DBEs (“base figure”) for Step 1 of the goal setting process is a percentage figure calculated by dividing a number representing available DBEs by a number representing all available firms. The City of Montpelier employed the use of VTrans DBE directory and Census

Bureau Data(Example #1) for calculating a base figure. We obtained our data and calculated the relativeavailability percentage in the following manner:

• We determined the number of ready, willing and able DBEs in our market from our DBE directory. Then, using the Census Bureau's County Business Pattern (CBP) database, we determined the number of all ready, willing and able businesses available in our market that perform work in the same North American Industry Classification System (NAICS) codes.

• For the purpose of setting an overall DBE goal for funds received from FTA, it was determined that our market or service area was Statewide. Data from the CBP database was filtered for the State of Vermont, and for the following twenty-eight (28) NAICS code categories, which were determined to be applicable for contracting opportunities on our public transit and rail projects:

NAICS Code Number: NAICS Code Description:

237990 All other heavy and civil engineering construction (incl. Mass transit)
238-ALL Special trade contractors
447190 Other gasoline stations
485310 Taxi service
485410 School and employee bus transportation
485999 All other transit & ground passenger trans.
541310 Architectural services
541320 Landscape architectural services
541330 Engineering services
541340 Drafting services
541350 Building inspection services
541370 Surveying, mapping (exc. geophysical) services
541430 Graphic design services
541512 Computer systems design services
541519 Other computer related services
541611 Admin & gen management consulting services
541613 Marketing consulting services
541618 Other management consulting services
541620 Environmental consulting services
541810 Advertising agencies
541820 Public relations agencies
541850 Display advertising
541860 Direct mail advertising
541890 Other services related to advertising
541922 Commercial photography
541930 Translation and interpretation services
541990 Other professional, scientific, and technical services, including planning
621511 Medical laboratories (incl D & A testing)

• The CBP database identified a total of 2,867 businesses ready, willing and able to perform work in the above-listed 28 NAICS code categories in Vermont. A total of 117 certified DBEs are listed in our directory that are ready, willing and able to perform work in these same 28 NAICS code categories. We divided the number of DBEs by the number of all businesses, to determine the relative availability of DBEs in our marketplace:

Ready, willing and able DBEs (117)
All ready, willing and able businesses (2867)

Relative Availability of DBEs in the Marketplace (117 of 2867) 4.08%

Step 2: Adjustment to Base Figure:
As specified in Section 26.45, once the relative availability of ready, willing and able DBEs in our marketplace has been determined, it is necessary to examine additional evidence and, if appropriate, make adjustments to the base figure, to ensure that our goal truly and accurately reflects the level of DBE participation we would expect absent the effects of discrimination.

Accordingly, The City of Montpelier has gone beyond the formulaic measurement of current availability in Step 1, to consider and account for other evidence of conditions affecting DBEs, including past participation and trends, as well as the anticipated effect that changes in the DBE program may produce in DBE participation levels in the coming year.

The City of Montpelier has determined that no adjustment to the Step 1 Base Figure of 4.08% is warranted, after consideration of all relevant data and criteria, including the current capacity of DBEs to perform work in our FTA-assisted contracting program, as measured by the volume of work DBEs have performed in recent years.

After careful consideration of all the relevant data, evidence and criteria affecting DBE participation levels, The City of Montpelier has determined that no adjustment to the Step 1 Base Figure of 4.08% is warranted; we have, therefore, arrived at the proposed overall goal of 4.08% for FY 2012 – 2014 for our FTA-assisted contracts.

Breakout of Estimated Race-Neutral and Race-Conscious Participation
The City of Montpelier will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation. The City of Montpelier uses the following race-neutral means to increase DBE participation**:**

- Providing technical assistance and other services to DBEs, directly and via consultants, seminars, partnerships with technical assistance providers and academic institutions;

- Administering a business development program, the Vermont Business Development Program (VBDP), for certified DBEs that provides one-on-one business counseling and needs assessments, business and marketing plan development, and training and networking opportunities.

- Carrying out information and communications programs on contracting procedures and specific contract opportunities;

• Producing and distributing free How to Do Business with the Agency of Transportation Guide and other resource materials;

• Providing formal and informal training and presentations to DBEs and other Contractors

• Implementing a supportive services program to develop and improve immediate and long-term business management, record keeping, and financial and accounting capability for DBEs;

• Providing frequent updates to our DBEs on all bidding and subcontracting pportunities;

• Conducting periodic user surveys and needs assessments to better determine DBE needs (e.g., training, financing, etc.) and to obtain better contact info;

• Producing and distributing an electronic newsletter that showcases successful DBEs, introduces new DBEs, provides a calendar of events, and many web links to contracting and business development resources.

• Ensuring distribution of our DBE Directory, through print and electronic means, to the widest feasible universe of potential prime contractors, including mail distribution to all potential prime bidders, and widespread distribution at conferences, expos, and seminars;

• Developing and delivering small business training and networking opportunities, including the annual Government Contracting Conference, the annual Women's Economic Opportunity Conference, matchmaker events, etc.;

• Assisting DBEs to develop their capability to utilize emerging technology and conduct business through electronic media, and utilizing our website to disseminate information, including our Directory, bid opportunities, updated information on Part 26, and useful links;

• Providing services to help DBEs improve long-term development, increase opportunities to participate in a variety of different kinds of work, handle increasingly significant projects, successfully compete as prime contractors, and achieve eventual self-sufficiency;

• Serving on the Advisory Council of the Vermont Women's Business Center (VWBC), and supporting the VWBC's mission through collaborative efforts and sponsorship of training programs;

• Providing assistance in overcoming limitations such as an inability to obtain bonding or financing, and identify and eliminate other barriers to contracting with the VT Agency of Transportation;

- Networking with local, state and federal agencies, non-profits, academic and business communities to obtain maximum partnering opportunities and resources, and develop comprehensive resource and referral network with technical assistance and service providers;

- Coordinating with other state DBE Liaison Officers, to ensure certification reciprocity and to maximize interstate contracting opportunities; and

- Assisting DBEs to establish prequalification status.

In addition to the above-described race-neutral means that The City of Montpelier already employs to increase DBE participation, we propose implementing and expanding our efforts in the following ways:

- Establishing a program to assist new, start-up firms, particularly in fields in which DBE participation has historically been low. We propose working within our organization and with the transportation industry to identify new and/or emerging businesses, with a particular focus on areas which will be critical to the industry in the next decade. We will then actively pursue the creation of businesses that can perform and develop expertise in these emerging areas.

- Providing more one-on-one business counseling services to our DBEs;

- Ensuring that our prime contractors consider the use of DBEs in all possible work categories, by providing quick reference guides detailing the expertise and capacities of our DBEs;

- Providing frequent updates to our DBEs on all bidding and subcontracting opportunities;
And

- Providing more effective outreach with minority businesses.

Breakout of Estimated Race-Neutral and Race-Conscious Participation: FTA-Assisted Contracting Program:
On our FTA-assisted contracts, The City of Montpelier estimates that we will meet our entire overall goal of 4.08% through race-neutral participation, and that we will not have to resort to race conscious measures. The recent level of DBE participation on FTA- assisted contracts supports our estimated breakout

Contract Goals

The City of Montpelier anticipates being able to meet our overall goal using only race-neutral means. If the City of Montpelier is unable to meet the overall goal using race-neutral means we will employ contract goals to meet the overall goal. Contract goals are established so that, over the period to which the overall goal applies, they will cumulatively result in meeting any portion of our overall goal that is not projected to be met through the use of race-neutral means. We will establish contract goals only on those DOT-assisted contracts that have subcontracting possibilities. We need not establish a contract goal on every such contract, and the size of contract goals will be adapted to the circumstances of each such contract, such as the type and location of work, or the availability of DBEs to perform the particular type of work. We will express our contract goals as a percentage of the total amount of a DOT-assisted contract.

Good Faith Efforts

Information to be submitted

The City of Montpelier treats bidder/offerors' compliance with good faith efforts requirements as a matter of responsiveness. Each solicitation for which a contract goal has been established will require the bidders/offerors to submit the following information under sealed bid procedures:

1. The names and addresses of DBE firms that will participate in the contract;
2. A description of the work that each DBE will perform;
3. The dollar amount of the participation of each DBE firm's participation;
4. Written and signed documentation of commitment to use a DBE subcontractor whose participation it submits to meet a contract goal;
5. Written and signed confirmation from the DBE that it is participating in the contract as provided in the prime contractor's commitment; and
6. If the contract goal is not met, evidence of good faith efforts.

Demonstration of good faith efforts

The obligation of the bidder/offeror is to make good faith efforts. The bidder/offeror can demonstrate that it has done so either by meeting the contract goal or documenting good faith efforts. Examples of good faith efforts are found in Appendix A to part 26.

The project manager and the DBELO are responsible for determining whether a bidder/offeror who has not met the contract goal has documented sufficient good faith efforts to be regarded as responsive.

The City will ensure that all information is complete and accurate and adequately documents the bidder/offeror's good faith efforts before we commit to the performance of the contract by the bidder/offeror.

Administrative reconsideration

Within 5 days of being informed by the City of Montpelier that it is not responsive because it has not documented sufficient good faith efforts, a bidder/offeror may request administrative reconsideration. Bidder/offerors should make this request in writing to the following reconsideration official:

William J. Fraser, City Manager

Montpelier City Manager's Office
39 Main Street, City Hall
Montpelier, VT 05602
Phone: 802-223-9506
Fax: (802) 223-9519

The reconsideration official will not have played any role in the original determination that the bidder/offeror did not make document sufficient good faith efforts. As part of this reconsideration, the bidder/offeror will have the opportunity to provide written documentation or argument concerning the issue of whether it met the goal or made adequate good faith efforts to do so. The bidder/offeror will have the opportunity to meet in person with our reconsideration official to discuss the issue of whether it met the goal or made adequate good faith efforts to do. We will send the bidder/offeror a written decision on reconsideration, explaining the basis for finding that the bidder did or did not meet the goal or make adequate good faith efforts to do so. The result of the reconsideration process is not administratively appealable to the Department of Transportation.

Good Faith Efforts When a DBE is Replaced on a Contract

The City of Montpelier will require a contractor to make good faith efforts to replace a DBE that is terminated or has otherwise failed to complete its work on a contract with another certified DBE, to the extent needed to meet the contract goal. We will require the prime contractor to notify the DBE Liaison Officer immediately of the DBE's inability or unwillingness to perform and provide reasonable documentation.

In this situation, we will require the prime contractor to obtain our prior approval of the substitute DBE and to provide copies of new or amended subcontracts, or documentation of good faith efforts. If the contractor fails or refuses to comply in the time specified, our contracting office will issue an order stopping all or part of payment/work until satisfactory action has been taken. If the contractor still fails to comply, and after consulting with the FTA and/or FHWA, the contracting officer may issue a termination for default proceeding or may initiate any other remedy which is deemed appropriate.

Counting DBE Participation

We will count DBE participation toward overall and contract goals as provided in 49 CFR 26.55.

Certification

The City of Montpelier defers to the Vermont Agency of Transportation (VTrans) Office of Civil Rights for the certification of DBEs. VTrans will employ the certification standards of Subpart D of part 26 and the certification procedures of Subpart E of part 26 to determine the eligibility of firms to participate as DBEs in DOT-assisted contracts. To be certified as a DBE, a firm must meet all certification eligibility standards. The VTrans Office of Civil Rights will make its certification decisions decision based on the facts as a whole.

Information Collection and Reporting

Bidders List

As part of the goal refining process, VTrans will create a bidders list, consisting of information about all DBE and non-DBE firms that bid or quote on DOT-assisted contracts. The purpose of this requirement is to allow use of the bidders list approach to calculating overall goals. The bidders list will include the name, address, DBE/non-DBE status, age, and annual gross receipts of firms.

Monitoring Payments to DBEs

The City of Montpelier will require prime contractors to maintain records and documents of payments to DBEs for three years following the performance of the contract. Any authorized representative of the City, VTrans, or DOT will make these records available for inspection upon request. This reporting requirement also extends to any certified DBE subcontractor.

We will keep a running tally of actual payments to DBE firms for work committed to them at the time of contract award.

We will perform interim audits of contract payments to DBEs. The audit will review payments to DBE subcontractors to ensure that the actual amount paid to DBE subcontractors equals or exceeds the dollar amounts stated in the schedule of DBE participation.

Reporting to DOT

We will report DBE participation to DOT as follows:

The City of Montpelier will report DBE participation on a quarterly basis, using DOT Form 4630. These reports will reflect payments actually made to DBEs on DOT assisted contracts.

Confidentiality

The City of Montpelier will safeguard from disclosure to third parties information that may reasonably be regarded as confidential business information, consistent with Federal, state, and local law.

Our Town Grant Application – City of Montpelier, Vermont
FOCALPOINT

Montpelier contains a rare collection of cultural and creative institutions which combine to make the smallest state capital in the country a hidden treasure. The Vermont College of Fine Arts, the only graduate school in the country dedicated to the arts, Lost Nation Theater, a professional theater company, the New England Culinary Institute, one of the nation's leading culinary schools, Focus on Film and the Green Mountain Film Festival, Capital City Concerts, Montpelier Chamber Orchestra, the Savoy Theater, the T.W. Wood Gallery, the Summit Music School – the list goes on. Yet for all its diversity, people in the city do not always see the larger picture or understand that the city is a hub for the creative economy. This grant seeks to weave all of our arts and cultural institutions together in an exciting new way, through the creation of a film and video network and innovative programming that will fill our traditional and non-traditional arts spaces with arts for everyone to enjoy, understand, and participate.

A. Budget

The city is requesting $150,000 for the Montpelier Focalpoint Project. We have secured matching funds from the Vermont College of Fine Arts to contribute to the design, planning, programming, and marketing campaign the project will undertake. This includes $10,000 facility enhancements for a visual arts studio, $80,000 in technology enhancements that build outreach capacity and provide real-time conferencing and networking infrastructure, and $60,000 in staffing for program enhancements.

B. Major Project Activities

The focus of the activity that will be undertaken with the Our Town grant will be to create a connected network of film and video venues in the city coordinated with Focus on Film and the Vermont College of Fine Arts that will provide innovative programming in media literacy, performance arts, and participatory engagement of the broad community with all the arts in the community.

We will work to provide the missing links for coordination between the key cultural institutions in the city, including collaboration between the City of Montpelier and the Vermont College of Fine Arts, and Focus on Film a nonprofit dedicated bringing important films and visual media through its annual Green Mountain Film Festival and its Media Literacy Education (MLE) programing, Lost Nation Theater a long standing and innovative theater arts organization, Capital City Concerts, and other arts organizations to create a coordinated community wide collaboration to support and magnify the cross-medium educational opportunities for students and area adults.

C. Outcomes and Measurements

Through these concerted efforts, Montpelier will strengthen our cultural institutions and engage youth in community wide arts programs as well as prepare students in analyzing, interpreting and formulating creative and important responses to messages they encounter in all forms of media. By the end of the first year, we expect that 60 8th grade students, 75 11th grade students, and 20-40 senior citizens will have successfully completed the media literacy program. The coordinated network will attract more special visitors and artist practitioners coming to Montpelier who will see it as a place for artists to live and work.

D. Schedule of Key Project Dates

May - September 2013: Meetings of stakeholder group to set priority activities for the grant period. Purchase and installation of technology and facility enhancements.

October 2013-January 2014: Enrollment begins for graduate level film candidates. International Film Faculty will be in Montpelier for the residencies. They are paired off in mentorships. Public lectures, films from faculty and students will be shown at the Savoy and broadcast into other community venues.

Winter 2014: High school students will create various short films and apply what they have learned to real filmmaking using the facilities created through the grant. Cameras and light packages will be provided to help students learn how to make and understand the media.

Spring and Summer 2014: The local orchestra and other cultural groups can be involved in the productions, so that people can learn more about how sound tracks of different types and other settings, arts, and special effects impact audiences.

E. Partners, key organizations, individuals, and works of art that will be involved in the project
The Vermont College of Fine Arts will be our main partner, and they will work with Focus on Film to integrate the outreach and innovative programming with the new film program at the college. Lost Nation Theater, T.W. Wood Gallery, Flywheel Productions, New England Culinary Institute, Montpelier Alive!, and Capital City Concerts, have also indicated enthusiasm at this effort.

F. The Target Community: The City of Montpelier has a population of 7,855 according to the 2010 census. We expect that a significant percentage of the entire city will be involved in and will benefit from the project. The project activities will target K-12 students and senior citizens for the media literacy campaigns. Both sectors tend have low income, and tend to be underserved by more traditional economic development activities. Adults will benefit through the expansion of regular programming that goes out through our local public access cable station, the film festival, and all the networked venues created in the network.

G. Promotion and Outreach Plan
The Focalpoint project will be promoted through a series of meetings with stakeholders and potential partners, community meetings, and will be integrated and coordinated with the marketing the college does for the film program. In addition, a public relations effort will be undertaken through a media campaign that will include radio and television, joint sponsorship and branding of events and festivals. Media campaign efforts will reach to the media market in Vermont, to the tourist press, and to arts and creative networks.

H. Evaluation and Documentation Plan
Quarterly reports of outcomes and measurements will be provided to the steering committee which will evaluate progress against stated goals and measurements. The steering committee will base success partly on objective measures regarding numbers of new collaborations, events and projects formed, numbers of mentions of the efforts in the press, and, on a larger scale, number of new jobs formed and businesses formed or relocated to participate in Montpelier's burgeoning creative scene. It will also evaluate more subjective measures such as the sense of community members that the identity as a cultural capital is being achieved and to what degree. In small ways this will be expressed as anecdotal evidence of mentions of this identity.

I. Goals and Impact
The goal of this project will be to raise the profile of Montpelier as a capital of creative and visionary work. The reputation of this state capital as such a hub will spread nationwide and internationally. The unique identity of Montpelier will be acknowledged and viewed as a strong asset for the greater culture. The city will be viewed as a destination for visiting and relocation for those involved in creative pursuits. Collaboration between creative economy organizations with a strong sense of mission resulting in multiplier effects applied to economic, social and cultural development of the capital city.

J. Accessibility Plan
The City of Montpelier makes all of its facilities and programs accessible to all, including those with mobility and communication challenges. We have policies in place and an active accessibility committee which addresses issues that come up in a timely fashion. To further our work in this area, we will involve the Vermont Center for Independent Living, an advocacy organization that works with people of all abilities, in the planning and implementation of this project.

CITY MEETING WARNING
FOR
MARCH 5, 2013

DRAFT

The legal voters of the City of Montpelier, in City Meeting in Montpelier, in the County of Washington and the State of Vermont, are hereby warned to meet in the City Hall Auditorium, in said Montpelier, on the first Tuesday in March, March 5, 2013, at seven o'clock in the forenoon, and there and then to cast their ballot for the election of officers, matters that by law must be determined by ballot, and other matters as directed by the Council. The polls will be opened at 7:00 A.M. and shall be closed and the voting machine sealed at 7:00 P.M.

ARTICLE 1. To elect one commissioner for the Green Mount Cemetery for a term of five years; one park commissioner for a term of five years; three school commissioners, each for a term of three years; one council member from each district, for a term of two years.

ARTICLE 2. Shall the voters appropriate the sum of $7,210,518 for the payment of debts and current expenses of the City for carrying out any of the purposes of the Charter, plus payment of all state and county taxes and obligations imposed upon the City by law to finance the fiscal year July 1, 2013 to June 30, 2014? (Requested by the City Council)

ARTICLE 3. *Shall the voters appropriate the sum of* $_____________ *necessary for the support of the public school system for the fiscal year July 1, 2013 to June 30, 2014? (Local budget of* $_____________ *plus grant budget of* $________, *for a total school budget of* $___________.) *(Requested by the School Board*)

ARTICLE 4. *Shall the voters appropriate the sum of* $________ *for the support of the Recreation Department for the fiscal year July 1, 2013 to June 30, 2014? (Requested by the School Board)*

ARTICLE 5. Shall the voters appropriate the sum of $3,000 as compensation to the Mayor for services for the fiscal year July 1, 2013 to June 30, 2014? (Requested by the City Council)

ARTICLE 6. Shall the voters appropriate the sum of $7,200 ($1,200 each) as compensation to the Council Members for their services for the fiscal year July 1, 2013 to June 30, 2014? (Requested by the City Council)

ARTICLE 7. *Shall the voters appropriate the sum of $7,300 (Chair $1,300; others $1,000 each) as compensation to the School Commissioners for their services for the fiscal year July 1, 2013 to June 30, 2014? (Requested by the School Board*)

ARTICLE 8. *Shall the voters authorize the Board of School Commissioners to hold any audited fund balances as of June 30, 2013 in a reserve (restricted) fund to be expended under the control and direction of the Board of School Commissioners for the purpose of operating the school? (Requested by the School Board)*

ARTICLE 9. Shall the voters authorize the City Council to borrow a sum not to exceed $710,000 for street improvements including sidewalks, retaining walls, storm drains and culverts? If approved bonds for these capital items would be issued for a term of 20 years. With a 20 year bond, approximately $15,600 would be required for the first year interest payment and approximately $53,900 for the second year principal and interest payment and future payments declining each year as the principal is repaid. (Requested by the City Council)

ARTICLE 10. Shall the voters authorize the City Council to borrow a sum not to exceed $670,000 for sewer line improvements in and around River Street? If approved bonds for these capital items would be issued for a term of 20 years. With a 20 year bond, approximately $14,700 would be required for the first year interest payment and approximately $50,900 for the second year principal and interest payment and future payments declining each year as the principal is repaid. (Requested by the City Council)

ARTICLE 11. Possible School Bond (s)

ARTICLE 12. Possible Library Funding Article

ARTICLE 13. Possible GMTA Funding Article

ARTICLE 14. Possible Fire Department Article

ARTICLE 15.

ARTICLE 16.

DRAFT