CITY OF BURLINGTON, VERMONT
WATER ENTERPRISE FUND
FINANCIAL STATEMENTS

FOR FISCAL YEARS ENDED

JUNE 30, 2022 AND 2021

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MELANSON

Independent Auditors' Report

To the Board of Commissioners
Department of Public Works
City of Burlington, Vermont

Opinion

We have audited the financial statements of the City of Burlington, Vermont Water Enterprise Fund (the Fund) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City of Burlington, Vermont Water Enterprise Fund, as of June 30, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Melanson

Merrimack, New Hampshire
February 28, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Burlington, Vermont Water Enterprise Fund's (the Fund) annual financial report, management provides a narrative discussion and analysis of the financial activities for the years ended June 30, 2022 and 2021. The Fund's performance is discussed and analyzed within the context of the accompanying financial statements and note disclosures following this section.

Overview of the Financial Statements

The Fund is an enterprise fund of the City of Burlington, Vermont. An enterprise fund is established to account for the operations that are financed and operated in a manner similar to business-type activities, where fees are charged to external parties to cover the costs of providing goods and services. An enterprise fund uses the accrual basis of accounting and accordingly, revenues are recognized when earned and expenses are recognized as incurred.

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements include (1) the Statements of Net Position, (2) the Statements of Revenues, Expenses and Changes in Net Position, (3) the Statements of Cash Flows, and (4) Notes to Financial Statements.

Financial Highlights:

June 30, 2022: The Statement of Net Position is designed to indicate our financial position as of a specific point in time. The Statement of Revenues, Expenses, and Changes in Net Position summarizes our operating results and reveals how much, if any, of a profit was earned for the year. At June 30, 2022, it shows our net position of $16,145,916, a change of $1,023,730 in comparison to the prior year. The unrestricted net position increased from the prior year by $2,683,740. These increases are more than previous years. Drivers for the magnitude of these increases include the receipt of $788,190 in American Rescue Plan Act funds for capital investments along with an increase in capital projects in progress. A planned increase in operating expenses was mitigated by a planned increase in operating revenue that was generated from a rate restructuring and the addition of a fixed meter fee component and a private fire fixed fee charge. Overall water usage was down compared to 2021, but wholesale demand was more than predicted. However, operating income decreased compared to the previous year due to the relative increase in operating expenses compared to revenue. This increase in operating expenses included increased staffing and cost allocations, an electricity rate increase, and use of carry forward funds from FY21 that were necessary to meet increased repair cost due to infrastructure emergencies.

June 30, 2021: The net position in fiscal year 2021 increased by $551,156, which is similar to the increase seen in FY20. The increases in net position are primarily due an increase in capital asset value and an increase in operating revenues due to demand that exceeded operating expenses. No rate increase was proposed for FY21 to provide relief to rate payers during COVID, but operating revenues increased based on the strength of billable usage from our residential, irrigation and wholesale account holders, despite the significant decrease in commercial usage during the first three quarters of FY21.

The Statement of Cash Flows provides information about cash receipts and cash payments during the accounting period. It also provides information about investing and financing activities for the same period. A review of our Statement of Cash Flows indicates that cash receipts from operating activities adequately covered our operating expenses (excluding depreciation), debt service, as well as providing funds for capital investment.

The following table highlights the Fund's Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position as of and for the years ended June 30 (in thousands):

Statements of Net Position

	2022	2021	2020
Assets:			
Capital assets	$ 17,102	$ 16,937	$ 16,971
Other assets	8,892	8,007	7,469
Total assets	25,994	24,944	24,440
Deferred outflows of resources	412	642	501
Total assets and deferred outflows of resources	$ 26,406	$ 25,586	$ 24,941
Liabilities:			
Other liabilities	$ 1,496	$ 1,167	$ 628
Long-term liabilities	8,281	9,189	9,465
Total liabilities	9,777	10,356	10,093
Deferred inflows of resources	483	108	277
Net position:			
Net investment in capital assets	9,225	10,927	10,683
Restricted	906	864	864
Unrestricted	6,015	3,331	3,024
Total net position	16,146	15,122	14,571
Total liabilities, deferred inflows of resources, and net position	$ 26,406	$ 25,586	$ 24,941

Statements of Revenues, Expenses and Changes in Net Position

	2022	2021	2020
Operating revenues	$ 7,817	$ 7,461	$ 7,202
Operating expenses	(6,932)	(6,171)	(5,949)
Operating income	885	1,290	1,253
Nonoperating revenues (expenses)			
Other revenue	828	77	93
Other expense	(330)	(351)	(347)
Total nonoperating revenues (expenses), net	498	(274)	(254)
Net income before payments from/(to) the City	1,383	1,016	999
Payment in lieu of taxes	(482)	(473)	(457)
Other payments from/(to) the City	123	8	(22)
Change in net position	1,024	551	520
Beginning net position	15,122	14,571	14,051
Ending net position	$ 16,146	$ 15,122	$ 14,571

Capital Assets:

June 30, 2022: The Fund's capital assets as of June 30, 2022 amounted to $17,101,555. Capital assets include the treatment plant, water mains, transmission and distributions lines, and other assets. The net capital assets increased slightly from the prior year, after depreciation. Major capital asset events during fiscal year 2022 included the following:

- Distribution system replacement and renewal
- Completion of the rehabilitation of the 500,000-gallon main elevated water storage tank
- Continued investment in new meters and meter replacement

June 30, 2021: The Fund's capital assets as of June 30, 2021 amounted to $16,936,807. Major capital asset events during fiscal year 2021 included the following:

- Acquisition of vehicles totaling $470,722, part of the master lease agreement signed in the previous fiscal year
- Purchase of a new water plant heating system for $149,853.

Significant distribution related capital work was postponed in FY21 due to the challenges presented by the COVID-19 pandemic. This work was restarted in FY22. Tank rehabilitation of the 500,000-gallon main elevated tank was close to completion at the end of FY21, but not complete.

Additional information on capital assets can be found in the Notes to the Financial Statements.

Long-Term Debt:

Long-Term Debt - At the end of fiscal year 2022, total debt outstanding, including unamortized bond premiums, was $7,251,198, a decrease of ($313,736) from the prior year, all of which was backed by the full faith and credit of the City of Burlington, Vermont.

Standard and Poor's Rating Group and Moody's Investors Services, Inc. has rated the 2017, 2018, and 2018B Bonds "A1".

Debt Coverage - – Pressure on the debt coverage ratio has increased in recent years, with the beginning of repayment on Bond Series 2017, and then Series 2018 and 2018B. This is expected to continue with the drawdown of the remainder of the $8.34M 2016 bond authorization and the burdens of increasing operation and maintenance costs due to inflation. The remainder of the bond authorization is expected to be drawn down over FY23 and into early FY24.

After not seeking any rate changes in FY21 in order to reduce the impacts on our customers during COVID, the Fund did implement a rate restructuring in FY22 to improve our revenue portfolio. This included adding a fixed fee component for all customers, a more significant irrigation rate and charging for private fire protection for the first time ever. Overall, these changes generated additional revenue, while keeping the bill for the typical residential water customer (using 400 cubic feet/month) steady. This restructuring also implemented several affordability measures for residential and also lower income customers.

The Fund maintains a rate planning model to forecast revenues needed to support increased operations and maintenance (O&M) costs, strong debt coverage ratios and days of cash on hand and to support needed requests for rate increases with the approval of the City Council.

The debt coverage score in fiscal year 2022 and 2021 was 3.10 and 3.69, respectively, which is greater than the required score of 1.25.

Additional information on long-term debt can be found in the Notes to Financial Statements.

Economic Factors and Next Year's Budgets and Rates:

Usage is trending towards pre-pandemic levels though analysis shows that commercial/mixed use usage is still slightly depressed and residential usage remains higher than previously, presumably due to continuation of work from home patterns. Our partnership with the State of Vermont's available grant programs (VCAAP, VERAP, VHAP) and administration of the federal LIHWAP program to assist eligible account holders with paying their past due and/or current utility bills has continued. For FY22, the total assistance to customers through these programs was $162,188. In FY22, we implemented a new rate structure that focuses on ratepayer equity and affordability. The changes include fixed meter fees, private fire protection fees, a tiered water volumetric rate for residential customers and an assistance program providing fixed meter fee waivers and rebate opportunities for eligible account holders. As of FY22, 43 customers had been approved for the fixed fee waiver and 96 customers had received rebates for the filming of their sewer laterals or installing a WaterSense certified plumbing fixture.

The last of the 2016 water bond vote authorization ($1.094M) will be drawn down over FY23 and into early FY24. The Fund continues to conduct additional capital and financial feasibility planning work to determine the next tranche of capital investments that are necessary to support the drinking water system, including improvements at the drinking water plant, the reservoir pump station and continuing modest replacement or rehabilitation of the distribution system, with a bond vote targeted for March 2024.

Rates for FY23 increased by 7.01% and 5.65% respectively for the fixed meter charge and volumetric rates. This was due to the need to meet revenue requirements related to increases in operating expenses such as cost of living adjustments for employees per the union contract, another electricity rate increase, the addition of staff resources (part of a plan to address understaffing within the Fund in advance of the anticipated capital investment) and inflationary cost increases to treatment chemicals. The rate increase also served to generate additional contingency funds for emergency repairs which are becoming more frequent and will likely continue until systems are replaced. Lastly, additional revenue was needed to fund new debt service that will be entering repayment for the last of the distribution improvements.

REQUESTS FOR INFORMATION:

This financial report is designed to provide a general overview of the Fund's finances for all those with an interest in the Fund's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of Clerk/Treasurer

City of Burlington, City Hall

149 Church Street

Burlington, VT 05401

CITY OF BURLINGTON, VERMONT
WATER ENTERPRISE FUND
STATEMENTS OF NET POSITION
JUNE 30

	2022	2021
ASSETS		
Current:		
Cash and short-term investments	$ 5,891,397	$ 5,287,923
Escrows	64,722	-
User fees receivable, net of allowance for uncollectibles	1,558,510	1,464,022
Intergovernmental receivables	88,986	84,385
Inventory	377,984	305,842
Prepaid expenses	3,892	1,140
Total current assets	7,985,491	7,143,312
Noncurrent:		
Restricted cash for R&R reserve fund	100,000	100,000
Restricted cash for debt service reserve	570,023	534,662
Restricted cash for bond debt service fund	236,450	229,363
Land and construction in progress	1,122,345	343,145
Capital assets, net of accumulated depreciation	15,979,210	16,593,662
Total noncurrent assets	18,008,028	17,800,832
TOTAL ASSETS	25,993,519	24,944,144
DEFERRED OUTFLOWS OF RESOURCES		
Pension related:		
Changes in proportional share of contributions	67,607	185,622
Changes in assumptions	51,514	35,871
Difference between expected and actual experience	26,749	42,443
Difference between projected and actual investment earnings	-	146,595
Deferred current year pension contributions	184,437	166,218
OPEB related:		
Changes in assumptions	22,853	23,689
Change in proportional share of contributions	58,110	40,346
Difference between expected and actual experience	1,092	1,340
TOTAL DEFERRED OUTFLOWS OF RESOURCES	412,362	642,124
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 26,405,881	$ 25,586,268

(continued)

CITY OF BURLINGTON, VERMONT
WATER ENTERPRISE FUND
STATEMENTS OF NET POSITION
JUNE 30

(continued)

	2022	2021
LIABILITIES		
Current:		
Accounts payable	$ 542,134	$ 306,772
Accrued liabilities	24,725	76,951
Notes payable	211,905	124,606
Other liabilities	39,719	30,258
Current portion of long-term liabilities:		
Revenue bonds	316,074	306,074
State revolving loans	7,892	7,662
Equipment notes payable	119,003	107,851
Compensated absences	234,184	206,945
Total current liabilities	1,495,636	1,167,119
Noncurrent:		
Revenue bonds, net of current portion	6,788,337	7,104,410
State revolving loans, net of current portion	138,895	146,788
Equipment notes payable, net of current portion	359,527	422,936
Net pension liability	861,933	1,379,559
Total OPEB liability	132,284	135,670
Total noncurrent liabilities	8,280,976	9,189,363
TOTAL LIABILITIES	9,776,612	10,356,482
DEFERRED INFLOWS OF RESOURCES		
Pension related:		
Changes in assumptions	51,514	26,269
Change in proportional share of contributions	67,607	14,647
Difference between expected and actual experience	305,600	5,086
Difference between projected and actual investment earnings	-	46,102
OPEB related:		
Difference between expected and actual experience	39,064	14,162
Changes in assumptions	19,568	1,334
TOTAL DEFERRED INFLOWS OF RESOURCES	483,353	107,600
NET POSITION		
Net investment in capital assets	9,224,644	10,927,102
Restricted	906,473	864,025
Unrestricted	6,014,799	3,331,059
TOTAL NET POSITION	16,145,916	15,122,186
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 26,405,881	$ 25,586,268

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON, VERMONT
WATER ENTERPRISE FUND
STATEMENTS OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30

	2022	2021
OPERATING REVENUES		
Charges for services	$ 6,860,370	$ 6,606,571
Miscellaneous	956,659	854,035
Total Operating Revenues	7,817,029	7,460,606
OPERATING EXPENSES		
Personnel	3,410,567	3,142,009
Non-personnel	2,635,999	2,172,381
Depreciation	885,157	856,626
Total Operating Expenses	6,931,723	6,171,016
Operating Income	885,306	1,289,590
NONOPERATING REVENUES/(EXPENSES)		
COVID grants	788,190	28,229
Interest income	(8,603)	2,044
Interest expense	(330,209)	(336,159)
Other income	1,912	1,150
Amortization of bond premium	46,074	46,074
Loss on disposal of capital assets	(181)	(15,129)
Total Nonoperating Revenues/(Expenses), net	497,183	(273,791)
Net Income Before Payments From/To the City of Burlington	1,382,489	1,015,799
Payment in lieu of taxes	(481,934)	(472,484)
Other payments from the City of Burlington	123,175	7,841
Change in Net Position	1,023,730	551,156
Net Position, Beginning of Year	15,122,186	14,571,030
Net Position, End of Year	$ 16,145,916	$ 15,122,186

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON, VERMONT
WATER ENTERPRISE FUND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30

	2022	2021
Cash Flows from Operating Activities		
Receipts from users and customers	$ 7,732,002	$ 7,422,626
Payments to suppliers	(2,475,533)	(1,973,085)
Payments for wages and benefits	(3,351,050)	(3,103,704)
Other receipts	1,731	1,150
Net cash provided by operating activities	1,907,150	2,346,987
Cash Flows from Noncapital Financing Activities		
Payment in lieu of taxes	(481,934)	(472,484)
Reimbursement from City of Burlington	123,175	7,841
Cash used for noncapital financing activities	(358,759)	(464,643)
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(1,049,905)	(370,353)
Intergovernmental revenues	788,190	28,229
Proceeds of short term state revolving loans	82,698	40,221
Principal payments on revenue bonds	(260,000)	(250,000)
Principal payments on state revolving loans	(7,663)	-
Principal payments on equipment financing notes	(116,979)	(112,459)
Interest paid on outstanding debt	(330,207)	(336,159)
Net cash used by capital and related financing activities	(893,866)	(1,000,521)
Cash Flows from Investing Activities		
Investment income	(8,603)	2,044
Net change in cash and short-term investments	645,922	883,867
Cash and short-term investments, beginning of year	6,151,948	5,268,081
Cash and short-term investments, end of year	$ 6,797,870	$ 6,151,948
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 885,306	$ 1,289,590
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	885,157	856,626
Other revenues	1,731	1,150
Changes in assets, liabilities, and deferred outflows/inflows:		
Accounts receivable	(94,488)	(40,119)
Inventories	(72,142)	2,255
Customer deposits	9,461	2,139
Deferred outflows	229,762	(140,939)
Accounts payable	235,361	196,348
Accrued payroll	(52,226)	22,376
Prepaid expenses	(2,752)	694
Net pension liability	(517,626)	307,261
Total OPEB liability	(3,386)	6,922
Accrued compensated absences	27,239	12,657
Deferred inflows	375,753	(169,973)
Net cash provided by operating activities	$ 1,907,150	$ 2,346,987

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *The Financial Reporting Entity*

The City of Burlington, Vermont, Water Enterprise Fund (the Fund) is a municipally owned utility organized in 1865 to provide maintenance, treatment, and distribution of water to the residents of Burlington, Vermont.

The Fund is an enterprise fund within the City of Burlington, Vermont (the City). As such, these financial statements are not intended to present the financial position and results of operations of the City of Burlington, Vermont as a whole.

The accounting policies of the Fund conform to accounting principles generally accepted in the United States of America (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.

B. *Basis of Presentation*

Enterprise funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Based on the above definition, the Fund is accounted for utilizing enterprise fund accounting.

C. *Measurement Focus*

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

D. *Basis of Accounting*

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

The financial statements are prepared utilizing the accrual basis of accounting. Accordingly, revenues and expenses are recognized at the time goods and services are provided or received. In general, water revenue is determined by water consumption multiplied by the water rate. Under this method, water revenues that have not been billed are recorded as estimated unbilled revenues.

Operating revenues are defined as income received from consumption by customers, as well as service revenue for new customers and repairs for old customers.

Nonoperating revenues are defined as income received from sources other than sales. Nonoperating revenues include interest income and gain on sale of assets.

Operating expenses are defined as the ordinary costs and expenses for the operation, maintenance, and repair of the water facilities. Operating expenses include the cost of water treatment, maintenance of transmission and distribution systems, administrative and general expenses, and depreciation. Operating expenses do not include the interest on bonds, notes, and revolving loans, or indebtedness and related costs.

E. *Estimates*

The presentation of financial statements in conformity with GAAP 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

F. *Cash and Short-term Equivalents*

Cash includes amounts in demand deposits and cash on hand, as well as short-term investments with a maturity date within three (3) months of the date of acquisition.

G. *Receivables*

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

H. *Inventory*

Inventory quantities are determined by physical count and are valued at the lower of cost or market. Inventory of the Fund consists of construction materials, meters, fuel, and chemicals.

I. *Capital Assets*

Capital assets, which include land, buildings and building improvements, vehicles, machinery, equipment, and furniture, and distribution and collection systems, are recorded at cost. Contributed assets are recorded at acquisition value at the time received. The cost of normal maintenance and repairs that do not add to the value or materially extend the asset's lives are not capitalized. The Fund's capitalization policy considers two factors. Property will be capitalized when:

1. The combined cost to put a unit in service come to more than $10,000
2. The unit estimated life is greater than 5 years

The Fund follows the policy of charging to expenses annual amounts of depreciation which allocates the cost of plant and equipment over their estimated useful lives. The Fund employs the straight-line method for determining the annual charge for depreciation.

The depreciable lives of capital assets are as follows:

	Depreciable Lives
Buildings and improvements	25 - 150 Years
Infrastructure	10 - 40 Years
Vehicles, machinery, equipment, and furniture	5 - 15 Years

J. *Long-Term Obligations*

In the Fund's statements, revenue bonds, state revolving loans, the net pension liability, compensated absences payable, and the total OPEB liability are reported as long-term liabilities.

2. CASH AND SHORT-TERM INVESTMENTS

Custodial credit risk for deposits is the risk that in the event of a bank failure, deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, the Fund will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Fund does not have a policy for custodial credit risk.

Cash received by the Fund is placed in the custody of the City Clerk/Treasurer's Office. Disclosures related to collateralization are included in the City of Burlington, Vermont's Annual Comprehensive Financial Report.

3. USER FEES RECEIVABLE

Receivables at June 30 consisted of the following:

	2022	2021
Billed user fees	$ 1,037,193	$ 903,013
Unbilled at year end	524,317	564,009
Less: allowance for doubtful accounts	(3,000)	(3,000)
Net user fees receivable	$ 1,558,510	$ 1,464,022

4. LEASE RECEIVABLE

The Fund has entered into a lease of the property at 720 Prospect Street. At June 30, 2022, the net present value of lease receivable was $93,612, offset by deferred inflows of resources of $88,485. Management has determined that the effect of implementing GASB 87 related to this lease is immaterial to its financial statements.

5. INVENTORY

Inventory at June 30 consisted of the following:

	2022	2021
Chemicals	$ 54,838	$ 26,915
Construction stock	257,035	213,540
Traffic meters	66,111	65,387
Total	$ 377,984	$ 305,842

6. CAPITAL ASSETS

Capital asset activity for the years ended June 30 was as follows:

	2022			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 51,250	$ -	$ -	$ 51,250
Construction in progress	291,895	779,200	-	1,071,095
Total capital assets, not being depreciated	343,145	779,200	-	1,122,345
Capital assets, being depreciated:				
Buildings and building improvements	114,190	-	-	114,190
Vehicles, machinery, equipment and furniture	2,157,828	26,524	-	2,184,352
Distribution systems	42,264,140	244,181	-	42,508,321
Total capital assets, being depreciated	44,536,158	270,705	-	44,806,863
Less accumulated depreciation for:				
Buildings and building improvements	(12,965)	(4,568)	-	(17,533)
Vehicles, machinery, equipment and furniture	(1,223,230)	(141,718)	-	(1,364,948)
Distribution systems	(26,706,301)	(738,871)	-	(27,445,172)
Totals	(27,942,496)	(885,157)	-	(28,827,653)
Total capital assets, being depreciated	16,593,662	(614,452)	-	15,979,210
Capital assets, net	$ 16,936,807	$ 164,748	$ -	$ 17,101,555

	2021			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 51,250	$ -	$ -	$ 51,250
Construction in progress	44,622	247,273	-	291,895
Total capital assets, not being depreciated	95,872	247,273	-	343,145
Capital assets, being depreciated:				
Buildings and building improvements	114,190	-	-	114,190
Vehicles, machinery, equipment and furniture	1,705,754	470,722	(18,648)	2,157,828
Distribution systems	42,382,868	120,138	(238,866)	42,264,140
Total capital assets, being depreciated	44,202,812	590,860	(257,514)	44,536,158
Less accumulated depreciation for:				
Buildings and building improvements	(8,398)	(4,567)	-	(12,965)
Vehicles, machinery, equipment and furniture	(1,121,933)	(119,075)	17,778	(1,223,230)
Distribution systems	(26,197,048)	(732,984)	223,731	(26,706,301)
Totals	(27,327,379)	(856,626)	241,509	(27,942,496)
Total capital assets, being depreciated	16,875,433	(265,766)	(16,005)	16,593,662
Capital assets, net	$ 16,971,305	$ (18,493)	$ (16,005)	$ 16,936,807

7. DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources represent the consumption of net assets by the Fund that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB, in accordance with GASB Statement No. 68 and 75 are more fully discussed in the corresponding pension and OPEB notes.

8. NOTES PAYABLE

The Fund had a State Revolving Loan from the State of Vermont EPA Clean Water State Revolving Fund outstanding at year-end. The note will be permanently financed upon completion.

Notes payable activity for the year ended June 30 consisted of the following:

Description	Series Matures Through	Interest Rate	Amount Issued	Balance at 7/1/21	Additions	Repayments	Balance at 6/30/22
SRL RF3-402-1.1	11/1/2029	0.00%	$ 237,412	$ 124,606	$ 87,299	$ -	$ 211,905

9. LONG-TERM DEBT

Revenue Bonds (public offering) - The Fund issues bonds where the City pledges the Fund's revenues to pay the debt service.

State Revolving Loans Payable (direct placement) - The Fund has special revolving loans payable with the State of Vermont.

Revenue bonds and loans payable outstanding at June 30 were as follows:

	Original Issue Amount	Serial Maturities Through	Interest Rate(s)	Amount Outstanding as of 6/30/22
Design and Construction Loan RF3-295	$ 253,340	11/1/2034	1.00%	$ 146,787
Water System Revenue Bonds, Series 2017	$ 3,250,000	11/1/2036	2.00 - 5.00%	2,755,000
Water System Revenue Bonds, Series 2018	$ 2,000,000	11/1/2038	4.00 - 5.00%	1,810,000
Water System Revenue Bonds, Series 2018B	$ 2,000,000	11/1/2038	5.00%	1,815,000
Total				$ 6,526,787

	Original Issue Amount	Serial Maturities Through	Interest Rate(s)	Amount Outstanding as of 6/30/21
Design and Construction Loan RF3-295	$ 253,340	11/1/2034	1.00%	$ 154,450
Water System Revenue Bonds, Series 2017	$ 3,250,000	11/1/2036	2.00 - 5.00%	2,885,000
Water System Revenue Bonds, Series 2018	$ 2,000,000	11/1/2038	4.00 - 5.00%	1,875,000
Water System Revenue Bonds, Series 2018B	$ 2,000,000	11/1/2038	5.00%	1,880,000
Total				$ 6,794,450

Maturities at June 30, 2022 were as follows:

	Public Offering		Direct Borrowing		Totals	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 270,000	$ 308,850	$ 7,892	$ 1,468	$ 277,892	$ 310,318
2024	280,000	296,425	8,129	1,389	288,129	297,814
2025	290,000	283,550	8,373	1,308	298,373	284,858
2026	310,000	269,250	8,624	1,224	318,624	270,474
2027	325,000	253,375	8,883	1,138	333,883	254,513
2028 - 2032	1,900,000	997,750	48,574	4,302	1,948,574	1,002,052
2033 - 2037	2,410,000	461,750	56,312	1,723	2,466,312	463,473
2038 - 2040	595,000	30,125	-	-	595,000	30,125
	$ 6,380,000	$ 2,901,075	$ 146,787	$ 12,552	$ 6,526,787	$ 2,913,627

Equipment note financing – The Fund has bank notes outstanding for various machinery, vehicles, and equipment. The interest amounts range from 0.93% to 4.15%.

Maturities at June 30, 2022 were as follows:

	Totals	
Fiscal Year	Principal	Interest
2023	$ 119,003	$ 8,547
2024	121,249	6,301
2025	123,548	4,002
2026	95,837	1,776
2027	9,400	161
2028	9,493	69
Total	$ 478,530	$ 20,856

Changes in long-term debt and other obligations were as follows for the years ended June 30:

	2022					
	Total Balance 7/1/2021	Additions	Reduction	Total Balance 6/30/2022	Less Current Portion	Equals Long-Term Portion
Public offering revenue bonds	$ 6,640,000	$ -	$ (260,000)	$ 6,380,000	$ (270,000)	$ 6,110,000
Add: unamortized premium	770,484	-	(46,073)	724,411	(46,074)	678,337
Subtotal	7,410,484	-	(306,073)	7,104,411	(316,074)	6,788,337
Direct borrowing state revolving loans	154,450	-	(7,663)	146,787	(7,892)	138,895
Net pension liability	1,379,559	-	(517,626)	861,933	-	861,933
Total OPEB liability	135,670	-	(3,386)	132,284	-	132,284
Equipment notes payable	530,787	64,722	(116,979)	478,530	(119,003)	359,527
Compensated absences	206,945	27,239	-	234,184	(234,184)	-
Total	$ 9,817,895	$ 91,961	$ (951,727)	$ 8,958,129	$ (677,153)	$ 8,280,976

	2021					
	Total Balance 7/1/2020	Additions	Reduction	Total Balance 6/30/2021	Less Current Portion	Equals Long-Term Portion
Public offering revenue bonds	$ 6,890,000	$ -	$ (250,000)	$ 6,640,000	$ (260,000)	$ 6,380,000
Add: unamortized premium	816,558	-	(46,074)	770,484	(46,074)	724,410
Subtotal	7,706,558	-	(296,074)	7,410,484	(306,074)	7,104,410
Direct borrowing state revolving loans	154,450	-	-	154,450	(7,662)	146,788
Net pension liability	1,072,298	307,261	-	1,379,559	-	1,379,559
Total OPEB liability	128,748	6,922	-	135,670	-	135,670
Equipment notes payable	643,246	-	(112,459)	530,787	(107,851)	422,936
Compensated absences	194,288	12,657	-	206,945	(206,945)	-
Total	$ 9,899,588	$ 326,840	$ (408,533)	$ 9,817,895	$ (628,532)	$ 9,189,363

The revenue bonds have been issued pursuant to general bond resolutions and are collateralized by a pledge of revenues. Pursuant to the general bond resolutions, revenues (as defined) means all rates, fees, charges or other income and includes rentals, proceeds of insurance, condemnation or other disposition of assets, proceeds of bonds or notes and earnings from the investment of revenues.

On an annual basis, revenue must be sufficient after deducting operating expenses, to meet minimum debt service coverage requirements of 1.25. Revenues for this purpose represent all rates, charges, rents, and other income for debt service. Operating expenses represent O&M (operation and maintenance), excluding depreciation. Certain other exclusions apply. The City's bond counsel has determined that the effects of GASB 68 and GASB 75 on pension and OPEB expenses are excludable from O&M and, therefore, not included in determining net revenues available for debt service. If minimum debt service coverage requirements are not met, the Fund must take timely corrective action. The Fund met the required debt coverage for fiscal year 2022 with 3.10 and in fiscal year 2021 with 3.69.

10. RESTRICTED NET POSITION

The Fund established a contingency reserve fund for the Series 2017 and Series 2018 bonds pursuant to the general bond resolution adopted December 9, 2013. Restricted net position was comprised of the following at June 30:

	2022	2021
Restricted for renewal and replacement reserve	100,000	100,000
Restricted for debt service reserve fund	570,023	534,662
Restricted for debt service	236,450	229,363
Total	$ 906,473	$ 864,025

11. RETIREMENT BENEFITS AND RESULTING NET PENSION LIABILITY

Defined Benefit Plan: All full-time employees of the Fund participate in the City of Burlington Employees' Retirement System (the Plan), a cost-sharing, single-employer defined benefit plan. The Fund follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, with respect to the Plan.

Plan Description: Substantially all employees of the Fund are members of the Plan and are classified as Class B members. Eligible employees must participate in the Plan. The City Council has the authority to amend the benefit terms of the Plan by enacting ordinances and sending them to the Mayor for approval.

At June 30, 2022 and 2021, the Fund reported a net pension liability for its proportionate share of the City's net pension liability per GASB 68. The net pension liability was measured as of June 30, 2021. At June 30, 2022 and 2021, the Fund's proportion was 1.39% and 1.40%, respectively. For more information on the City's plan, see the City of Burlington, Vermont's Annual Comprehensive Financial Report.

Benefits Provided: Class B retirees who has attained the age of 55 or older and completed 7 or more years of creditable service (age and years of creditable service vary depending on agreements) are eligible for benefits based on average final earnable compensation (AFC) during either the highest 5 or 3 non-overlapping 12-month periods depending on hiring dates. For details on agreements and AFC, see the City of Burlington, Vermont Annual Comprehensive Financial Report.

Contributions: The Fund contributed $177,415 and $174,773 for the fiscal years ended June 30, 2022 and June 30, 2021, respectively. Beginning in FY19, the City is using the direct rate smoothing method for funding. The Fund's contributions were based on full time equivalents and wages. Fund employer and employee contribution rates are governed by the respective collective bargaining agreements. The employer and plan members share the cost of benefits. Plan members contributed 5.34% and 5.51% of base pay for the years ended June 30, 2022 and 2021, respectively.

Summary of Significant Accounting Policies: For purposes of measuring the net pension liability, deferred outflows of resources and deferred (inflows) of resources related to pension, and pension expense, information about the fiduciary net position of the Plan was used, as reported by the City of Burlington, Vermont in its Annual Comprehensive Financial Report. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Actuarial Assumptions: The net pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Payroll growth	3.00% per year
Investment rate of return	7.20% (Prior: 7.30%)

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scale MP-2020.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2017, with discount rate updated from 7.40% to 7.30%.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core Fixed Income	17.50%	3.70%
US Bonds - Dynamic	7.50%	3.70%
U.S. Large Cap Equity	31.00%	7.10%
U.S. Small Cap Equity	9.00%	7.40%
International Developed Equity	20.50%	9.90%
International Emerging Markets Equity	7.00%	11.20%
Private Equity	0.50%	10.20%
Real Estate	6.00%	7.40%
Timberland	1.00%	7.40%
Total	100.00%	

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 2.60%.

Discount Rate: The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the fiduciary net position was projected to be available to make all future benefit payments to the current plan members.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Fund's proportionate share of the net pension liability calculated using the discount rate, as well as what the Fund's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower and one percentage-point higher than the current rate:

Fund's net pension liability as of:	1% Decrease	Current Discount Rate	1% Increase
June 30, 2022	$ 1,302,614	$ 861,933	$ 487,943
June 30, 2021	$ 1,795,050	$ 1,379,559	$ 1,026,126

Deferred Outflows and (Inflows) of Resources: Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized in pension expense in the subsequent fiscal year. Other amounts reported as deferred outflows and (inflows) of resources related to pension are recognized in pension expense in future fiscal years as follows:

Amortization Year	As of June 30, 2022	As of June 30, 2021
2022	$ 7,849	$ -
2023	(58,504)	122,234
2024	(100,521)	111,507
2025	(127,675)	50,249
2026	-	34,437
	$ (278,851)	$ 318,427

Pension Plan Fiduciary Net Position: Detailed information about the Plan's fiduciary net position is available from the City of Burlington, Vermont, in the separately issued Plan financial report. No separate stand-alone report is issued for the Plan.

Further disclosures about the Plan are included in the City of Burlington, Vermont's Annual Comprehensive Financial Report.

12. <u>OTHER POST-EMPLOYMENT BENEFITS (OTHER THAN PENSION) – OPEB GASB 75</u>

GASB Statement No. 75*, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45*, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred (inflows) of resources, and expenses. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Plan Description: In addition to providing the pension benefits described, the City provides postemployment healthcare and life insurance benefits for retired employees through the City's plan.

In addition, the City allows certain retired employees to purchase health insurance through the City at the City's group rates. GASB No. 75 recognizes this as an implied subsidy and requires accrual of this liability.

Benefits Provided: The City provides medical, prescription drug, mental health/substance abuse and life insurance to retirees and their covered dependents. All active employees who retire from the City and meet the eligibility criteria may receive these benefits.

Funding Policy: The Plan Sponsor's Funding Policy is to contribute the employer portion of retiree benefit payments annually.

Contributions: Employer and employee contribution rates are governed by the respective collective bargaining agreements. The OPEB plan is currently funded on a pay-as-you-go basis. The employer and plan members share the cost of benefits. The plan members contribute 5.20% of the monthly premium cost, depending on the plan in which they are enrolled. The Fund contributes the balance of the premium costs.

Actuarial Assumptions and Other Inputs: The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%, per year. This assumption is consistent with the Social Security Administration's current best estimate of the ultimate long-term (75-year horizon) annual percentage increase in CPI, as published in the 2019 OASDI Trustees Report.
Rate of annual aggregate payroll growth	2.60%, per year
Discount rate	3.54% as of June 30, 2022 (Prior: 2.16%)
Healthcare cost trend rates	6.50% in 2021, reducing by 0.2% each year to an ultimate rate of 4.60% per year rate for 2031 and later.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2017.

Discount Rate: The discount rate used to measure the total OPEB liability was 3.54% and 2.16%, for the years ending June 30, 2022 and 2021, respectively.

Since the OPEB plan is not funded, the selection of the discount rate is consistent with GASB 75 standards linking the discount rate to the 20- year AA municipal bond index for unfunded OPEB plans. The discount rate used for the valuation is equal to the published Bond Buyer general obligation 20 year-Bond Municipal Index effective as of June 30, 2022 and 2021.

Total OPEB Liability: The Fund's total year-end OPEB liabilities were $132,284 and $135,670 as of June 30, 2022 and June 30, 2021, respectively. The OPEB liabilities as of June 30, 2022 and June 30, 2021 were determined by an actuarial valuation as of June 30, 2019.

Changes in the Total OPEB Liability: Detailed information about the changes in the total OPEB liability is available in the separately issued City of Burlington, Vermont's Annual Comprehensive Financial Report.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
2022 Total OPEB liability	$150,094	$132,284	$117,385
2021 Total OPEB liability	$155,300	$135,670	$119,420

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
2022 Total OPEB liability	$120,441	$132,284	$146,628
2021 Total OPEB liability	$121,968	$135,670	$152,477

OPEB Expense and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to OPEB: For the years ended June 30, 2022 and 2021, the Fund recognized an OPEB expense of $23,070 and $13,604, respectively. The remaining amounts reported as deferred outflows and deferred (inflows) will be recognized in OPEB expense over the next 6 years.

Further disclosures about the OPEB Plan are included in the City of Burlington, Vermont's Annual Comprehensive Financial Report.

13. DEFERRED COMPENSATION PLAN

The Fund offers its employees a deferred compensation plan administered through the City in accordance with Section 457 of the Internal Revenue Code (IRC). The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or for "unforeseeable emergency" as defined by IRS guidelines. The assets of the plan are not included in the Fund's financial statements.

14. RELATED PARTY TRANSACTIONS

During the year, departments of the City bill the Fund pursuant to City ordinances and for services received. Related party transactions for the years ended June 30, 2022 and 2021 were as follows:

Entity Paid by the Fund	Description of Service	2022	2021
General Fund:			
Public Works Department	Administrative costs for water division operations	$ 64,391	$ 62,516
Public Works Department	Facility charges	35,031	35,017
Public Works Department	Equipment maintenance	150,022	139,531
Public Works Department	Excavation fees	50,000	50,000
Clerk/Treasurer's Office	Payment in lieu of taxes (PILOT) [1]	481,934	472,484
Clerk/Treasurer's Office	Administration and risk management fees, approved via budget process	274,465	267,469
City Attorney	Legal fees	18,584	18,699
Stormwater	Stormwater usage	5,350	5,104
Telecom	Data, internet, phone usage	42,575	36,552
Burlington Electric Department	Electricity usage	423,285	410,199
Total related party transactions		$ 1,545,637	$ 1,497,571

[1] The Fund's physical plant is exempt from property taxes. The PILOT is determined annually by the City Clerk/Treasurer's office per City ordinance. The calculation is based on the capital investment of the Fund.

15. COMMITMENTS AND CONTINGENCIES

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

16. RISK MANAGEMENT

The Fund is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employee; and natural disasters. The Fund manages these risks through a combination of commercial insurance packages and through the City's risk management program.

The City carries commercial insurance to cover its property, casualty and general liability risks. Commercial property insurance, inland marine and employment practices insurance coverage is provided by Travelers and is offered on a guaranteed cost basis with a deductible of $50,000.

All of the City's self-insurance programs are administered by a third-party administrator, which processes and pays the claims and then bills the City for the amount of the total claims paid.

The costs associated with these self-insurance plans are budgeted in the City's General Fund and allocated to the Fund based on the following:

Type	Allocation Method
Workers' compensation	50% experience and 50% exposure
Health	Number of employees and levels of coverage
Dental	Actual claims and administrative fees paid
Liability	Adjusted operating budgets
Property	Insured value of City structures

17. SUBSEQUENT EVENTS

Management has evaluated subsequent events though February 28, 2023, which is the date the financial statements were available to be issued.

18. NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (P3s and APAs), and Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), effective for the Fund beginning with its fiscal year June 30, 2023. These statements establish new reporting and disclosure requirements for P3s, APAs and SBITAs. Management is currently evaluating the impact of implementing these GASB pronouncements.

CITY OF BURLINGTON, VERMONT
WATER ENTERPRISE FUND

SCHEDULE OF PROPORTIONATE SHARE (GASB 68) OF THE NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

Burlington Employees' Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2022	June 30, 2021	0.00%	$861,933	$1,615,385	53.36%	80.10%
June 30, 2021	June 30, 2020	1.40%	$1,379,559	$1,746,593	78.99%	66.37%
June 30, 2020	June 30, 2019	1.29%	$1,072,296	$1,311,943	81.73%	70.00%
June 30, 2019	June 30, 2018	1.32%	$1,001,301	$1,240,307	80.73%	71.41%
June 30, 2018	June 30, 2017	0.86%	$754,288	$1,200,056	62.85%	66.77%
June 30, 2017	June 30, 2016	1.92%	$1,712,439	$1,172,612	146.04%	63.75%
June 30, 2016	June 30, 2015	1.72%	$1,169,736	$1,033,848	113.14%	70.35%
June 30, 2015	June 30, 2014	1.47%	$790,242	$1,033,848	76.44%	75.00%

See notes to financial statements for significant assumptions and disclosures.

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditor's Report.

CITY OF BURLINGTON, VERMONT
WATER ENTERPRISE FUND

SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)
REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

Burlington Employees' Retirement System

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2022	$ 177,415	$ 177,415	$ -	$ 1,615,385	11%
June 30, 2021	$ 174,773	$ 174,773	$ -	$ 1,941,633	9%
June 30, 2020	$ 122,306	$ 122,306	$ -	$ 1,746,593	7%
June 30, 2019	$ 158,374	$ 158,374	$ -	$ 1,311,943	12%
June 30, 2018	$ 146,939	$ 146,939	$ -	$ 1,240,307	12%
June 30, 2017	$ 175,734	$ 175,734	$ -	$ 1,200,056	15%
June 30, 2016	$ 151,712	$ 151,712	$ -	$ 1,172,612	13%
June 30, 2015	$ 130,962	$ 130,962	$ -	$ 1,033,848	13%

See notes to financial statements for significant assumptions and disclosures.

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditor's Report.

CITY OF BURLINGTON, VERMONT
WATER ENTERPRISE FUND

SCHEDULE OF PROPORTIONATE SHARE OF TOTAL OPEB LIABILITY (GASB 75)
REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

City OPEB Plan

Fiscal Year	Measurement Date	Proportion of the Total OPEB Liability	Proportionate Share of the Total OPEB Liability	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2022	June 30, 2021	2.4317%	$132,284	$1,357,729	9.74%
June 30, 2021	June 30, 2021	1.9554%	$135,670	$869,288	15.61%
June 30, 2020	June 30, 2020	1.9554%	$128,748	$847,259	15.20%
June 30, 2019	June 30, 2019	0.8938%	$47,684	$880,156	5.42%
June 30, 2018	June 30, 2018	0.8938%	$44,570	$857,852	5.20%

See notes to financial statements for significant assumptions and disclosures.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditor's Report.