CITY OF BURLINGTON, VERMONT

AUDIT REPORT

JUNE 30, 2009

CITY OF BURLINGTON, VERMONT
AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2009

CITY OF BURLINGTON, VERMONT
AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2009

CITY OF BURLINGTON, VERMONT
AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2009

Sullivan, Powers & Co.
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
802/223-3578 FAX

Fred Duplessis, CPA
Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Wendy C. Gilwee, CPA
VT Lic. #92-000180

Independent Auditor's Report

Honorable Mayor and City Council
City of Burlington
Burlington, Vermont 05401

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Burlington, Vermont as of and for the year ended June 30, 2009, which collectively comprise the City of Burlington, Vermont's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City of Burlington, Vermont's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Electric Utility Fund which is a major fund and thirty-seven percent (37%), thirty-nine percent (39%), and fifty-five percent (55%), respectively, of the assets, net assets and revenues of the Business-type Activities. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Electric Department Fund, is based on the report of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

The City is unable to provide an assessment of its ability to refinance its current debt or otherwise provide sufficient cash flow in the Telecom Fund in order to repay all, or a portion of, its interfund loan to the General Fund within a reasonable time. If the City cannot repay all, or a portion of, the interfund loan within a reasonable time, the City would be required to record a transfer from the General Fund to the Telecom Fund for the amount that cannot be repaid. We are unable to form an opinion on the amount, if any, or when the interfund loan will be repaid by the General Fund to the Telecom Fund which has a balance of $15,467,333 in the General Fund balance sheet and the Government-wide and Telecom Fund statement of net assets.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary in the General Fund, the Telecom Fund and the Government-wide financial statements if the City was able to determine the amount of the interfund loan from the General Fund to the Telecom Fund will not be repaid within a reasonable time, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Burlington, Vermont, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and School General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the City of Burlington, Vermont's basic financial statements. The combining fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Sullivan, Powers & Company

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

Management's Discussion and Analysis

As management of the City of Burlington, Vermont (The City), we offer readers of the City's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2009.

Financial Highlights

Government-wide Statements (refer to Exhibits A and B)

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $256,667,907 (total net assets). Of this amount, $1,678,383 (unrestricted net assets) may be used by the various funds of the City to meet the ongoing obligations to its citizens and creditors
- The City's total net assets increased over what we reported last year by $3,747,215. The Governmental activities increased by $5,062,823 and can be attributed in part to capital grants. The decrease of $1,315,608 in the business type activities can be attributed to operating losses in the Telecom, Burlington Electric and Wastewater funds. However, these losses were partially offset by profits in the Airport fund.
- The total net assets of a component unit of the City, the Burlington Community Development Corporation, amounted to $1,779,126 an increase of $73,004 for the year.

Fund Financial Statements (refer to Exhibit C and Exhibit K)

- As of the close of the fiscal year ending June 30, 2009, the City's governmental funds reported combined ending fund balances of $4,809,990. This consists of a fund balance in the General Fund of $8,853,756 and deficits of $1,063.775 in the School fund and $2,979,991 in all other governmental funds.
- The reserve portion of the governmental fund balance includes $831,018 for inventories and prepaid expenditures and $5,447,538 set aside for other restricted purposes.
- The undesignated fund balance of the General Fund component of the governmental funds had a positive ending fund balance of $4,436,924, an increase of $164,101 from the previous fiscal year.
- Management has designated $963,812 of the General Fund balance for various purposes. Included in this number is $560,968 that has been designated in the General Fund for various items pending the receipt of uncollected taxes, penalties and interest. These are discussed in detail later in this report called Financial Analysis of the Government's Funds.
- The undesignated fund balance of the other governmental funds reported as a group amounted to a shortfall of ($6,308,334). This was due primarily to the timing of the receipt of state grants, federal grants, tax increments, and reimbursements for capital projects and development projects. Simply stated, revenues for grant funds received 60 days or more after the end of the fiscal year are deferred and counted in the period they are received as required by GASB Statement #33.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the finances of the City of Burlington, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Burlington's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Burlington that are primarily supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities)*. The governmental activities of the City of Burlington include general government, safety services, public works, cultural and recreation activities, schools, traffic control and parking, the operation of an outdoor mall in the downtown area, and community and economic development. The business-type activities of the City include the operation of the Airport, the Electric, Water, and Wastewater Utilities, Telecommunications (including cable television, internet access, and telephone service) and the food services operation and vocational educational programs administered by the School Department.

The government-wide financial statements are designed to include not only the City of Burlington itself (known as the primary government), but also any legally separate entities for which it is financially accountable (known as component units). The City of Burlington has one such unit, the Burlington Community Development Corporation (BCDC) that is organized to promote and undertake industrial and economic development projects in the City and the Airport Industrial Park.

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

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The City of Burlington maintains 28 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the School Fund, which are considered to be major funds.

The City of Burlington adopts an annual appropriated budget for its General Fund. Similarly, the School Board adopts the School General Fund budget. A budgetary comparison statement has been provided for the General Fund and the School General Fund to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found in Exhibits C through F of this report.

Proprietary Funds

The City of Burlington maintains one type of proprietary activities fund. Enterprise funds are used to report the same functions presented in business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its operation of the Airport Fund, the Electric Department, the Water Fund, the Wastewater Fund, Burlington Telecom, and the School Department's Food Services and Vocational Education Funds.

Proprietary funds provide the same type of information as the government-wide financial statements, however, in greater detail. The proprietary fund financial statements provide separate information for the Airport Fund, the Electric Fund, the Burlington Telecom Fund, and the Wastewater Fund. The School Enterprise Funds and the Water Fund are combined under Other Proprietary Funds.

The basic proprietary fund financial statements can be found in Exhibits G through I of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found in this report in Exhibits J and K.

Notes to the Financial Statements

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

Government-Wide Financial Analysis

CITY OF BURLINGTON NET ASSETS
(Refer to Exhibit A)

	Governmental Activities 2009	Governmental Activities 2008	Business- Type Activities 2009	Business- Type Activities 2008	Total 2009	Total 2008	% Change
Current and other assets	$ 27,632,856	$ 22,228,246	$ 70,598,814	$ 67,115,784	$ 98,231,670	$ 89,344,030	16%
Capital assets	$ 169,305,334	$ 165,002,611	$ 231,165,347	$ 222,290,830	$ 400,470,681	$ 387,293,441	-3%
Total Assets	$ 196,938,190	$ 187,230,857	$ 301,764,161	$ 289,406,614	$ 498,702,351	$ 476,637,471	0%
Other Liabilities	$ 13,020,085	$ 10,435,295	$ 11,589,526	$ 11,317,779	$ 24,609,611	$ 21,753,074	-6%
Long-term liabilities outstanding	$ 49,030,421	$ 46,970,701	$ 168,394,412	$ 154,993,004	$ 217,424,833	$ 201,963,705	0%
Total Liabilities	$ 62,050,506	$ 57,405,996	$ 179,983,938	$ 166,310,783	$ 242,034,444	$ 223,716,779	0%
Net Assets							
Investment in capital assets, net of related debt	$ 132,000,000	$ 131,531,661	$ 77,968,937	$ 72,812,022	$ 209,968,937	$ 204,343,683	-4%
Restricted	$ 9,784,253	$ 6,318,445	$ 31,366,671	$ 29,204,097	$ 41,150,924	$ 35,522,542	7%
Unrestricted	$ (6,896,569)	$ (8,025,245)	$ 12,444,615	$ 21,079,712	$ 5,548,046	$ 13,054,467	55%
Total Net Assets	$ 134,887,684	$ 129,824,861	$ 121,780,223	$ 123,095,831	$ 256,667,907	$ 252,920,692	1%

As noted earlier, net assets may serve over time to be a useful indicator of a government's financial position. In the case of the City of Burlington, assets exceeded liabilities by $256,667.907 at the close of fiscal year 2009. This is an increase of $3,747,215 over the amount reported at June 30, 2008.

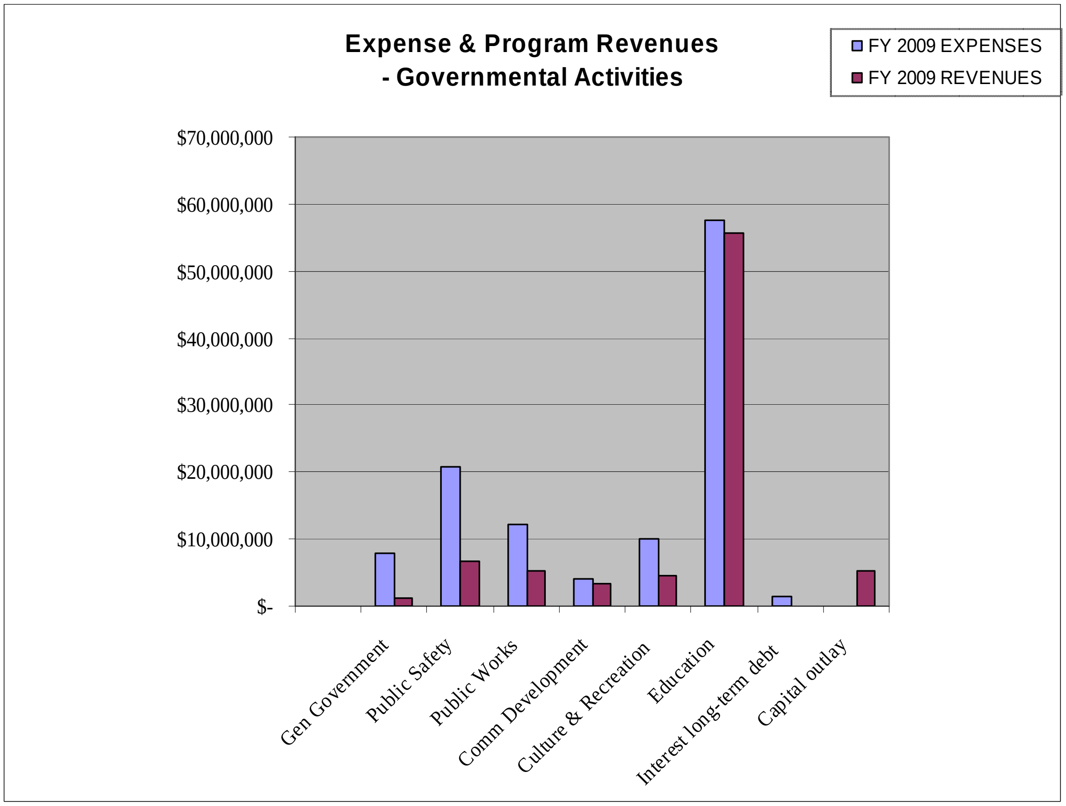
By far, the largest portion of the City's net assets (83% or $213,838,600) reflects its investments in capital assets (e.g., land buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (16% or $41,150,924) represents resources that are subject to external restriction as to how they may be used. The remaining balance of unrestricted net assets (1% or $1,678,383) is to be used to meet the government's ongoing obligations to citizens and creditors. Included in unrestricted net assets are amounts that management has designated for particular purposes, such as capital reserve funds, reserves for encumbrances, and reserves for expenditures in subsequent fiscal years.

At the end of fiscal year 2009, the City is able to report positive balances in two of the three categories of net assets for the government activities, and for all of its separate business-type activities. The governmental activities report indicates a positive balance of $135,869,663 of investments in capital assets, net of related debt and a positive balance $9,784,253 in net assets that are subject to external restriction. However, there is a negative balance of $10,766,232 in the Governmental activities unrestricted net assets section. This is primarily due to reporting liabilities such as insurance reserves, compensated absences, landfill post-closure costs, and non capital debt and pension and post employment benefits that have not been funded.

The negative unrestricted net assets from Governmental Activities includes major items such as $2,069,000 of insurance reserves that are funded annually as incurred; about $4,895,000 in compensated absences for the City and Schools, $3,065,000 in debt which was not offset by a capital asset, $1,870,000 of unfunded City obligation to the Retirement Fund known as the Net Pension Obligation, $57,000 for outstanding landfill closure costs, and $1,085,000 of for liabilities for post retirement benefits.

Governmental Activities The net assets resulting from Government activities amounted to $134,887,684 at year end. The major factor contributing to this increase was the addition of capital assets, net of long-term liabilities during the fiscal year. Please refer to Exhibits D and E for a list of other changes in net assets of governmental activities.



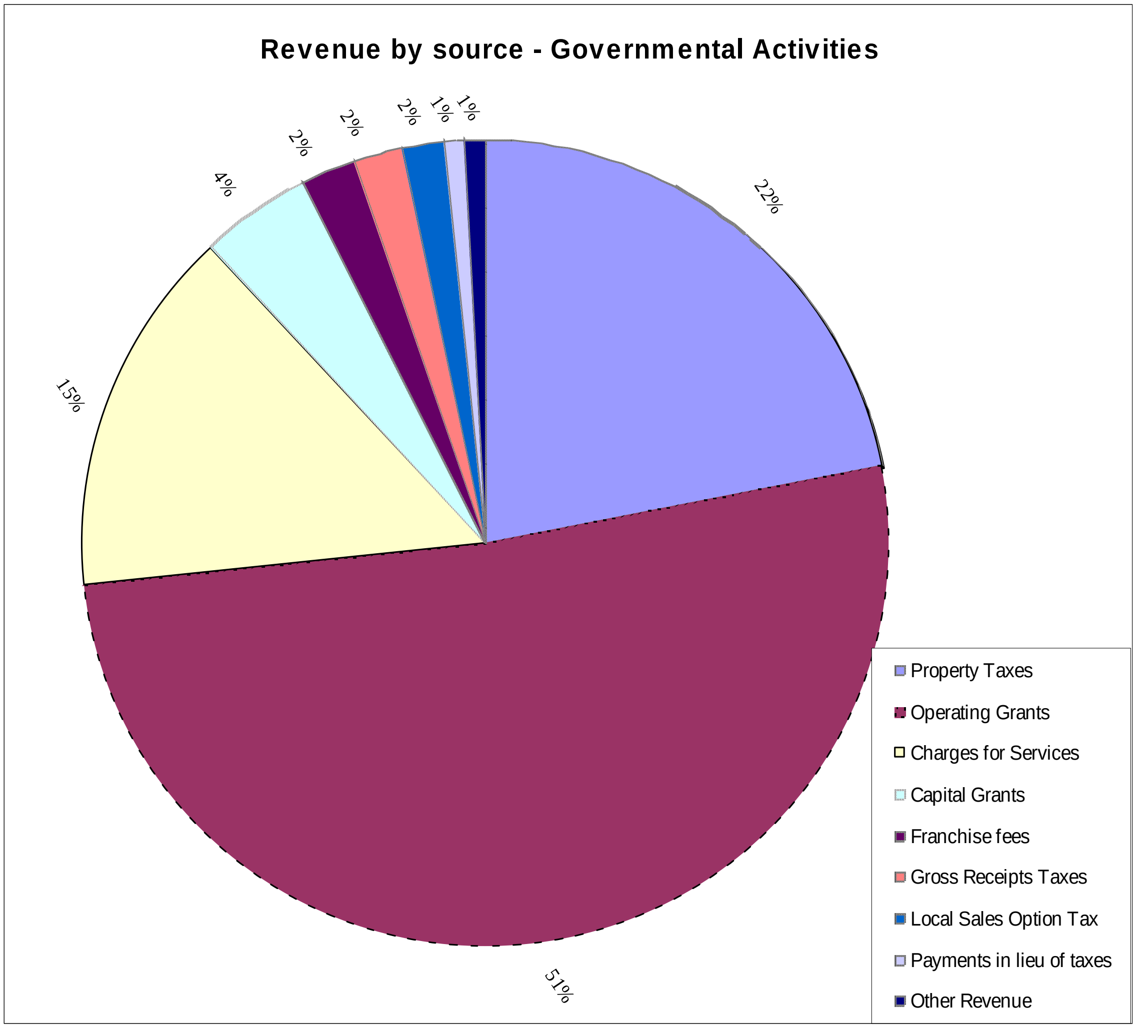
The above graph illustrates the expenses associated with the various functions of governmental activities and the revenues that are directly associated with or generated by these functions. The expenses of these functions are also funded with general revenues, such as property taxes, gross receipts taxes, payments in lieu of taxes, local sales tax option and franchise fees that are collected centrally. These general revenues are not program revenues and are not included in the above graph.

The chart below is a one page presentation of Exhibit B that illustrates the components of the revenue sources and expense areas of the government-wide Statement of Activities.

CITY OF BURLINGTON REVENUE AND EXPENSES

	Governmental Activities 2009	Governmental Activities 2008	Business-Type Activities 2009	Business-Type Activities 2008	Total 2009	Total 2008
Revenues						
Program revenues						
Charges for services	17,313,812	17,196,083	81,331,414	76,323,117	98,645,226	93,519,200
Operating Grants and Contributions	59,707,134	53,039,312	386,202	145,587	60,093,336	53,184,899
Capital Grants and Contributions	4,978,575	2,161,602	11,741,445	6,374,448	16,720,020	8,536,050
General revenues						0
Property Taxes	25,649,929	24,870,758	0	0	25,649,929	24,870,758
Rooms and Meals Taxes	2,184,515	2,199,949	0	0	2,184,515	2,199,949
Local Sales Option Tax	1,885,141	2,158,372	0	0	1,885,141	2,158,372
Payments in lieu of Taxes	970,324	1,681,879	0	0	970,324	1,681,879
Franchise Fees	2,727,631	1,938,684	0	0	2,727,631	1,938,684
Impact Fees	91,956	198,144	0	0	91,956	198,144
Interest & Penalties on Delinquent Taxes	288,033	311,708	0	0	288,033	311,708
Addition to Permanent Funds	36,874	56,641	0	0	36,874	56,641
Unrestricted Investment Earnings	651,377	635,693	571,356	1,698,032	1,222,733	2,333,725
Other Revenues	1,220	0	1,460,158	212,795	1,461,378	212,795
Total Revenues	**116,486,521**	**106,448,825**	**95,490,575**	**84,753,979**	**211,977,096**	**191,202,804**
Expenses						
Government Activities						
General Government	7,833,861	7,731,527	0	0	7,833,861	7,731,527
Public Safety	20,708,638	20,262,074	0	0	20,708,638	20,262,074
Public Works	12,111,622	11,375,602	0	0	12,111,622	11,375,602
Community Development	4,149,542	4,104,701	0	0	4,149,542	4,104,701
Culture and Recreation	10,069,342	9,247,568	0	0	10,069,342	9,247,568
Education	57,639,807	53,322,002	0	0	57,639,807	53,322,002
Interest on long-term debt	1,520,465	1,796,364	0	0	1,520,465	1,796,364
Capital Outlay	0	0	0	0	0	0
Business Type Activities						0
Electric Utility	0	0	54,915,355	50,408,203	54,915,355	50,408,203
Airport	0	0	16,562,164	15,071,525	16,562,164	15,071,525
Water	0	0	4,588,439	4,573,814	4,588,439	4,573,814
Wastewater	0	0	5,447,686	5,100,231	5,447,686	5,100,231
Telecom	0	0	10,480,260	7,848,863	10,480,260	7,848,863
School Enterprise	0	0	2,202,700	2,021,573	2,202,700	2,021,573
Total Expenses	**114,033,277**	**107,839,838**	**94,196,604**	**85,024,209**	**208,229,881**	**192,864,047**
Changes in net assets before transfers	2,453,244	(1,391,013)	1,293,971	(270,230)	3,747,215	(1,661,243)
Transfers	2,609,579	2,630,420	(2,609,579)	(2,618,968)	0	11,452
Change in net assets	5,062,823	1,239,407	(1,315,608)	(2,889,198)	3,747,215	(1,649,791)
Net Assets - Beginning of Year	129,824,861	128,585,454	123,095,831	125,985,029	252,920,692	254,570,483
Net Assets - End of Year	**134,887,684**	**129,824,861**	**121,780,223**	**123,095,831**	**256,667,907**	**252,920,692**

The table below shows the percentages of revenue by each type of revenue of governmental activities. The largest sources are property taxes (22% of total), operating grants (51%), and charges for services (15%).

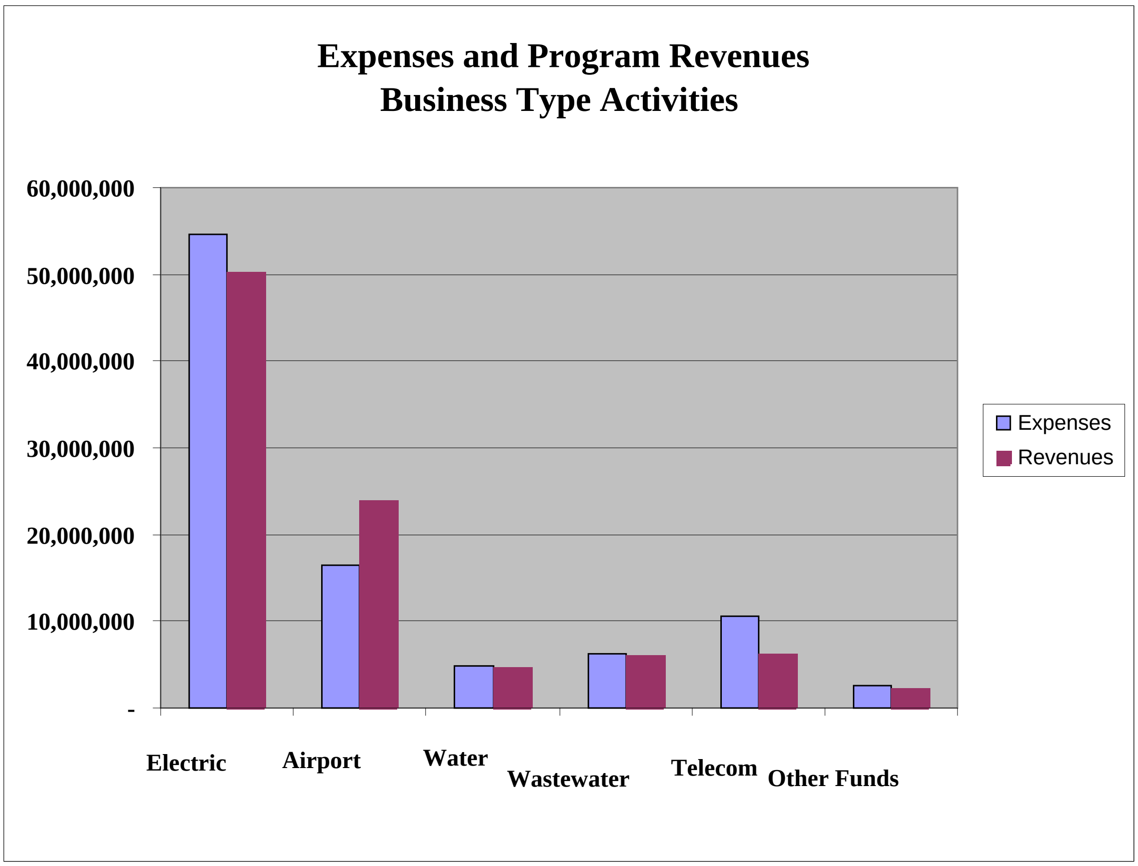


Business-type activities Net assets for business-type activates amounted to $121,780,223. Key factors which contribute to this amount are as follows:

- Total Operating Income/(Loss) for Business-type activities amounted to ($5,076,484) with the major operating revenue source being charges for services at $74,858,986. Operating expenses amounted to $86,407,898. Burlington Electric produced operating loss of $979,406, and the Airport, Telecom, and Wastewater produced losses of $1,874,958, $2,428,962, and $111,234 respectively. All other proprietary funds, consisting of Water Resources and School funds, generated operating income of $318,076. Costs at the Airport associated with the opening of a new section of the terminal, and the continuing capital cost to Burlington Telecom contributed to losses in each of those funds.
- Included in the operating expenses is depreciation and amortization in the amount of $12,346,255 for all business-type activities.

- The changes in net assets for all proprietary funds are shown below.

Fund	**Change in Net Assets**
Electric Utility	(4,295,227)
Airport	7,471,208
Telecom	(4,279,165)
Wastewater	(187,267)
Other Proprietary Funds	(25,157)
Total	$(1,315,608)



Program revenues for business-type activities amounted to $93,459,061 for the year. A large share (80%) of the program revenues for business-type activities comes from charges for services. $11,741,445 comes from capital grants and contributions for the business activities.

Financial Analysis of the Government's Funds

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

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

- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $4,809,990 an increase of $214,666 from the previous fiscal year.
- The reserved portion of the governmental fund balance includes $831,018 for inventories and prepaid expenditures and $5,447,538 set aside for other restricted purposes such as capital and grant-funded projects, as well as Cemetery endowments.
- The City has designated $402,844 of the General Fund balance for various purposes after subtracting $690,000 of uncollected taxes. The General Fund designated portion of the governmental fund balance include the Conservation Legacy Tax of $310,706, a Parks dedicated tax of $105,747, an insurance reserve of $210,586, and several others amounting to $192,258.
- The undesignated, unreserved fund balance/(deficit) of all governmental funds amounts to ($1,871,410). The General Fund balance component had a positive undesignated fund balance of $4,436,924, an increase of 10.9% from the previous fiscal year.
- The undesignated balance in the other governmental funds reported as a group amounted to ($6,308,334). As stated previously in the Financial Highlights, this was due primarily to the timing of the receipt of state grants, federal grants, tax increments, and reimbursements for capital projects and development projects. Simply put, revenues for grants funds received 60 days or more after the end of the fiscal year are deferred and counted in the period they are received as required by GASB Statement #33. Another factor that contributed to this negative fund balance was that capital financing for the City's master lease was not obtained until after year end.

The fund balance of the City's General Fund was $8,853,756, an increase of $1,719,559 or 24.1% during this reporting period. Reasons for this increase are further discussed in the budgetary highlights of this discussion.

The School's Fund balance decreased $702,777 this year to a negative $1,063,775 from ($360,998) in the prior year. Total actual revenues are $57,400,107. The positive revenue variance was primarily due to an increase in tuition, interest, and special education intensive and extraordinary reimbursement revenues. Total actual expenditures are $58,102,884 which resulted in increased spending of 7.8% in various functional areas in the budget with major increases in the special education and facilities maintenance categories.

Proprietary Funds

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

Net assets for the Electric Utility fund amounted to $47,088,800, those for the Airport fund amounted to $69,592,969, those for the Wastewater fund amounted to $11,637,694, those for the School Enterprise Funds and Water amounted to $10,111,508, and those for the Telecom Fund amounted to a deficit of $16,650,748. The Telecom deficit is due to costs associated with the development, start-up and operation of the municipal network. The net assets of the Electric Utility Fund decreased by $4,295,227, the Airport increased by $7,471,208, School and Water Resources decreased by $25,157, the net assets of the Telecom Fund decreased by $4,279,165 and Wastewater decreased by $187,267. The Airport increase is again due to grants for construction projects. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between budgeted amounts and actual amounts can be briefly summarized as follows:

Revenues:

Fiscal year 2009 revenues generated $3,791,256 over approved budget. There were several sources that exceed expectations this year. The Clerk/Treasurer's Office exceeded budget revenue by $1,718,136, due to Taxes; Gross Receipt; PILOTS; Franchise Fees: Interest Income on pooled cash; and Fees for Services. Safety services generated $737,139 in additional revenue over budget due to Police Grants. Inspection Service Permits and Code Enforcement Permit fees generated $360,300 in additional revenue over budget and additional money was received for the Capital Street Program.

Expenditures:

FY 2009 expenditures exceed the budget by approximately $1,172,000. The City's General Department Clerk/Treasurer and City Attorney contributed $500,000 mostly due to additional elections, audit and legal costs. This excess cost was offset by savings in employee benefits. The Parks & Recreation Department exceeded budget by $280,000 most of which was Recreation City Kids. The Department of Pubic Works exceeded budget by about $251,000 due primarily for Streets snow removal cost.

Fiduciary Funds

The net assets of the Retirement Fund declined $23,310,290 to $95,164,358 primarily due to unfavorable outcomes from the stock market related to the recession. At June 30, 2009, the actuarial value of accrued assets are $129,841,522, the accrued liabilities were $169,319,955. Thus, the unfunded liability as of June 30, 2009 was $39,478,433. This represented an increase in unfunded liability of $12,266,332 compared to the unfunded liability on June 30, 2008 of $27,212,101.

The City recorded a Net Pension Obligation of $1,596,290 in fiscal year 2005 and another Net Pension Obligation in fiscal year 2006 of $756,403, however, reduced it to a cumulative amount of $1,873,565 due to excess contributions in 2008 and 2009.

The amount of the annual contribution by the City through the tax rate and utility fees has increased significantly over the past five years. The City is continuing its efforts to moderate the burden of the system. The City recently adopted several changes to the retirement benefits and the City now requires all eligible employees to contribute to the plan. Please refer to the audit footnotes in the Financial Statement for additional information regarding this issue.

Capital Assets and Debt Administration

Capital Assets. The City of Burlington's investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounted to $400,470,681 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, water and wastewater distribution systems, electric generating and transmissions capital assets and land, land improvements and buildings at the Burlington International Airport.

In the governmental area, the total amounted to $169,305,334 and the capital assets of the City's business-type activities netted to $231,165,347.

Expenditures in the Capital Projects funds were as follows:

PROJECT	2009 AMOUNT EXPENDED
SOUTHERN CONNECTOR	$ 319,615
SOUTH END & DOWNTOWN TRANSIT CENTER	10,976
FUEL DEPOT	6,954
STREET IMPROVEMENT PROJECTS	3,008,349
RIVERSIDE AVE & NORTH ST PROJECTS	21,809
MORAN BLDG & HEATING UPGRADS	1,806
DOWNTOWN PLANNING & WINOOSKI BRIDGE	885,451
ENGLESBY BROOK & BARGE CANAL	15,330
N WINOOSKI STREETSCAPE & BATTERY ST	85,683
FIREHOUSE CENTER	5,462
OTHER CAPITAL PROJECTS	249,804
2008 /2009 MASTER LEASE	522,627
LAKEVIEW & COLLEGE ST GARAGES & WESTLAKE PROJECT	25,261
SCHOOL BOND CAPITAL PROJECTS	967,653
TOTAL	**6,126,780**

Equipment purchased during the year for Governmental funds included the following items:

- Police Department purchased five vehicles at a cost of $135,497
- Police Department purchased two copiers in the of amount of $36,582
- Department of Public Works purchased a street sweeper in the amount of $137,118 and a recycling truck in the amount of $226,093.
- Department of Public Works Traffic Division purchased garage lighting for the Marketplace Garage in the amount of $8,136.
- Airport Department purchased a Multi-function tractor and broom in the amount of $639,016.
- Parks Department purchased one car and one truck in the amount of $55,349 and one mower in the amount of $10,000.
- Parks Department purchased two copiers in the amount of $19,537 and software upgrade in the amount of $4,702.
- Clerk/Treasurer's office purchased desk and chairs in the amount of $1,478 and a copier in the amount of $13,440.
- Human Resources department purchased a copier in the amount of $4,000.
- Central Computer department purchased equipment for a virtualization project in the amount of $61,164 and a server for the library department in the amount of $19,595.
- Water Department purchased a meter truck with attachments in the amount of $33,146 and a computer system upgrade in the amount of $95,660.
- School Department spent $1,064,191 on school building projects including the Vocational Center. They also purchased one vehicle for $6,700 and purchased computer and other equipment totaling $483,438.
- General Street and sidewalk repaving and reconstruction, including curbs, catch basins and median upgrades in the amount of $1,949,314 funded primarily with the dedicated Street property tax.

A table that shows the values of the City's capital assets for two fiscal years, prior to depreciation, is shown below:

	Governmental Activities		Business Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land	$ 15,932,130	$ 15,307,130	$ 20,286,743	$ 18,806,731	$ 36,218,873	$ 34,113,861
Construction in Progress	32,346,512	30,423,514	17,321,635	13,608,976	49,668,147	44,032,490
Antiques and Works of Art	52,000	52,000	-	-	52,000	52,000
Land Impovements	2,371,585	2,371,585	26,968,535	26,547,903	29,340,120	28,919,488
Buildings and Building Improvements	76,627,147	72,753,243	75,744,819	75,590,301	152,371,966	148,343,544
Vehicles, Machiner, Equipment and Furniture	21,465,120	21,018,752	19,636,656	18,358,200	41,101,776	39,376,952
Book Collections	3,629,445	3,770,127	-	-	3,629,445	3,770,127
Infrastructure	94,235,188	91,623,674	-	-	94,235,188	91,623,674
Distribution and collection systems	-	-	235,007,099	221,983,809	235,007,099	221,983,809
	$ 246,659,127	**$ 237,320,025**	**$ 394,965,487**	**$ 374,895,920**	**$ 641,624,614**	**$ 612,215,945**

Additional information on the City of Burlington's net assets can be found in note IV.F. of the notes to the financial statements.

Long-term Debt

At the end of the current fiscal year, the City of Burlington had total bonds, notes, and capital leases payable of $219,794,672. Of this, $38,970,571 applies to governmental activities and $180,824,101 (prior to unamortized premiums, discounts, and deferred loss on refunding) applies to business-type activities. The table below presents the components of this category for the current and past fiscal years:

	Governmental Activities		Business Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	$ 15,897,809	$ 18,067,174	$ 49,820,434	$ 29,907,220	$ 65,718,243	$ 47,974,394
Revenue Bonds	-	-	96,125,000	105,440,000	96,125,000	105,440,000
Bond/Revenue anticipation & Notes Payable	20,783,000	17,248,782	1,000,000	-	21,783,000	17,248,782
Obligations Under Capital Leases	2,289,762	1,887,100	33,878,667	33,774,149	36,168,429	35,661,249
Totals	**38,970,571**	**37,203,056**	**180,824,101**	**169,121,369**	**219,794,672**	**206,324,425**

The City's total bonds, notes, and capital leases increased by $13,470,247 during the year. Outstanding General Obligation bonds had a net increase of $17,743,849 to $65,718,243. On April 9, 2009, the Electric Department issued $21,000,000 General Obligation Public Improvement Bonds for the purpose of financing improvements to electric facilities and distribution lines. There was also a Bond Anticipation Note issued which included $1,000,000 for capital improvements for the City, a $750,000 for small capital and working capital for Schools, $1,000,000 for Burlington Electric and $2,250,000 for Street paving projects. The predominant use of the City funds was $142,500 for the police building capital renovations and roof replacement, $96,000 for Fire Department furnace, $493,500 for the City Hall Steps, $98,600 for parks arena improvements, $64,200 for Parks Bike path improvements, $32,200 for Library building repairs, $60,000 for Memorial Auditorium capital improvements, $20,600 for Firehouse building improvements and various other small projects. The School Department used their proceeds for building improvements. Moody's Investor Services provides a bond rating each time a bond issue is offered to the investing public. The FY 2009 Bonds were issued with the City's Aa3 rating was reconfirmed in April, 2009 and August 2009. In March 2010, Moody's revised the City rating to A2.

There were no new revenue bonds issued during the year. The outstanding amount of revenue bonds decreased in FY 2009 by $9,315,000 to $96,125,000 for repayments of principal.

The balances due for the various revenue bonds at June 30, 2009 (exclusive of unamortized discounts, premiums, and deferred losses on refunding) were as follows:

Electric Department	$ 49,480,000
Water Resources	4,930,000
Airport	41,715,000
Total Revenue Bonds	$ 96,125,000

Annually, the City issues a master lease that combines the needs of the various departments into one borrowing. This year's lease was not received until September of 2009 in the amount of $1,500,000 and funded heavy equipment for Public Works, Police vehicles, Parks vehicles, Airport and Water vehicles; and copiers and computer equipment and software.

The City issued $34,000,000 in tax anticipation notes during the year, all of which were paid in full by June 30, 2009. The Burlington Electric Department issued $2,500,000 in revenue anticipation notes during the year, all of which was paid in full by June 30, 2009. The Burlington Electric Department also issued $14,000,000 in Bond Anticipation Notes which were repaid April 20, 2009.

Additional information on the City of Burlington's long-term debt can be found in note IV.J. of the notes to the financial statements.

Economic Factors, Future Budgets and Rates

Listed below are some of the factors involved in formulating the budget for fiscal year 2009:

- The City Tax Rate was set at 67 cents per hundred dollars of value in FY 2009.
- Once again, wage increases are a major driver of the City's overall FY 09 Budget as $402,100 has been set aside for this purpose. The contracts for both the AFSCME and Police Unions, and Fire Union are still under negotiation. The negotiations with the Electrical Worker's Union (IBEW) were settled in FY 2008.
- Employee Benefit costs increased in FY 2009 by about 6% from its FY 2008 budget, primarily due to the addition of Burlington Telecom employees and increases health insurance cost.
- In January 2006, the City Council also created a "Super Committee" to study the City's financial needs and problems. The Committee recommendations were adopted by the City Council and include the following policy goals for future budgets:

  a. Limit the growth of the operating budget to 3% a year;
  b. Reduce the cost of personnel benefits as a percent of wages;
  c. Reduce the costs of salaries, wages and benefits as a percent of the budget; and,
  d. Maintain the Fund Balance at 5% of annual operating expenses.

  The achievement of these goals was a predominant theme of the FY 2009 budget.

Fiscal Year 2010 City Budget

The City of Burlington approved a General Fund Operating Budget for fiscal year 2010 in the amount of $46,389,654. This represented an increase of 2.8% over the final budget of the previous fiscal year. In addition, the General Fund Capital Improvements budget of $6,115,255 represented an increase of 106% over the budget for fiscal year 2009. The street repair and repaving program budget of $4,456,797, comprised nearly three fourths of the capital budget.

The budget for FY 2010 provided for full funding of the annual contribution to the Burlington Employees Retirement System. The changes in the tax rates are shown in the table below:

Tax Rate Item	FY09 Tax Rate per $100	FY10 Approved Tax Rate	Change
Revenue Neutral Rates:			
General City	0.2329	0.2329	0.0000
Police/Fire	0.0807	0.0807	0.0000
Housing Trust	0.0054	0.0054	0.0000
Open Space	0.0054	0.0054	0.0000
Streets	0.0417	0.0617	0.0200
Fixed Rates:			
Parks	0.0250	0.0350	0.0100
Highway	0.0312	0.0312	0.0000
Library	0.0050	0.0050	0.0000
Budget Driven Rates:			
CCTA	0.0361	0.0337	-0.0024
County Tax	0.0054	0.0054	0.0000
Retirement	0.1487	0.1587	0.0100
Debt Service	0.0525	0.0569	0.0044
Total	0.6700	0.7120	0.0420

2010 School Budget

The budgeting process for FY 2010 led to the adoption of a budget of $49,903,088 which represents an increase of $4,178,981 or 9.14% over the FY 2009 budget of $45,724,107. The same level of services is being provided for in the FY 2010 budget and also includes additional funding to cover some of the reductions in federal grant appropriations. The actual homestead tax rate changed from $1.1094 in FY 2009 to $1.2394 in FY 2010 or a 0.13 cent increase over the previous year. The income cap percentage for education property tax if eligible changed from 2.14% in FY 2009 to 2.28% in FY 2010 or an increase of 0.14%. The district spending adjustment which is a key factor in determining the property tax rate increased from 119.081% in FY 2009 to 126.882% in FY 2010 and is the amount per equalized pupil percentage spending over the state-wide base education rate for education of $8,210 in FY 2009 and $8,544 in FY 2010.

2010 Budget for Utility Funds

The water rate was increased in FY10 by 9.9% while the wastewater rate was increased by 10%. Effective June 26, 2009, the Electric Department rates were increased by 11.3% primarily to cover the increased costs of purchased power and overhead. There were no other significant increases in charges and fees this year. The budget for FY 2010 also includes the operating and capital expense for Burlington Telecom.

Further information regarding the budget and operations for Burlington Electric can be found in the Management's Discussion and Analysis section of the Department's separate audit report. Questions concerning any information of the Electric Department may be directed to Daryl J. Santerre, Chief Financial Officer at 585 Pine Street, Burlington, Vermont, 05401.

This financial report is designed to provide a general overview of the City of Burlington, Vermont's financial condition. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Clerk/Treasurer, City of Burlington, City Hall, 149 Church Street, Burlington, VT 05401.

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Burlington Community Development Corporation
ASSETS				
Cash and Cash Equivalents	$ 4,047,140	$ 967,278	$ 5,014,418	$ 7,164
Investments	237,290	20,000	257,290	0
Receivables (Net of Allowance for Uncollectibles):	8,432,774	15,543,050	23,975,824	0
Estimated Unbilled Revenues	0	2,987,918	2,987,918	0
Notes, Loans and Capital Lease Receivable	3,660,288	1,540,507	5,200,795	2,131,196
Accrued Interest Receivable	641,501	0	641,501	7,369
Inventories	327,587	5,169,810	5,497,397	0
Other Current Assets	696,124	610,602	1,306,726	0
Interfund Loans Receivable/Payable	2,704,315	(2,704,315)	0	0
Internal Balances	5,108,967	(5,108,967)	0	
Due from Component Unit	888,147	1,239,572	2,127,719	0
Restricted Investments	0	21,801,562	21,801,562	0
Investments in Associated Companies	0	13,265,316	13,265,316	0
Assets Held for Resale	549,352	0	549,352	0
Other Long-Term Assets, Net of Accumulated Amortization	339,371	15,266,481	15,605,852	0
Capital Assets				
Land	15,932,130	20,286,743	36,218,873	1,155,249
Construction in Progress	32,346,512	17,321,635	49,668,147	1,256
Antiques and Works of Art	52,000	0	52,000	0
Other Capital Assets, (Net of Accumulated Depreciation)	120,974,692	193,556,969	314,531,661	5,287,855
Total Assets	196,938,190	301,764,161	498,702,351	8,590,089
LIABILITIES				
Accounts Payable	4,123,601	8,205,842	12,329,443	584
Accrued Payroll and Benefits Payable	5,377,009	331,956	5,708,965	0
Due to Fiduciary Funds	2,076,700	23,499	2,100,199	0
Accrued Interest Payable	234,723	462,848	697,571	7,369
Deferred Revenue	1,208,052	82,394	1,290,446	0
Payable from Restricted Assets	0	2,482,987	2,482,987	0
Due to Primary Government	0	0	0	2,127,719
Noncurrent Liabilities:				
Due within One Year	5,232,782	11,104,409	16,337,191	478,425
Due in More than One Year	43,797,639	157,290,003	201,087,642	4,196,866
Total Liabilities	62,050,506	179,983,938	242,034,444	6,810,963
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	135,869,663	77,968,937	213,838,600	1,803,892
Restricted for:				
Education	484,947	0	484,947	0
Traffic	646,109	0	646,109	0
Community Development	4,535,767	0	4,535,767	0
Debt Service/Renewal and Replacements/Capital Projects	2,386,491	31,366,671	33,753,162	0
Perpetual Care	1,040,907	0	1,040,907	0
Other Purposes	690,032	0	690,032	12,000
Unrestricted/(Deficit):	(10,766,232)	12,444,615	1,678,383	(36,766)
Total Net Assets	$ 134,887,684	$ 121,780,223	$ 256,667,907	$ 1,779,126

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

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets – Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Burlington Community Development Corporation
Functions/Programs:								
Primary Government:								
Governmental Activities:								
General Government	$ 7,833,861	$ 965,261	$ 173,298	$ 0	$ (6,695,302)	$ 0	$ (6,695,302)	$ 0
Public Safety	20,708,638	6,309,231	494,346	0	(13,905,061)	0	(13,905,061)	0
Public Works	12,111,622	4,993,790	274,580	0	(6,843,252)	0	(6,843,252)	0
Community Development	4,149,542	403,704	2,963,306	0	(782,532)	0	(782,532)	0
Culture and Recreation	10,069,342	3,128,842	1,396,519	0	(5,543,981)	0	(5,543,981)	0
Education	57,639,807	1,210,392	54,405,085	0	(2,024,330)	0	(2,024,330)	0
Interest on Long-Term Debt	1,520,465			0	(1,520,465)	0	(1,520,465)	0
Capital Outlay	0	302,592	0	4,978,575	5,281,167	0	5,281,167	0
Total Governmental Activities	114,033,277	17,313,812	59,707,134	4,978,575	(32,033,756)	0	(32,033,756)	0
Business-Type Activities:								
Electric	54,915,355	50,010,832	0	258,289	0	(4,646,234)	(4,646,234)	0
Airport	16,562,164	12,023,774	386,202	11,483,156	0	7,330,968	7,330,968	0
Telecom	10,480,260	6,284,633	0	0	0	(4,195,627)	(4,195,627)	0
Wastewater	5,447,686	6,024,216	0	0	0	576,530	576,530	0
Water	4,588,439	4,710,463	0	0	0	122,024	122,024	0
School	2,202,700	2,277,496	0	0	0	74,796	74,796	0
Total Business-Type Activities	94,196,604	81,331,414	386,202	11,741,445	0	(737,543)	(737,543)	0
Total Primary Government	$ 208,229,881	$ 98,645,226	$ 60,093,336	$ 16,720,020	(32,033,756)	(737,543)	(32,771,299)	0
Component Unit:								
Burlington Community Development Corporation	$ 526,502	$ 541,791	$ 31,962	$ 0	0	0	0	47,251
General Revenues:								
Property Taxes					25,649,929	0	25,649,929	0
Gross Receipts Taxes					2,184,515	0	2,184,515	0
Local Option Sales Taxes					1,885,141	0	1,885,141	0
Payment in Lieu of Taxes					970,324	0	970,324	0
Franchise Fees					2,727,631	0	2,727,631	0
Impact Fees					91,956	0	91,956	0
Interest and Penalties on Delinquent Taxes					288,033	0	288,033	0
Addition to Permanent Funds					36,874	0	36,874	0
Unrestricted Investment Earnings					651,377	571,356	1,222,733	25,753
Other Revenues					1,220	1,460,158	1,461,378	0
Transfers					2,609,579	(2,609,579)	0	0
Total General Revenues and Transfers					37,096,579	(578,065)	36,518,514	25,753
Change in Net Assets					5,062,823	(1,315,608)	3,747,215	73,004
Net Assets, July 1, 2008					129,824,861	123,095,831	252,920,692	1,706,122
Net Assets, June 30, 2009					$ 134,887,684	$ 121,780,223	$ 256,667,907	$ 1,779,126

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

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

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ 3,360,979	$ 100	$ 686,061	$ 4,047,140
Investments	103,671	23,073	110,546	237,290
Receivables (Net of Allowance for Uncollectibles)	3,118,423	413,575	4,900,776	8,432,774
Due from Other Funds	2,437,138	4,581,819	1,721,897	8,740,854
Notes, Loans and Capital Lease Receivable	280,000	0	3,380,288	3,660,288
Accrued Interest Receivable	0	0	641,501	641,501
Interfund Loans Receivable	2,724,183	0	0	2,724,183
Inventories	162,127	0	165,460	327,587
Prepaid Expenses	480,021	0	23,410	503,431
Other Current Assets	192,693	0	0	192,693
Due From Component Unit	78,147	0	810,000	888,147
Asset Held for Resale	0	0	549,352	549,352
Total Assets	$ 12,937,382	$ 5,018,567	$ 12,989,291	$ 30,945,240
LIABILITIES				
Liabilities:				
Accounts Payable	$ 1,874,244	$ 683,957	$ 1,565,400	$ 4,123,601
Accrued Payroll and Benefits Payable	761,709	4,520,807	94,493	5,377,009
Due to Other Funds	0	0	5,708,587	5,708,587
Interfund Loans Payable	0	0	19,868	19,868
Deferred Revenue	1,254,980	877,578	8,580,934	10,713,492
Insurance Reserves - Funded	192,693	0	0	192,693
Total Liabilities	4,083,626	6,082,342	15,969,282	26,135,250
Fund Balances/(Deficit):				
Reserved for				
Inventories and Prepaid Expenses	642,148	0	188,870	831,018
Other Purposes	3,371,840	484,947	1,590,751	5,447,538
Unreserved, Reported In				
General Fund	4,839,768	0	0	4,839,768
Special Revenue Funds	0	(1,548,722)	(432,737)	(1,981,459)
Capital Project Funds	0	0	(4,326,875)	(4,326,875)
Total Fund Balances/(Deficit)	8,853,756	(1,063,775)	(2,979,991)	4,809,990
Total Liabilities and Fund Balances	$ 12,937,382	$ 5,018,567	$ 12,989,291	

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.	169,644,705
Other Long-Term Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are not Recognized in the Funds.	9,505,440
Long-Term and Accrued Liabilities, Including Bonds Payable, are not Due or Payable in the Current Period and, Therefore, are Not Reported in the Funds.	(49,072,451)
Net Assets of Governmental Activities	$ 134,887,684

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

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

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	$ 28,390,528	$ 0	$ 1,369,839	$ 29,760,367
Payments in Lieu of Taxes	2,503,475	1,161,788	0	3,665,263
Intergovernmental Revenues	1,651,961	53,966,434	5,109,170	60,727,565
Charges for Services	9,475,293	1,223,960	4,465,518	15,164,771
Fines and Forfeits	1,812,353	0	0	1,812,353
Licenses and Permits	4,559,720	0	763,407	5,323,127
Loan Repayments	0	0	280,222	280,222
Investment Income/(Loss)	593,990	(126)	44,666	638,530
Other Revenue	1,369,103	1,007,134	273,990	2,650,227
Total Revenues	50,356,423	57,359,190	12,306,812	120,022,425
EXPENDITURES:				
General Government	9,487,847	0	0	9,487,847
Public Safety	20,740,944	0	0	20,740,944
Public Works	3,695,254	0	4,879,983	8,575,237
Community Development	0	0	5,822,484	5,822,484
Culture & Recreation	9,031,010	0	0	9,031,010
Education	0	56,136,253	11,310	56,147,563
Capital Outlay	4,083,286	809,469	5,306,302	10,199,057
Debt Service -				
Bond and Note Principal Retirement	1,708,733	773,254	953,160	3,435,147
Lease Principal Retirement	795,215	40,950	103,301	939,466
Interest Charges	577,220	342,958	573,083	1,493,261
Bond Issue Costs	9,548	0	2,204	11,752
Total Expenditures	50,129,057	58,102,884	17,651,827	125,883,768
Excess/(Deficiency) of Revenues Over Expenditures	227,366	(743,694)	(5,345,015)	(5,861,343)
OTHER FINANCING SOURCES/(USES):				
Proceeds of Long-Term Debt	3,250,000	40,917	2,851,211	6,142,128
Net Premium on Debt	16,153	0	3,728	19,881
Transfers In	76,171	0	1,867,023	1,943,194
Transfers Out	(1,850,131)	0	(179,063)	(2,029,194)
Total Other Financing Sources/(Uses)	1,492,193	40,917	4,542,899	6,076,009
Net Change in Fund Balances	1,719,559	(702,777)	(802,116)	214,666
Fund Balances/(Deficit), July 1, 2008	7,134,197	(360,998)	(2,177,875)	4,595,324
Fund Balances/(Deficit), June 30, 2009	$ 8,853,756	$ (1,063,775)	$ (2,979,991)	$ 4,809,990

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

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

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

Net change in fund balances - total government funds (Exhibit D)	$	214,666
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets ($10,199,057) is allocated over their estimated useful lives and reported as depreciation expense ($6,339,724). This is the amount by which capital outlays exceeded depreciation in the current period.		3,859,333
In the Statement of Activities, the gain/loss on the disposition/sale of capital assets and the donation of capital assets is reported, whereas, in the Governmental Funds, the disposition of and the donation of capital assets is not reflected and the proceeds of assets sold increases other financial resources. Thus, the change in net assets differs from the changes in fund balances by the gain/loss on the disposition of capital assets and donation of capital assets.		443,390
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		2,606,592
The issuance of long-term debt ($6,142,128) (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt ($4,374,613) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, Governmental Funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount, is the net effect of these differences in the treatment of long-term debt and related items.		(1,808,460)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(252,698)
Change in net assets of governmental activities (Exhibit B)	$	5,062,823

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

CITY OF BURLINGTON, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND SCHOOL GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund				School "General Fund"		
	Budget						
	Original	Final	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
Revenues:							
Taxes and Special Assessments	$ 25,963,963	$ 25,891,247	$ 26,480,570	$ 589,323	$ 0	$ 0	$ 0
Local Option Sales Tax	2,000,000	2,000,000	1,885,141	(114,859)	0	0	0
Payments in Lieu of Taxes	3,343,615	3,343,615	3,609,261	265,646	1,351,817	1,161,788	(190,029)
Permits and Licenses	3,838,900	3,838,900	4,469,136	630,236	0	0	0
Intergovernmental Revenues	775,956	1,140,378	1,444,105	303,727	43,606,870	44,186,971	580,101
Charges for Services	8,288,762	9,753,787	9,058,690	(695,097)	665,420	836,669	171,249
Fines and Forfeits	1,833,000	1,833,000	1,978,490	145,490	0	0	0
Investment Income	50,000	50,000	594,074	544,074	100,000	(126)	(100,126)
Miscellaneous Revenues	408,980	413,955	286,671	(127,284)	0	131,143	131,143
Total Revenues	46,503,176	48,264,882	49,806,138	1,541,256	45,724,107	46,316,445	592,338
Expenditures:							
Current:							
General Administration	12,568,925	11,943,604	11,420,100	523,504	0	0	0
Safety Services	15,324,938	15,953,162	15,865,997	87,165	0	0	0
Public Works	2,327,952	2,512,778	2,763,736	(250,958)	0	0	0
Cultural and Recreation	6,440,818	8,290,240	7,315,627	974,613	0	0	0
Education	0	0	0	0	44,466,464	46,000,125	(1,533,661)
Debt Service	2,031,330	2,031,330	2,040,669	(9,339)	1,257,643	1,098,736	158,907
Capital Outlay	2,964,026	3,015,634	5,729,873	(2,714,239)	0	0	0
Total Expenditures	41,657,989	43,746,748	45,136,002	(1,389,254)	45,724,107	47,098,861	(1,374,754)
Excess/(Deficiency) of Revenues Over Expenditures	4,845,187	4,518,134	4,670,136	152,002	0	(782,416)	(782,416)
Other Financing Sources/(Uses):							0
Proceeds of Long-Term Debt	1,000,000	1,000,000	3,250,000	2,250,000	0	0	0
Transfers Out	(5,845,187)	(6,417,791)	(6,200,577)	217,214	0	0	0
Total Other Financing Sources/(Uses)	(4,845,187)	(5,417,791)	(2,950,577)	2,467,214	0	0	0
Net Change in Fund Balances	$ 0	$ (899,657)	$ 1,719,559	$ 2,619,216	$ 0	$ (782,416)	$ (782,416)

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

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

	Electric Utility Fund	Airport Fund	Telecom Fund	Wastewater Fund	Other Proprietary Funds	Total
ASSETS						
Current Assets:						
Cash	$ 942,265	$ 18,230	$ 6,263	$ 200	$ 320	$ 967,278
Investments	0	20,000	0	0	0	20,000
Restricted Investments	1,325,210	0	0	0	1,267,678	2,592,888
Receivables (Net of Allowance for Uncollectible Accounts)	5,918,960	7,828,383	543,744	584,000	667,963	15,543,050
Estimated Unbilled Revenues	1,898,161	331,336	7,489	422,125	328,807	2,987,918
Due from Other Funds	0	10,423,292		0	617,947	11,041,239
Notes Receivable - Current	84,000	0	0	0	0	84,000
Due From Burlington Community Development Corporation - Current	0	56,762	0	0	0	56,762
Interfund Loans Receivable	19,868	0		0	0	19,868
Inventories	4,606,688	205,097	0	132,190	225,835	5,169,810
Other Current Assets	536,791	0	70,427	3,134	250	610,602
Total Current Assets	15,331,943	18,883,100	627,923	1,141,649	3,108,800	39,093,415
Noncurrent Assets:						
Restricted Investments	16,816,290	1,154,446	1,127,933	0	110,005	19,208,674
Due From Burlington Community Development Corporation	0	1,182,810	0	0	0	1,182,810
Notes Receivable - Long Term	1,456,507	0	0	0	0	1,456,507
Investment in Associated Companies	13,265,316	0	0	0	0	13,265,316
Other Long Term-Assets, Net of Accumulated Amortization	13,824,406	1,282,587	100,686	0	58,802	15,266,481
Capital Assets						
Land	560,522	18,669,219	157,800	847,952	51,250	20,286,743
Construction in Progress	2,671,084	14,400,551	250,000	0	0	17,321,635
Land Improvements	0	26,968,535	0	0	0	26,968,535
Buildings and Building Improvements	0	72,685,431	3,059,388	0	0	75,744,819
Vehicles, Machinery and Equipment	0	5,545,917	689,924	11,757,999	1,642,816	19,636,656
Production, General and Other Plant	66,177,388	0	0	0	0	66,177,388
Transmission and Distribution Plant	54,971,623	0	32,579,660	47,164,441	34,113,987	168,829,711
Less Accumulated Depreciation	(65,236,796)	(46,001,102)	(5,947,687)	(24,114,502)	(22,500,053)	(163,800,140)
Total Noncurrent Assets	104,506,340	95,888,394	32,017,704	35,655,890	13,476,807	281,545,135
Total Assets	$ 119,838,283	$ 114,771,494	$ 32,645,627	$ 36,797,539	$ 16,585,607	$ 320,638,550

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

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

	Electric Utility Fund	Airport Fund	Telecom Fund	Wastewater Fund	Other Proprietary Funds	Total
LIABILITIES						
Current Liabilities:						
Accounts and Contracts Payable	$ 4,942,598	$ 1,995,424	$ 1,131,929	$ 92,025	$ 43,866	$ 8,205,842
Accrued Payroll and Benefits Payable	199,920	41,219	39,826	23,377	27,614	331,956
Interfund Loans Payable	2,673,325	0	0	0	0	2,673,325
Accrued Interest Payable	269,511	1,035,099	193,337	0	0	1,497,947
Due to Other Funds	0	7,437	15,060,288	20,456	1,085,524	16,173,705
Deferred Revenue	0	0	0	0	82,394	82,394
Payable from Restricted Assets:						
Accrued Interest Payable	1,325,210	0	0	0	122,678	1,447,888
Revenue Notes and Bonds Payable - Current Portion	0	0	0	0	1,145,000	1,145,000
General Obligation Bonds Payable - Current Portion	239,690	0	0	957,680	0	1,197,370
Revenue Notes and Bonds Payable - Current Portion	6,370,000	2,250,000	0	0	0	8,620,000
Capital Leases Payable - Current Portion	19,767	0	0	47,646	74,626	142,039
Total Current Liabilities	16,040,021	5,329,179	16,425,380	1,141,184	2,581,702	41,517,466
Noncurrent Liabilities:						
Interfund Loan Payable	0	0	0	50,858	0	50,858
General Obligation Bonds Payable	24,951,836	0	0	23,755,564	0	48,707,400
Revenue Bonds Payable	29,814,443	39,678,643	0	0	3,660,652	73,153,738
Bond Anticipation Note Payable	1,000,000	0	0	0	0	1,000,000
Capital Leases Payable	9,640	0	32,828,825	135,011	91,977	33,065,453
Accrued Compensated Absences Payable	932,231	170,703	42,170	77,228	139,768	1,362,100
Other Noncurrent Liabilities	1,312	0	0	0	0	1,312
Total Noncurrent Liabilities	56,709,462	39,849,346	32,870,995	24,018,661	3,892,397	157,340,861
Total Liabilities	72,749,483	45,178,525	49,296,375	25,159,845	6,474,099	198,858,327
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	7,242,764	51,622,495	0	10,709,131	8,394,547	77,968,937
Restricted - Debt Service/Renewal and Replacements/Capital Projects	16,816,290	13,295,376	0	0	1,255,005	31,366,671
Unrestricted/(Deficit)	23,029,746	4,675,098	(16,650,748)	928,563	461,956	12,444,615
Total Net Assets/(Deficit)	47,088,800	69,592,969	(16,650,748)	11,637,694	10,111,508	121,780,223
Total Liabilities and Net Assets	$ 119,838,283	$ 114,771,494	$ 32,645,627	$ 36,797,539	$ 16,585,607	$ 320,638,550

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

Exhibit H

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

	Electric Utility Fund	Airport Fund	Telecom Fund	Wastewater Fund	Other Proprietary Funds	Total
OPERATING REVENUES:						
Charges for Services	$ 44,370,821	$ 11,702,986	$ 5,870,370	$ 6,024,216	$ 6,890,593	$ 74,858,986
Intergovernmental	0	226,476	0	0	0	226,476
Miscellaneous	5,640,011	94,312	414,263	0	97,366	6,245,952
Total Operating Revenues	50,010,832	12,023,774	6,284,633	6,024,216	6,987,959	81,331,414
OPERATING EXPENSES:						
Operating, Maintenance, and General and Administrative Expenses	45,409,867	10,062,167	6,410,825	3,805,486	5,677,719	71,366,064
Depreciation and Amortization	4,049,182	3,836,565	2,129,597	1,561,667	769,244	12,346,255
Payments in Lieu of Taxes	1,531,189	0	173,173	768,297	222,920	2,695,579
Total Operating Expenses	50,990,238	13,898,732	8,713,595	6,135,450	6,669,883	86,407,898
Operating Income/(Loss)	(979,406)	(1,874,958)	(2,428,962)	(111,234)	318,076	(5,076,484)
NONOPERATING REVENUES (EXPENSES):						
Other Income/(Expense) - Net	279,254	(92,101)	0	0	0	187,153
Dividends from Associated Companies	1,180,904	0	0	0	0	1,180,904
Grant Income	0	386,202	0	0	0	386,202
Passenger Facility Charges	0	2,989,643	0	0	0	2,989,643
Investment Income	426,538	140,240	3,635	0	943	571,356
Interest Expense	(5,228,226)	(2,079,496)	(1,939,838)	(80,533)	(324,575)	(9,652,668)
Amortization of Bond Issue Costs	(120,269)	(97,751)	0	0	(19,601)	(237,621)
Gain/(Loss) on Sale/Disposal of Capital Assets	(112,311)	0	0	4,500	0	(107,811)
Grant Expense	0	(394,084)	0	0	0	(394,084)
Total Nonoperating Revenues (Expenses)	(3,574,110)	852,653	(1,936,203)	(76,033)	(343,233)	(5,076,926)
Income (Loss) Before Contributions and Transfers	(4,553,516)	(1,022,305)	(4,365,165)	(187,267)	(25,157)	(10,153,410)
Capital Contributions	258,289	8,493,513	0	0	0	8,751,802
Transfers In	0	0	86,000	0	0	86,000
Change in Net Assets	(4,295,227)	7,471,208	(4,279,165)	(187,267)	(25,157)	(1,315,608)
Net Assets/(Deficit), July 1, 2008	51,384,027	62,121,761	(12,371,583)	11,824,961	10,136,665	123,095,831
Net Assets/(Deficit), June 30, 2009	$ 47,088,800	$ 69,592,969	$ (16,650,748)	$ 11,637,694	$ 10,111,508	$ 121,780,223

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

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

	Electric Utility Fund	Airport Fund	Telecom Fund	Wastewater Fund	Other Proprietary Funds	Total
Cash Flows From Operating Activities:						
Receipts from Customers and Users	$ 45,203,932	$ 11,349,904	$ 5,377,089	$ 5,886,685	$ 6,973,292	$ 74,790,902
Receipts for Interfund Services	0	0	0	0	169,325	169,325
Other Receipts	3,786,654	94,365	414,263	0	0	4,295,282
Payments to Suppliers	(40,137,045)	(6,122,155)	(3,920,595)	(1,983,813)	(2,636,699)	(54,800,307)
Payments for Wages and Benefits	(4,997,769)	(2,482,070)	(2,412,566)	(1,143,753)	(2,461,566)	(13,497,724)
Payment in Lieu of Taxes	(1,531,189)	0	(173,173)	(768,297)	(222,920)	(2,695,579)
Payments for Interfund Services	0	(1,047,500)	(225,093)	(738,503)	(548,610)	(2,559,706)
Net Cash Provided/(Used) by Operating Activities	2,324,583	1,792,544	(940,075)	1,252,319	1,272,822	5,702,193
Cash Flows From Noncapital Financing Activities:						
Operating Grant Income	0	386,202	0	0	0	386,202
Operating Grant Expenses	0	(394,084)	0	0	0	(394,084)
Other Income/Deductions, Net	279,254	(92,101)	0	0	0	187,153
Increase in Due (from)/to Other Funds	0	(10,423,292)	15,053,070	16,297	462,892	5,108,967
Payments from BCDC on Loan Receivable	0	55,086	0	0	0	55,086
Receipt of Interfund Transfer	0	0	86,000	0	0	86,000
Interest Paid on Cash Deficit to General Fund	0	0	(392,842)	(18,785)	(29,317)	(440,944)
Net Cash Provided/(Used) by Noncapital Financing Activities	279,254	(10,468,189)	14,746,228	(2,488)	433,575	4,988,380
Cash Flows From Capital and Related Financing Activities:						
Proceeds from Bonds, Notes & Leases Payable	17,299,804	0	0	182,657	86,242	17,568,703
Proceeds from Sale of Equipment	10,775	0	0	7,500	0	18,275
Proceeds of Interfund Loan	0	0	0	50,858		50,858
Acquisition and Construction of Capital Assets	(6,061,007)	(9,021,845)	(3,603,659)	(351,249)	(335,446)	(19,373,206)
Capital Grants/Contributions	258,289	7,783,684	0	0	0	8,041,973
Passenger Facility Charges	0	3,029,746	0	0	0	3,029,746
Increase in Deferred Charges/Loss on Refunding	(159,754)	0	0	0	0	(159,754)
Principal Paid on:						
General Obligation Bonds	(255,635)	0	0	(831,151)	0	(1,086,786)
Revenue Bonds	(6,070,000)	(2,155,000)	0	0	(1,090,000)	(9,315,000)
Capital Lease Obligations	(23,767)	0	(17,132)	0	(123,482)	(164,381)
Interest Paid on :						
General Obligation Bonds/Other Notes	(579,331)	0	0	(61,748)	0	(641,079)
Revenue Bonds	(2,801,786)	(2,118,015)	0	0	(271,515)	(5,191,316)
Capital Lease Obligations	0	0	(1,546,996)	0	(8,453)	(1,555,449)
Net Cash Provided/(Used) by Capital and Related Financing Activities	1,617,588	(2,481,430)	(5,167,787)	(1,003,133)	(1,742,654)	(8,777,416)
Cash Flows From Investing Activities:						
Net (Additions)/Reductions to Restricted Investments	(239,052)	3,232,346	19,243	0	21,155	3,033,692
Increase in Investment in Associated Companies	(6,343,460)	0	0	0	0	(6,343,460)
Receipt of Interest & Dividends	1,196,541	117,661	3,635	0	2,496	1,320,333
Net Cash Provided/(Used) by Investing Activities	(5,385,971)	3,350,007	22,878	0	23,651	(1,989,435)
Net Increase/(Decrease) in Cash	(1,164,546)	(7,807,068)	8,661,244	246,698	(12,606)	(76,278)
Cash - July 1, 2008	2,106,811	7,825,298	(8,654,981)	(246,498)	12,926	1,043,556
Cash - June 30, 2009	$ 942,265	$ 18,230	$ 6,263	$ 200	$ 320	$ 967,278

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

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

	Electric Utility Fund	Airport Fund	Telecom Fund	Wastewater Fund	Other Proprietary Funds	Total
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:						
Operating Income/(Loss)	$ (979,406)	$ (1,874,958)	$ (2,428,962)	$ (111,234)	$ 318,076	$ (5,076,484)
Depreciation and Amortization	5,779,441	3,836,565	2,129,597	1,561,667	769,244	14,076,514
(Increase)/Decrease in Other Receivables	(1,693,058)	43,479	(52,522)	(90,725)	77,228	(1,715,598)
(Increase)/Decrease in Unbilled Revenues	244,160	7,159	(7,489)	(46,806)	13,467	210,491
(Increase)/Decrease in Inventory	(699,483)	(15,686)	0	(21,435)	4,555	(732,049)
Increase/(Decrease) in Accounts Payable	(1,590,388)	(218,365)	(313,433)	(46,816)	15,095	(2,153,907)
Increase/(Decrease) in Net Pension Obligation/Prepaid Pension	(156,316)	0	0	0	0	(156,316)
Increase/(Decrease) in Accrued Payroll And Benefits	0	7,189	6,089	4,734	3,737	21,749
Increase/(Decrease) in Other Operating Assets/Liabilities	1,419,633	7,161	(273,355)	2,934	71,420	1,227,793
Net Cash Provided/(Used) by Operating Activities	$ 2,324,583	$ 1,792,544	$ (940,075)	$ 1,252,319	$ 1,272,822	$ 5,702,193

Non-Cash Financing Activities:

The Electric Department disposed of property, plant and equipment with a cost of $371,727 with accumulated depreciation of $259,416.

The Airport Department disposed of property, plant and equipment with a cost of $20,903 with accumulated depreciation of $20,903.

The Wastewater Department disposed/traded property, plant and equipment with a cost of $220,334 with accumulated depreciation of $192,334.

The Water Department disposed/traded property, plant and equipment with a cost of $44,889 with accumulated depreciation of $40,889.

The Wastewater Department sold a vehicle with a cost of $37,527 with accumulated depreciation of $34,527 for $7,500.

The amounts reported as cash as of June 30, 2009 reflects the cash accounts or cash on hand maintained by the individual funds. The beginning cash balances reported for all funds, excluding the Electric Department, consisted of actual deposits and amounts included in the City's pooled cash account. The Electric Department does not pool its cash with the City. For 2009, the amounts included in the City's pooled cash account have been reported as either a due from other fund or a due to other fund.

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

CITY OF BURLINGTON, VERMONT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	Pension Trust Fund	Private Purpose Trust Funds	Agency Fund - Student Activities
ASSETS			
Cash	$ 22,942	$ 31,892	$ 302,309
Investments	93,419,111	172,230	0
Due from Other Funds	2,100,199	0	0
Reimbursement Receivable	12,792	0	0
Total Assets	95,555,044	204,122	302,309
LIABILITIES			
Accounts Payable	91,950	0	0
Accrued Liabilities	289,974	0	0
Compensated Absences	8,762	0	0
Due to Student Organizations	0	0	302,309
Total Liabilities	390,686	0	302,309
NET ASSETS			
Held in Trust For:			
Employees' Pension Benefits	95,164,358	0	0
Individuals and Organizations	0	204,122	0
Total Net Assets	$ 95,164,358	$ 204,122	$ 0

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

CITY OF BURLINGTON, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Pension Trust Fund	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer - Pension	$ 5,875,315	$ 0
Employer - FICA	2,771,354	0
Plan Members	1,833,356	0
Total Contributions	10,480,025	0
Investment Earnings/(Loss):		
Interest and Dividends	3,425,143	4,518
Net Decrease in the Fair Value of Investments	(26,264,982)	0
Total Investment Earnings/(Loss)	(22,839,839)	4,518
Less Investment Expenses	(423,109)	0
Net Investment Earnings/(Loss)	(23,262,948)	4,518
Total Additions	(12,782,923)	4,518
DEDUCTIONS:		
Benefits - Pension	7,280,183	0
Benefits - FICA	2,771,354	0
Benefits - Post Employment Health	68,488	0
Refunds of Contributions	214,152	0
Administrative Expenses	193,190	0
Other	0	8,923
Total Deductions	10,527,367	8,923
Net Income/(Loss) before Transfers	(23,310,290)	(4,405)
Transfer Out	0	0
Change in Net Assets	(23,310,290)	(4,405)
Net Assets - July 1, 2008	118,474,648	208,527
Net Assets- June 30, 2009	$ 95,164,358	$ 204,122

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

Incorporated in 1865, the City of Burlington operates under a tripartite system of government with the Mayor serving as Chief Executive, the City Council as the legislative body and the Commissioners as the primary policy makers within their respective departments. The City Charter authorizes the provision for the following services for the residents of the City: general administration, public safety, public works, community development, culture and recreation, utilities and education.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

This report includes all of the funds of the City of Burlington, 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. The Burlington Community Development Corporation is the only entity that meets this definition and, as a discretely presented component unit, is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. Excluded are organizations such as the Chittenden County Transportation Authority, Burlington Housing Authority, Chittenden County Government, the Winooski Valley Park District, the Burlington City Arts Foundation, Burlington Schools Foundation, and the Chittenden Solid Waste District, since after considering all factors related to oversight responsibility, the City has concluded they are not part of the reporting entity.

The Burlington Community Development Corporation's primary purpose is to carry out the industrial and economic development of the City of Burlington, including specifically the development of businesses located, or to be located, on lands owned by the City of Burlington at the Burlington International Airport. As such, the purposes of the Corporation shall include fostering, encouraging and assisting the physical location of business enterprises in the Greater Burlington area and otherwise fulfilling the purposes of a "local development corporation". The Board of Directors of the Burlington Community Development Corporation must be members of the City of Burlington's Board of Finance.

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

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each segment of the City's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. 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, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – 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 enterprise funds are aggregated and reported as nonmajor funds.

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. Operating revenues consists of sales of electricity, rents of electric property, fees to transmit electricity of others, rent of airport terminal space and buildings, concessions, commissions, parking garage receipts, sales of water, wastewater user charges, telephone, cable and internet access, hot lunch sales and other miscellaneous fees for service. Nonoperating revenues result from certain nonexchange transactions or ancillary activities. Non-operating revenues consist of investment earnings, passenger facility charges, grant income, building rents from buildings purchased for future expansion and rockledge income.

Operating expenses are defined as the ordinary costs and expenses for the operation, maintenance and repairs of the electric plant, airport, water facility, wastewater facility, telecommunications equipment and lines, and hot lunch programs. Operating expenses include the cost of production, purchased power, maintenance of transmission and distribution systems, administrative, and general expenses and depreciation and amortization. Operating expenses do not include the interest on bonds, notes or other evidences or indebtedness and related costs.

The City reports on the following major governmental funds:

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

School Fund – This Fund accounts for all of the governmental activity of the Burlington School Department.

The City reports on the following major Enterprise funds:

Electric Utility Fund – This fund accounts for the operations of the Burlington Electric Department.

Airport Fund – This fund accounts for the operations of the Burlington International Airport.

Telecom Fund – This fund accounts for the operations of the Telecommunications system.

Wastewater Fund – This fund accounts for the operations of the Department of Public Works-Wastewater Division.

Additionally, the City reports the following fund types:

Private-Purpose Trust Funds - These funds are used to report trust arrangements under which resources are to be used for the benefit of firemen injured in the line of duty, Christmas gifts for servicemen overseas, Christmas dinners for the destitute and student educational expenses and scholarships. All investment earnings, and in some cases, the principal of these funds may be used to support these activities.

Pension Trust Fund – This fund accounts for monies contributed by the City and its employees and the income on investments expended for the pensions of retired City employees. This fund is supported by a dedicated tax rate from the General Fund and charges to non General Fund funds based on payroll. This Fund also pays for the FICA costs for the City's employer's share of FICA.

Agency Fund – This fund accounts for monies maintained for various student groups at the Burlington High School and at the elementary and middle schools.

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.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets and current liabilities are generally reported on their balance sheets. Their reported fund balances (net current assets) are considered a measure of available spendable resources, and are segregated into reserved and unreserved fund balances. 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.

D. Basis of Accounting

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

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues reported in governmental funds to be available if the revenues are collected within sixty 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, self-insured health and dental benefits, reserves for property and casualty and workers’ compensation claims, landfill post-closure costs, net pension obligation, 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, categorical block 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.

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

The government-wide and proprietary fund financial statements follow Financial Accounting Standards Board (FASB) Statements and Interpretations Accounting Principles Board (APB) Opinions; and Accounting Research Bulletins issued on or before November 30, 1989, 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 Statements and Interpretations issued after November 30, 1989.

The Electric Department is also subject, as to rates, accounting and other matters, to the regulatory authority of the State of Vermont Public Service Board (VPSB) and the Federal Energy Regulatory Commission (FERC). In accordance with Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulations", the Electric Department records certain assets and liabilities in accordance with the economic effects of the rate making process.

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.

F. Assets, Liabilities and Equity

1. Cash

Cash balances of most City funds are pooled and invested by the City Treasurer. Excess cash of individual funds are shown as due from funds and excess withdrawals of individual funds are shown as due to other funds. Interest income is allocated based on these balances. The City considers all short-term investments of ninety (90) days or less to be cash equivalents.

2. Investments

The City invests in investments as allowed by State Statute. Investments with readily determinable fair values are reported at their fair values on the balance sheet. Unrealized gains and losses are included in revenue.

3. Receivables

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables. Unbilled revenues consist of various revenues earned as of June 30, but not yet billed as of that date.

Transactions between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as "interfund receivables/payables". 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". The majority of the internal balances is the result of the pooling of cash.

4. Inventories and Prepaid Expenses

Inventory quantities are determined by physical count and are valued at the lower of cost or market. Inventories in the Proprietary Funds consist of fuel, materials and supplies. Inventories in the Governmental 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.

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 assets.

5. Restricted Assets

The Water Resources, Airport and Electric Departments have issued revenue bonds and imposed connection fees for the construction of various projects. In accordance with the respective bond resolution, certain restricted funds must be established to be used for debt service reserves and renewal and replacement. These funds and the construction funds have been classified as Restricted Assets. The Telecom Fund has issued capital leases which require the proceeds to be used specifically as indicated in the lease agreement. The unspent portion has been classified as restricted assets.

6. Capital Assets

Capital assets acquired 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.

The Electric Department has recorded its ownership in jointly owned facilities as capital assets. The associated operating costs allocated to the Electric Department are classified in their respective expense categories. The Electric Department's ownership interest in each of the jointly-owned facilities is as follows: McNeil Station - 50.00%; Highgate Converter Station - 7.70%. Separate financial statements are available for these jointly owned facilities.

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. The Electric Department depreciates the McNeil & Highgate Converter Stations using the straight-line method. However, only a portion of the current depreciation is recoverable through future rates. The difference is included in deferred depreciation and will be recovered through future rates. The amount of deferred depreciation expense recognized during the year was $1,400,232. The total deferred depreciation at June 30, 2009 was $5,873,137.

The City’s capitalization policy considers two factors. The unit has an estimated useful life greater than one year and the unit cost is more than the threshold listed below. 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	$ 25,000	N/A
Antiques and Works of Art	5,000	N/A
Land Improvements	25,000	5-30 Years
Buildings and Building Improvements	20,000	25-150 Years
Vehicles, Machinery, Equipment and Furniture	5,000*	5 -15 Years
Book Collections	1,000	5 Years
Infrastructure	25,000	10-40 Years
Distribution, Production and Collection Systems	10,000	10-100 Years

* The City has also adopted an aggregate threshold for numerous small items such as computers, desks and other furniture.

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

7. Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation and comp time pay and vested unpaid sick time. 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 time is not reported in the governmental fund financial statements as payments for unused compensated absences time are recorded as expenditures in the year they are paid.

8. Accrued Landfill Closure/Postclosure Costs

The City of Burlington has closed two landfills in prior years. The City's landfill at Manhattan Drive was closed on December 31, 1989. At that time, the City opened a lined landfill on property owned by the Rathe family in Colchester, Vermont. This landfill was considered to be full and was closed in 1992. At that time, the City's landfill needs were taken over by the Chittenden Solid Waste District. Funds held in reserve to cover closure costs have been expended but certain post closure costs and commitments remain. The amount needed to fund all future post closure costs as of today is estimated to be $57,000. Actual payments will take place through the year 2012.

State and federal laws and regulations required the City to perform certain maintenance and monitoring functions at the sites for twenty (20) years after closure. Actual costs may vary due to changes in technology, changes in regulations or variances between actual and estimated.

9. Liabilities to be Paid from Restricted Assets

The balance in these liabilities represent accrued interest payable on the revenue bonds and construction invoices which will be paid from restricted assets. The restricted assets will also be used for additional construction of certain assets, including certain costs in accounts and contracts payable.

10. Long-term Liabilities

Long-term liabilities include bonds, notes payable, capital leases payable and other obligations such as insurance reserves, compensated absences, net pension obligation and postemployment benefits. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any unfunded long-term liabilities as those funds use the current financial resources measurement focus.

11. Fund Equity

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

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

Governmental Fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, 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 are earned. 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 or expense.

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

A. Governmental Funds Balance Sheet and the Statement of Net Assets

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

	Balance Sheet	Long-term Revenues/ Expenses	Capital Related Items	Long-term Debt Transactions	Reclassifications and Elimination of Interfund Balances	Statement of Net Assets
ASSETS						
Cash	$ 4,047,140	$ 0	$ 0	$ 0	$ 0	$ 4,047,140
Investments	237,290	0	0	0	0	237,290
Receivables	8,432,774	0	0	0	0	8,432,774
Due from Other Funds	8,740,854	0	0	0	(3,631,887)	5,108,967
Notes, Loans and Capital Lease Receivables	3,660,288	0	0	0	0	3,660,288
Accrued Interest Receivable	641,501	0	0	0	0	641,501
Interfund Loans Receivable	2,724,183	0	0	0	(19,868)	2,704,315
Inventories	327,587	0	0	0	0	327,587
Other Current Assets	696,124	0	0	0	0	696,124
Due From Component Unit	888,147	0	0	0	0	888,147
Asset Held For Resale	549,352	0	0	0	0	549,352
Other Long-Term Assets	0	0	0	339,371	0	339,371
Capital Assets	0	0	169,305,334	0	0	169,305,334
Total Assets	30,945,240	0	169,305,334	339,371	(3,651,755)	196,938,190
LIABILITIES						
Accounts Payable	4,123,601	0	0	0	0	4,123,601
Accrued Payroll and Benefits Payable	5,377,009	0	0	0	0	5,377,009
Due to Other Funds	5,708,587	0	0	0	(5,708,587)	0
Due to Fiduciary Funds	0	0	0	0	2,076,700	2,076,700
Interfund Loans Payable	19,868	0	0	0	(19,868)	0
Accrued Interest Payable	0	234,723	0	0	0	234,723
Deferred Revenue	10,713,492	(9,505,440)	0	0	0	1,208,052
Insurance Reserves	192,693	1,876,307	0	0	0	2,069,000
Noncurrent Liabilities	0	7,910,437		39,050,984		46,961,421
Total Liabilities	26,135,250	516,027	0	39,050,984	(3,651,755)	62,050,506
NET ASSETS						
Invested in Capital Assets	0	0	169,305,334	(33,435,671)	0	135,869,663
Other	4,809,990	(516,027)	0	(5,275,942)	0	(981,979)
Total Net Assets	$ 4,809,990	$ (516,027)	$ 169,305,334	$ (38,711,613)	$ 0	$ 134,887,684

B. Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

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

	Statement of Revenue, Expenditures and Changes in Fund Balances	Long-term Revenues/ Expenses	Capital Related Items	Long-term Debt Transactions	Reclassifications and Elimination of Interfund Activity	Statement of Activities
REVENUES						
Taxes	$ 29,760,367	$ (40,782)	$ 0	$ 0	$ 0	$ 29,719,585
PILOT	3,665,263	0	0	0	(2,694,939)	970,324
Intergovernmental Revenues	60,727,565	(1,396,430)	600,000	0	(59,931,135)	0
Charges for Services	15,164,771		0	0	2,149,041	17,313,812
Operating Grants and Contributions	0	0	0	0	59,707,134	59,707,134
Capital Grants and Contributions	0	0	0	0	4,978,575	4,978,575
Fines and Forfeits	1,812,353	0	0	0	(1,812,353)	0
Licenses and Permits	5,323,127	0	0	0	(5,323,127)	0
Loan Repayments	280,222	(280,222)	0	0	0	0
Investment Income	638,530	0	0	15,889	(3,042)	651,377
Other Revenues	2,650,227	0	0	0	495,487	3,145,714
Other Sources:						
Proceeds of Debt and Lease Financing	6,142,128	0	0	(6,142,128)	0	0
Bond Premium	19,881	0	0	(19,881)	0	0
Transfers from Other Funds	1,943,194	0	0	0	666,385	2,609,579
Total Revenues	128,127,628	(1,717,434)	600,000	(6,146,120)	(1,767,974)	119,096,100
EXPENDITURES						
General Government	9,487,847	(520,870)	201,315	21,106	(1,355,537)	7,833,861
Public Safety	20,740,944	201,940	778,975	5,392	(1,018,613)	20,708,638
Public Works	8,575,237	46,877	3,501,512	0	(12,004)	12,111,622
Community Development	5,822,484	(1,680,986)	8,044	0		4,149,542
Culture and Recreation	9,031,010	45,020	993,312	0		10,069,342
Education	56,147,563	466,063	1,013,176	13,005	0	57,639,807
Capital Expenditures	10,199,057	0	(10,199,057)	0	0	0
Debt Service:						
Principal	4,374,613		0	(4,374,613)	0	0
Interest	1,493,261	18,002	0	9,202	0	1,520,465
Bond Issue Costs	11,752	0	0	(11,752)	0	0
Other Uses:						
Transfers to Other Funds	2,029,194	0	0	0	(2,029,194)	0
Total Expenditures	127,912,962	(1,423,954)	(3,702,723)	(4,337,660)	(4,415,348)	114,033,277
Net Change for the Year	$ 214,666	$ (293,480)	$ 4,302,723	$ (1,808,460)	$ 2,647,374	$ 5,062,823

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

1. Departments, and departments with commission approval, prepare through the labor/management process, detailed recommendations to the Mayor on the budget. Prior to June 15, the Mayor, with the assistance of the other members of the Board of Finance, prepares and submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and estimated revenues.

2. Prior to July l, the budget is legally enacted through passage of a resolution of the City Council.

3. The Mayor may propose, with the advice of the Board of Finance, amendments to the budget. Such proposed amendments require a majority approval of the City Council. The amount of such proposed amendments may be decreased by a simple majority vote of the City Council. Such proposed amendments may be increased above the level proposed by the Mayor only with a two-thirds vote of the City Council.

4. The Board of Finance is authorized to transfer budgeted amounts between line items within an appropriation account or within accounts of a department. Any revisions which increase the total expenditures of any department function or fund above the original appropriation must be approved by resolution of the City Council.

5. That portion of the designated fund balance that consists of operating and capital improvement carry-overs, represents unexpended appropriations which are allowed to be carried over to later years as provided for by City Charter or by resolution of the City Council. All other unexpended appropriations lapse at the close of the fiscal year. The City Charter specifically prohibits expenditures in excess of appropriations except on an emergency basis for health, police, fire and public welfare.

6. The City elected to budget expenditures in excess of revenues by $899,657 in order to utilize the prior year’s surplus. This is reflected as a current year’s budgeted deficiency of revenue over expenditures in Exhibit F for the General Fund.

The City follows these procedures in establishing the budgetary data reflected in the financial statements for the School Department General Fund:

l. In December, the Superintendent submits recommendations based upon the budget prioritization team spending priority list to the School Board. The operating budget includes proposed expenditures and estimated revenues.

2. In December, public hearings are conducted to obtain taxpayer comments and the budget is formally approved by the School Board in January.

3. Any tax increase requested by the School Board must be submitted to the City Council during the first week of January so that they can put it on the March ballot.

4. The School Board is authorized to transfer budgeted amounts between line items, however, any revisions that alter the total expenditures in excess of total revenues plus budgeted fund balance designated for subsequent years' expenditures must be authorized by the legal voters of the City.

5. The budget that is adopted is only for the School's "General Fund". Budgets for the School's other funds were not formally adopted for the year ended June 30, 2009.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in any fund in the City.

B. Excess of Expenditures Over Appropriations

For the year-ended June 30, 2009, expenditures in the City General Fund and the School "General" Fund exceeded appropriations by $1,389,254 and $1,374,754, respectively. The City over-expenditures were funded by excess revenues and available fund balance and the School Fund over-expenditures were partially funded by unanticipated revenues.

C. Other Financial Statements

Due to bond covenants, the City has issued separate financial statements for the Electric, Airport and Water Funds. Additional disclosures pertaining to these funds can be found in the separately issued financial statements.

D. Budgetary/GAAP Reconciliation

The following reconciles the amounts on the School "General Fund" Statement of Revenues and Expenditures – Budget and Actual to the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balance for the School Fund:

Changes in Fund Balances – Budgetary Basis – Exhibit F	$(782,416)
Excess of Revenues Over Expenditures in Other School Special Revenue Funds	79,639
Change in Fund Balances – GAAP Basis – Exhibit D	$(702,777)

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Investment Policy Statement – Electric Utility Department

The Department has a formal investment policy and is authorized per Article 1, Section 1.1 of the General Bond Resolution to invest in obligations as follows:

(1) Direct obligations of the United States of America or obligations guaranteed by the United States of America.

(2) Bonds, notes or other evidences of indebtedness issued or guaranteed by the Bank for Cooperatives, Federal Intermediate Credit Banks, FHLB, FNMA, GNMA, Export-Import Bank of the United States, Federal Land Banks, U.S. Postal Service, Federal Financing Bank, or any agency or instrumentality of or corporation wholly-owned by the United States of America.

(3) New Housing Authority Bonds issued by public agencies or municipalities and fully secured by a pledge of annual contributions under annual contributions contract with the United States of America, or Project Notes issued by public agencies or municipalities and fully secured by a requisition or payment agreement with the United States of America.

(4) Obligations of any state, commonwealth or territory of the United States of America, or the District of Columbia, or any political subdivision of the foregoing, with an investment grade rating not lower than the three highest categories by at least one nationally recognized debt rating service.

(5) Certificates of deposit and bankers acceptances issued by banks which are members of the FDIC and each of which has a combined capital and surplus of not less than ten million dollars, provided that the time deposits in and acceptances of any bank under the resolution (a) do not exceed at any time twenty-five percent of the combined capital and surplus of the bank or (b) are fully secured by obligations described in items 1, 2, 3 and 4 of this paragraph.

(6) Repurchase contracts with banks which are described in item 5 of this paragraph, or with recognized primary dealers in government bonds, fully secured by obligations described in items 1, 2, 3 and 4 of this paragraph.

Investment Policy-Pension Fund

It is the policy of the Retirement Board to review the goals and objectives at least once per year and to communicate any material change to the investment managers and fund professionals. Policy guidelines will be amended from time to time by the Board, both upon its own initiative and upon consideration of the advice and recommendations of the investment managers and fund professionals, including the fund actuary, investment consultant, accountant and attorney.

In 20008, the Retirement Board elected to adopt the policies and strategies of the Vermont Pension Investment Committee (VPIC) which oversees the Vermont State Retirement System, the Vermont State Teachers Retirement System and the Vermont Municipal Retirement System. Specifically, the City has opted to follow the Vermont State Teachers Retirement System's asset allocation. See the State of Vermont's financial statements which are available on the State's website for a description of the investment policy.

During 2009, the Board elected to invest 90% of their funds in accordance with the strategies of the Vermont Pension Investment Committee and 4% in timberland, 4% in private equity and 2% in emerging markets.

The City has committed to invest a total of $3.4 million in private equity and $3.4 million in timberland. Subsequent to year end, these commitments have been fulfilled.

Investment Policy – Other Funds

The other funds of the City do not have an investment policy that addresses interest rate risk, credit risk, custodial credit risk or concentration of credit risk.

Cash deposits and investments as June 30, 2009 consist of the following:

Deposit and Investment Type		Amount
Cash and Cash Equivalents:		
Demand Deposits with Financial Institutions	$	5,247,796
Certificates of Deposit - Cash		22,942
Cash on Hand		107,987
Total Cash and Cash Equivalents		5,378,725
Investments:		
Certificates of Deposits - Investments		403,690
Money Market Accounts - Investments		1,127,933
Cash Equivalents Invested in U.S. Government Obligations		20,699,459
Equity Mutual Funds		2,461,390
Timberland		517,621
Private Equity		518,362
Investments with Vermont Pension Investment Committee (VPIC)		89,921,738
Total Investments		115,650,193
Total Cash and Investments	$	121,028,918

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 cash equivalent mutual funds and equity mutual funds are open-ended and therefore not exposed to custodial credit risk. The City's private equity, timberland and the money market fund are also not exposed to custodial credit risk. The City does not have any policy to limit the exposure to custodial credit risk. The custodial credit risk for deposits is presented in the table below.

Deposits with Financial Institutions		Book Balance		Bank Balance
Insured - FDIC/NCUA	$	1,880,746	$	1,904,941
Secured by Irrevocable Standby Letter of Credit Issued by Federal Home Loan Bank of Pittsburgh		2,937,693		6,213,479
Uninsured, Collateralized by U.S. Government Agencies Securities		257,210		257,155
Uninsured, Uncollateralized		598,779		750,217
Total Deposits	$	5,674,428	$	9,125,792

Deposits is comprised of the following:		
Cash and Cash Equivalents with Financial Institutions	$	5,270,738
Certificates of Deposit - Investments		403,690
Total Deposits	$	5,674,428

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 flows at certain times during the year, the amounts of uninsured, uncollateralized cash was much higher than at year end.

Burlington Community Development Corporation's had $7,164 in cash that was fully insured by the FDIC. These amounts are included in the above table. There were no reconciling items.

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 such as Standard and Poor's or Moody's rating services. These organizations look at a number of factors in order to evaluate the risk of an obligation and rate the risk. The rating allows investors to make informed buying and selling decisions. The City's certificates of deposit are exempt from the credit risk analysis. The City's cash equivalent mutual funds and equity mutual funds are open-ended and, therefore are also excluded from the credit risk analysis. The money market fund, timberland and private equity are not rated.

Concentration of Credit Risk

Other than cash equivalent mutual funds, there are no investments that represent 5% or more of the total City investments.

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. 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. When available, mutual funds are shown at their weighed average maturity. The certificates of deposit are not subject to be interest rate risk disclosure requirements.

	Remaining Maturity (In Years)			
Investment Type	0-1	10-15	N/A	Total
Cash Equivalent Mutual Funds	$ 20,699,459	$ 0	$ 0	20,699,459
Money Market Fund	1,127,933	0	0	1,127,933
Timberland	0	517,621	0	517,621
Private Equity	0	0	518,362	518,362
Equity Mutual Funds	0	0	2,461,390	2,461,390
	$ 21,827,392	$ 517,621	$ 2,979,752	$ 25,324,765

The cash equivalent mutual funds are invested in obligations of the U.S. Government and obligations guaranteed by the U.S. Government. The underlying investments are due within three months in order to maintain a per share value of $1.

Investments-Pension Fund

The total amount of investments held by the Vermont Pension Investment Committee (VPIC) are $89,921,738. See the State of Vermont's financial statements which are available on the State's website for all applicable disclosures related to these investments. The remaining $3,497,373 are invested in alternate investments such as timber, private equity and emerging markets.

B. Restricted Investments

The Water Resources, Airport and Electric Utility Departments have issued revenue bonds and imposed connection fees for the construction of various projects. In accordance with the respective bond resolution, certain restricted funds must be established to be used for debt service reserves and renewal and replacement. The Telecom Fund has issued capital leases which require proceeds to be used for specific purposes as outlined in the lease agreements. These funds and the construction funds have been classified as Restricted Assets. These amounts are included in the Deposits and Investments in Note IV. A.

A summary of the restricted investments is as follows:

Category	Electric Utility	Airport	Telecom	Water Resources	Total
Debt Service Reserve Fund	$ 9,399,291	$ 902,304	$ 1,000,000	$ 0	$ 11,301,595
Renewal and Replacement Funds	972,827	0	0	110,005	1,082,832
Construction Funds	0	252,037	125,809	0	377,846
Debt Service Funds	7,713,702	105	2,124	1,267,678	8,983,609
Accrued Interest Receivable	55,680	0	0	0	55,680
Total	$ 18,141,500	$ 1,154,446	$ 1,127,933	$ 1,377,683	$ 21,801,562

C. Receivables

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

	Governmental Activities	Business-Type Activities	Total	Component Unit - BCDC
Taxes Receivable	$ 2,910,688	$ 0	$ 2,910,688	0
Billed User Charges	31,673	9,044,897	9,076,570	0
Unbilled User Charges	31,491	2,965,375	2,996,866	0
Billed Service Fees	0	202,348	202,348	0
Unbilled Service Fees	0	22,543	22,543	0
Allowance for Doubtful Taxes/Fees	(1,245,000)	(1,727,961)	(2,972,961)	0
Police, Fire and Ambulance Fees	2,127,698	0	2,127,698	0
Allowance for Doubtful Accounts - Police,		0		
Fire and Ambulance Fees	(1,523,671)	0	(1,523,671)	0
Franchise Fees	120,898	0	120,898	0
Other General Fund Reimbursements	163,875	0	163,875	0
School Tuition	143,184	0	143,184	0
School Other Receivables	29,222	0	29,222	
Public Works Receivables	237,649	0	237,649	0
Recreation Fees Receivable	85,346	0	85,346	0
Traffic Fees Receivable	27,516	0	27,516	0
Marketplace Fees Receivable	25,640	0	25,640	0
Grants Receivable	5,098,432	7,288,295	12,386,727	0
Passenger Facility Charges	0	366,795	366,795	0
Interest Receivable on Deposits/Short - Term Loans	55,179	0	55,179	0
Other Receivables	124,906	368,676	493,582	
Other Allowance for Doubtful Accounts	(11,952)	0	(11,952)	0
Total Receivables	$ 8,432,774	$ 18,530,968	$ 26,963,742	$ 0

The City has established allowances for doubtful accounts in each fund in which there is a history of bad debts.

Taxes receivable consisted of the following at June 30, 2009:

Year Ended	Balance 06/30/08	Additions	Adjustments/ Abatements	Collections	Balance 06/30/09
1986-1997	$ 128,818	$ 0	$ (2)	$ 4,537	$ 124,279
1998	27,862	0	0	109	27,753
1999	28,825	0	0	0	28,825
2000	28,519	0	0	1,062	27,457
2001	19,849	0	0	1,480	18,369
2002	54,109	0	0	699	53,410
2003	80,845	0	0	1,717	79,128
2004	96,963	0	0	2,077	94,886
2005	131,695	0	0	5,700	125,995
2006	87,375	0	0	40,276	47,099
2007	169,209	0	(185)	91,510	77,514
2008	624,776	0	(515)	497,676	126,585
2009	0	570,770	0	82,075	488,695
Total	$ 1,478,845	$ 570,770	$ (702)	$ 728,918	$ 1,319,995

Also included in taxes receivable are $340,962 in gross receipts taxes, $814,485 of delinquent tax penalties and interest, $434,508 of local option sales taxes and $738 of Downtown Improvement District Taxes.

D. Notes, Loans and Capital Lease Receivables

The City, through various state and federal grants, has extended loans for the development or rehabilitation of residential and commercial properties within the City and small business loans for new Burlington businesses. The repayment terms of these loans and interest rates all vary and are contingent on numerous factors outside of the control of the City, such as the financial viability of the projects. It is the City's policy to recognize the grant revenues when the loans are repaid.

The City has a capital lease receivable related to land under the Cherry Street Parking Garage. The City conveyed the land under the Cherry Street Parking Garage to Security Capital Corporation in June, 1993. On the same date, the land was leased by Security Capital to the City with annual rent payments of $80,000 per year. Security Capital then became Lasalle. It is now in the hands of Bank of America.

The City then subleased the same land to Donohoe O'Brien Burlington Square Limited Partnership (DOBBSLP) on the same date, under the same terms, whereas Donohoe O'Brien had to pay the City $80,000 per year There is a sublease agreement with an option to purchase between the City and DOBBSLP. The original loan amount dated February 1, 1993 showed a loan balance of $837,884 with interest at 4.7739%.

The City paid off the lease to Bank of America on August 1, 2008 in the amount of $347,845. DOBBSLP now makes monthly payments of $6,167 to the City. The capital lease receivable balance at June 30, 2009 is $280,000. Future lease payments of $80,000 will be received over the next three (3) years and then $40,000 in fiscal year 2013.

The Electric Department has notes receivable totaling $1,540,507 which are due from the Winooski One Partnership for engineering and from a logging contractor who was advanced monies to buy a tree chipper that is being repaid as wood chips are brought to the Department.

Burlington Community Development Corporation has loaned funds to the Champlain Housing Trust Corporation. The balance of the loans at June 30, 2009 is $1,274,395 and will be repaid at the same terms as the offsetting notes payable.

Burlington Community Development Corporation also has a capital lease receivable for the Westlake Parking Garage from Westlake Parking, LLC. The lease requires annual payments of $72,000 for twenty (20) years and then a lump sum payment of $448,000. The lease also requires an annual contribution of $6,000 to a Capital Reserve Fund. The present value of the lease utilizing a 7% interest rate is $856,801.

A summary of notes, loans and capital lease receivables and the related accrued interest receivable are as follows:

	Governmental Activities	Business-Type Activities	Total	Component Unit - BCDC
Notes, Loans and Capital Lease Receivable	$ 16,534,937	$ 1,540,507	$ 18,075,444	$ 2,131,196
Loan Discounts	(2,975,427)	0	(2,975,427)	0
Allowance for Doubtful Loans	(9,899,222)	0	(9,899,222)	0
Accrued Interest Receivable - Loans	8,227,053	0	8,227,053	7,369
Allowance for Doubtful Accrued Interest	(7,585,552)	0	(7,585,552)	0
Net Notes and Loans Receivable	$ 4,301,789	$ 1,540,507	$ 5,842,296	$ 2,138,565

The notes and loans receivable with below market interest rates have been discounted utilizing rates between 3.5% and 5%, depending on the timing of loan issuance.

E. INVESTMENTS IN ASSOCIATED COMPANIES

The Electric Department follows the cost method of accounting for its 6.38% class B common stock, 1.97% class C common stock and 7.69% class C preferred stock ownership interest in Vermont Electric Power Company, Inc. ("VELCO"); and its 3.79% ownership interest in Vermont Transco LLC, which is an affiliated entity of VELCO.

VELCO owns and operates a transmission system in the State of Vermont over which bulk power is delivered to all electric utilities in the State of Vermont. Under a power transmission contract with the State of Vermont, VELCO bills all costs, including amortization of its debt and a fixed return on equity, to the State of Vermont and others using the system.

On September 29, 2006, the Electric Department purchased 97,239 Class A units and 123,759 Class B units in Vermont Transco, LLC for $2,209,980.

On December 28, 2007, the Electric Department purchased 81,457 Class A units and 103,674 Class B units in Vermont Transco, LLC for $1,851,330.

On December 29, 2008, the Electric Department purchased 175,292 Class A units and 223,098 Class B units in Vermont Transco, LLC for $3,983,300.

On December 30, 2008, the Electric Department purchased 9,651 Class A units and 12,282 Class B units in Vermont Transco, LLC for $219,330. This was an oversubscription allocation offering.

On March 31, 2009, the Electric Department purchased 94,170 Class A units and 119,853 Class B units in Vermont Transco, LLC for $2,140,000.

F. Capital Assets

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

	Beginning Balance		Increases	Decreases	Ending Balance
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	$ 15,307,130	*	$ 625,000	$ 0	$ 15,932,130
Construction in Progress	30,423,514		3,868,161	1,945,163	32,346,512
Antiques and Works of Art	52,000		0	0	52,000
Total Capital Assets, Not Being Depreciated	45,782,644		4,493,161	1,945,163	48,330,642
Capital Assets, Being Depreciated:					
Land Improvements	2,371,585		0	0	2,371,585
Buildings and Building Improvements	72,753,243	*	3,873,904	0	76,627,147
Vehicles, Machinery, Equipment and Furniture	21,018,752		1,371,337	924,969	21,465,120
Book Collections	3,770,127		289,131	429,813	3,629,445
Infrastructure	91,623,674		2,611,514	0	94,235,188
Totals	191,537,381		8,145,886	1,354,782	198,328,485
Less accumulated depreciation for:					
Land improvements	661,372		102,526	0	763,898
Buildings and Building Improvements	14,806,767		1,137,806	0	15,944,573
Vehicles, Machinery, Equipment and Furniture	11,933,531		1,741,703	873,532	12,801,702
Book Collections	2,973,120		245,571	429,813	2,788,878
Infrastructure	41,942,624		3,112,118	0	45,054,742
Totals	72,317,414		6,339,724	1,303,345	77,353,793
Total Capital Assets, Being Depreciated	119,219,967		1,806,162	51,437	120,974,692
Governmental Activities Capital Assets, Net	$ 165,002,611		$ 6,299,323	$ 1,996,600	$ 169,305,334

* The beginning balances for these categories have been reclassified.

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 18,806,731	$ 1,480,012	$ 0	$ 20,286,743
Construction in Progress	13,608,976	13,515,035	9,802,376	17,321,635
Total Capital Assets, Not Being Depreciated	32,415,707	14,995,047	9,802,376	37,608,378
Capital Assets, Being Depreciated:				
Land Improvements	26,547,903	420,632	0	26,968,535
Buildings and Building Improvements	75,590,301	154,518	0	75,744,819
Vehicles, Machinery, Equipment and Furniture	18,358,200	1,546,257	267,801	19,636,656
Distribution and Collection Systems	221,983,809	13,076,142	52,852	235,007,099
Totals	342,480,213	15,197,549	320,653	357,357,109
Less Accumulated Depreciation for:				
Land Improvements	17,419,573	1,220,726	0	18,640,299
Buildings and Building Improvements	22,070,473	2,401,823	0	24,472,296
Vehicles, Machinery, Equipment and Furniture	11,073,307	995,516	235,801	11,833,022
Distribution and Collection Systems	102,041,737	7,125,054	312,268	108,854,523
Totals	152,605,090	11,743,119	548,069	163,800,140
Total Capital Assets, Being Depreciated	189,875,123	3,454,430	(227,416)	193,556,969
Business-Type Activities Capital Assets, Net	$ 222,290,830	$ 18,449,477	$ 9,574,960	$ 231,165,347

Certain amounts in the beginning balance columns have been reclassified.

At June 30, 2009, approximately $3,912,937 and $34,162,422 in assets were acquired through existing capital leases for governmental and business type activities, respectively. These assets are included in vehicles, machinery, equipment and furniture and distribution and collection systems. The amortization on these assets is included with depreciation.

Depreciation was charged to programs as follows:

Governmental Activities:		Business - Type Activities:	
General Government	$ 201,315	Electric	$ 3,513,154
Public Safety	760,450	Airport	3,836,565
Public Works	3,363,427	Wastewater	1,561,667
Community Development	8,044	Telecom	2,062,489
Culture and Recreation	993,312	Water	750,050
Education	1,013,176	School	19,194
Total Depreciation Expense - Governmental Activities	$ 6,339,724	Total Depreciation Expense - Business-Type Activities	$ 11,743,119

The jointly-owned generating facility, the Joseph C. McNeil Generating Station, is included in the business type capital assets. Under the Agreement for Joint Ownership, Construction and Operation of the Joseph C. McNeil Generating Station dated May 14, 1982, as amended, the owners are tenants in common with undivided interests in the Station. Ownership percentages of the Station as of June 30, 2009 are as follows:

Station	**Percentage**
Burlington Electric Department	50%
Central Vermont Public Service Corporation	20%
Vermont Public Power Supply Authority	19%
Green Mountain Power Corporation	11%
Total	100%

Under the Agreement for Joint Ownership, Construction and Operation of the Highgate Transmission Interconnection dated August 1, 1984, as amended, the owners of the Highgate Converter and the Highgate-Canada Transmission Line are tenants in common with undivided interests in the converter. Ownership percentages of the converter as of December 31, 2008 are as follows:

Station	**Percentage**
Central Vermont Public Service Corporation	47.52%
Green Mountain Power Corporation	34.77%
Vermont Public Power Supply Authority	9.36%
Burlington Electric Department	7.70%
Others	.65%
Total	100.00%

The Electric Department's ownership interest in each of the jointly-owned facilities is as follows: McNeil Station 50.00%, Highgate Converter Station 7.70%.

Burlington Electric Department (BED) has sole responsibility for operation of the McNeil Generating Station. Vermont Electric Power Company, Inc. (VELCO) has sole responsibility for the Highgate Converter.

A summary of the McNeil Generating Station financial statements as of and for the year ended June 30, 2009 and the Highgate Converter cash basis financial statements as of and for the year ended December 31, 2008 are as follows:

Category	**McNeil Generating Station**	**Highgate Converter**
Total Assets	$ 92,825,426	$ 29,478,486
Liabilities	751,688	0
Owners' Equity	92,073,738	29,478,486
Total Liabilities & Owners' Equity	$ 92,825,426	$ 29,478,486
Contribution by Joint Owners	$ 25,824,494	$ 1,251,924
Station Operating Expenses	20,943,837	1,197,416
Increase in Owners' Equity	4,880,657	54,508
Owners' Equity - Beginning of Year	87,193,081	29,423,978
Owners' Equity - End of Year	$ 92,073,738	$ 29,478,486

Burlington Community Development Corporation owns two buildings at the Burlington Airport with a cost of $5,340,385 and accumulated depreciation of $355,114. It also owns the land on Winooski Avenue at the site of the Onion River Food Co-Operative with a cost of $662,604 and land known as the Gilbane lot that was purchased in 2006 for $372,645. The Corporation was donated a small parcel of land adjacent to the Gilbane lot known as the Morton Parcel. The value of this donation was $120,000. The Corporation has land improvements at the site of the Onion River Co-Operative with a cost of $342,548 with accumulated depreciation of $39,964. The corporation also has $1,256 of work in progress related to a future project. The net carrying value of the Corporation’s properties are $6,444,360. The buildings are being depreciated over seventy-five (75) years and the land improvements over sixty (60) years.

A summary of the Corporation's capital assets activity is as follow:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit				
Capital Assets, Not Being Depreciated:				
Land	$ 1,155,249	$ 0	$ 0	$ 1,155,249
Construction in Progress	1,256	0	0	1,256
Total Capital Assets, Not Being Depreciated	1,156,505	0	0	1,156,505
Capital Assets, Being Depreciated:				
Buildings	5,340,385	0	0	5,340,385
Land Improvements	342,548	0	0	342,548
Totals	5,682,933	0	0	5,682,933
Less accumulated depreciation for:				
Buildings	284,787	70,327	0	355,114
Land Improvements	34,254	5,710	0	39,964
Totals	319,041	76,037	0	395,078
Total Capital Assets, Being Depreciated	5,363,892	(76,037)	0	5,287,855
Component Unit Capital Assets, Net	$ 6,520,397	$ (76,037)	$ 0	$ 6,444,360

G. Interfund Balances and Activity

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

Fund	Due From Other Funds	Due To Other Funds
General Fund	2,437,138	0
School Fund	4,581,819	
Airport Fund	10,423,292	7,437
Telecom Fund	0	15,060,288
Wastewater Fund	0	20,456
Pension Trust Fund	2,100,199	0
Other Non-Major Funds:		
Special Revenue Funds	765,059	998,803
Capital Project Funds	3,175	4,709,784
Permanent Funds	953,663	0
Water Fund	0	1,085,524
School Enterprise Funds	617,947	0
Total	21,882,292	21,882,292

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

Transfer From	Transfer To		Amount	Purpose
General Fund	Southern Connector Fund	$	6,554	Fund Capital Outlay
General Fund	Fuel Depot Fund		4,644	Fund Capital Outlay
General Fund	Street Improvement Projects Funds		525,878	Fund Capital Outlay
General Fund	Riverside Avenue Project Fund		905	Fund Capital Outlay
General Fund	North Street Project Fund		20,904	Fund Local Share
General Fund	Moran Building and Heating Upgrade Fund		34,855	Fund Interfund Loans
General Fund	Burlington/Winooski Bridge Fund		37,002	Fund Local Share
General Fund	Englesby Brook Fund		33,996	Fund Deficit
General Fund	N. Winooski Streetscape & Battery Street Project Funds		21,001	Fund Capital Outlay
General Fund	Firehouse Center Fund		200,935	Fund Deficit
General Fund	Telecom Fund		86,000	Cost Allocation
General Fund	Traffic Fund		305,216	Fund Free Parking
General Fund	Traffic Fund		40,000	Meter Replacement
General Fund	CEDO Fund		229,769	Subsidy
General Fund	CEDO Fund		103,100	Subsidy for BCAF doubtful Loan
General Fund	Housing Trust Fund		187,527	Tax Transfer
General Fund	Marketplace Fund		11,845	Subsidy
Traffic Fund	General Fund		64,400	Subsidy
Traffic Fund	CEDO Fund		30,000	Subsidy
Traffic Fund	Downtown Transit Center Fund		3,085	Fund Local Share
Traffic Fund	Street Improvement Projects Funds		17,663	Fund Local Share
Traffic Fund	Downtown Planning Fund		3,416	Fund Local Share
Traffic Fund	Other Capital Projects		37,600	Fund Local Share
CEDO Fund	Street Improvement Projects Fund		5,627	Fund Local Share
Marketplace Fund	Street Improvement Projects Fund		5,501	Fund Local Share
Cemetery Fund	General Fund		11,687	Fund Cemetery Operations
Loomis Library Fund	General Fund		84	Fund Library Operations
	Total	$	2,029,194	

Interfund Loans

During 2009, the Electric Department borrowed money from the City's General Fund in lieu of obtaining outside financing. This was to fund capital projects. The amount outstanding at June 30, 2009 was $2,673,325. The loan was paid back in August, 2009 from proceeds of long-term debt. Interest was assessed at various rates depending on what the City was paying for interest on its tax anticipation notes.

Also in 2009, the City's General Fund issued a $50,858 interfund loan to the Wastewater Fund to assist in capital financing. The loan will be repaid beginning in fiscal year 2013 and completely repaid by the end of fiscal year 2014. Interest of approximately 4% is being charged on this loan.

There is one (1) Interfund Loans Receivable/Payable that is owed to the Electric Department Fund. The Heating Upgrade Fund owes $19,868 for electrical upgrades to the heating system at the Library. The Library Department pays $1,710 monthly until June, 2010 with interest at 6%.

The Burlington Community Development Corporation, a component unit of the City, owes three (3) separate City funds a total of $2,127,719 related to a short-term loan on a former property held for resale, for other pieces of property, plant and equipment and for excess cash withdrawals from the City's pooled cash account. Debt of $810,000 related to the Westlake Parking garage will be repaid to the Westlake Projects Fund during 2010 without interest. Debt of $1,239,572 relates to a loan from the Airport Fund for financing of the Aviation Support Hanger. This note will be repaid over twenty (20) years with interest at 3%. $78,147 of excess cash withdrawals has been repaid to the City's pooled cash in 2010.

H. Other Long-Term Assets

The Governmental Activities other long-term assets, net of accumulated amortization, consists of deferred debt issuance costs of $339,371 as of June 30, 2009.

The Business-type Activities other long-term assets, net of accumulated amortization, consists of the following as of June 30, 2009:

Category	Electric Utility Fund	Airport Fund	Telecom Fund	Water Resources Fund	Total
Deferred Debt Issuance Costs	$ 1,177,438	$ 1,282,587	$ 52,875	$ 58,802	$ 2,571,702
Deferred Depreciation Expense	5,873,137	0	0	0	5,873,137
Unamortized Demand Side					
Side Mgt (DSM)	2,609,070	0	0	0	2,609,070
Other Unamortized Charges	3,004,939	0	0	0	3,004,939
Non-Utility Property	775,600	0	0	0	775,600
Deferred PSB Accounting Orders	384,222	0	0	0	384,222
Franchise Costs	0	0	47,811	0	47,811
Total	$ 13,824,406	$ 1,282,587	$ 100,686	$ 58,802	$ 15,266,481

The City has deferred charges resulting from the refinancing of debt together with the issuance of new debt. Such deferred charges are being amortized over the terms of the related debt.

In March 1990, the voters of the City of Burlington approved an $11,300,000 bond issue to fund Demand Side Management (DSM) programs. In October 1992, the Electric Department issued revenue bonds of $40,900,000 of which $11,300,000 was designated to finance the costs of these programs. The costs of these programs have been deferred. Consistent with rate making treatment, the Electric Department is recovering these costs over the life of the long-term bonds and the related debt service. Other Unamortized charges at June 30, 2009 are as follows:

Category	Amount
Loss on Transfer of Moran Station	$1,744,898
Costs Associated with Chase Hydro	1,256,844
Deferred Prepayment	3,197
Total	$3,004,939

The Moran Station was deactivated in 1986. The undepreciated costs of the plant are being amortized over the remaining life of the outstanding bonds which were issued to finance improvements to the Station.

In December 1991, the Electric Department entered into an agreement with Winooski One Partnership ("WIP"), a Vermont General Partnership, whereby WIP constructed and maintains Chace Hydro, a hydroelectric generating station built on Electric Department-owned land on the Winooski River. The costs associated with Chace Hydro are being amortized over the life of the outstanding bonds which were issued to finance the Electric Department's interest in the project.

During 2005, the Department obtained two accounting orders from the VPSB enabling the Department to defer certain costs incurred during the period in which the cost will be recovered through future rates. The first order approved by the VPSB was for the deferral of rate design expenses incurred by the Department in the amount of $80,000. This amount has been deferred and will be amortized over a period of five (5) years after the rate is approved. The second accounting order approved the deferral of the Department’s 50% joint ownership share of the costs incurred related to the McNeil Station turbine overhaul. The total deferred cost is $934,559 and amortization over 84 months began June 1, 2005.

Capital projects having a long lead time for engineering have the engineering costs deferred as preliminary survey and investigations costs. At the time the project is ready for construction, these costs are transferred to construction work in progress. If it becomes obvious the project will not be constructed, the costs would be expensed.

In 1986, land along the Winooski River was purchased for $775,600 from a neighboring utility for the development of the Chase Mill hydroelectric project. Although the Electric Department incurred various engineering costs investigating the feasibility of pursuing this project, the Department declined to move forward. In 1991, under a long-term agreement, the land and land rights were leased to Winooski One Partnership for the construction of the Winooski One Hydroelectric facility.

I. Deferred Revenue

Deferred Revenue in the Governmental Funds consists of:

General Fund:		
Unavailable Property Taxes, Interest, and Penalties	$	690,000
Unavailable Gross Receipts, Taxes, Interest and Penalties		74,086
Unavailable Public Safety Non-Exchange Transaction Fees		272,672
Other Unavailable Receivables		87,535
Prepaid Recreation Fees		121,651
Prepaid Public Safety Alarm and Permit Fees		36
Prepaid Blue Cross Wellness Management		9,000
Total General Fund	$	1,254,980
School Fund:		
Unavailable Grant Receivables	$	30,000
Grants Received in Advance		847,578
Total School Fund	$	877,578

Other Governmental Funds:		
Traffic Fund:		
Parking Fees Received in Advance	$	675
Unavailable Traffic Receivables		2,537
Total Traffic Fund		3,212
CEDO Fund:		
Unavailable Loans Receivable		3,380,312
Unavailable Accrued Interest Receivable		641,089
Unavailable Land Held For Resale		549,352
Unavailable Grant Receivables		520,447
Grants Received in Advance		57,648
Total CEDO Fund		5,148,848
Marketplace Fund:		
Vendor Assessments Received in Advance		32,110
Unavailable Vendor Assessment Receivables		20,674
Total Marketplace		52,784
Capital Projects Funds:		
Unavailable Grants Receivable		3,236,736
Grants Received in Advance		139,354
Total Capital Projects Funds		3,376,090
Total Other Governmental Funds	$	8,580,934

The unavailable amounts are those receivables that were not collected within sixty (60) days after year end as these would not be available to liquidate current liabilities.

The revenue from the Loans, Interest on Loans and Land Held for Resale of will be recognized as the loans are repaid to the City and the land is sold. The revenue from Unavailable Receivables will be recognized as the receivables are collected. The Prepaid Fees and Assessments will be recognized as assessments are levied and services are provided. The Grant Revenue received in advance will be recognized as eligible grant expenditures are incurred.

The Water Fund has $82,394 of deferred revenue from receiving deposits for work not yet performed. This revenue will be earned once the work has been completed.

J. Long-term Liabilities

<u>General Obligation Bonds</u>. The City issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior issues. General obligation bonds have been issued for both governmental and proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from governmental fund revenues and in business-type activities if the debt is expected to be repaid from proprietary fund 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. Refunding bond are issued for various terms based on the debt service of the debt refunded.

No-Interest Revolving Loans. The State of Vermont offers a number of no-interest revolving loan programs to utilize for predetermined purposes. Two of the four no-interest loans do charge a 2% administration fee. The City has borrowed money from the Vermont Special Environmental Revolving Fund for sewer projects.

Capital Lease Obligations. The City enters into lease agreements as the lessee for the purpose of financing the acquisition of major pieces of equipment. These lease agreements qualify as capital lease obligations for accounting purposes (even though they 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 date of the leases. Leases are reported in governmental activities if the debt is expected to be repaid from general governmental revenue and in business–type activities if the debt is expected to be repaid from proprietary fund revenues.

Revenue Bonds – The City issues bonds where the City pledges income to pay the debt service. Revenue bonds are reported in business type activities only because the debt is expected to be repaid from proprietary fund revenues.

Certificates of Participation – The City enters into agreements for the purpose of financing the acquisition and/or renovation of land and buildings. These agreements qualify as long-term debt obligations for accounting purposes (even though they include clauses that allow for cancellation of the lease in the event the City does not appropriate funds in future years). The Certificates of Participation are reported in governmental activities because all of the debt is expected to be repaid from general governmental revenues.

Other Notes Payable – The City has other notes payable to finance various capital projects through local banks and U.S. Government agencies.

Compensated Absences – It is the policy of the City of Burlington, 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.

Unamortized Premium

Debt Premiums incurred in connection with the sale of bonds are amortized over the terms of the related debt. Unamortized balances are included as a component of long-term debt.

Unamortized Discount

Debt discounts incurred in connection with the sale of bonds are amortized over the terms of the related debt. Unamortized balances are included as a component of long-term debt.

Other Post Employment Benefits

The City has recorded a liability for the governmental activities in the government-wide financial statements representing their actuarially determined costs for post-employment benefits. These costs relate to subsidized health care and life insurance. The City has not recorded this liability in the individual enterprise funds or for the business-type activities in the government-wide financial statements. Management has determined that the amounts are immaterial.

Deferred Loss on Refunding Bonds and Capital Leases

The City has incurred various accounting losses in connection with the refinancing of bonded debt and capital leases. Although the refinancing results in an accounting loss, the City always reduces its aggregate debt service. The deferred loss on refunding is amortized over the life of the new debt issuance.

Changes in all long-term liabilities (including bonds, notes, capital leases, insurance reserves, compensated absences, post-employment benefits, landfill post-closure costs and the net pension obligation) during the year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds Payable	$ 18,067,174	$ 0	$ 2,169,365	$ 15,897,809	$ 2,140,310
Other Debt	17,248,782	800,000	1,265,782	16,783,000	1,065,000
Bond Anticipation Note Payable	0	4,000,000	0	4,000,000	0
Obligations Under Capital Leases	1,887,100	1,342,128	939,466	2,289,762	728,762
Insurance Reserves	2,717,000	0	648,000	2,069,000	1,121,307
City Compensated Absences	2,077,104	74,701	0	2,151,805	14,300
School Compensated Absences	2,606,425	136,965	0	2,743,390	122,803
Landfill Post-Closure	83,000	0	26,000	57,000	26,300
City - Post Employment Benefits	0	393,073	0	393,073	0
School - Post Employment Benefits	362,506	329,098	0	691,604	14,000
Net Pension Obligation	1,854,391	19,174	0	1,873,565	0
Total Governmental Activities Long-term Liabilities	$ 46,903,482	$ 7,095,139	$ 5,048,613	48,950,008	$ 5,232,782
Add Unamortized Premium				154,023	
Subtract Deferred Loss on Refunding				(73,610)	
Total				$ 49,030,421	

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
General Obligation Bonds Payable	$ 29,907,220	$ 21,000,000	$ 1,086,786	$ 49,820,434	$ 1,197,370
Revenue Bonds Payable	105,440,000	0	9,315,000	96,125,000	9,765,000
Obligations Under Capital Leases	33,774,149	268,899	164,381	33,878,667	142,039
Bond Anticipation Note Payable	0	1,000,000	0	1,000,000	0
Other Electric Department Long-Term Debt	13,340	0	13,340	0	0
Compensated Absences	1,277,702	84,398	0	1,362,100	0
Net Pension Obligation	156,316	0	156,316	0	0
Deferred Electric Credit	3,299	0	1,987	1,312	0
Total Business-type Activities Long-Term Liabilities	$ 170,572,026	$ 22,353,297	$ 10,737,810	182,187,513	$ 11,104,409
Add Unamortized Premium				1,544,102	
Subtract Unamortized Discount				(97,873)	
Subtract Deferred Loss on Refunding Bonds				(14,568,155)	
Subtract Deferred Loss on Refunding Capital Leases				(671,175)	
Total				$ 168,394,412	

Compensated Absences and Post Employment Benefits are paid by the applicable fund where the employee is charged. Insurance Reserves are generally liquidated by the General Fund. Landfill Post-Closure Liabilities have been liquidated by the Wastewater Fund.

A detailed listing of the general obligation bonds and other notes payable expected to be repaid by governmental funds are as follows:

		Issue Date	Interest Rate %	Maturity Date	Original Issue	Outstanding 6/30/2008	New Issue	Principal Reduction	Outstanding 6/30/2009
Governmental Activities:									
General Obligation Bonds:									
87	Urban Renewal 1998 Refunding Bonds	08/03/98	4.25-4.55	12/01/2011	835,000	300,000	0	70,000	230,000
90	G.O. 1998 Series B Refunding Bonds	08/03/98	4.25-4.55	12/01/2011	174,167	62,499	0	15,000	47,499
91	General Improvements 1998 Series A	08/03/98	4.20-4.30	12/01/2008	750,000	90,000	0	90,000	0
100	General Improvements 1999 Series B	07/20/99	4.25-4.80	12/01/2009	750,000	175,000	0	85,000	90,000
105	General Improvements 2000 Series A	10/12/00	4.25-4.75	12/01/2010	750,000	265,000	0	85,000	180,000
107	General Improvements 2001 Series A	10/01/01	3.00-4.00	11/01/2011	750,000	335,000	0	80,000	255,000
115	General Improvements 2002 Series A	07/30/02	3.00-4.00	09/01/2012	750,000	410,000	0	75,000	335,000
118	Fire Equipment Bond 2003A	05/01/03	3.50-4.00	11/01/2018	2,500,000	1,960,000	0	145,000	1,815,000
129	General Improvements 2003 Series B	10/15/03	2.00-3.75	11/01/2013	750,000	480,000	0	70,000	410,000
136	General Improvements 2004 Refunding Series B	07/15/04	2.00-3.80	12/01/2016	530,000	360,000	0	40,000	320,000
138	General Improvements 2004 Series A	07/15/04	2.25-3.75	05/01/2015	750,000	550,000	0	70,000	480,000
139	General Improvements 2005 Series A	06/28/05	3.50-3.60	11/01/2015	250,000	210,000	0	25,000	185,000
143	General Improvements 2005 Series B	07/06/05	3.25-3.50	11/1/2015	1,000,000	835,000	0	90,000	745,000
148	General Improvements 2006 Refunding Series B	10/10/06	3.75	12/1/2009	1,454,867	802,894	0	391,111	411,783
150	General Improvements 2006 Series B	10/10/06	3.50-4.00	11/1/2026	1,000,000	970,000	0	35,000	935,000
154	General Improvements 2007 Series A	12/10/07	3.50-4.25	11/1/2027	1,000,000	1,000,000	0	30,000	970,000
88	G.O. School 1998 Series C Refunding Bonds	08/03/98	4.25-4.55	12/01/2011	696,667	250,000	0	60,000	190,000
112	G.O. School 2002 Series Refunding Bonds	07/30/02	2.50-4.00	09/01/2013	1,070,000	640,000	0	95,000	545,000
114	G.O. School 2002 Series A Bonds	07/30/02	3.00-4.375	03/01/2018	860,000	705,000	0	35,000	670,000
137	G.O. School 2004 Refunding Series B Bonds	07/15/04	2.00-3.80	12/01/2016	2,370,000	1,585,000	0	175,000	1,410,000
145	G.O. School 2005 Series B Bonds	07/06/05	3.25-4.2	11/1/2025	750,000	710,000	0	30,000	680,000
147	G.O. School 2006 Refunding Series B Bonds	10/10/06	3.75	12/1/2009	614,105	396,781	0	208,254	188,527
152	G.O. School 2006 Series A Bonds	10/10/06	3.50-4.00	11/1/2026	750,000	725,000	0	25,000	700,000
153	G.O. School 2006 Series A Bonds - Athletic Field	10/10/06	3.50-4.00	11/1/2026	3,615,000	3,500,000	0	125,000	3,375,000
156	G.O. School 2007 Series A Bonds	12/10/07	3.50-4.25	11/1/2027	750,000	750,000	0	20,000	730,000
	General Obligation Bonds Subtotal				25,469,806	18,067,174	0	2,169,365	15,897,809
Other Debt									
94	Downtown Parking - Certificate of Participation	06/01/99	4.30-4.80	12/01/2018	5,500,000	2,775,000	0	435,000	2,340,000
95	Waterfront Refunding - Certificate of Participation	06/01/99	4.30-4.80	12/01/2018	1,390,000	920,000	0	65,000	855,000
103	Capital Projects - Certificate of Participation	06/27/00	5.375-5.75	12/01/2020	4,100,000	3,125,000	0	175,000	2,950,000
116	Police Facility - Certificate of Participation Refunding	07/30/02	3.00-4.25	05/01/2015	2,075,000	1,235,000	0	155,000	1,080,000
140	Downtown Parking - Certificate of Participation	6/7/2005	4.0-4.375	05/01/2025	7,870,000	7,565,000	0	315,000	7,250,000
98	HUD Section 108 - US Guaranteed Notes 1999	04/28/99	5.40-6.20	08/01/2017	1,930,000	910,000	0	0	910,000
128	HUD Section 108 - US Guaranteed Notes 2003	02/12/03	3.25	08/01/2022	3,602,000	698,000	0	100,000	598,000
159	HUD Section 108 - US Guaranteed Notes 2005	08/01/05	3.50	08/01/2018	1,827,000	0	800,000	0	800,000
142	VEDA/State Infrastructure loan	03/08/05	2.50	03/08/2009	304,531	20,782	0	20,782	0
	Other Debt Subtotal				28,598,531	17,248,782	800,000	1,265,782	16,783,000
	Total Governmental Activities Bonds & Other Debt				54,068,337	35,315,956	800,000	3,435,147	32,680,809

The HUD Section 108-US guaranteed notes, originally issued in 2003, have a variable rate of interest based on the three (3) month LIBOR rate plus .2%.

In addition to the above long-term debt, the City incurred the following short-term obligations during the year.

Tax and Bond Anticipation & Other Notes Payable

Tax Anticipation Note - General Fund	7/1/2008	2.75%	8/15/2008	8,000,000	0	8,000,000	8,000,000	0
Revenue Anticipation Note - BED	7/1/2008	2.75%	8/15/2008	2,500,000	0	2,500,000	2,500,000	0
Tax Anticipation Note - General Fund	8/16/2008	2.89%	3/15/2009	10,000,000	0	10,000,000	10,000,000	0
Revenue Anticipation Note - BED	8/19/2008	2.89%	3/15/2009	6,000,000	0	6,000,000	6,000,000	0
Tax Anticipation Note - General Fund	12/18/2008	3.00%	6/16/2009	6,000,000	0	6,000,000	6,000,000	0
Revenue Bond Anticipation Note - BED	12/26/2008	3.00%	4/20/2009	8,000,000	0	8,000,000	8,000,000	0
Revenue Bond Anticipation Note - BED	12/26/2008	3.75%	4/20/2009	6,000,000	0	6,000,000	6,000,000	0
Bond Anticipation Note - GF, School & BED	2/24/2009	2.00%	8/24/2009	5,000,000	0	5,000,000	0	5,000,000
Tax Anticipation Note - General Fund	3/31/2009	2.75%	6/20/2009	5,000,000	0	5,000,000	5,000,000	0
Tax Anticipation Note - General Fund	4/16/2009	2.75%	6/20/2009	5,000,000	0	5,000,000	5,000,000	0
				61,500,000	0	61,500,000	56,500,000	5,000,000

A detailed listing of the general and revenue obligation bonds expected to be repaid by proprietary funds are as follows:

Business-type Activities:									
General Obligation Bonds:									
89	Electric 1998 Series C Refunding Bonds	08/03/98	4.25-4.55	12/01/2011	174,167	62,500	0	15,000	47,500
113	Electric 2002 Series A Refunding Bonds	07/30/02	2.50-3.50	09/01/2008	120,000	25,000	0	25,000	0
135	Electric 2004 Series B Refunding Bonds	07/15/04	2.00-3.80	12/01/2016	510,002	340,000	0	40,000	300,000
141	Electric 2005 Series A Bonds	06/28/05	3.50-4.20	11/01/2025	1,000,000	945,000	0	35,000	910,000
144	Electric 2005 Series B Bonds	07/06/05	3.25-4.20	11/01/2025	1,000,000	940,000	0	35,000	905,000
149	Electric 2006 Series B Refunding Bonds	10/10/06	3.75	12/1/2009	146,028	80,325	0	40,635	39,690
151	Electric 2006 Series A Bonds	10/10/06	3.50-4.00	11/1/2026	1,000,000	970,000	0	35,000	935,000
157	Electric 2007 Series A Bonds	12/20/07	3.50-4.30	11/1/2027	1,000,000	1,000,000	0	30,000	970,000
159	Electric 2009 Series A Bonds	04/20/09	2.00-4.375	11/1/2029	12,750,000	0	12,750,000	0	12,750,000
160	Electric 2009 Series B Bonds	04/20/09	4.00-6.00	11/1/2029	8,250,000	0	8,250,000	0	8,250,000
102	State of VT-EPA 1990 Series 1	12/06/90	0.00	12/01/2010	5,378,105	4,490,721	0	215,124	4,275,597
101	State of VT-EPA 1991 Series 1	02/12/92	0.00	12/01/2014	19,403,807	17,966,285	0	485,095	17,481,190
103	State of VT-EPA 2006 Series 1 (Siphon)	09/06/06	2.00	02/01/2027	1,650,000	1,472,553	0	64,471	1,408,082
161	State of VT-EPA 2001 Series 1 (Digester)	07/01/00	2.00	10/01/2026	2,500,000	1,614,836	0	66,461	1,548,375
	General Obligation Bonds Subtotal				54,882,109	29,907,220	21,000,000	1,086,786	49,820,434
Revenue Obligation Bonds:									
77	Electric Revenue Bonds 1996 Series A	04/01/96	3.80-6.38	12/01/2012	54,475,000	22,070,000	0	3,920,000	18,150,000
126	Electric Revenue Bonds 2001 Series A	12/01/01	2.30-4.60	07/01/2014	11,115,000	8,385,000	0	630,000	7,755,000
127	Electric Revenue Bonds 2002 Series A	04/01/02	5.00-5.375	07/01/2014	20,875,000	16,180,000	0	1,135,000	15,045,000
130	Electric Revenue Bonds 2004 Series A	04/15/04	4.27	07/01/2024	10,000,000	8,915,000	0	385,000	8,530,000
82	Water Revenue Bonds 1997 Series A	07/10/97	4.10-5.00	12/01/2012	13,925,000	6,020,000	0	1,090,000	4,930,000
78	Airport Revenue Bonds 1997 Series A	05/01/97	3.85-5.60	07/01/2017	12,380,000	7,815,000	0	605,000	7,210,000
79	Airport Revenue Bonds 1997 Series B	05/01/97	4.00-5.75	07/01/2017	7,450,000	4,735,000	0	365,000	4,370,000
104	Airport Revenue Bonds 2000 Series A	05/17/00	4.80-6.20	07/01/2020	10,435,000	7,980,000	0	430,000	7,550,000
119	Airport Revenue Bonds 2003 Series A and B	06/11/03	2.00-5.00	07/01/2028	24,800,000	23,340,000	0	755,000	22,585,000
	Revenue Obligation Bonds Subtotal				165,455,000	105,440,000	0	9,315,000	96,125,000
	Total Business-type				220,337,109	135,347,220	21,000,000	10,401,786	145,945,434
	Total of All Bonds				274,405,446	170,663,176	21,800,000	13,836,933	178,626,243

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 or condemnation or other disposition of assets, proceeds of bonds or notes and earnings from the investment of revenues. On an annual basis, revenues must be sufficient after deducting operating expenses (as defined) to meet minimum debt service coverage requirements (as defined). If minimum debt service coverage requirements are not met, the City must take timely corrective action. For the year ended June 30, 2009, the City has not met the debt service coverage requirements for the Electric, Airport and Water Funds. As a result, the Airport will be required to perform and implement a study to meet this ratio requirement. The Water Department has increased water rates in fiscal year 2010 to meet this ratio requirement and the Electric Department increased rates on June 26, 2009 to meet future ratios.

The general obligation bonds issued to finance business-type activities improvements are collateralized by the general revenue-raising power of the City of Burlington. Pursuant to the terms of a General Bond Resolution adopted by the City of Burlington (the General Bond Resolution), the claim on the revenues of the business type activities by the holders of revenue bonds under the General Bond Resolution is prior to any claim of the holders of general obligation bonds.

Anticipated maturities of the bonds and notes excluding the bond anticipation note are as follows:

Year Ending	Governmental Activities		Business-Type Activities	
June 30	Principal	Interest	Principal	Interest
2010	$ 3,205,310	$ 1,277,457	$ 10,962,370	$ 5,840,346
2011	2,692,166	1,162,297	16,094,769	5,253,793
2012	2,538,333	1,062,681	12,721,765	4,649,718
2013	2,375,000	965,911	13,434,895	4,012,367
2014	2,380,000	871,233	26,105,180	3,536,016
2015-2019	11,315,000	2,963,066	30,417,341	11,237,097
2020-2024	5,860,000	1,128,277	18,087,206	6,320,853
2025-2029	2,315,000	141,372	16,516,908	2,341,233
2030	0	0	1,605,000	40,756
Total	$ 32,680,809	$ 9,572,294	$ 145,945,434	$ 43,232,179

The City is the lessee of various equipment under capital leases expiring in various years through 2028. Future minimum payments under the capital leases consisted of the following as of June 30, 2009.

Year Ending 6/30	Governmental Activities	Business-type Activities
2010	$ 803,113	$ 1,699,237
2011	638,893	2,925,137
2012	508,053	2,918,801
2013	328,038	2,874,784
2014	139,431	2,843,313
2015-2019	68,799	14,137,886
2020-2024	0	14,137,886
2025-2028	0	9,189,626
Total Minimum Lease Payments	2,486,327	50,726,670
Less Amounts Representing Interest	(196,565)	(16,848,003)
Net Present Value of Future Payments	2,289,762	33,878,667
Deferred Loss on Lease Refunding	0	(671,175)
Net Capital Leases Payable	$ 2,289,762	$ 33,207,492

There is a capital lease for $33,500,000 for the Telecom Fund. The lease repayments are to be paid back from Telecom revenues. If these revenues are insufficient, other City funds are not obligated in any manner to repay this lease. This lease is not supported by the general taxing authority of the City.

Burlington Community Development Corporation has one (1) note payable with TD Bank on the Gilbane property totaling $331,178 which is secured by a mortgage. The loan is for ten years and has a fixed rate of 7.66%.

The Corporation also has four (4) notes payable with Chittenden Investment Services, Inc. with a balance of $1,274,395 which are offset by notes receivable from Champlain Housing Trust Corporation and will be repaid as the notes receivable are collected. Interest rates are between 5% and 6%.

The Corporation also has borrowed $3,320,000 from the Vermont Economic Development Authority to construct an Aviation Support Hanger. The loan is for twenty (20) years and interest is at 7.15%. The balance as of June 30, 2009 is $3,069,718.

The Corporation also borrowed $1,400,000 from the Airport Fund to assist in financing the construction of the above mentioned Aviation Support Hanger. The terms of the note require monthly payments for twenty (20) years with interest at 3%. The note is due in June, 2026. This is reported as due to primary government. The balance as of June 30, 2009 is $1,239,572.

The Corporation also owes a City Capital Project Fund $810,000 for its share of the Westlake Parking Garage. The amount will be paid in 2010 when the Corporation secures permanent financing from a bank. This liability is reported as due to primary government.

Future maturities of the notes payable for Burlington Community Development Corporation (excluding amounts owed to the primary government) are anticipated to be as follows:

Year Ending June 30		Principal		Interest
2010	$	478,425	$	298,304
2011		158,433		277,717
2012		168,252		267,879
2013		176,683		256,284
2014		192,093		244,056
2015-2019		1,179,214		1,001,539
2020-2024		1,641,320		529,155
2025-2029		680,871		54,230
Total	$	4,675,291	$	2,929,164

BCDC anticipates the following maturities on its note payable to the Airport Fund:

Year Ending June 30		Principal		Interest
2010	$	56,761	$	36,411
2011		58,488		34,684
2012		60,267		32,905
2013		62,100		31,072
2014		63,989		29,183
2015-2019		350,349		115,511
2020-2024		406,972		58,888
2025-2026		180,646		5,698
Total	$	1,239,572	$	344,352

K. Restricted Net Assets

The restricted net assets of the City's Governmental Activities as of June 30, 2009 are as follows:

Restricted for Specific General Fund Purposes By Various Instruments	$3,040,982
Restricted for Education by Grant Agreements	484,947
Restricted for Traffic Activities by Charter	646,209
Restricted for Community Development by Grant Agreement	4,535,767
Restricted for Wadell Fund by Donations	13,784
Restricted for Capital Construction by Donations and Debt Agreement	21,657
Restricted for Perpetual Care by Trust Agreements	1,040,907
Total Restricted Governmental Activities Net Assets	$9,784,253

The restricted net assets of the City's Business-type Activities as of June 30, 2009 are as follows:

Restricted for Debt Service by Revenue Bond	$17,890,767
Restricted for Renewal & Replacement Projects by Revenue Bond	1,082,832
Restricted for Capital Projects by PFC Regulations	12,393,072
Total Restricted Business-type Activities Net Assets	$31,366,671

The City also has eight Private Purpose Trust Funds that are restricted by trust agreements and donations totaling $204,122.

BCDC, a component unit of the City has $12,000 of net assets restricted for future capital reserves as required by the Capital Lease Agreement.

L. Reserved Fund Balances

The reserved fund balances of the City's Governmental Funds as of June 30, 2009 are as follows:

General Fund:	
Reserved for Inventories and Prepaid Expenses	$ 642,148
Reserved for Parking Fund by Charter	23,000
Reserved for Library Books by Grants and Donations	164,434
Reserved for Public Record Restoration by Grants	62,595
Reserved for Capital Construction by Impact Fees	154,021
Reserved for Public Safety Expenditures by Police Equitable Sharing Funds	426,119
Reserved for Street Repaving by Bond Proceeds	2,210,813
Reserved for Capital Lease Receivable – Long Term	280,000
Reserved for Wastewater Interfund Loan – Long Term	50,858
Total General Fund	4,013,988
School Fund:	
Reserved for Education Expenditures by Donations and Grants	484,947
Total School Fund	484,947
Other Governmental Funds:	
Reserved for Traffic Fund Prepaid Expenses and Inventories	165,510
Reserved for Traffic Fund Expenditures by City Charter	478,162
Reserved for Community Development Fund Prepaid Expenses	175
Reserved for Stormwater Fund Prepaid Expenses	300
Reserved for Church Street Marketplace Prepaid Expenses	135
Reserved for Mary E. Waddell Fund by Trust Agreement	13,784
Reserved for Street Improvement Fund Prepaid Expenses	22,750
Reserved for Capital Construction by Donations	21,657
Reserved for Cemetery Endowments by Trust Agreements	1,040,907
Reserved for Other Permanent Funds by Donations	36,241
Total Other Governmental Funds	1,779,621
Total Reserved Fund Balances	$6,278,556

M. Designated Fund Balances

The designated fund balances of the City's Governmental Funds as of June 30, 2009 are as follows:

General Fund:	
Designated for CCTA & County Tax – Dedicated Tax	$ 144,515
Designated for Conservation Legacy - DedicatedTax	310,706
Designated for Parks – Greenbelt - Dedicated Tax	105,747
Total Tax Items	560,968
Less: Uncollected Property Taxes, Penalties and Interest	(690,000)
Total Designated Tax Items	0
Designated for Insurance Reserves	210,586
Designated for Cemetery Capital	15,450
Designated for Recycling	176,808
Total Designated Fund Balance	$ 402,844

The City's General Fund designated tax items were reduced by the $690,000 revenue deferral for uncollected property taxes, penalties and interest. The expending of funds for the designated tax items is contingent upon the receipt of these monies.

The remaining unreserved and undesignated fund balance of the City's General Fund as of June 30, 2009 was $4,436,924.

The unreserved, undesignated fund balances/(deficits) in the Other Governmental Funds as of June 30, 2009 are as follows:

Special Revenue Funds:	
Community and Economic Development Fund	$ (555,608)
Housing Trust Fund	142,699
Tax Increment Financing Fund	(33,268)
Stormwater Fund	24,911
Church Street Marketplace Fund	(11,471)
Total Special Revenue Funds	(432,737)

Capital Projects Funds:	
Southern Connector	$ (865,880)
South End and Downtown Transit Centers	(5,763)
Fuel Depot	3,359
Street Improvement Projects	(1,972,585)
Riverside and North Street Projects	(405,378)
Heating Upgrades	(19,868)
Downtown Planning	(84,508)
North Winooski Streetscape and Battery Street Projects	(51,567)
Other Capital Projects	(172,638)
2008/2009 Master Lease Purchases	(522,626)
Lakeview and College Street Garages and Westlake Project	(10,556)
School Capital Projects	(218,865)
Total Capital Projects Funds	(4,326,875)
Total Unreserved, Undesignated Fund Balances/(Deficits)	$(4,759,612)

The deficit in the Tax Increment Financing Fund will be funded with future property taxes. The deficit in the Church Street Marketplace Fund will be funded in 2010 with increased revenue collection efforts and decreased expenses. The Riverside and North Street Projects were funded in 2010 with settlement funds from a lawsuit. The Heating Upgrade Fund and the Lakeview and College Street Garages and Westlake Project Fund deficits will be funded in 2010 by a transfer from the General Fund. The 2008/2009 Master Lease Purchases Fund and School Capital Projects Funds were funded in 2010 with proceeds of long-term debt. All other City funds with deficits will be funded as grants receivable are collected in fiscal year 2010.

V. OTHER INFORMATION

A. Property Taxes

The City is responsible for assessing and collecting its own property taxes as well as education property taxes for the State. Property taxes are assessed based on property valuations as of April 1 annually. Taxes are collected four (4) times per year. During the tax year ended June 30, 2009, taxes became due and payable on August 12, 2008, November 12, 2008, March 12, 2009 and June 12, 2009. Taxes unpaid after each due date are considered to be late and are subject to 1% interest added on the next day, an additional 4% interest added after the tenth (10^{th}) day late and an additional 1% per month thereafter. Taxes unpaid ten (10) days after the June due date are delinquent and are subject to an 8% penalty and interest calculated at twelve percent (12%). Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale.

The amount of taxes the City may levy is subject to charter limitations. These limits and the rates assessed for 2008-2009 are as follows:

Category	**Charter Limits**	**Rate per $100 of Assessed Value Residential**	**Rate per $100 of Assessed Value Non-Residential**
General City	$.2329	$.2329	$.2329
Highways (charter-prescribed minimum)	.0312	.0312	.0312
Police/Fire	.0807	.0807	.0807
Parks (charter-prescribed minimum)	.0250	.0250	.0250
Streets-Special	.0417	.0417	.0417
County Tax	Actual	.0054	.0054
General Long-Term Debt Retirement & Interest	Actual	.0525	.0525
Retirement Contribution	Actual	.1487	.1487
Chittenden County Transportation Authority	Actual	.0361	.0361
Library Tax	.0050	.0050	.0050
Housing Trust Fund	.0100	.0054	.0054
Open Space	.0100	.0054	.0054
Total City Tax Rate		.6700	.6700
Total School Tax Rate	Actual	1.1090	1.4560
Total Tax Rate		$1.7790	$ 2.1260

Those limits specified may be exceeded only if authorized by the voters, except for Parks and Highways which have no maximum charter limit. Property taxes levied were calculated as follows:

A summary of property taxes assessed and collected is as follows:

Total Property Taxes Assessed		
School (Homestead)	$	17,244,395
School (Non-Residential)		25,836,111
City Real		22,330,341
City 120% Commercial Adjustment		1,047,358
City Personal		936,705
Total Taxes Assessed		67,394,910
Less: Current Year Collections and Adjustments		66,906,215
Delinquent Taxes	$	488,695
Percentage of Current Tax Collections to Total Levies		99.27%

The City had to send or the State of Vermont retained income tax credits totaling $42,037,132 in tax revenues to the School District and State of Vermont for education purposes based on the State's funding formula.

The City also assessed an $ .08 tax levy on the commercial values of properties within the "Downtown Improvement District" to assist in funding two hours of free parking in the downtown garages. The City assessed and collected $244,609 in "Downtown Improvement District" taxes.

B. Commitments and Contingencies

ELECTRIC DEPARTMENT

1. Sources of purchased power include power contracts from New York State Electric and Gas and Vermont Electric Power Producers, Inc.. The Department continues to receive a block of hydro power from the New York Power Authority. The costs of power purchased under these contracts are accounted for as purchased power expense in the statement of revenues, expense and changes in net assets.

   The percentages of the Department's total energy requirements provided by major contracts were as follows:

McNeil Generating Station and Gas Turbine	30.0%
NYPA	6.0%
NYSEG	17.0%
VEPPI	6.0%
Other	41.0%
Total	100.0%

   The Department purchases a portion of its electricity requirements pursuant to long-term contracts. Payments under long-term power supply contracts were $6,938,027 for the year ended June 30, 2009. Future budgeted commitments under these contracts totaled approximately $16 million at June 30, 2009. The remainder of energy requirements are satisfied through short-term purchases, generation at the McNeil Station, which the Department is a 50% owner, and the Burlington Gas Turbine, which the Department wholly owns.

2. The Burlington City Council has approved, and the Vermont Public Service Board has likewise approved, a 10 year contract with Vermont Wind. Under the proposed contract, the Department would receivable 16 MW (40%) of Vermont Wind's permitted wind farm in Northeast Vermont. The contract, while approved, has not yet been executed and commercial operations are not expected before 2010.

3. On May 12, 2009, the Department filed with the VPSB a request to increase rates by 11.33% to a revenue level of $50,393,364. By law, the Department is allowed to begin charging these new rates for service rendered 45 days after the filing, subject to refund should the Board ultimately approve less than the filed amount. Therefore, on June 26, 2009 the Department began charging the new rates. The Department is currently in the review process with the Department of Public Service. For the year ending June 30, 2009 the Department has recorded unbilled revenues of $66,000 for this 11.33% increase.

4. The Department faces possible liability as a potentially responsible party ("PRP") with respect to the cleanup of certain hazardous waste sites. The City is currently a PRP as a landowner of a hazardous waste superfund site in Burlington, Vermont which is the subject of a remediation investigation by the Environmental Protection Agency. The Department has agreed to share on an equal basis in all past and future costs incurred in connection with any and all settlements or actions resulting from the designation of the City as a PRP at this site. In light of a recent agreement between the City and the E.P.A. concerning the remediation plan at the site, the City believes that the likelihood of any liability material to the financial position of the City is remote and, as such, no liability has been accrued as of June 30, 2009.

5. In 2008, the McNeil Generating Station (McNeil) contracted with Babcock Power to install a Regenerative Selective Catalytic Reduction (RSCR) unit. The work was completed and the unit went on-line in September 2008. The RSCR unit significantly reduces McNeil's Nitrous Oxide (NOx) emission level which allows the station to qualify to sell Connecticut Class I Renewable Energy Certificated (RECs). On March 4, 2009, the Connecticut Department of Public Utilities finalized approval of McNeil Station to sell Class I RECs retroactive to October 1, 2008. Connecticut Class 1 RECs are one of the more valuable REC products in New England and REC sales are expected to be a significant revenue source for the Department. The Department planning staff monitors McNeil output levels, REC commitments made, and the markets for these RECs and periodically sells RECs either through an action structure, through broker initiated transactions, or through direct placement with entities who need the RECs to comply with Connecticut statutes. The Department enters into agreements to sell these RECs for both the current year's generation, and for future years production.

In November, 2006, the GASB issued GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. Under GASB Statement No. 49, the Department will be required to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired. The Department has determined the adoption of GASB Statement No. 49 did not have a material effect on the financial statements.

OTHER FUNDS

LAKE CHAMPLAIN BARGE CANAL

The City has a continuing possible liability as a potentially responsible party ("PRP") with respect to a certain hazardous waste site known as the Lake Champlain Barge Canal. A settlement and containment plan has been implemented and the City does not anticipate additional costs as the site remains stable.

NORTH/SOUTH CONNECTOR PROJECT

In the 1980's, the City undertook a major project to construct connector highways on the north and south boundaries of the City. The northern part was completed in 1987. However, due to the fact that the southern route was to go through a hazardous waste "superfund" site known as the Barge Canal, construction in the south side has been delayed. The scope and route for the road has changed much over the years. The City, working with the State of Vermont, has redesigned the route of the highway and a plan is under consideration. Engineering and administrative fees in the amount of $319,615 were expended in FY 2009. In October 2009, the City submitted an Environmental Impact Statement (EIS) for the project. In January 2010, the Federal Highway Administration issued a Record of Decision approving the EIS. State permitting and final design are ongoing and construction may begin in late 2011.

CHITTENDEN SOLID WASTE DISTRICT

The City is a member of the Chittenden Solid Waste District. There is a pending case at the Federal District level. The District expects that any liability will be covered by insurance. The City, as a member, could share in the costs of any unfavorable outcomes not covered by insurance.

GRANT PROGRAMS

The City participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for, or including, the year ended June 30, 2009 have not yet been conducted. Accordingly, the City's compliance with grant application requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

CONSTRUCTION COMMITMENTS

The Airport has commitments for ongoing Airport Improvement Projects as well as the completion of construction in progress funded from the restricted assets. Airport Improvement Projects and other projects in progress include parking expansion, south end development, VORTEX conversion project, land acquisition and mitigation, taxiway improvements, security enhancements, and various engineering projects, as well as an airport master plan. In 2009, the City began design and permitting of an expansion of the airport parking garage. In March 2010, voters approved a $21,500,000 revenue bond to finance the project.

DEVELOPMENT OF THE LAND AT THE CORNER OF CHERRY AND BATTERY STREETS

On May 19, 2003, the City entered into a development agreement with Westlake Development to provide for the construction of a hotel and parking facility on the southeast corner of Battery and Cherry Streets. The City exercised its right to purchase land and completed construction of a parking garage containing 200 public spaces known as the Westlake Garage. As part of the agreement, the City financed and added two decks to the existing Lakeview Parking Garage adjacent to the hotel site in 2005. This was financed by funding in the form of $7,870,000 of Certificates of Participation (COP's). It is anticipated that repayment will come from additional property taxes that will accrue to the City within its tax increment financing (TIF) district.

The developer completed construction of a hotel on this site and residential condominiums on the land adjacent to the Lakeview Garage. The final phase of the project provided for the construction of a project with affordable housing on City property known as "site A". The developer notified the City that the planned housing project was not viable. After lengthy negotiations, the developer paid the City a fee of $470,000 in lieu of the affordable housing and other commitments. The City retained ownership of Site A and subsequently entered into an agreement with the hotel developer to lease the land and build a new hotel on "Site A." The project has been permitted and construction may begin in 2011.

TRANSPORTATION CENTER

The City stopped the development of the Transportation Center in July, 2003 due to public concern about the location of the project. The Mayor then convened an ad hoc task force with representatives of the Chittenden County Metropolitan Planning Organization, the Chittenden County Transportation Authority, the Vermont Agency of Transportation, the Burlington Business Association, Burlington City Council, the Department of Public Works, and the Burlington Planning Commission to evaluate the City's position and options relative to the project. This task force presented a plan that evaluated five locations for the Transportation Center. The City Council reviewed these alternatives and the City has proceeded with further evaluation of a preferred site on Pearl Street. Subsequently, a Memorandum of Understanding, dated December 17, 2008, to that effect was executed by the City and CCTA.

The engineering and design costs for the Transportation Center were paid for with Federal Transportation Authority (FTA) funds. In the event that an acceptable site is not found, the FTA may recall funds for the design and engineering of the project totaling approximately $1,400,000. The City's portion would be funded with tax increment funds to pay back the proceeds of a Certificate of Participation issued in June of 2005.

In 2009, the City entered into an agreement to transfer grant funding, project authority and liability for the project to the Chittenden County Transportation Authority (CCTA).

BURLINGTON TELECOM

In March 1996 and November 2000, voters authorized the City to provide an alternate telecommunications network and related services within the City. To that end, the City secured a capital lease in the amount of $2,600,000 in 2003 with Koch Financial to establish a fiber optic network to provide communication services between the City and School Buildings. This network, known as Phase I, was originally constructed to serve as the backbone for further expansion of Burlington Telecom, the City-owned telecommunications project. Phase II expanded the project to allow businesses and non-profit organizations along this route to connect to the municipal network for telephone and internet services. Phase III of the project was designed to provide a fiber optic infrastructure to pass every home and business within the City capable of carrying virtually unlimited amounts of traffic and services, including cable television.

In May 2004, the City Council authorized the Chief Administrative Officer to solicit financing opportunities for the Phase III expansion of the project to include delivery of voice, data, and cable television services throughout the City. The technology for this phase had been updated since Phase I was constructed, which necessitated a different design. In the fall of 2004, the City received six proposals for financing and, in November 2004, additional financing of $10,000,000 was again secured from Koch Financial of Scottsdale, Arizona. The original $2,600,000 was also refinanced at a lower interest rate at this time.

In June 2005, the City purchased a building at 200 Church Street to house the equipment and administration for the expanded services. In September 2005, the City received a Certificate of Public Good (CPG) to operate a cable television system within the City. The City previously had obtained a CPG to offer telecommunication services. Thereafter, Phase III service was initiated in a defined area in the south end of the City in February 2006. Construction and expansion of the system continued through FY 2006 and FY 2007. In January 2006, an additional $10,000,000 in financing was secured to cover construction and hookup costs for the Phase III expansion. Subsequently, additional funding required for this project led to authorization by the City Council for a refinancing of the Koch financing, and an additional lease/purchase financing for a total of $33 million was secured with CitiCapital. This refinancing was completed in August 2007.

By January 2008, the CitiCapital financing was expended and in the spring of 2008, CitiCapital notified the City that it was terminating its leasing business and would not be able to provide the City additional funding as expected. Subsequently the City explored other opportunities for financing. However, the national constriction of financing in 2008 and 2009 precluded a favorable refinancing of the CitiCapital lease to restructure Burlington Telecom's debt and provide additional funding. In anticipation of financing, the City utilized pooled cash for Burlington Telecom.

In September 2008, the City filed a petition with the Vermont Public Service Board to amend the City's CPG to extend the September 2008 timetable for completion of the build out of Burlington Telecom's system in Burlington. The City initiated a detailed evaluation to determine the costs to complete this build out. This evaluation was completed in August 2009 and determined that cost would be an estimated $3 to $10 million depending on the method of build out (aerial or underground construction) and determination of whether this was for the completion of the entire City of Burlington, including private-rights of way.

In December 2009, a civil lawsuit was filed entitled <u>Osier and Shaver v. Burlington Telecom, the City of Burlington and Jonathan Leopold.</u> The Amended Complaint seeks recovery of the monies used by Burlington Telecom from the City's pooled cash management system, plus attorney's fees. The parties have agreed to an Interim Stipulated Order providing that the City shall not utilize its pooled cash management system nor any other City monies to make any payment to CitiCapital Leasing unless authorized by order of the PSB. Under the Order, the City may make payments from the pooled cash in the ordinary course of business that are reimbursed to the pooled cash management system within sixty (60) days of payment. The City has filed a Motion to Dismiss this lawsuit that is awaiting a decision from the Court.

In December 2009, the City Council appointed a Blue Ribbon Committee, consisting of four citizens with business and/or telecommunications expertise, and three City Councilors, to make recommendations regarding the financial structure of Burlington Telecom. In February 2010, the Blue Ribbon Committee delivered its Report containing a series of recommendations to address the challenges facing Burlington Telecom. The Committee recommended that the first step is to retain a restructuring financial advisor.

Pursuant to this recommendation, in March 2010, the City retained Dorman & Fawcett of Quechee, Vermont to advise the City.

Under the terms of the Lease Purchase Agreement between the City and CitiCapital, the City was scheduled to make a rental payment on February 17, 2010. The City did not make that payment. Subsequently, CitiCapital requested that the Escrow Agent distribute funds from the Reserve Fund to cure the default by the City under the Lease Purchase Agreement.

MORAN PROJECT

The “Moran Center” is a public-private partnership involving the redevelopment of a defunct coal-fired electric generating plant on Burlington, Vermont’s waterfront. Built in 1954, decommissioned in 1986, the J.E. Moran plant has sat abandoned and blighted ever since. Nonetheless, the site has long been recognized for its redevelopment potential because of the building’s structural integrity and strategic location anchoring the north end of the downtown waterfront.

The building was then turned over to the City and, in 1993, the Public Service Board directed the City to repay Burlington Electric $375,000 for the property. The purchase of the property and payment to BED has been completed.

Over the past four years, the City has actively engaged the community to create a viable redevelopment plan. The “Moran Center” will clean-up a significant brownfield on the shores of Lake Champlain, redevelop a blighted industrial property, create new public amenities, provide educational and recreational opportunities for residents and visitors, and have a significant economic impact.

As currently planned (March 2010), the redeveloped site will have a mix of free and fee-based uses, including year-round public access to an observation deck over-looking the lake, public rest rooms, a rebuilt skate boarding park, an improved bike path and new public park space. The site will be managed by the Department of Parks and Recreation, and the renovated building will be leased to three prospective tenants, including:

- <u>Lake Champlain Community Sailing Center</u>. LCCSC is a well-established community based non-profit that will expand into a year-round operation in the renovated Moran building. LCSCS provides youth sailing camps, adult instruction, boat rentals, small boat storage and more, regardless of age, physical or financial ability.

- <u>Ice Factor</u>. This family adventure center will have the nation’s first indoor ice climbing wall, a first-rate rock climbing center, play area for small children, an aerial adventure course, and more. Ice factor will also operate a café and restaurant, as well as an outdoor seasonal ice skating rink.

- Lake Champlain Maritime Museum: LCMM is a long established and successful museum located in Vergennes, Vermont, dedicated to preserving and sharing the history of Lake Champlain. LCMM proposes to build a satellite site at Moran, called the "Shipwreck Center," which will include theater space and interactive exhibits – including recovered artifacts and full-sized replica vessels – focusing on the Lake's military, commercial and cultural history. LCMM also proposes to relocate the replica schooner Lois McClure and the Burlington Community and Youth Rowing project to Moran.

The Moran Project will create considerable short *and* long term economic benefits for the local and regional economies. These include 560+ temporary jobs, and an estimated $41.7 million multiplier effect from construction spending. The project will also create 60-80 permanent jobs, generate $2 million in gross receipts, and have an estimated $6 million annual economic impact. Importantly, this impact will be located where the jobs are needed most: in Burlington's HUD-designated Renewal Community, where the poverty rate is 31.4%, more than 2.4 times the national rate.

The project is being led by a development team coordinated by the Community and Economic Development Office (CEDO). CEDO has been successfully implementing complex community, housing and economic development projects and programs for the past twenty-five years. CEDO administers several HUD programs, including the Community Development Block Grant, HOME Investment Partnership, and Lead Hazard Reduction programs, and has a strong track record of successfully utilizing Section 108 loan funds. CEDO has always met timely expenditure standards, has no unresolved audit or monitoring findings, and has been recognized for several best practices.

In addition to the proposed HUD Section 108 Guaranteed Loan, CEDO has assembled various resources to finance the project including a $1 million HUD BEDI grant, several EPA grants, and local funds. The project is also being structured to benefit from Rehabilitation Investment Tax Credits (RITC) and New Markets Tax Credits (NMTC). The City is currently working with three NMTC allocatees: Coastal Enterprises Inc, Vermont Rural Ventures, and Massachusetts Housing Investment Corporation (we have also had discussions with National Development Council and Local Initiatives Support Corporation).

The Moran project enjoys wide community support: in March 2008, Burlington voters approved by a 2-1 margin an advisory referendum endorsing the proposal. It has been thoroughly vetted by the City Council's Board of Finance, the Parks Arts and Culture Committee, and by a citizen's advisory committee whose membership included local business leaders and residents from each of the City's wards.

C. Insurance Reserves

The City 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 manages these risks through a combination of commercial insurance packages purchased in the name of the Electric, Airport and School Departments, and through the City's risk management program.

On July 1, 1992, the City entered into an agreement with The Vermont League of Cities and Towns Property and Casualty Intermuncipal Fund (hereinafter VLCT) for the purpose of VLCT providing property, liability and worker's compensation coverage to replace its self-insured risks. The City terminated their agreement with VLCT effective December 31, 2006. VLCT is a risk pool set up for the benefit of members of the Vermont League of Cities and Towns. VLCT still provides all administration for any open claims incurred during the period of participation for the City. The administrator is responsible for approval, processing, and payment of claims, after which, VLCT bills the City based on the terms of the agreement.

The agreement with VLCT calls for contribution for the loss fund to be billed at 29.4% of paid losses up to a maximum of $312,500 for 1992 and $706,175 for 1993, at 25% of paid losses up to a maximum of $757,500 for 1994, at 20% of paid losses up to a maximum of $800,000 for 1995, at 18% of paid losses up to a maximum of $792,000 for 1996, at 14.86% of paid losses up to a maximum of $579,570 for 1997, at 18.6% of paid losses up to a maximum of $725,276 for 1998, at 19.01% of paid losses up to a maximum of $760,589 for 1999, at 20.47% of paid losses up to a maximum of $818,947 for 2000, at 21.82% of paid losses up to a maximum of $1,069,181 for 2001, at 21.28% of paid losses up to a maximum of $1,138,659 for 2002, at 16.44% of paid losses up to a maximum of $1,145,589 for 2003, at 13.86% of paid losses up to a maximum of $1,067,143 for 2004, at 14.90% of paid losses up to a maximum of $1,191,953 for 2005 and at 13.60% of paid losses up to a maximum of $1,223,910 for 2006. The City is also contingently liable for up to $60,000 in swing rate adjustments in fund year 1992. This agreement terminated December 31, 2006, however, the terms of the agreement are still in place until all claims and liabilities for these funds years have been closed.

On January 1, 2007 the City purchased commercial insurance to manage all their risks except for workers' compensation claims. The City is self-insuring worker's compensation claims up to $250,000 per occurrence and with a $2,204,000 aggregate limit for calendar year 2007, a $2,590,000 aggregate limit for calendar year 2008 and a $2,870,000 aggregate limit for calendar year 2009. The City has hired a third party administrator, the Travelers Indemnity Company, to process, pay and administer the claims after which they bill the City for reimbursement. The City has an irrevocable standby letter of credit with the Travelers Indemnity Company as beneficiary in the amount of $1,500,000 to secure the payment of claims.

The liability recorded at June 30, 2009 is based on the ultimate liability as determined by VLCT's and the City's actuaries. Claim liabilities are estimated based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The City self-insures for health insurance. The Plan is administered by a third party administrator that is responsible for approval, processing and payment of claims, after which they bill the City for reimbursement. The City has reinsurance for individual claims in excess of $130,000 and for aggregate stop loss of 125% of projected claims for the 2009 policy year. The School is a member of Vermont Educational Health Initiative (VEHI). VEHI is a nonprofit corporation formed to provide health insurance and wellness programs for Vermont school districts and is owned by the participating members. The agreement does not permit VEHI to make additional assessments to its members.

The City also self-insures for dental insurance. This plan is administered by a third party administrator that is responsible for approval, processing and payment of claims, after which they bill the City for reimbursement. Each covered employee is guaranteed $1,500 of paid claims per year after which the employee must pick up any excess costs.

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

Type	**Allocation Method**
Worker's Compensation	Gross Payroll by W/C category and experience
Health & Dental	Premiums estimated by the third party administrator
Liability	Operating Budgets
Property	Insured Value of City Structures

At June 30, 2009, the City has recorded a liability of $225,263 included in accounts payable which represents reported health, dental, property, liability and worker's compensation claims incurred on or before June 30, 2009, but were not paid by the City as of that date. A reserve of $2,069,000 is included for claims incurred but not reported. This consists of $1,675,000 for property, liability and workers' compensation claims, $376,000 for health claims and $18,000 for dental claims. $192,693 of this reserve is carried in the General Fund as it is funded by a working fund deposit. This amount was determined by the third party administrators as described above for property, liability and workers' compensation and based on subsequent claims with a completion factor for health and dental.

Settled claims resulting from insured risks have not exceeded coverage in the past three fiscal years.

The City has elected to pay actual unemployment claims instead of enrolling in an unemployment insurance program. No liabilities have been accrued as the City is not able to make an estimate as to any future costs. The City and School paid $112,377 and $58,112, respectively, in unemployment claims during fiscal year 2009.

D. Bonds/Debt Issued

1. On February 24, 2009, the City issued a $5,000,000 General Obligation Bond Anticipation Note for the purpose of financing various capital improvements and for working capital for the General Fund, School Fund and Electric Fund.

2. On April 20, 2009 the Electric Department through the City issued $21,000,000 Series A and B General Obligation Bonds for the purpose of improvements to the transmission and distribution system and to purchase equity in Vermont Transco, LLC.

3. At various points during the year, the City issued and repaid $56,500,000 of tax and revenue anticipation notes.

4. On October 23, 2008, the City entered into a Capital lease with Sun Trust leasing for $1,500,000 for the purpose of financing capital purchases.

5. On July 2, 2008, the School District entered into a capital lease with Ford Credit for $40,917 for the purpose of financing a vehicle.

6. Also during 2009, $70,110 of prior year capital lease proceeds were assigned to the Wastewater Fund from the General Fund.

7. In February, 2009, the City's CEDO Fund borrowed $800,000 from the HUD Section 108 program for the purpose of issuing a loan to Champlain Housing Trust.

E. Related Party Transactions

Burlington Community Development Corporation (BCDC) is a related non-profit corporation that was organized to carry out the industrial and economic development of the City of Burlington. The Board of Directors of the Corporation must all be members of the City of Burlington's Board of Finance. The City's Treasurer's Office prepares all accounting data for BCDC. BCDC also owns two (2) buildings on Airport property. BCDC owes the Airport $1,239,572 as of June 30, 2009 for financing of the recently constructed Aviation Support Hanger. BCDC also owes a City Capital Project Fund $810,000 for financing of its share of the new Westlake Parking Garage until permanent financing can be obtained. Furthermore, BCDC pools its cash with the City. As of June 30, 2009, BCDC had excess withdrawals of cash and therefore owed the General Fund $78,147.

The City of Burlington Art's Department head is also the Executive Director of the Burlington City Arts Foundation, Inc. The Foundation has been the main funding source for the Firehouse Center Capital Project. As of June 30, 2009, the Burlington City Arts Foundation, Inc. owed the City Capital Project Funds $195,473 and the City's CEDO Fund $203,000 for capital expenditures on the Firehouse Center Project. The $203,000 owed to CEDO is recorded as a note receivable. $100,000 of this note receivable was repaid in 2009. The balance of the note and the deficit in the Capital Projects Fund was funded via a transfer by the City's General Fund.

F. Lease Revenue

The Airport leases office, operating and ground space to various airport related businesses, including airlines, car lease companies, a restaurant and gift shop and governmental agencies, among others. The lease rates vary and are computed based upon square footage, percentages of gross revenues and combinations of the two. The leases expire at varying dates through 2013.

Lease revenue for the year ended June 30, 2009 was approximately $5,936,000 which includes contingent rentals approximating $2,325,000. Minimum future lease revenue estimated to be received in each of the next five years under these agreements are as follows:

Year ending June 30,

2010	$6,025,000
2011	$6,115,000
2012	$6,206,000
2013	$6,299,000
2014	$6,393,000

The Electric Department has entered into an agreement with Winooski One Partnership to lease land from the Department. The Department receives $70,000 annually from this lease.

G. Defined Benefit Pension Plan and Other Benefits

CITY OF BURLINGTON

Plan Description

The City maintains a single employer defined benefit pension plan covering substantially all of its employees except elective officials, other than the mayor, and the majority of the public school teachers, who are eligible for the Vermont State Teacher's Retirement System. The plan is broken down into Class A participants and Class B participants. Class A participants are composed of firemen and policemen. Class B participants include all other covered City employees. The payroll for Class A and B employees covered by the system for the year ended June 30, 2009 was $9,077,271 and $31,076,149 respectively. The City's total payroll, except for school teachers, was $51,302,549.

Class A participants vest 20 percent after three years of creditable service, and 20 percent for each year thereafter until they are 100 percent vested after 7 years of creditable service. The normal benefit is payable commencing at age 55 or with 25 years of service. Class A participants who retire at or after age 55 with 7 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2.75 percent of their average final compensation (AFC) during the highest three non-overlapping twelve-month periods (five (5) years for certain non-union police employees) times creditable service not in excess of 25 years plus .5 percent of the AFC times years of creditable service between 25 and 35 years, prior to age 60 and a yearly COLA based on CPI. Class A retirees could alternatively elect to choose an accrual rate of 3.25% and one half the yearly COLA, or an accrual rate of 3.8% (3.6% for service from July, 2006 forward) and no COLA. The half and no COLA options have been eliminated for new policemen hired after July 1, 2006 and new firemen hired after January 1, 2007. Also, these new hires have a 2.65 percent accrual rate only. Employees may retire prior to age 55 and receive reduced retirement benefits. Class A employees have unreduced benefits after 25 years of service, regardless of age.

Class A participants contribute 10.8 percent of earnable compensation for the first 35 years of creditable service and then none thereafter. Class A employees do not contribute to the social security retirement system.

All eligible City Class B employees vest 20 percent after three years of creditable service, and 20 percent for each year thereafter until they are 100 percent vested after 7 years of creditable service. Class B participants who retire at or after age 65 are entitled to a retirement benefit, payable monthly for life, equal to 1.60 percent of AFC (at age 65) during the highest three non-overlapping twelve-month periods times creditable service at age 65 not in excess of 25 years plus .5 percent of AFC times creditable service at age 65 in excess of 25 years and a yearly COLA based on the CPI. Class B retirees could alternatively elect to choose an accrual rate of 1.9% for service up to June 30, 2006 and 1.8% thereafter and one half the yearly COLA, or an accrual rate of 2.2% for service up to June 30, 2006 and 2.0% thereafter and no COLA. The half and no COLA options have been eliminated for new hires after January 1, 2006 and they are only entitled to a 1.4% accrual rate. Employees may retire prior to age 65 and receive reduced retirement benefits. Creditable service or an actuarial increase is used after age 65. Class B participants contribute 3% of earnable compensation until they reach 35 years of creditable service and none thereafter.

The system also provides accidental and line of duty death benefits for Class A participants, and disability and survivor income benefits for both Class A and Class B participants. The benefits are changed by negotiation and by the Retirement Board with budgetary approval by the City Council.

There are 164 active members and 130 retirees and beneficiaries in Class A and 624 active members and 300 retirees and beneficiaries in Class B. Additionally, there are 364 former Class A and Class B employees with vested rights.

Actuarially Determined Contribution Requirements and Contribution Made

It is the policy of the City of Burlington to fund, by actuarially determined periodic contributions, the normal cost of the Plan plus a provision for amortization of past service cost over a thirty (30) year period from date of establishment. The contribution rate for normal cost is determined using the projected unit credit cost method with costs allocated based on earnings of plan members. For 2005, the City did not fund the total annual required contribution creating a net pension obligation of $1,596,290. For 2006, the City did not fund the total annual required contribution creating a current year net pension obligation of $756,403. In 2007, the City contributed more than the annual required contribution by $471,643. The City funded ninety-nine percent (99%) of the annual required contribution in 2008. The cumulative net pension obligation for the City is $1,873,565 which is being amortized over thirty (30) years with interest at eight percent (8%).

The system uses the level percentage of payroll method to amortize the unfunded accrued liability over a thirty (30) year period from date of establishment. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are as follows:

Valuation Method	Five year expected average market value method
Actuarial Cost Method	Projected unit credit cost
Interest rate	8%
Salary increases	Range of 8.8% at age 25 to 3.89% at age 69
Inflation rate	3 Percent

The total annual required contribution (ARC) to the system for 2009 was $5,767,773 which was computed through an actuarial valuation performed as of June 30, 2007. All funds, contributed approximately 9.68% percent of current covered payroll. The Electric Department also pays additional amounts based on exposure and past service. Class A and B employees contributed $1,833,356 (10.8% and 3% percent respectively of current covered payroll). The total required system contributions include past service cost amortization of the unfunded past service cost of $2,694,687.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess/ (Deficiency) of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess/ (Deficiency) as a Percentage of Covered Payroll (a-b/c)
6/30/2004	107,648,941	117,669,439	(10,020,498)	91.48%	29,369,106	-34.12%
6/30/2005	105,424,671	129,033,794	(23,609,123)	81.70%	30,575,851	-77.21%
6/30/2006	108,343,798	140,615,645	(32,271,847)	77.05%	30,954,711	-104.26%
6/30/2007	119,785,835	150,002,528	(30,216,693)	79.86%	34,256,676	-88.21%
6/30/2008	129,101,729	156,313,830	(27,212,101)	82.59%	36,751,722	-74.04%

SCHEDULE OF EMPLOYER CONTRIBUTION

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/2005	4,563,111	2,966,821	65%
6/30/2006	4,688,149	3,931,746	84%
6/30/2007	5,279,934	5,751,577	109%
6/30/2008	6,044,832	5,999,870	99%
6/30/2009	5,767,773	5,875,315	102%

SCHEDULE OF ANNUAL PENSION COST

	2009	2008	2007
Annual Required Contribution (ARC)	5,767,773	6,044,832	5,279,934
Interest on NPO	160,857	158,949	187,088
Adjustment to ARC	(190,457)	(180,061)	(208,985)
Annual Pension Cost (APC)	5,738,173	6,023,720	5,258,037
Employer Contributions Made	(5,875,315)	(5,999,870)	(5,751,577)
Increase/(Decrease) in NPO	(137,142)	23,850	(493,540)
NPO - Beginning of Year	2,010,707	1,986,857	2,480,397
NPO - End of Year	1,873,565	2,010,707	1,986,857
Percentage of APC Contributed	102.40%	99.60%	109.39%

SCHOOL DEPARTMENT PENSION

All School Department employees with proof of certification are eligible for participation in the Vermont State Teacher's Retirement System, at either the Class A or Class C level. The system is funded 100 percent by the State of Vermont. Employees participating in the Class A level contribute 5.5 percent and Class C employees contribute 3.54 percent of the total gross wages through a payroll deduction plan. The School has no liability to the system. The premise of this plan is to provide a retirement plan covering teachers at a uniform state-wide contribution rate based upon an actuarial valuation of all State of Vermont teachers. Activity in these plans is done in the aggregate, not by school district. Due to the nature of these plans, net assets available for benefits as well as present value of vested and non-vested plan benefits by district are not determinable.

The State makes retirement contributions of approximately 6.02% of all eligible covered salaries on-behalf of the School District. The Schools' total payroll was $36,673,265, while its eligible covered payroll was $25,308,241 resulting in an estimated $1,523,556 of on-behalf payments. This amount is included as a Revenue and an Expense. Additional information regarding the Vermont State Teacher’s Retirement system can be obtained from the State of Vermont.

DEFERRED COMPENSATION

The City's also offers its employees two deferred compensation plans in accordance with Internal Revenue Code Section 457 through the International City/County Management Association's (ICMA) Retirement Corporation and Nationwide Retirement Solutions. The plans permit employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, or death. The City has no liability for losses under the plans, but does have the duty of due care that would be required of an ordinary prudent inventor.

POST EMPLOYMENT HEALTH BENEFITS

Beginning in fiscal year 2008, the City was required to implement Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) including health care, life insurance, and other non-pension benefits offered to retirees. This new standard addresses how the City should account for and report its costs related to post-employment health care and other non-pension benefits, such as the City's implicit subsidy of retiree health insurance and the School Department's direct subsidy of retiree health insurance. Historically, the City's subsidy was reported on a pay-as-you-go basis. GASB Statement No. 45 requires that the City recognize the cost of the retiree health subsidy during the period of employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the City. The City has adopted this standard prospectively.

Plan Descriptions

The City's School Department pays for half of the cost of health benefits to retired educators with 15 years of service until they reach the age of 62. The School Department also pays for half of the cost of health benefits for administrative assistants who have 15 years of service with the Department and have reached the age of 55. There are 477 active members and 49 retirees and beneficiaries.

In addition, the City allows certain retired employees to purchase health insurance through the City at the City's group rates. GASB No. 45 recognizes this as an implied subsidy and requires accrual of this liability. At June 30, 2008, the City had approved charging their retirees an age adjusted premium. Therefore, the City did not accrue a liability at that time. During the current year, the City determined it would not charge an age adjusted premium, and, therefore has accrued a liability retroactively back to 2008.

Funding Policy

The City funds the benefits on a pay-as-you-go basis.

Annual OPEB cost and Net OPEB Obligation

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC The City has elected not to pre-fund OPEB liabilities. The City is required to record the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on a ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year.

	City Plan	School District Plan
Annual Required Contribution	$ 304,548	$ 383,312
Interest on Net OPEB Obligation	11,500	13,200
Adjustment to Annual Required Contribution	(10,000)	(13,200)
Annual OPEB Cost	306,048	383,312
Contributions Made	(2,500)	(23,052)
Increase in Net OPEB Obligation	303,548	360,260
Net OPEB Obligation - Beginning of Year	287,452	331,344
Net OPEB Obligation - End of Year	$ 591,000	$ 691,604

Trend Information:

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans and the net OPEB obligation for the year ended June 30, 2009 were as follows:

	Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
City Plan	06/30/2008	$ 303,548	.9 %	$ 287,452
	06/30/2009	306,048	.9 %	591,000
School District Plan	06/30/2008	362,506	8.6 %	331,344
	06/30/2009	383,312	6.0 %	691,604

Funded Status and Funding Progress:

As of June 30, 2009 the most recent actuarial valuation date for the City plan, the plan was 0% funded. The actuarial accrued liability for benefits was $3,593,453, and the actuarial value of assets was $0. resulting in an unfunded actuarial accrued liability (UAAL) of $3,593,453. For the fiscal year ended June 30, 2009, the covered payroll (annual payroll of active employees covered by the plan) was $33,073,193 and the ratio of the UAAL to the covered payroll was 10.9%.

As of June 30, 2008, the most recent actuarial valuation date for the School District plan, the plan was 0% funded. The actuarial accrued liability for benefits was $3,891,509, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $3,891,509. For the fiscal year ended June 30, 2008, the covered payroll (annual payroll of active employees covered by the plan) was $24,762,727 and the ratio of the UAAL to the covered payroll was 15.7%.

Actuarial valuation of an ongoing plan involve 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 employers are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, which is required supplementary information presents trend information that will show whether the actual value of plan asset is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 at that point. The actuarial 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.

In the June 30, 2009 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions include a 4.0 percent investment rate of return (net of investment expenses) and an annual healthcare cost trend rate of nine (9%) percent initially, reduced by decrements to an ultimate rate of 5.0 percent after nine years. A 30 year amortization period is being used. The remaining amortization period at June 30, 2009 was 28 years.

CITY PLAN
SCHEDULE OF FINDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Unfunded AAL (UAL)	Funded Ratio	Payroll	Unfunded AAL as % of Payroll
June 30, 2009	$ 0	$ 3,593,453	$ 3,593,453	0%	$ 33,073,193	10.9%

CITY PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	$ 290,000	0%
2009	$ 304,548	0%

SCHOOL DISTRICT PLAN
SCHEDULE OF FINDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAL)	Funded Ratio	Payroll	Unfunded AAL as % of Payroll
June 30, 2008	$ 0	$ 3,891,509	$ 3,891,509	0%	$ 24,767,727	15.7%

SCHOOL DISTRICT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	$ 362,506	0%
2009	$ 383,312	0%

H. Subsequent Events

1. On July 1, 2009, the School Department issued a $7,000,000 tax anticipation note payable to TD Bank. The note was repaid September 30, 2009.

2. On July 10, 2009 the Electric Department issued a $4,000,000 revenue anticipation note payable to TD Bank. The note is due June 30, 2010.

3. On July 10, 2009, the Wastewater Department issued a $1,000,000 revenue anticipation note payable to TD Bank. The note is due June 30, 2010.

4. On July 10, 2009, the Water Department issued a $1,000,000 revenue anticipation note payable to TD Bank. The note is due June 30, 2010.

5. On August 7, 2009, the City issued an $11,500,000 tax anticipation note payable to TD Bank. The note is due June 30, 2010.

6. On August 6, 2009, the City entered into a capital lease agreement with Municipal Leasing Consultants, LLC for $1,500,000. The proceeds were used to finance fiscal year 2009 capital purchases.

7. On August 18, 2009, the City issued $19,985,000 of General Obligation Bonds, Series C and $4,615,000 Series D, for the purpose of financing various capital improvements and for working capital for the General Fund ($1,000,000), School Fund ($2,000,000), and Electric Fund ($16,600,000). $5,000,000 of these proceeds was used to pay off a Bond Anticipation Note taken out on February 24, 2009.

8. Subsequent to year end, the City received approval of an application to impose and expend passenger facility charge (PFC) revenue. The impact of this approval is to reclassify $5,753,326 of restricted net assets to unrestricted net assets in the Airport Fund and the Business-type activities in the Government-wide Statements of Net Assets.

I. Operating Leases

The General Fund has operating leases for office space and land rent which end at various dates. Future minimum lease payments are as follows:

Year Ended		
2010	$	145,203
2011		119,679
2012		90,363
	$	355,245

The Traffic Fund of the City also leases property used as a park and ride for approximately $41,000 per year. This lease is month to month and can be cancelled with 60 days notice. The City also leases office space for the Marketplace Fund for $12,000 per year which is an annual lease.

J. Segment Information

The City issued a revenue bond to finance its water system upgrade. Investors in the bond rely solely on the revenue generated by the Water Fund for repayment. Summary financial information for the Water Fund is presented below.

CONDENSED STATEMENT OF NET ASSETS

Assets:		
Current Assets	$	1,024,117
Restricted Assets - Current		1,267,678
Restricted Assets - Non-Current		110,005
Other Non-Current Assets		58,802
Capital Assets		13,216,494
Total Assets		15,677,096
Liabilities:		
Current Liabilities		2,581,189
Noncurrent Liabilities		3,892,397
Total Liabilities		6,473,586
Net Assets:	$	9,203,510

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Water Charges (Pledged Against Bonds)	$	4,710,463
Operating Expenses		(3,718,135)
Depreciation Expense		(750,050)
Operating Income		242,278

Nonoperating Revenues/(Expenses):		
Investment Earnings	$	943
Interest Expense		(323,573)
Amortization of Bond Issue Costs		(19,601)
Total Nonoperating Revenues/(Expenses)		(342,231)
Change in Net Assets		(99,953)
Beginning Net Assets		9,303,463
Ending Net Assets	$	9,203,510

CONDENSED STATEMENT OF CASH FLOWS

Net Cash Provided by:		
Operating Activities	$	1,193,823
Noncapital Financing Activities		1,051,522
Capital and Related Financing Activities		(1,718,208)
Investing Activities		23,651
Net Increase in Cash		550,788
Beginning Cash and Cash Equivalents		(550,468)
Ending Cash and Cash Equivalents	$	320

CITY OF BURLINGTON, VERMONT
COMBINING BALANCE SHEET
SCHOOL FUND
JUNE 30, 2009

	General	Title I, II, III,IV,V Grants	Other Grant Special Revenue	Vocational Center	Other Special Revenue	Total
ASSETS						
Cash	$ 100	$ 0	$ 0	$ 0	$ 0	$ 100
Investments	0	0	0	0	23,073	23,073
Due from Other Funds	2,332,974	580,196	812,348	325,549	530,752	4,581,819
Receivables	174,566	0	239,009	0	0	413,575
Total Assets	$ 2,507,640	$ 580,196	$ 1,051,357	$ 325,549	$ 553,825	$ 5,018,567
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts Payable	$ 435,306	$ 40,710	$ 136,940	$ 4,778	$ 66,223	$ 683,957
Accrued Payroll and Benefits	3,591,056	418,125	307,078	201,893	2,655	4,520,807
Deferred Revenue	30,000	121,361	607,339	118,878	0	877,578
Total Liabilities	4,056,362	580,196	1,051,357	325,549	68,878	6,082,342
Fund Balance/(Deficit):						
Reserved for:						
Other Purposes	0	0	0	0	484,947	484,947
Unreserved:						
Undesignated	(1,548,722)	0	0	0	0	(1,548,722)
Total Fund Balance/(Deficit)	(1,548,722)	0	0	0	484,947	(1,063,775)
Total Liabilities and Fund Balance	$ 2,507,640	$ 580,196	$ 1,051,357	$ 325,549	$ 553,825	$ 5,018,567

CITY OF BURLINGTON, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
SCHOOL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	General	Title I, II, III, IV, V Grants	Other Grant Special Revenue	Vocational Center	Other Special Revenue	Total
Revenues:						
Payments in Lieu of Taxes	$ 1,161,788	$ 0	$ 0	$ 0	$ 0	$ 1,161,788
Intergovernmental	44,193,483	3,983,411	3,764,834	1,844,083	180,623	53,966,434
Charges for Services	316,340	0	215,229	359,892	332,499	1,223,960
Other	550,558	0	0	0	456,576	1,007,134
Investment Income/(Loss)	(126)	0	0	0	0	(126)
Total Revenues	46,222,043	3,983,411	3,980,063	2,203,975	969,698	57,359,190
Expenditures:						
Education	44,596,537	3,983,411	4,818,555	2,572,371	974,848	56,945,722
Debt Service:						
Bond and Note Principal Retirement	760,519	0	0	12,735	0	773,254
Lease Principal Retirement	40,950	0	0	0	0	40,950
Interest Charges	341,357	0	0	1,601	0	342,958
Total Expenditures	45,739,363	3,983,411	4,818,555	2,586,707	974,848	58,102,884
Excess/(Deficiency) of Revenues Over Expenditures	482,680	0	(838,492)	(382,732)	(5,150)	(743,694)
Other Financing Sources/(Uses):						
Transfer In	15,000	0	923,281	397,732	0	1,336,013
Transfer Out	(1,321,013)	0	0	(15,000)	0	(1,336,013)
Proceeds of Long-Term Debt	40,917	0	0	0	0	40,917
Total Other Financing Sources/(Uses)	(1,265,096)	0	923,281	382,732	0	40,917
Net Change in Fund Balance	(782,416)	0	84,789	0	(5,150)	(702,777)
Fund Balance/(Deficit) - July 1, 2008	(766,306)	0	(84,789)	0	490,097	(360,998)
Fund Balance/(Deficit) - June 30, 2009	$ (1,548,722)	$ 0	$ 0	$ 0	$ 484,947	$ (1,063,775)

Schedule 3

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
ASSETS				
Cash	$ 532,021	$ 139,354	$ 14,686	$ 686,061
Investments	0	2,159	108,387	110,546
Receivables (Net of Allowance for Doubtful Accounts)	954,601	3,946,175	0	4,900,776
Due from Other Funds	765,059	3,175	953,663	1,721,897
Loans Receivable	3,380,288	0	0	3,380,288
Accrued Interest Receivable	641,089	0	412	641,501
Inventories	165,460	0	0	165,460
Prepaid Expenses	660	22,750	0	23,410
Due From Component Unit	0	810,000	0	810,000
Land Held for Resale	549,352	0	0	549,352
Total Assets	$ 6,988,530	$ 4,923,613	$ 1,077,148	$ 12,989,291
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and Contracts Payable	$ 465,061	$ 1,100,339	$ 0	$ 1,565,400
Accrued Liabilities	94,493	0	0	94,493
Due to Other Funds	998,803	4,709,784	0	5,708,587
Interfund Loan Payable	0	19,868	0	19,868
Deferred Revenue	5,204,844	3,376,090	0	8,580,934
Total Liabilities	6,763,201	9,206,081	0	15,969,282
Fund Balances/(Deficit):				
Reserved for:				
Inventory and Prepaid Expenses	166,120	22,750	0	188,870
Reserved for Restricted Purposes	491,946	21,657	1,077,148	1,590,751
Unreserved	(432,737)	(4,326,875)	0	(4,759,612)
Total Fund Balances/(Deficit)	225,329	(4,282,468)	1,077,148	(2,979,991)
Total Liabilities and Fund Balances	$ 6,988,530	$ 4,923,613	$ 1,077,148	$ 12,989,291

Schedule 4

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

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
REVENUES:				
Taxes	$ 1,369,839	$ 0	$ 0	$ 1,369,839
Intergovernmental	3,027,309	2,081,861	0	5,109,170
Charges for Services	4,465,518	0	0	4,465,518
Licenses and Permits	763,407	0	0	763,407
Loan Repayments	280,222	0	0	280,222
Interest	32,287	403	11,976	44,666
Other Revenues	189,892	47,224	36,874	273,990
Total Revenues	10,128,474	2,129,488	48,850	12,306,812
EXPENDITURES:				
Current expenditures				
Public works	4,755,512	124,471	0	4,879,983
Community Development	5,142,762	679,722	0	5,822,484
Education	0	11,310	0	11,310
Capital Outlay	25,000	5,281,302	0	5,306,302
Debt service expenditures				
Bond and Note Principal	932,378	20,782	0	953,160
Lease Principal	103,301	0	0	103,301
Interest	566,094	6,989	0	573,083
Bond Issue Costs	0	2,204	0	2,204
Total Expenditures	11,525,047	6,126,780	0	17,651,827
Excess/(Deficiency) of Revenues Over Expenditures	(1,396,573)	(3,997,292)	48,850	(5,345,015)
OTHER FINANCING SOURCES/(USES):				
Proceeds of Long-term Debt	800,000	2,051,211	0	2,851,211
Net Premium on Debt	0	3,728	0	3,728
Transfers in	907,457	959,566	0	1,867,023
Transfers out	(167,292)	0	(11,771)	(179,063)
Total Other Financing Sources/(Uses)	1,540,165	3,014,505	(11,771)	4,542,899
Net Change in Fund Balances	143,592	(982,787)	37,079	(802,116)
Fund Balances/(Deficit) - July 1, 2008	81,737	(3,299,681)	1,040,069	(2,177,875)
Fund Balances/(Deficit) - June 30, 2009	$ 225,329	$ (4,282,468)	$ 1,077,148	$ (2,979,991)

CITY OF BURLINGTON, VERMONT
COMBINING BALANCE SHEET
CITY SPECIAL REVENUE FUNDS
JUNE 30, 2009

	Traffic Commission Fund	Community and Economic Development Fund	Housing Trust Fund	Tax Increment Financing Fund	Storm Water Fund	Church Street Marketplace Fund	Mary E. Wadell Fund	Total
ASSETS								
Cash	$ 54,957	$ 476,614	$ 0	$ 0	$ 0	$ 450	$ 0	$ 532,021
Receivables (Net of								
Allowance for							0	
Doubtful Accounts)	27,516	840,233	0	0	63,164	23,688	0	954,601
Due from Other Funds	504,948	0	208,934	0	0	37,393	13,784	765,059
Loans Receivable	0	3,380,288	0	0	0	0	0	3,380,288
Interest Receivable	0	641,089	0	0	0	0	0	641,089
Land Held For Resale	0	549,352	0	0	0	0	0	549,352
Inventories	165,460		0	0	0	0	0	165,460
Prepaid Expense	50	175	0	0	300	135	0	660
Total Assets	$ 752,931	$ 5,887,751	$ 208,934	$ 0	$ 63,464	$ 61,666	$ 13,784	$ 6,988,530
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and Contracts Payable	$ 51,741	$ 331,951	$ 61,500	$ 0	$ 9,435	$ 10,434	$ 0	$ 465,061
Accrued Liabilities	45,834	35,469	4,735	0	0	8,455	0	94,493
Due to Other Funds	8,472	926,916	0	33,268	28,818	1,329	0	998,803
Deferred Revenue	3,212	5,148,848	0	0	0	52,784	0	5,204,844
Total Liabilities	109,259	6,443,184	66,235	33,268	38,253	73,002	0	6,763,201
Fund Balances/(Deficit):								
Reserved for:								
Inventory and Prepaid Expenses	165,510	175	0	0	300	135	0	166,120
Reserved for Restricted Purposes	478,162	0	0	0	0	0	13,784	491,946
Unreserved	0	(555,608)	142,699	(33,268)	24,911	(11,471)	0	(432,737)
Total Fund Balances/(Deficit)	643,672	(555,433)	142,699	(33,268)	25,211	(11,336)	13,784	225,329
Total Liabilities and Fund Balances	$ 752,931	$ 5,887,751	$ 208,934	$ 0	$ 63,464	$ 61,666	$ 13,784	$ 6,988,530

CITY OF BURLINGTON, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CITY SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Traffic Commission Fund	Community and Economic Development Fund	Housing Trust Fund	Tax Increment Financing Fund	Storm Water Fund	Church Street Marketplace Fund	Mary E. Wadell Fund	Total
Revenues:								
Property Taxes	$ 0	$ 0	$ 0	$ 1,369,839	$ 0	$ 0	$ 0	$ 1,369,839
Intergovernmental	0	3,027,309	0	0	0	0	0	3,027,309
Charges for Services	4,116,878	230,087	0	0	98,067	20,486	0	4,465,518
Licenses and Permits	0	0	55,100	0	0	708,307	0	763,407
Loan Repayments	0	280,222	0	0	0	0	0	280,222
Interest Income	3,512	27,934	0	0	0	737	104	32,287
Other Revenues	0	118,517	0	0	0	71,375	0	189,892
Total Revenues	4,120,390	3,684,069	55,100	1,369,839	98,067	800,905	104	10,128,474
Expenditures:								
Current:								
Public Works	3,927,044	0	0	0	72,856	755,612	0	4,755,512
Community Development	0	5,000,707	142,055	0	0	0	0	5,142,762
Capital Outlay	0	25,000	0	0	0	0	0	25,000
Debt Service:								
Bond and Note Principal Retirement	0	100,000	0	832,378	0	0	0	932,378
Lease Principal Retirement	90,873	3,673	0	0	0	8,755	0	103,301
Interest Charges	21,726	9,992	0	533,304	0	1,072	0	566,094
Total Expenditures	4,039,643	5,139,372	142,055	1,365,682	72,856	765,439	0	11,525,047
Excess/(Deficiency) of Revenue Over Expenditures	80,747	(1,455,303)	(86,955)	4,157	25,211	35,466	104	(1,396,573)
Other Financing Sources/(Uses):								
Proceeds of Long-Term Debt	0	800,000	0	0	0	0	0	800,000
Transfers In	345,216	362,869	187,527	0	0	11,845	0	907,457
Transfers Out	(156,164)	(5,627)	0	0	0	(5,501)	0	(167,292)
Total Other Financing Sources	189,052	1,157,242	187,527	0	0	6,344	0	1,540,165
Net Change in Fund Balance	269,799	(298,061)	100,572	4,157	25,211	41,810	104	143,592
Fund Balances/(Deficit) - July 1, 2008	373,873	(257,372)	42,127	(37,425)	0	(53,146)	13,680	81,737
Fund Balances/(Deficit) - June 30, 2009	$ 643,672	$ (555,433)	$ 142,699	$ (33,268)	$ 25,211	$ (11,336)	$ 13,784	$ 225,329

CITY OF BURLINGTON, VERMONT
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2009

	City Capital Projects						
	Southern Connector Fund	South End & Downtown Transit Centers Fund	Fuel Depot Fund	Street Improve-ment Projects Fund	Riverside Ave. & North Street Projects Fund	Moran Building & Heating Upgrades Fund	Downtown Planning & Burlington-Winooski Bridge Fund
ASSETS							
Cash	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Investments	0	0	0	0	0	0	0
Due from Other Funds	0	0	3,175	0	0	0	0
Due from Component Unit	0	0	0	0	0	0	0
Receivables	946,210	1,566	3,331	2,662,479	23,069	0	85,315
Prepaid Expenses	0	0	0	22,750	0	0	0
Total Assets	$ 946,210	$ 1,566	$ 6,506	$ 2,685,229	$ 23,069	$ 0	$ 85,315
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable	$ 88,975	$ 0	$ 0	$ 691,355	$ 25,000	$ 0	$ 84,508
Due to Other Funds	776,905	1,566	0	1,993,875	380,378	0	807
Interfund Loan Payable	0	0	0	0	0	19,868	0
Deferred Revenue	946,210	5,763	3,147	1,949,834	23,069	0	84,508
Total Liabilities	1,812,090	7,329	3,147	4,635,064	428,447	19,868	169,823
Fund Balance/(Deficit):							
Reserved for Restricted Purposes	0	0	0	22,750	0	0	0
Unreserved	(865,880)	(5,763)	3,359	(1,972,585)	(405,378)	(19,868)	(84,508)
Total Fund Balance/(Deficit)	(865,880)	(5,763)	3,359	(1,949,835)	(405,378)	(19,868)	(84,508)
Total Liabilities and Fund Balance	$ 946,210	$ 1,566	$ 6,506	$ 2,685,229	$ 23,069	$ 0	$ 85,315

							School Capital Projects	
	Engelsby Brook & Barge Canal Pond Fund	N. Winooski Streetscape & Battery St. Projects Fund	Firehouse Center Fund	Other Capital Projects Fund	2008/2009 Master Lease Purchase Fund	Lakeview and College St. Garages & Westlake Projects Fund	School Bond Capital Projects Fund	Total
	$ 139,354	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 139,354
	0	0	0	0	0	2,159	0	2,159
	0	0	0	0	0	0	0	3,175
	0	0	0	0	0	810,000	0	810,000
	0	51,567	0	172,638	0	0	0	3,946,175
	0	0	0	0	0	0	0	22,750
	$ 139,354	$ 51,567	$ 0	$ 172,638	$ 0	$ 812,159	$ 0	$ 4,923,613
	$ 0	$ 0	$ 0	$ 1,206	$ 0	$ 40,000	$ 169,295	$ 1,100,339
	0	51,567	0	149,775	522,626	782,715	49,570	4,709,784
	0	0	0	0	0	0	0	19,868
	139,354	51,567	0	172,638	0	0	0	3,376,090
	139,354	103,134	0	323,619	522,626	822,715	218,865	9,206,081
	0	0	0	21,657	0	0	0	44,407
	0	(51,567)	0	(172,638)	(522,626)	(10,556)	(218,865)	(4,326,875)
	0	(51,567)	0	(150,981)	(522,626)	(10,556)	(218,865)	(4,282,468)
	$ 139,354	$ 51,567	$ 0	$ 172,638	$ 0	$ 812,159	$ 0	$ 4,923,613

CITY OF BURLINGTON, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	City Capital Projects						
	Southern Connector Fund	South End & Downtown Transit Centers Fund	Fuel Depot Fund	Street Improve-ment Projects Fund	Riverside Ave. & North Street Projects Fund	Moran Building & Heating Upgrades Fund	Downtown Planning & Burlington - Winooski Bridge Fund
Revenues:							
Intergovernmental Revenue	$ 0	$ 87,532	$ 15,092	$ 760,216	$ 0	$ 0	$ 763,941
Investment Income	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	0	0
Total Revenues	0	87,532	15,092	760,216	0	0	763,941
Expenditures:							
Construction/Purchases	318,775	0	1,555	3,004,242	0	0	885,451
Engineering and Administrative Fees	0	10,602	1,465	0	906	0	0
Legal and Miscellaneous Expenses	840	374	3,934	4,107	0	0	0
Debt Service:							
Principal	0	0	0	0	20,782	0	0
Interest	0	0	0	0	121	1,806	0
Bond Issue Costs	0	0	0	0	0	0	0
Total Expenditures	319,615	10,976	6,954	3,008,349	21,809	1,806	885,451
Excess/(Deficiency) of Revenues Over Expenditures	(319,615)	76,556	8,138	(2,248,133)	(21,809)	(1,806)	(121,510)
Other Financing Sources:							
Proceeds of Long-Term Debt	0	0	0	0	0	0	0
Net Premium on Debt	0	0	0	0	0	0	0
Transfers In	6,554	3,085	4,644	554,669	21,809	34,855	40,418
Total Other Financing Sources	6,554	3,085	4,644	554,669	21,809	34,855	40,418
Net Changes in Fund Balance	(313,061)	79,641	12,782	(1,693,464)	0	33,049	(81,092)
Fund Balance/(Deficit) - - July 1, 2008	(552,819)	(85,404)	(9,423)	(256,371)	(405,378)	(52,917)	(3,416)
Fund Balance/(Deficit) - - June 30, 2009	$ (865,880)	$ (5,763)	$ 3,359	$ (1,949,835)	$ (405,378)	$ (19,868)	$ (84,508)

Engelsby Brook & Barge Canal Pond Fund	N. Winooski Streetscape & Battery St. Projects Fund	Firehouse Center Fund	Other Capital Projects Fund	2008/2009 Master Lease Purchase Fund	Lakeview and College St. Garages & Westlake Projects Fund	School Capital Projects: School Bond Capital Projects Fund	Total
$ 15,042	$ 168,886	$ 0	$ 0	$ 0	$ 0	$ 271,152	$ 2,081,861
0	0	0	0	0	403	0	403
0	0	0	13,540	33,684	0	0	47,224
15,042	168,886	0	13,540	33,684	403	271,152	2,129,488
0	83,607	0	195,590	507,358	23,166	883,827	5,903,571
15,330	0	0	53,076	0	0	81,622	163,001
0	2,076	400	1,138	15,269	2,095	0	30,233
0	0	0	0	0	0	0	20,782
0	0	5,062	0	0	0	0	6,989
0	0	0	0	0	0	2,204	2,204
15,330	85,683	5,462	249,804	522,627	25,261	967,653	6,126,780
(288)	83,203	(5,462)	(236,264)	(488,943)	(24,858)	(696,501)	(3,997,292)
0	0	0	0	1,301,211	0	750,000	2,051,211
0	0	0	0	0	0	3,728	3,728
33,996	21,001	200,935	37,600	0	0	0	959,566
33,996	21,001	200,935	37,600	1,301,211	0	753,728	3,014,505
33,708	104,204	195,473	(198,664)	812,268	(24,858)	57,227	(982,787)
(33,708)	(155,771)	(195,473)	47,683	(1,334,894)	14,302	(276,092)	(3,299,681)
$ 0	$ (51,567)	$ 0	$ (150,981)	$ (522,626)	$ (10,556)	$ (218,865)	$ (4,282,468)

CITY OF BURLINGTON, VERMONT
COMBINING SCHEDULE OF NET ASSETS
OTHER PROPRIETARY FUNDS
JUNE 30, 2009

	Water Fund	School Food Service Enterprise Fund	School Other Enterprise Funds	Total
ASSETS				
Current Assets:				
Cash	$ 320	$ 0	$ 0	$ 320
Restricted Investments	1,267,678	0	0	1,267,678
Receivables (Net of Allowance for Uncollectible Accounts)	477,134	190,829	0	667,963
Due from Other Funds	0	602,391	15,556	617,947
Unbilled Receivables	328,807	0	0	328,807
Inventory	217,606	8,229	0	225,835
Other Current Assets	250	0	0	250
Total Current Assets	2,291,795	801,449	15,556	3,108,800
Noncurrent Assets:				
Restricted Investments	110,005	0	0	110,005
Deferred Charges	58,802	0	0	58,802
Capital Assets				
Land	51,250	0	0	51,250
Vehicles, Machinery and Equipment	1,299,963	342,853	0	1,642,816
Transmission and Distribution Plant	34,113,987	0	0	34,113,987
Less Accumulated Depreciation	(22,248,706)	(251,347)	0	(22,500,053)
Total Noncurrent Assets	13,385,301	91,506	0	13,476,807
Total Assets	$ 15,677,096	$ 892,955	$ 15,556	$ 16,585,607
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 43,353	$ 424	$ 89	$ 43,866
Accrued Payroll and Benefits	27,614	0	0	27,614
Due to Other Funds	1,085,524	0	0	1,085,524
Deferred Revenue	82,394	0	0	82,394
Payable From Restricted Assets:				
Accrued Interest Payable	122,678	0	0	122,678
Revenue Bonds Payable - Current Portion	1,145,000	0	0	1,145,000
Capital Leases Payable - Current Portion	74,626	0	0	74,626
Total Current Liabilities	2,581,189	424	89	2,581,702
Noncurrent Liabilities:				
Accrued Compensated Absences Payable	139,768	0	0	139,768
Revenue Bonds Payable	3,660,652	0	0	3,660,652
Capital Leases Payable	91,977	0	0	91,977
Total Noncurrent Liabilities	3,892,397	0	0	3,892,397
Total Liabilities	6,473,586	424	89	6,474,099
NET ASSETS				
Investment in Capital Assets, Net of Related Debt	8,303,041	91,506	0	8,394,547
Restricted	1,255,005	0	0	1,255,005
Unrestricted	(354,536)	801,025	15,467	461,956
Total Net Assets	9,203,510	892,531	15,467	10,111,508
Total Liabilities and Net Assets	$ 15,677,096	$ 892,955	$ 15,556	$ 16,585,607

Schedule 10

CITY OF BURLINGTON, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
OTHER PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Water Fund	School Food Service Enterprise Fund	School Other Enterprise Funds	Total
OPERATING REVENUES:				
Charges for Services	$ 4,613,097	$ 2,199,336	$ 78,160	$ 6,890,593
Miscellaneous	97,366	0	0	97,366
Total Operating Revenues	4,710,463	2,199,336	78,160	6,987,959
OPERATING EXPENSES:				
Operating, Maintenance, and General and Administrative Expenses	3,495,215	2,106,070	76,434	5,677,719
Depreciation	750,050	19,194	0	769,244
Payments in Lieu of Taxes	222,920	0	0	222,920
Total Operating Expenses	4,468,185	2,125,264	76,434	6,669,883
Operating Income	242,278	74,072	1,726	318,076
NONOPERATING REVENUES (EXPENSES):				
Investment Income	943	0	0	943
Interest Expense	(323,573)	(1,002)	0	(324,575)
Amortization of Debt Issue Costs	(19,601)	0	0	(19,601)
Total Nonoperating Revenues (Expenses)	(342,231)	(1,002)	0	(343,233)
Change in Net Assets	(99,953)	73,070	1,726	(25,157)
Net Assets - July 1, 2008	9,303,463	819,461	13,741	10,136,665
Net Assets - June 30, 2009	$ 9,203,510	$ 892,531	$ 15,467	$ 10,111,508

CITY OF BURLINGTON, VERMONT
COMBINING SCHEDULE OF CASH FLOWS
OTHER PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Water Fund	School Food Service Enterprise Fund	School Other Enterprise Funds	Total
Cash Flows From Operating Activities:				
Receipts from Customers and Users	$ 4,706,808	$ 2,188,324	$ 78,160	$ 6,973,292
Receipts for Interfund Services	169,325	0	0	169,325
Payments to Suppliers	(1,264,132)	(1,296,222)	(76,345)	(2,636,699)
Payments for Wages and Benefits	(1,646,648)	(814,918)	0	(2,461,566)
Payments for Interfund Services	(548,610)	0	0	(548,610)
Payments in Lieu of Taxes	(222,920)	0	0	(222,920)
Net Cash Provided by Operating Activities	1,193,823	77,184	1,815	1,272,822
Cash Flows From Noncapital Financing Activities:				
Increase in Due (from)/To Other Funds	1,080,839	(602,391)	(15,556)	462,892
Interest Paid on Cash Deficit to General Fund	(29,317)	0	0	(29,317)
Cash Provided/(Used) by Noncapital Financing Activities	1,051,522	(602,391)	(15,556)	433,575
Cash Flows From Capital and Related Financing Activities:				
Proceeds of Capital Lease	86,242	0	0	86,242
Acquisition and Construction of Capital Assets	(326,736)	(8,710)	0	(335,446)
Principal Paid on:				
Revenue Bonds	(1,090,000)	0	0	(1,090,000)
Capital Lease Obligations	(108,748)	(14,734)	0	(123,482)
Interest Paid on :				
Revenue Bonds	(271,515)	0	0	(271,515)
Capital Lease Obligations	(7,451)	(1,002)	0	(8,453)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(1,718,208)	(24,446)	0	(1,742,654)
Cash Flows From Investing Activities:				
Net (Additions)/Reductions to Restricted Cash and Investments	21,155	0	0	21,155
Receipt of Interest & Dividends	2,496	0	0	2,496
Net Cash Provided by Investing Activities	23,651	0	0	23,651
Net Increase/(Decrease) in Cash	550,788	(549,653)	(13,741)	(12,606)
Cash - July 1, 2008	(550,468)	549,653	13,741	12,926
Cash - June 30, 2009	$ 320	$ 0	$ 0	$ 320
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	$ 242,278	$ 74,072	$ 1,726	$ 318,076
Depreciation	750,050	19,194	0	769,244
(Increase)/Decrease in Receivables	88,240	(11,012)	0	77,228
(Increase)/Decrease in Unbilled Revenues	13,467	0	0	13,467
(Increase)/Decrease in Inventory	9,814	(5,259)	0	4,555
Increase/(Decrease) in Accounts Payable	14,817	189	89	15,095
Increase/(Decrease) in Accrued Payroll And Benefits	3,737	0	0	3,737
Increase/(Decrease) in Deferred Revenue	63,963	0	0	63,963
Increase/(Decrease) in Other Operating Assets/Liabilities	7,457	0	0	7,457
Net Cash Provided by Operating Activities	$ 1,193,823	$ 77,184	$ 1,815	$ 1,272,822

CITY OF BURLINGTON, VERMONT
COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2009

	Cemetery Fund	Loomis Library Fund	Lolita Deming Estate Fund	School Land Rent Fund	WEZF 93 FM DARE Fund	Total
ASSETS						
Cash	$ 0	$ 0	$ 11,153	$ 3,533	$ 0	$ 14,686
Investments	100,000	0	0	8,387	0	108,387
Due from Other Funds	940,495	10,948	0	0	2,220	953,663
Accrued Interest Receivable	412	0	0	0	0	412
TOTAL ASSETS	$ 1,040,907	$ 10,948	$ 11,153	$ 11,920	$ 2,220	$ 1,077,148
LIABILITIES AND FUND BALANCE						
LIABILITIES:	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
FUND BALANCE:						
Reserved for Endowments	1,040,907	10,948	3,066	1,603	1,000	1,057,524
Reserved for Restricted Purposes	0	0	8,087	10,317	1,220	19,624
Total Fund Balance	1,040,907	10,948	11,153	11,920	2,220	1,077,148
TOTAL LIABILITIES AND FUND BALANCE	$ 1,040,907	$ 10,948	$ 11,153	$ 11,920	$ 2,220	$ 1,077,148

Schedule 13

CITY OF BURLINGTON, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Cemetery Fund	Loomis Library Fund	Lolita Deming Estate Fund	School Land Rent Fund	WEZF 93 FM DARE Fund	Total
REVENUES:						
Investment Income	$ 11,687	$ 84	$ 75	$ 113	$ 17	$ 11,976
Sale of Endowments	36,294	0	580	0	0	36,874
Total Revenues	47,981	84	655	113	17	48,850
EXPENDITURES:	0	0	0	0	0	0
Excess of Revenues Over Expenditures	47,981	84	655	113	17	48,850
OTHER FINANCING SOURCES/(USES):						
Transfers to Cemetery Department	(11,687)	0	0	0	0	(11,687)
Transfers to Library Department	0	(84)	0	0	0	(84)
Total Other Financing Sources/(Uses)	(11,687)	(84)	0	0	0	(11,771)
Net Change in Fund Balances	36,294	0	655	113	17	37,079
Fund Balances, July 1, 2008	1,004,613	10,948	10,498	11,807	2,203	1,040,069
Fund Balances, June 30, 2009	$ 1,040,907	$ 10,948	$ 11,153	$ 11,920	$ 2,220	$ 1,077,148

CITY OF BURLINGTON, VERMONT
COMBINING BALANCE SHEET
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2009

	Louisa Howard Fund	Walter Carpenter Fund	Raymond Tracy Estate Fund	Scholarship Trust Fund	Reed Estate Fund	Fireman's Relief Fund	Christmas Gift Fund	Total
ASSETS								
Cash	$ 27,865	$ 1,797	$ 0	$ 0	$ 0	$ 623	$ 1,607	$ 31,892
Investments	0	5,591	19,033	143,063	4,543	0	0	172,230
Total Assets	$ 27,865	$ 7,388	$ 19,033	$ 143,063	$ 4,543	$ 623	$ 1,607	$ 204,122
LIABILITIES AND NET ASSETS								
LIABILITIES:	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
NET ASSETS:								
Reserved for endowments	500	2,000	0	0	3,434	0	0	5,934
Reserved for restricted purposes	27,365	5,388	19,033	143,063	1,109	623	1,607	198,188
Total Net Assets	27,865	7,388	19,033	143,063	4,543	623	1,607	204,122
TOTAL LIABILITIES AND NET ASSETS	$ 27,865	$ 7,388	$ 19,033	$ 143,063	$ 4,543	$ 623	$ 1,607	$ 204,122

CITY OF BURLINGTON, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Louisa Howard Fund	Walter Carpenter Fund	Raymond Tracy Estate Fund	Scholarship Trust Fund	Reed Estate Fund	Fireman's Relief Fund	Christmas Gift Fund	Total
OPERATING REVENUES:								
Investment income	$ 187	$ 71	$ 492	$ 3,686	$ 67	$ 4	$ 11	$ 4,518
Total Operating Revenues	187	71	492	3,686	67	4	11	4,518
OPERATING EXPENSES:								
Education	0	0	0	8,923	0	0	0	8,923
Total Operating Expenses	0	0	0	8,923	0	0	0	8,923
Net Income/(Loss)	187	71	492	(5,237)	67	4	11	(4,405)
Net Assets - July 1, 2008	27,678	7,317	18,541	148,300	4,476	619	1,596	208,527
Net Assets - June 30, 2009	$ 27,865	$ 7,388	$ 19,033	$ 143,063	$ 4,543	$ 623	$ 1,607	$ 204,122