CITY OF BURLINGTON, VERMONT

Annual Financial Statements

For the Year Ended June 30, 2014

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Burlington, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund (except the Burlington School District and the Burlington Electric Enterprise Fund), and the aggregate remaining fund information of the City of Burlington, Vermont (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Burlington Electric Enterprise Fund, a major enterprise fund, which represents 40 percent and 61 percent, respectively, of the assets and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Burlington Electric Enterprise Fund and its effects on the business-type activities, is based solely on the report of the other auditors. Also, we did not audit the financial statements of the Burlington School District, including a major governmental fund and various non-major governmental, enterprise and fiduciary funds. The Burlington School District represents 25 percent and 53 percent, respectively, of the assets and revenues of the governmental activities, and 1 percent and 3 percent, respectively, of the assets and revenues of the business-type activities and 2 percent and 18 percent, respectively, of the assets and revenues of the aggregate remaining fund information. The financial statements of Burlington

Electric Department and Burlington School District were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for those Departments and its effects on the governmental activities, business-type activities, and the aggregate remaining fund information is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Burlington Electric Department, a major proprietary fund, were not audited in accordance with Government Auditing Standards.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the City, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Tax Increment Financing District Schedule of Indebtedness is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 12, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Melanson Heath

February 12, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Burlington, we offer readers this narrative overview and analysis of the financial activities of the City of Burlington for the fiscal year ended June 30, 2014. **Unless otherwise noted, all amounts are expressed in thousands.**

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to 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 our finances in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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 that are principally 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 include general government, public safety, education, public works, culture and recreation, and community development. The business-type activities include the operation of the Airport, Electric, Water, and Wastewater Utilities, Telecommunications (including cable television, internet access, and telephone service) and the food services operation administered by the School Department.

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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds 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 measurable and 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.

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. Proprietary funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Specifically, enterprise funds are used to account for Airport, Electric, Telecom, Wastewater, Water, and School Food Service.

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airport, Electric, Telecom and Wastewater all of which are considered to be major funds.

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 financial 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.

Notes to 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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets exceeded liabilities by $331,882 (i.e., net position), a change of $16,693 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of $14,218, a change of $(9,585) in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $72, a change of $2,251 in comparison to the prior year.

- Total long-term liabilities at the close of the current fiscal year were $219,057, a change of $(3,368) in comparison to the prior year.
- Total net position of the component unit of the City, the Burlington Community Development Corporation, amounted to $1,093, a decrease of $(1,234) for the year.
- The nonspendable portion of the governmental funds balance was $3,958, which consists of inventories, prepaid assets, and permanent funds, as well as general fund advances to other funds not expected to be repaid within a short period of time. $8,956 is restricted for specific purposes. In addition, $4,301 is committed for purposes funded by dedicated revenue. This leaves the City with an unassigned fund balance of $(2,997). The majority of this deficit is attributable to deficits in non-major (primarily capital projects) governmental funds.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

NET POSITION (000'S)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 36,837	$ 49,068	$ 102,751	$ 79,474	$ 139,588	$ 128,542
Capital assets	166,462	166,077	277,925	270,278	444,387	436,355
Deferred outflow	-	-	6	-	6	-
Total assets and deferred outflows	203,299	215,145	380,682	349,752	583,981	564,897
Long-term liabilities outstanding	77,391	77,376	141,666	145,534	219,057	222,910
Other liabilities	11,540	14,633	21,502	12,165	33,042	26,798
Total liabilities	88,931	92,009	163,168	157,699	252,099	249,708
Net position:						
Net investment in capital assets	104,389	101,992	156,804	149,806	261,193	251,798
Restricted	15,286	13,949	32,018	31,999	47,304	45,948
Unrestricted	(5,307)	7,195	28,692	10,248	23,385	17,443
Total net position	$ 114,368	$ 123,136	$ 217,514	$ 192,053	$ 331,882	$ 315,189

CHANGES IN NET POSITION (000'S)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	$ 24,368	$ 25,325	$ 106,092	$ 101,348	$ 130,460	$ 126,673
Operating grants and contributions	84,298	76,620	-	-	84,298	76,620
Capital grants and contributions	2,340	5,194	7,723	7,977	10,063	13,171
General revenues:						
Property taxes	29,495	28,272	-	-	29,495	28,272
Rooms and meals tax	3,190	2,903	-	-	3,190	2,903
Local sales option tax	2,125	2,127	-	-	2,125	2,127
Payment in lieu of tax	2,258	3,534	-	-	2,258	3,534
Franchise fees	2,193	2,157	-	-	2,193	2,157
Impact fees	82	273	-	-	82	273
Interest and penalties on delinquent taxes	369	278	-	-	369	278
Investment income	634	52	291	270	925	322
Dividends from associated companies	-	-	2,908	2,619	2,908	2,619
Other revenue	1,048	298	(368)	370	680	668
Total revenues	152,400	147,033	116,646	112,584	269,046	259,617
Expenses:						
Governmental activities:						
General government	12,702	14,801	-	-	12,702	14,801
Public safety	22,693	24,499	-	-	22,693	24,499
Education	77,471	77,439	-	-	77,471	77,439
Public works	14,172	13,051	-	-	14,172	13,051
Culture and recreation	9,966	8,584	-	-	9,966	8,584
Community development	4,069	8,470	-	-	4,069	8,470
Interest on long-term debt	3,087	2,331	-	-	3,087	2,331
Business-type activities:						
Electric	-	-	65,062	58,973	65,062	58,973
Airport	-	-	20,773	20,193	20,773	20,193
Telecom	-	-	6,792	6,118	6,792	6,118
Wastewater	-	-	7,290	6,649	7,290	6,649
Water	-	-	5,102	4,835	5,102	4,835
School food service	-	-	3,200	3,214	3,200	3,214
Total expenses	144,160	149,175	108,219	99,982	252,379	249,157
Change in net position before transfers, additions to permanent fund principal, and special items	8,240	(2,142)	8,427	12,602	16,667	10,460

(continued)

(continued)

CHANGES IN NET POSITION (000'S)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Additions to permanent fund principal	26	20	-	-	26	20
Special item	(16,936)	-	16,936	-	-	-
Transfers in (out)	(98)	(98)	98	98	-	-
Change in net position	(8,768)	(2,220)	25,461	12,700	16,693	10,480
Net position - beginning of year, as restated	123,136	125,356	192,053	179,353	315,189	304,709
Net position - end of year	$ 114,368	$ 123,136	$ 217,514	$ 192,053	$ 331,882	$ 315,189

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was $331,882, a change of $16,693 from the prior year.

The largest portion of net position $261,193 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in 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 net position of $47,303 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $23,386 may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities for the year resulted in a change in net position of $(8,768). The decrease largely results from the write down of the $16,936 due from Telecom. Key elements of this change are as follows:

Write down of due from Telecom	$ (16,936)
City general fund budget versus actual results	2,539
School general fund budget versus actual results	2,278
Special revenue funds expenditures over revenues	(930)
Unspent street capital	2,518
Capital assets from current year revenues	4,208
Depreciation in excess of principal debt service expense	(3,111)
Other	666
Total	$ (8,768)

Business-type activities. Business-type activities for the year resulted in a change in net position of $25,461. Key elements of this change are as follows:

Electric	$	1,890
Airport		5,476
Telecom [1]		16,909
Wastewater		447
Water		723
School food service		16
Total	$	25,461

(1) The Telecom surplus was caused by the write off of a payable due to the General Fund of $16,936.

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of 14,218, a change of $(9,585) in comparison to the prior year. Key elements of this change are as follows:

Proceeds from sale of City asset for settlement	$	1,000
Write down of due from Telecom		(16,936)
Other City general fund revenues and transfers in, in excess of expenditures and other financing uses		1,505
School general fund expenditures and transfers out in excess of revenues and transfers in		2,278
Special revenue fund expenditures and transfers out in excess of revenues and transfer ins (mostly TIF and Impact Fees)		(712)
Capital project fund revenues and other financing sources in excess of expenditures and transfers out		2,518
Debt service fund transfer in		734
Permanent fund revenues		28
Total	$	(9,585)

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was a surplus of $72, while total fund balance was $4,993. Total general fund balance decrease of $(14,431) is primarily a result of the City writing down the $(16,936) due from Telecom.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below, and also Note # 2A.

City General Fund		6/30/14		6/30/13		Change	% of Total General Fund Expenditures
Unassigned fund balance	$	72	$	(2,179)	$	2,251	0.1%
Total fund balance		4,993 [1]		19,424 [1]		(14,431)	9.9% [1]

[1] The $16,936 receivable from Burlington Telecom was written down in fiscal year 2014.

The total unassigned fund balance of the City's general fund changed by $2,251 during the current fiscal year. Key factors in this change are as follows:

Unassigned fund balance, June 30, 2013	$	(2,179)
Actual revenues in excess of budget		1,292
Actual expenditures less than budgeted		1,247
Improvement to Water fund cash position		988
Improvement to Capital project funds cash position		400
CEDO draw on general cash position		(582)
Committed proceeds of sale of land for settlement		(1,000)
Other		(94)
Unassigned fund balance, June 30, 2014	$	72

At the end of the current fiscal year, unassigned fund balance of the general fund was a positive $72. The general fund unassigned fund balance positive increase of $2,251 (going from a negative to a positive amount) results from the positive operating results reported in the budget and actual comparative schedule and a reduction in the advances to other funds (primarily the water fund and certain capital project funds). The total fund balance was $4,993 (after the write down of the $16,936 advanced to Telecom).

The City issued $9,000 in Fiscal Stability Bonds in fiscal year 2013 to reduce reliance on tax anticipation notes. In accordance with the Governmental Accounting Standards Board's Statement #54, the City has classified the $9,000 as a component of unassigned fund balance because the authorized Stability Bonds do not contain any specific spending purpose constraints. In fact, the Bonds were issued as taxable bonds since the purpose was not to finance specific capital governmental projects for the City as is customarily financed by tax-exempt bonds.

Without the issues of the Stability Bonds, the City's unassigned fund balance would have been a deficit of ($8,838). In accordance with the bond resolution, as stated by Bond Council; the City can use the proceeds for working capital, and cash flow needs.

School General Fund	6/30/14	6/30/13	Change	% of Total School General Fund Expenditures
Unassigned and total fund balance	$ (303)	$ (2,581)	$ 2,278	-0.4%

The total fund balance of the School's general fund changed by $2,278 during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	$ 3,684
Expenditures in excess of budget	(2,877)
Raising of prior year deficit	1,471
Total	$ 2,278

Proprietary funds. Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

A comparison of the unrestricted net position of each enterprise compared to the prior year is show below:

	Unrestricted Net Position		
	6/30/14	6/30/13	Change
Electric	$ 21,710	$ 23,378	$ (1,668)
Airport	947	783	164
Telecom	1,111	(15,673)	16,784
Wastewater	2,948	1,148	1,800
Nonmajor funds:			
Water	966	(33)	999
School food service	1,010	1,000	10

Specific factors concerning the finances of each proprietary fund are discussed below:

- The Electric Department's net position increased as a result of its profitable operations for the year ended June 30, 2014. However, income from operations declined during 2013 as a result of decreased sales to ultimate customers and increased power supply and transmission and distribution costs. For more information, please refer to the separate financial statements issued for the Department.
- The Airport's unrestricted net position increased primarily as a result of capital contributions. For additional information, please refer the separate financial statements issued for the Airport.

- Telecom's net position increased modestly during 2014 primarily from the write down of the payable to the general fund and as a result of cost controls implemented beginning in 2012.
- The net improvement in the Wastewater and Water funds, which are managed on a combined basis, is primarily the result of a 10% (5% for each utility) wastewater rate increase that was effective July 1, 2011. The Water fund reflects a 5% rate increase that was effective July 1, 2013.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

The City approved a fiscal year 2014 budget of $63,601 including interdepartmental charges that were netted against appropriations in previous year's approved budgets. In fiscal year 2013, the City implemented a more complete fund accounting structure consistent with generally accepted accounting principles, however adopted the 2014 budget prior to establishing additional special revenue funds. The following is a reconciliation of the approved fiscal year 2014 appropriation with the amounts reported on the General fund budget and actual comparison statement:

City approved appropriation	$ 63,601
Less dedicated taxes:	
Capital streets program	(2,157)
Open space	(189)
Pennies for parks	(350)
Less tax increment	(2,290)
Less interdepartmental charges	(5,342)
Appropriation reported on page 26	$ 53,273

The City adopted a general fund budget for fiscal year 2014 having a deficit of $(34). The adjusted actual performance (budgetary basis) resulted in revenues and other sources exceeding expenditures by $2,505.

The adjusted actual amounts exceeded the final budget in total by $2,539; this variance is primarily attributable to:

- The sale of a capital asset of $1,000.
- Actual expenditures less than budget for general administration of $717 and safety services of $896.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental activities at year-end amounted to $166,462 (net of accumulated depreciation), a change of $385 from the prior year. Total investment in capital assets for business-type activities at year-end amounted to $271,925 (net of accumulated depreciation), a change of $1,647 from the prior year. This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

Major capital asset events during the current fiscal year for Governmental Activities included the following:

		Governmental Activities
Infrastructure improvements	$	1,202
Vehicles, machinery, equipment and furniture		1,189
Buildings and improvements		407
Other capital projects		409
Construction in progress		4,991
Depreciation expense		(7,753)
Effect on disposal of assets		(60)
Total	$	385

Change in capital assets, net of accumulated depreciation for Business-Type Activities are as follows:

		Business-type Activities
Electric	$	55
Airport		3,412
Telecom		6,152
Wastewater		(1,539)
Water		(439)
School food service		6
Total	$	7,647

Additional information on capital assets can be found in the notes to the financial statements.

Change in credit rating. The City maintained the Baa3 credit rating from Moody's Investor Service (Moody's) on the general obligation with a negative outlook. The rating for the City's certificates of participation is Ba1, with a stable outlook.

Factors cited by Moody's as the reason for the rating include the City's strained financial position given the significant advances to other funds from the General Fund, prior to fiscal year 2012. The negative outlook reflected continuing exposure to loss related to the Telecom lawsuit and the challenges the City faces in an attempt to reduce the reliance its enterprise funds have on General Fund operations.

Long-term debt. At the end of the current fiscal year, total outstanding general obligation and revenue bonds payable (excluding premiums and discounts) outstanding was $195,345, all of which was backed by the full faith and credit of the government.

	Bonds Payable		
	6/30/14	6/30/13	Change
Governmental Activities:			
City	$ 37,469	$ 38,064	$ (595)
School	26,435	25,295	1,140
Total	$ 63,904	$ 63,359	$ 545
Business-Type Activities:			
Electric	$ 71,720	$ 78,285	$ (6,565)
Airport	42,770	44,240	(1,470)
Wastewater	16,951	17,023	(72)
Total	$ 131,441	$ 139,548	$ (8,107)

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

G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Fiscal Year 2015 City Budget

The fiscal year 2015 General Fund Budget maintains restraint and prudence while limiting overall growth in expenditures to 2.6 percent (after accounting for changes in the way billing for expenses within General Fund Departments is now being accounted for). This figure will be achieved in part by limiting Cost of Living Adjustments for municipal employees to one percent (unless savings in our health care benefits or pension funds can be achieved that allow the City to consider a greater increase), and it includes a $500,000 contingency for unanticipated expenses, a budget-line introduced in the fiscal year 2014 Budget that has proven important. The budget further reflects:

- A much-needed focus on capital project administration which includes bringing in-house electrical work that was previously outsourced at a higher cost.
- The City's intent to address remaining challenges within CEDO and Traffic.
- The City's expanded commitment to the Livable Wage and to enforcement of the ordinance to include $40,000 for a consultant to monitor compliance.
- A budget of $115,000 that increases the funding commitment to diversity and inclusion efforts by creating a new training positions, strategic plan funding and intern stipends.
- Improve operations through better Information Technology (IT) capacity, as well as through improved data collection and analysis. This budget funds a new IT Departments Head and an additional new position.
- Increase savings through hiring of Central Purchaser to increase savings through leverage and ensure compliance with purchasing policies.

In summary, the fiscal year 2015 Budget represents another important step toward restored municipal financial health and improved operations, while addressing our capital needs, further strengthening our commitment to ordinance enforcement by being fair to the taxpayers in the City of Burlington, factual in addressing the various departments needs and forward thinking in making steps to address longstanding needs to address debt, infrastructure maintenance, improve performance and focus on major cost drivers.

The changes in tax rates are shown in the table below:

Approved Tax Rate, per $100			
Tax Rate Item	Fiscal Year 2014	Fiscal Year 2015	Change
Revenue Neutral Rates:			
General City	$ 0.23790	$ 0.26040	$ 0.02250
Streets	0.06170	0.06170	-
Police/Fire	0.08070	0.08070	-
Open Space	0.00540	0.00540	-
Housing Trust	0.00540	0.00540	-
Fixed Rates:			-
Parks - General	0.02500	0.02500	-
Penny for Parks	0.01000	0.01000	-
Highway	0.03120	0.03120	-
Library	0.00500	0.00500	-
Budget Driven Rates:			-
CCTA	0.04220	0.04320	0.00100
County Tax	0.00500	0.00510	0.00010
Retirement	0.18480	0.18100	(0.00380)
Debt Service	0.06410	0.08170	0.01760
Local Exemption	-	0.00390	0.00390
Total	$ 0.75840	$ 0.79970	$ 0.04130

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CITY OF BURLINGTON, VERMONT

STATEMENT OF NET POSITION

JUNE 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Burlington Community Development Corporation
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Current:				
Cash and cash equivalents	$ 18,743,087	$ 11,960,478	$ 30,703,565	$ 59,929
Investments	1,200,681	-	1,200,681	-
Restricted cash	-	5,059,354	5,059,354	-
Restricted investments	-	681,388	681,388	-
Receivables, net of allowance for uncollectibles:				
Property taxes	1,206,832	-	1,206,832	-
User fees	122,382	8,077,549	8,199,931	-
Departmental and other	5,883,029	-	5,883,029	-
Intergovernmental	3,330,575	1,122,752	4,453,327	-
Estimated unbilled revenues	87,219	3,716,723	3,803,942	-
Capital lease receivable	-	-	-	94,434
Internal balances	(733,673)	733,673	-	-
Due from component unit	64,121	65,935	130,056	-
Inventory	384,285	5,636,029	6,020,314	-
Prepaid expenses	93,409	71,149	164,558	-
Other assets	706,088	2,524,602	3,230,690	3,128
Total current assets	31,088,035	39,649,632	70,737,667	157,491
Noncurrent:				
Restricted cash	-	10,837,049	10,837,049	-
Restricted investments	-	21,180,626	21,180,626	-
Due from component unit	353,759	872,032	1,225,791	-
Notes and loans receivable	4,429,334	1,070,000	5,499,334	-
Capital lease receivable	-	-	-	1,643,731
Accrued interest receivable	965,910	-	965,910	-
Investment in associated companies	-	24,273,356	24,273,356	-
Regulatory assets and other prepaid charges	-	4,092,434	4,092,434	-
Nonutility property	-	775,600	775,600	-
Capital assets:				
Land and construction in progress	33,298,438	54,162,427	87,460,865	492,645
Intangible asset	-	6,000,000	6,000,000	-
Other capital assets, net of accumulated depreciation	133,163,562	217,762,115	350,925,677	4,180,011
Total noncurrent assets	172,211,003	341,025,639	513,236,642	6,316,387
TOTAL ASSETS	203,299,038	380,675,271	583,974,309	6,473,878
Deferred Outflows of Resources	-	6,486	6,486	290,617
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	203,299,038	380,681,757	583,980,795	6,764,495

(continued)

(continued)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Burlington Community Development Corporation
LIABILITIES AND NET POSITION				
LIABILITIES:				
Current:				
Accounts payable	3,969,729	7,782,635	11,752,364	8,593
Accrued payroll and benefits payable	4,995,572	135,382	5,130,954	-
Accrued liabilities	315,629	-	315,629	-
Accrued interest payable	458,207	917,364	1,375,571	3,128
Unearned revenue	1,633,849	1,750,600	3,384,449	-
Due to primary government	-	-	-	130,056
Other liabilities	166,881	10,234,469	10,401,350	-
Payable from restricted assets	-	681,388	681,388	-
Current portion of long-term liabilities:				
General obligation bonds and other debt payable	3,479,672	2,039,286	5,518,958	228,143
Revenue bonds payable	-	11,130,440	11,130,440	-
Capital lease payable	794,905	311,839	1,106,744	-
Compensated absences	198,811	-	198,811	-
Insurance reserves	306,407	-	306,407	-
Total current liabilities	16,319,662	34,983,403	51,303,065	369,920
Noncurrent:				
Due to primary government	-	-	-	1,225,791
General obligation bonds and other debt payable	61,152,922	44,186,114	105,339,036	4,076,072
Revenue bonds payable	-	74,880,450	74,880,450	-
Capital lease payable	575,286	840,303	1,415,589	-
Compensated absences	4,322,633	1,661,519	5,984,152	-
Insurance reserves	2,161,368	-	2,161,368	-
Net OPEB obligation	2,659,777	304,160	2,963,937	-
Net pension obligation	1,739,485	-	1,739,485	-
Other liabilities	-	6,311,593	6,311,593	-
Total noncurrent liabilities	72,611,471	128,184,139	200,795,610	5,301,863
TOTAL LIABILITIES	88,931,133	163,167,542	252,098,675	5,671,783
NET POSITION:				
Net investment in capital assets	104,389,306	156,804,042	261,193,348	1,042,530
Restricted for:				
Education	323,030	-	323,030	-
Community development	5,419,954	-	5,419,954	-
Debt service/renewal and replacements/capital projects	6,732,589	12,943,604	19,676,193	-
Permanent funds	1,200,487	-	1,200,487	-
Other purposes	1,609,059	19,074,070	20,683,129	-
Unrestricted	(5,306,520)	28,692,499	23,385,979	50,182
TOTAL NET POSITION	114,367,905	217,514,215	331,882,120	1,092,712
TOTAL LIABILITIES AND NET POSITION	$ 203,299,038	$ 380,681,757	$ 583,980,795	$ 6,764,495

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

CITY OF BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	$ 12,702,289	$ 4,938,750	$ 406,558	$ 1,000,000
Public safety	22,692,852	6,526,060	656,854	71,058
Education	77,470,772	1,036,876	78,814,755	-
Public works	14,172,277	7,766,867	505,409	1,268,873
Culture and recreation	9,965,826	3,849,129	820,334	-
Community development	4,068,608	250,361	3,093,637	-
Interest on long-term debt	3,087,143	-	-	-
Total Governmental Activities	144,159,767	24,368,043	84,297,547	2,339,931
Business-Type Activities:				
Electric	65,061,544	63,381,532	-	142,735
Airport	20,772,761	18,794,078	-	7,579,868
Telecom	6,791,829	7,246,329	-	-
Wastewater	7,289,587	7,726,659	-	-
Water	5,101,992	5,824,760	-	-
School food service	3,200,072	3,118,410	-	-
Total Business-Type Activities	108,217,785	106,091,768	-	7,722,603
Total Primary Government	$ 252,377,552	$ 130,459,811	$ 84,297,547	$ 10,062,534
Component Unit:				
Burlington Community Development Corporation	$ 1,778,638	$ 432,750	$ -	$ -

General Revenues:
- Property taxes
- Gross receipts taxes
- Local option sales tax
- Payments in lieu of taxes
- Franchise fees
- Impact fees
- Interest and penalties on delinquent taxes
- Unrestricted investment earnings
- Dividends from associated companies
- Other revenues

Additions to permanent funds

Special item - write down of due from Telecom

Transfers, net

Total general revenues, additions to permanent funds and transfers

Change in Net Position

Net Position:

Beginning of year, as restated

End of year

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

Governmental Activities	Business-Type Activities	Total	Burlington Community Development Corporation
Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
$ (6,356,981)	$ -	$ (6,356,981)	$ -
(15,438,880)	-	(15,438,880)	-
2,380,859	-	2,380,859	-
(4,631,128)	-	(4,631,128)	-
(5,296,363)	-	(5,296,363)	-
(724,610)	-	(724,610)	-
(3,087,143)	-	(3,087,143)	-
(33,154,246)	-	(33,154,246)	-
-	(1,537,277)	(1,537,277)	-
-	5,601,185	5,601,185	-
-	454,500	454,500	-
-	437,072	437,072	-
-	722,768	722,768	-
-	(81,662)	(81,662)	-
-	5,596,586	5,596,586	-
(33,154,246)	5,596,586	(27,557,660)	-
-	-	-	(1,345,888)
29,494,623	-	29,494,623	-
3,190,082	-	3,190,082	-
2,125,034	-	2,125,034	-
2,257,824	-	2,257,824	-
2,193,447	-	2,193,447	-
82,262	-	82,262	-
368,602	-	368,602	-
634,071	291,397	925,468	56,241
-	2,907,831	2,907,831	-
1,048,832	(368,970)	679,862	55,790
25,715	-	25,715	-
(16,936,492)	16,936,492	-	-
(97,572)	97,572	-	-
24,386,428	19,864,322	44,250,750	112,031
(8,767,818)	25,460,908	16,693,090	(1,233,857)
123,135,723	192,053,307	315,189,030	2,326,569
$ 114,367,905	$ 217,514,215	$ 331,882,120	$ 1,092,712

CITY OF BURLINGTON, VERMONT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2014

	General	School Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,467,268	$ 5,920,062	$ 11,355,759	$ 18,743,089
Investments	1,100,681	-	100,000	1,200,681
Receivables, net of allowance for uncollectibles:				
Property and other taxes	1,206,832	-	-	1,206,832
Departmental and other	4,105,748	-	1,777,282	5,883,030
Intergovernmental	169,822	1,250,030	1,910,721	3,330,573
User fee receivable	-	-	122,382	122,382
Unbilled revenues	-	-	87,219	87,219
Due from other funds	230,075	-	1,366,254	1,596,329
Notes and loans receivable	-	-	4,429,334	4,429,334
Accrued interest receivable	-	-	965,910	965,910
Advances to other funds	3,182,986	-	-	3,182,986
Inventory	181,113	-	203,172	384,285
Prepaid expenditures	93,211	-	197	93,408
Other current assets	310,210	-	-	310,210
Due from component unit	-	-	417,880	417,880
TOTAL ASSETS	$ 12,047,946	$ 7,170,092	$ 22,736,110	$ 41,954,148
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 1,155,143	$ 1,245,429	$ 1,569,159	$ 3,969,731
Accrued payroll and benefits payable	1,019,961	-	88,951	1,108,912
Accrued liabilities	285,990	-	29,638	315,628
Accrued expenses	-	3,886,660	-	3,886,660
Unearned revenue	1,572,850	-	-	1,572,850
Due to other funds	-	2,330,002	-	2,330,002
Advances from other funds	-	-	3,182,986	3,182,986
Insurance reserve	306,407	-	-	306,407
Other liabilities	66,089	-	100,790	166,879
TOTAL LIABILITIES	4,406,440	7,462,091	4,971,524	16,840,055
Deferred Inflows of Resources	2,648,883	10,597	8,236,991	10,896,471
Fund Balances:				
Nonspendable	2,845,487	-	1,112,524	3,958,011
Restricted	17,265	-	6,407,732	6,424,997
Committed	2,058,049	-	4,773,614	6,831,663
Unassigned	71,822	(302,596)	(2,766,275)	(2,997,049)
TOTAL FUND BALANCES	4,992,623	(302,596)	9,527,595	14,217,622
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 12,047,946	$ 7,170,092	$ 22,736,110	$ 41,954,148

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

CITY OF BURLINGTON, VERMONT

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2014

Total governmental fund balances	$ 14,217,622
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	166,462,000
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	10,835,471
• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(458,208)
• Long-term liabilities, including bonds and BANS payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(77,084,859)
• Other conversion entries.	395,879
Net position of governmental activities	$ 114,367,905

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

CITY OF BURLINGTON, VERMONT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2014

	General	School	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 30,430,765	$ -	$ 5,290,593	$ 35,721,358
Payments in lieu of taxes	2,257,824	-	-	2,257,824
Licenses and permits	4,247,198	-	149,389	4,396,587
Intergovernmental	2,249,370	69,886,591	14,290,156	86,426,117
Charges for services	14,219,394	959,733	6,457,333	21,636,460
Investment income	13,464	606,783	13,823	634,070
Loan repayments	-	-	245,074	245,074
Other	77,980	291,803	790,657	1,160,440
Total Revenues	53,495,995	71,744,910	27,237,025	152,477,930
Expenditures:				
Current:				
General government	13,449,222	-	194,080	13,643,302
Public safety	22,548,367	-	186,474	22,734,841
Education	-	66,407,815	9,630,091	76,037,906
Public works	2,307,826	-	6,070,588	8,378,414
Culture and recreation	8,852,580	-	1,503,212	10,355,792
Community development	-	-	3,915,514	3,915,514
Capital outlay	-	-	7,239,386	7,239,386
Debt service:				
Principal	2,260,559	1,134,531	1,555,338	4,950,428
Interest and bond issue costs	1,168,260	1,189,823	405,542	2,763,625
Total Expenditures	50,586,814	68,732,169	30,700,225	150,019,208
Excess (deficiency) of revenues over (under) expenditures	2,909,181	3,012,741	(3,463,200)	2,458,722
Other Financing Sources (Uses):				
Issuance of bonds and loans	-	-	3,989,967	3,989,967
Sale of capital assets	1,000,000		-	1,000,000
Transfers in	35,688	1,193,306	2,961,402	4,190,396
Transfers out	(1,439,857)	(1,928,098)	(920,013)	(4,287,968)
Total Other Financing Sources (Uses)	(404,169)	(734,792)	6,031,356	4,892,395
Net change in fund balances, before special item	2,505,012	2,277,949	2,568,156	7,351,117
Special item	(16,936,492)	-	-	(16,936,492)
Net change in fund balances	(14,431,480)	2,277,949	2,568,156	(9,585,375)
Fund Balances, at Beginning of Year	19,424,103	(2,580,545)	6,959,439	23,802,997
Fund Balances, at End of Year	$ 4,992,623	$ (302,596)	$ 9,527,595	$ 14,217,622

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

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, 2014

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	(9,585,375)
• Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay purchases		8,197,874
Depreciation		(7,752,683)
Loss on disposal of capital assets		(60,270)
• Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, etc.) differ between the two statements. This amount represents the net change in deferred inflows.		355,522
• The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:		
Issuance of debt		(3,989,967)
Repayments of debt		4,599,699
Bond premium, discount, and other adjustments		36,297
• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.		(1,489)
• 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 the governmental funds.		
Compensated absences		(368,736)
Net pension obligation		31,095
Net OPEB obligation		(257,991)
Insurance reserves		28,206
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(8,767,818)

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

CITY OF BURLINGTON, VERMONT

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES,
AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

	General Fund			
	Budgeted Amounts			
	Original Budget	Final Budget	Adjusted Actual Amounts	Variance With Final Budget
Revenues and other sources:				
Taxes and special assessments	$ 28,216,952	$ 28,216,952	$ 28,305,731	$ 88,779
Local option sales tax	2,180,000	2,180,000	2,125,034	(54,966)
Payments in lieu of taxes	2,081,338	2,081,338	2,257,824	176,486
Licenses and permits	3,770,100	3,770,100	4,247,198	477,098
Intergovernmental	2,088,525	2,804,355	2,249,370	(554,985)
Charges for services	14,005,159	14,042,989	14,219,394	176,405
Investment income	1,500	51,500	13,464	(38,036)
Transfers in	-	33,000	35,688	2,688
Sale of capital assets	-	-	1,000,000	1,000,000
Other	33,500	59,651	77,983	18,332
Total Revenues and Other Sources	52,377,074	53,239,885	54,531,686	1,291,801
Expenditures and other uses:				
General administration	13,747,020	14,165,735	13,449,222	716,513
Safety services	23,700,634	23,444,855	22,548,367	896,488
Public works	1,966,545	2,202,973	2,307,826	(104,853)
Culture and recreation	8,361,980	9,288,568	8,852,580	435,988
Education	-	-	-	-
Debt service	3,665,870	3,494,491	3,428,819	65,672
Transfers out	637,228	676,831	1,439,857	(763,026)
Total Expenditures and Other Uses	52,079,277	53,273,453	52,026,671	1,246,782
Excess (deficiency) of revenues and other sources over expenditures and other uses	$ 297,797	$ (33,568)	$ 2,505,015	$ 2,538,583

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

School "General Fund"			
Budgeted Amounts			
Original Budget	Final Budget	Adjusted Actual Amounts	Variance With Final Budget
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
64,012,731	64,905,802	67,643,689	2,737,887
226,063	776,063	959,733	183,670
13,000	13,000	606,783	593,783
-	1,021,500	1,193,306	171,806
-	-	-	-
130,000	294,650	291,803	(2,847)
64,381,794	67,011,015	70,695,314	3,684,299
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
60,454,206	63,099,492	64,164,913	(1,065,421)
2,331,588	2,331,588	2,324,354	7,234
50,000	109,000	1,928,098	(1,819,098)
62,835,794	65,540,080	68,417,365	(2,877,285)
$ 1,546,000	$ 1,470,935	$ 2,277,949	$ 807,014

CITY OF BURLINGTON, VERMONT

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2014

	Business-Type Activities Enterprise Funds					
	Electric	Airport	Telecom	Wastewater	Nonmajor Enterprise Funds	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
ASSETS:						
Current:						
Cash and cash equivalents	$ 7,172,970	$ 1,439,827	$ 2,130,988	$ 1,120,920	$ 95,773	$ 11,960,478
Restricted cash	4,263,151	-	-	796,203	-	5,059,354
Restricted investments	681,388	-	-	-	-	681,388
Receivables, net of allowance for uncollectibles:						
User fees	4,323,325	1,599,424	703,361	842,731	608,708	8,077,549
Intergovernmental	-	782,414	-	-	340,338	1,122,752
Estimated unbilled revenues	2,413,725	354,817	4,704	549,675	393,802	3,716,723
Due from other funds	-	-	-	-	733,673	733,673
Due from Burlington Community Development Corporation - current	-	65,935	-	-	-	65,935
Inventory	4,773,065	250,539	212,158	148,390	251,877	5,636,029
Prepaid expenses	-	4,583	64,721	1,462	383	71,149
Other current assets	1,019,581	21	1,505,000	-	-	2,524,602
Total current assets	24,647,205	4,497,560	4,620,932	3,459,381	2,424,554	39,649,632
Noncurrent:						
Restricted cash	-	10,837,049	-	-	-	10,837,049
Restricted investments	19,074,070	2,106,556	-	-	-	21,180,626
Due from Burlington Community Development Corporation - long-term	-	872,032	-	-	-	872,032
Notes receivable	1,070,000	-	-	-	-	1,070,000
Investment in associated companies	24,273,356	-	-	-	-	24,273,356
Regulatory assets and other prepaid charges	4,092,434	-	-	-	-	4,092,434
Nonutility property	775,600	-	-	-	-	775,600
Capital assets:						
Land and construction in progress	1,657,887	51,447,538	157,800	847,952	51,250	54,162,427
Intangible asset	-	-	6,000,000	-	-	6,000,000
Capital assets, net of accumulated depreciation	76,401,015	98,316,710	3,619,351	27,835,589	11,589,450	217,762,115
Total noncurrent assets	127,344,362	163,579,885	9,777,151	28,683,541	11,640,700	341,025,639
TOTAL ASSETS	151,991,567	168,077,445	14,398,083	32,142,922	14,065,254	380,675,271
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred amount on refunding	6,486	-	-	-	-	6,486
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	151,998,053	168,077,445	14,398,083	32,142,922	14,065,254	380,681,757

(continued)

(continued)

	Business-Type Activities Enterprise Funds					
	Electric	Airport	Telecom	Wastewater	Nonmajor Enterprise Funds	Total
LIABILITIES AND NET POSITION						
LIABILITIES:						
Current:						
Accounts payable	4,739,232	1,824,723	733,861	306,277	178,542	7,782,635
Accrued payroll and benefits payable	-	55,056	31,159	20,971	28,196	135,382
Accrued interest payable	-	917,364	-	-	-	917,364
Unearned revenue	-	1,323,247	427,353	-	-	1,750,600
Other liabilities	2,046,069	2,608	8,161,700	-	24,092	10,234,469
Payable from restricted assets:						
Deposits with bond trustees	681,388	-	-	-	-	681,388
Current portion of long-term liabilities:						
General obligation bonds payable	2,039,286	-	-	-	-	2,039,286
Revenue bonds payable	8,070,000	2,178,485	-	881,955	-	11,130,440
Capital leases payable	-	280,521	6,817	7,947	16,554	311,839
Total current liabilities	17,575,975	6,582,004	9,360,890	1,217,150	247,384	34,983,403
Noncurrent:						
General obligation bonds payable	44,186,114	-	-	-	-	44,186,114
Revenue bonds payable	18,066,286	40,745,147	-	16,069,017	-	74,880,450
Capital leases payable	-	797,908	20,507	-	21,888	840,303
Compensated absences payable	1,152,339	196,301	64,515	92,934	155,430	1,661,519
Net OPEB obligation	-	103,442	91,162	47,206	62,350	304,160
Other liabilities	6,311,593	-	-	-	-	6,311,593
Total noncurrent liabilities	69,716,332	41,842,798	176,184	16,209,157	239,668	128,184,139
TOTAL LIABILITIES	87,292,307	48,424,802	9,537,074	17,426,307	487,052	163,167,542
NET POSITION:						
Net investment in capital assets	23,921,250	105,762,186	3,749,827	11,768,522	11,602,257	156,804,042
Restricted:						
For debt service/renewal and replacements/capital projects	-	12,943,604	-	-	-	12,943,604
Deposits with bond trustees	19,074,070	-	-	-	-	19,074,070
Unrestricted	21,710,426	946,853	1,111,182	2,948,093	1,975,945	28,692,499
TOTAL NET POSITION	64,705,746	119,652,643	4,861,009	14,716,615	13,578,202	217,514,215
TOTAL LIABILITIES AND NET POSITION	$ 151,998,053	$ 168,077,445	$ 14,398,083	$ 32,142,922	$ 14,065,254	$ 380,681,757

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

CITY OF BURLINGTON, VERMONT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities Enterprise Funds					
	Electric	Airport	Telecom	Wastewater	Nonmajor Enterprise Funds	Total
Operating Revenues:						
Charges for services	$ 63,381,532	$ 16,049,329	$ 7,246,329	$ 7,726,659	$ 6,683,434	$ 101,087,283
Intergovernmental	-	159,006	-	-	2,065,248	2,224,254
Miscellaneous	-	-	-	-	194,488	194,488
Total Operating Revenues	63,381,532	16,208,335	7,246,329	7,726,659	8,943,170	103,506,025
Operating Expenses:						
Personnel	-	3,500,696	1,813,456	1,392,795	1,862,364	8,569,311
Nonpersonnel	-	9,577,588	4,562,279	3,168,710	2,175,682	19,484,259
School food service	-	-	-	-	3,173,609	3,173,609
Electric department	48,212,621	-	-	-	-	48,212,621
Depreciation and amortization	7,108,192	5,777,221	314,486	1,579,393	692,071	15,471,363
Payments in lieu of taxes	1,860,870	-	99,388	864,865	374,757	3,199,880
Total Operating Expenses	57,181,683	18,855,505	6,789,609	7,005,763	8,278,483	98,111,043
Operating Income (Loss)	6,199,849	(2,647,170)	456,720	720,896	664,687	5,394,982
Nonoperating Revenues (Expenses):						
Dividends from associated companies	2,907,831	-	-	-	-	2,907,831
Passenger facility charges	-	2,585,743	-	-	-	2,585,743
Investment income	206,223	85,158	-	16	-	291,397
Other income/expense - net	313,119	(210,418)	(482,103)	10,432	-	(368,970)
Interest expense	(7,427,435)	(1,917,256)	(2,220)	(283,824)	(23,581)	(9,654,316)
Gain/loss on disposal of capital assets	(452,426)	-	-	-	-	(452,426)
Total Nonoperating Revenues (Expenses)	(4,452,688)	543,227	(484,323)	(273,376)	(23,581)	(4,690,741)
Income Before Contributions and Transfers	1,747,161	(2,103,943)	(27,603)	447,520	641,106	704,241
Capital contributions	142,735	7,579,868	-	-	-	7,722,603
Transfers in	-	-	-	-	97,572	97,572
Special item	-	-	16,936,492	-	-	16,936,492
Change in Net Position	1,889,896	5,475,925	16,908,889	447,520	738,678	25,460,908
Net Position at Beginning of Year, as restated	62,815,850	114,176,718	(12,047,880)	14,269,095	12,839,524	192,053,307
Net Position at End of Year	$ 64,705,746	$ 119,652,643	$ 4,861,009	$ 14,716,615	$ 13,578,202	$ 217,514,215

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

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CITY OF BURLINGTON, VERMONT

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

	Electric	Airport	Telecom	Wastewater	Nonmajor Enterprise Funds	Total
Cash Flows From Operating Activities:						
Receipts from customers and users	$ 47,975,686	$ 16,861,560	$ 7,308,013	$ 7,694,009	$ 6,661,626	$ 86,500,894
Receipts of operating grants	-	159,006	-	-	2,052,987	2,211,993
Receipts for interfund services	-		-	-	311,471	311,471
Other receipts	16,506,613	274,104	-	-	-	16,780,717
Payments to suppliers	(41,373,463)	(9,895,034)	(4,364,079)	(3,072,496)	(5,500,136)	(64,205,208)
Payments for wages and benefits	-	(3,460,696)	(1,783,258)	(1,375,520)	(1,834,460)	(8,453,934)
Payment in lieu of taxes	(1,860,870)	-	(99,388)	(864,865)	(374,757)	(3,199,880)
Payments for other expenses	(5,956,764)	(486,187)	-	-	-	(6,442,951)
Net Cash Provided by Operating Activities	15,291,202	3,452,753	1,061,288	2,381,128	1,316,731	23,503,102
Cash Flows From Noncapital Financing Activities:						
Other income, net	313,119	13	67,894	10,432	-	391,458
Increase/(decrease) in due to other funds	-	-	-	(24,915)	(988,130)	(1,013,045)
Receipt from loan receivable from BCDC	-	63,989	-	-	-	63,989
Receipt/(payment) of interfund transfers	-	-	-	-	97,572	97,572
Interest paid on cash deficit to general fund	-	(29,132)	(2,217)	-	(22,070)	(53,419)
Net Cash Provided/(Used) by Noncapital Financing Activities	313,119	34,870	65,677	(14,483)	(912,628)	(513,445)
Cash Flows From Capital and Related Financing Activities:						
Proceeds from bonds, notes & leases payable	3,000,000		-	-	-	3,000,000
Repayments of grant anticipation note	-	(1,051,892)	-	-	-	(1,051,892)
Proceeds from sale of equipment	26,952	-	-	-	-	26,952
Acquisition and construction of capital assets	(5,589,270)	(8,740,651)	(466,045)	(39,646)	(259,651)	(15,095,263)
Capital grants/contributions	142,736	8,499,175	-	-	-	8,641,911
Passenger facility charges	-	2,585,743	-	-	-	2,585,743
Principal Paid on:						
General obligation bonds	(7,690,000)	-	-	-	-	(7,690,000)
Revenue bonds	(1,875,000)	(1,470,000)	-	(72,113)	-	(3,417,113)
Capital lease obligations	-	(517,232)	(6,818)	(24,990)	(47,527)	(596,567)
Interest paid on outstanding debt, including issue costs	(3,512,850)	(2,005,164)	-	(283,823)	(1,512)	(5,803,349)
Net Cash Used by Capital and Related Financing Activities	(15,497,432)	(2,700,021)	(472,863)	(420,572)	(308,690)	(19,399,578)
Cash Flows From Investing Activities:						
Net (additions)/reductions to restricted cash and investments	1,309,299	106,497	-	-	-	1,415,796
Receipt of interest & dividends	-	85,158	-	12	-	85,170
Net Cash Provided by Investing Activities	1,309,299	191,655	-	12	-	1,500,966
Net Increase/(Decrease) in Cash	1,416,188	979,257	654,102	1,946,085	95,413	5,091,045
Cash - July 1, 2013	10,019,933	460,570	1,476,886	(28,962)	360	11,928,787
Cash - June 30, 2014	$ 11,436,121	$ 1,439,827	$ 2,130,988	$ 1,917,123	$ 95,773	$ 17,019,832

(continued)

(continued)

		Electric		Airport		Telecom		Wastewater		Nonmajor Enterprise Funds		Total
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:												
Operating income/(loss)	$	6,199,849	$	(2,647,170)	$	456,720	$	720,896	$	664,687	$	5,394,982
Depreciation and amortization		7,108,192		5,777,221		314,486		1,579,393		692,071		15,471,363
Other non-operating net revenues and expenses		-		(204,834)		-		-		-		(204,834)
(Increase)/decrease in receivables		1,219,640		61,268		54,270		(27,054)		(565)		1,307,559
(Increase)/decrease in unbilled revenues		(296,036)		170,077		(997)		(5,596)		(32,937)		(165,489)
(Increase)/decrease in inventory		(611,657)		(23,989)		203,490		8,596		(11,030)		(434,590)
(Increase)/decrease in prepaids		-		(4,583)		-		-		-		(4,583)
(Increase)/decrease in due from other funds		-		-		-		-		120,186		120,186
Increase/(decrease) in accounts payable		2,245,294		(288,874)		(41,110)		86,217		(123,303)		1,878,224
Increase/(decrease) in customer deposits		-		-		-		-		(3,769)		(3,769)
Increase/(decrease) in accrued payroll and benefits		-		12,890		9,522		2,249		5,340		30,001
Increase/(decrease) in accrued liabilities		-		-		2,389		-		-		2,389
Increase/(decrease) in deferred charges		(1,118,324)		-		8,411		-		-		(1,109,913)
Increase/(decrease) in compensated absences		-		5,620		8,995		5,837		10,865		31,317
Increase/(decrease) in other post employment benefits liability		-		21,490		11,681		9,189		11,699		54,059
Increase/(decrease) in unearned revenue		-		573,637		-		-		-		573,637
Increase/(decrease) in other operating assets/liabilities		544,244		-		33,431		1,401		(16,513)		562,563
Net Cash Provided by Operating Activities	$	15,291,202	$	3,452,753	$	1,061,288	$	2,381,128	$	1,316,731	$	23,503,102
Supplemental cash flow information:												
Amounts accrued for the purchase of plant and equipment	$	73,555	$	-	$	-	$	-	$	-	$	73,555

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

CITY OF BURLINGTON, VERMONT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2014

	Pension Trust Fund	Private Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	$ 1,840,366	$ 37,813	$ 260,891
Investments	162,442,768	-	-
Reimbursement receivable	42,991	-	-
Total Assets	164,326,125	37,813	260,891
LIABILITIES			
Accounts payable	125,817	-	-
Accrued payroll	673	-	-
Accrued liabilities	20,475	-	-
Compensated absences	4,787	-	-
Due to primary government	132	-	-
Due to student organizations	-	-	260,891
Total Liabilities	151,884	-	260,891
NET POSITION			
Held in trust for:			
Employees' pension benefits	164,174,241	-	-
Individuals and organizations	-	37,813	-
Total Net Position	$ 164,174,241	$ 37,813	$ -

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

CITY OF BURLINGTON, VERMONT

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014

	Pension Trust Fund	Private Purpose Trust Fund
Additions:		
Contributions:		
Employer - pension	$ 8,920,879	$ -
Employer - FICA	2,631,285	-
Plan members	2,148,842	-
Other	5,927	-
Total Contributions	13,706,933	-
Investment earnings:		
Interest and dividends	11,325,437	-
Net increase in the fair value of investments	8,987,733	20
Total Investment Earnings	20,313,170	20
Less Investment Expenses	(687,345)	-
Net Investment Earnings	19,625,825	20
Total Additions	33,332,758	20
Deductions:		
Benefits - pension	11,814,844	-
Benefits - FICA	2,636,270	-
Benefits - post employment health	112,279	-
Administrative expenses	253,796	-
Total deductions	14,817,189	-
Change in net position	18,515,569	20
Net position:		
Beginning of year	145,658,672	37,793
End of year	$ 164,174,241	$ 37,813

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

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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.

1. 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 (GASB 14 as amended) 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 Friends of Fletcher Free Library, 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 position 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, sales of renewable energy credits, operation of other utilities to run generation facilities, rent of airport terminal space and buildings, concessions, commissions, parking 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, electric services rendered to customers upon their request, passenger facility charges, grant income and building rents from buildings purchased for future expansion.

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 the general fund of the Burlington School Department.

The City reports on the following major Enterprise funds:

Electric 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 Burlington Telecom.

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 less amounts 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 a percentage of 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 position). Equity (i.e., net total assets) is segregated into net investment in capital assets; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

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 nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

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, post-employment benefits 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 position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Recognition of revenues on funds received in connection with loan 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 Burlington Electric Department (the Department) is an enterprise fund of the City of Burlington, Vermont (the City). The City has overall financial accountability for the Department; its Council appoints the Commissioners of the Department which oversee its operations, and the City collateralizes the Department's general obligation debt. The 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 FASB ASC Topic 980, *Regulated Operations* (and Codified in GASB Statement 62), the Department records certain assets and liabilities in accordance with the economic effects of the rate making process.

E. *Cash and Short-Term Investments*

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the general fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and sweep account is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

F. *Investments*

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments for the Trust Funds consist of marketable securities, bonds, and short-term money market investments. Investments are carried at fair value.

G. *Interfund Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate the portion not available for appropriation and not available as expendable financial resources.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

H. *Jointly Owned Facilities*

The Burlington Electric Department has recorded its ownership interest in jointly owned facilities as capital assets. The Department's ownership interest in each of the jointly owned facilities is as follows:

McNeil Station	50.0%
Highgate Station	7.7%

The Department is responsible for its proportionate share of the operating expenses of the jointly owned facilities which are billed to the Department on a monthly basis. The associated operating costs allocated to the Department are classified in their respective expense categories in the statement of operations. Separate financial statements are available from the Department for these jointly owned facilities.

I. *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 5.13% ownership interest in Vermont Transco LLC (Transco). Transco 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.

During the year ended June 30, 2014, the Department purchased 79,873 Class A units and 101,657 Class B units in VT Transco LLC for a cost of $1,815,300.

Schedule of Ownership in Associated Companies

	FY 14	FY 13
Velco, Class B Common Stock	$ 1,403,800	$ 1,403,800
Velco, Class C Common Stock	39,200	39,200
Velco, Class C Preferred Stock	11,196	11,196
VT Transco, LLC, A Units	10,040,430	9,241,700
VT Transco, LLC, B Units	12,778,730	11,762,160
	$ 24,273,356	$ 22,458,056

J. *Inventories*

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. No significant inventory balances were on hand in governmental funds.

K. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets, (for enterprise funds only) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life of five years or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

	Capitalization Threshold	Estimated Service Life
Land	$ -	N/A
Construction in Progress	-	N/A
Antiques and Works of Art	10,000	N/A
Land Improvements	25,000	30 years
Buildings and Building Improvements	20,000	25-150 years
Vehicles, Machinery, Equipment and Furniture	10,000	5-15 years
Computer Equipment - Hardware and Software	10,000	5-15 years
Book Collections	10,000	5 years
Infrastructure	50,000	10-40 years
Distribution, Production and Collection Systems	10,000	10-100 years

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.

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.

L. *Nonutility Property*

In 1986, land along the Winooski River was purchased at a cost of $775,600 from a neighboring utility for the development of the Chace Mill hydroelectric project. Although the Department incurred various engineering and other related costs in 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 the Winooski One Partnership for the construction of the Winooski One hydroelectric facility. That lease agreement was terminated as of August 31, 2014 with the Department's purchase of the Winooski One Hydroelectric facility.

M. *Renewable Energy Credit Sales*

In 2008, the McNeil Generating Station (McNeil) installed a Regenerative Selective Catalytic Reduction (RSCR) unit. The RSCR unit significantly reduces McNeil's Nitrous Oxide (NOx) emission levels which allow the station to qualify to sell Connecticut Class 1 Renewable Energy Certificates (RECs). The McNeil RECs are determined to be qualified for sale based on a review of emissions outputs by McNeil. At the end of every quarter, an affidavit is signed stating whether or not McNeil's emissions out met the requirements needed to sell the

RECs. McNeil receives a certification from the State of Connecticut indicating that they met the standards for the quarter based on the statistics provided by McNeil. Connecticut Class 1 RECs are one of the more valuable REC products in New England and REC sales from McNeil are expected to continue to be a significant revenue source for the Department. Sales are recorded as revenue upon delivery of the RECs to the customer.

In addition, beginning in FY 2012, the Department receives RECs from the Vermont Wind Project in Sheffield (BED is entitled to 40% of the output of the 40MW project). During FY 2013, commercial operations commenced at Georgia Mountain Community Wind Farm (BED has entitlement to the 10MW of output from the project). The RECs from both of these wind facilities are qualified for participation in most of the New England REC markets, making revenue for the sale of these RECs a significant source of revenue as well.

The Department planning staff monitors McNeil and Vermont Wind output levels, REC commitments made, the markets for these RECs, and the State statutes and rules that govern the creation and sale of these RECs. The Department will involve itself in discussions/proceedings as needed, either in Vermont or elsewhere in New England, where such rules and statutes are the subject at hand.

The Department periodically sells RECs either through an auction structure, through broker-initiated transactions, or through direct placement with entities who need the RECs to comply with various New England statutes. The Department enters into agreements to sell these RECs for both the current year's generation and future years' production.

N. *Pollution Remediation Obligations*

The Electric 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 that is the subject of a remediation investigation by the Environmental Protection Agency (the EPA). The Department has agreed to share on an equal basis 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 EPA concerning the remediation plan at the site, the Department believes that the likelihood of any liability material to the financial position of the Department is remote and as such, no liability has been accrued as of June 30, 2014.

O. *Compensated Absences*

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

P. *Liabilities to be Paid from Restricted Assets*

The balance in these liabilities represents 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.

Q. *Long-Term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

R. *Fund Equity*

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance - Fund balance represents the difference between the current assets and current liabilities. The City reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The City's fund balance classification policies and procedures are as follows:

1) Nonspendable funds are either unspendable in the current form (i.e., inventory or prepaid items) or can never be spent (i.e., perpetual care).
2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended.
3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government (i.e., the City Council).
4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance voted to be used in the subsequent fiscal year.
5) Unassigned funds are available to be spent in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the City uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position - Net position represent the difference between assets and liabilities. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

S. Use of Estimates

The preparation of basic 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 disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

T. Change in Presentation

The financial statement presentation for internal balances due to sweep account (i.e., due to/from) has been changed to cash and short-term investments in the current year.

2. Stewardship, Compliance, and Accountability

A. Liquidity Risk

During fiscal year 2013, the City issued a $9,000,000 Stability Bond to decrease its reliance on short-term cash flow financing. Prior to the issuance of the stability bonds, the City faced liquidity risk which is the risk of not having sufficient liquid financial resources to meet obligations when they fall due, or having to incur excessive costs to do so. Primarily as a result of the Burlington Telecom (BT) deficit and various capital project and enterprise funds deficits, the City had relied on short-term borrowing to obtain cash to pay operating expenditures. On July 1, 2013 the City signed a Revolving Tax Anticipation Line of Credit for $10,000,000 which matured on June 30, 2014, and renewed on July 1, 2014.

On January 29, 2014, the City entered into a mediated settlement agreement with Citibank in the amount of $10.5M. The City plans to fund the settlement with $6M in bridge financing from special situation lender, $2M from insurance proceeds of the City's and its counsel's carriers, and $2.5M from the City in part financed by BT revenues. Additionally, Citibank is entitled to half of the net proceeds of the future sale of the BT system. Also See Note 26.

The General Fund unassigned fund balance includes the proceeds of the $9,000,000 stability bond from fiscal year 2013. It is the City's intent to arrange its financial affairs, manage its budget and provide for future balanced financial operations.

The City's current plans include:

- Adhere to policy with financing first, and spending second.
- Continue to monitor cash position daily, and update forecast weekly.
- Improve the collection rate on outstanding receivables.
- Refinance short-term debt with attractive rates, and issue long-term debt approved by the voters.
- Utilize lines of credit (LOC) instead of anticipation notes and reduce the amounts of LOC.
- Ensure Enterprise and Special Funds operate at a profit, and are cash positive reducing reliance on General Fund pooled cash.

B. *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 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 of Burlington tax rate can change each year by the cost of CCTA, Retirement, County and Debt Service without voter approval. However, any rate change on the tax rate for other purposes, above the maximum approved tax rate previously approved by voters, must be approved by City voters.

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

1. 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, 2014.

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.

C. *Budgetary Basis*

The general fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

D. *Budget/GAAP Reconciliation*

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

City General Fund	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Revenues/expenditures (GAAP Basis)	$ 53,495,995	$ 50,586,814
Other financing sources/uses (GAAP Basis)	1,035,691	1,439,857
Budgetary Basis	$ 54,531,686	$ 52,026,671

School General Fund	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Revenues/expenditures (GAAP Basis)	$ 71,744,910	$ 68,732,169
Other financing sources/uses (GAAP Basis)	1,193,306	1,928,098
Subtotal (GAAP Basis)	72,938,216	70,660,267
To reverse the effect of nonbudgeted State contributions for teachers retirement	(2,242,902)	(2,242,902)
Budgetary Basis	$ 70,695,314	$ 68,417,365

E. *Excess of Expenditures Over Appropriations*

The School Department, Public Works Department, and transfers out had expenditures exceeding appropriations during the current fiscal year.

F. *Deficit Fund Equity*

The following funds had unassigned fund balance deficits as of June 30, 2014:

School fund	$	(302,596)
Non-major Governmental funds:		
Special Revenue funds:		
Community and Economic Development Office		(1,000,487)
School		(17,261)
Church St.		(147,109)
Capital Project funds:		
Champlain Parkway		(313,509)
Waterfront Access		(235,581)
On & Off Church St.		(141,697)
Wayfinding		(31,830)
Stormwater		(163,171)
FEMA		(422,074)
General		(265,800)
Other		(27,756)
Total	$	(3,068,871)

The deficits will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds.

3. Cash and Cash Equivalents

A. Custodial Credit Risk - Deposits

The custodial credit risk for current operating deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. The deposits at June 30, 2014 totaled $48,789,733 of which $26,020,017 were insured by the FDIC and FHLB Pittsburgh letter of credit for $30,000,000. At June 30, 2014, $22,769,715 remains uncollateralized and exposed to custodial credit risk.

4. Investments

City

A. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

Presented below is the actual rating as of year-end of the City (in thousands):

Investment Type		Fair Value		Exempt from Disclosure		Rating as of Year-end Aaa
U.S. Treasury notes	$	501,730	$	-	$	501,730
U.S. Government agencies		1,604,825		-		1,604,825
Certificates of deposit		1,200,682		1,200,682		-
Total investments	$	3,307,237	$	1,200,682	$	2,106,555

B. *Custodial Credit Risk*

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

C. *Concentration of Credit Risk*

The City places no limit on the amount the City may invest in any one issuer. Investments in any one issuer (other than U.S. Treasury securities) that represents 5% or more of City investments are as follows:

Bank	Investment Type		Amount
People's United Bank	Federal home loan bank	$	405,045
People's United Bank	Federal national mortgage assoc.		249,973
People's United Bank	Federal national mortgage assoc.		200,700
People's United Bank	Federal home loan bank		200,091
People's United Bank	Federal home loan bank		248,423
KeyBanc Capital Markets	Certificate of deposit		249,901
KeyBanc Capital Markets	Certificate of deposit		250,345
KeyBanc Capital Markets	Certificate of deposit		250,316
KeyBanc Capital Markets	Certificate of deposit		250,119

D. *Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

E. *Foreign Currency Risk*

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The City does not have any such investments, or policies for foreign currency risk.

Burlington Electric Department

A. *Investments*

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 evidence of indebtedness issued or guaranteed by the CoBank, 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 contribution contracts with the United States or 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 or this paragraph.

B. *Concentration of Credit Risk - Investments*

Concentration of credit risk of investments is the risk of loss attributable to the magnitude of a government's investment in a single issuer. The Electric Department invests its current operating cash in three money market accounts with TD Bank and its restricted noncurrent funds in several money market accounts with its bond trustees (US Bank and Peoples United), which exceed 49% of the total investment balance at June 30, 2014. The invested balance of current money market funds at June 30, 2014 was $6,275,982. The invested balance on noncurrent money market funds at June 30, 2014 was $9,749,002.

C. *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates of debt investments that will adversely affect the fair value of an investment. The Electric Department has minimized its risk exposure as its investments are limited to government securities and other conservative investments as outlined in the investment policy.

The Electric Department's investments as of June 30, 2014 (all of which are restricted by Bond resolution) are presented below by investment type, and debt securities are presented by maturity.

Investment Type	Fair Value	Maturity in Years: Less than 1	1 - 2	2 - 3
Money market	$ 9,749,002	$ 9,749,002	$ -	$ -
Certificates of deposit	9,515,000	-	8,515,000	1,000,000
Total investments	$ 19,264,002	$ 9,749,002	$ 8,515,000	$ 1,000,000

The Department is required by its bond indenture to make monthly deposits into the renewal and replacement fund equal to 10% of the monthly revenue bond debt service funding requirements. Funds on deposit may be withdrawn from the renewal and replacement fund for expenses allowed by the bond covenant. Amounts in excess of $867,000 at June 30 may be returned to the revenue fund. A summary of deposits with bond trustees is as follows:

	6/30/14
Bond funds:	
Renewal and replacement fund	$ 883,659
Debt service fund	8,788,640
Debt service reserve fund	9,591,703
	19,264,002
Accrued interest receivable	491,456
Total	$ 19,755,458

Burlington Employees Retirement System

A. *Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

Presented below is the actual rating as of year-end of the System (in thousands):

Investment Type		Fair Value		Exempt from Disclosure
State investment pool*	$	152,277,737	$	152,277,737
Private equities		3,429,439		3,429,439
Mutual funds		3,514,062		3,514,062
Other external investment pool		3,221,530		3,221,530
Total investments	$	162,442,768	$	162,442,768

*Fair value is the same as the value of the pool share. The Vermont Pension Investment Committee (VPIC) was established by Act of the Vermont Legislature (Acts 2005, No. 215 (Adj. Sess.), as amended by Acts of 2007, No. 100 (Adj. Sess.)) to combine the assets of the State Teachers' Retirement System of Vermont, the Vermont State Employees' Retirement System, and the Vermont Municipal Employees' Retirement System for the purpose of (i) investment in a manner that is more cost and resource efficient; (ii) improving the effectiveness of the oversight and management of the assets of the Retirement Systems; and (iii) maintaining the actuarial accounting, and asset allocation integrity of the Retirement systems. Subsequent legislation (Acts of 2005, No. 50) authorized the VPIC to enter into agreements with municipalities administering their own retirement systems to invest retirement funds for those municipal plans. The VPIC is operated under contract with professional investment managers. All external investment managers shall be retained pursuant to written contracts that delineate their respective responsibilities and performance expectation and include a formal set of investment guidelines and administrative requirements for management of each portfolio. The VPIC shall retain one or more custodian bank or trust institutions to hold the VPIC portfolio. The custodian bank accounts for and assists in the settlement of all transactions executed by VPIC's investment managers and reports to the VPIC and to staff on holdings and transactions of the VPIC portfolio.

B. Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City and System do not have policies for custodial credit risk.

Of the System's investment in mutual funds of $3,514,062, private equities of $3,429,439 and pooled funds of $155,499,267, the System has a custodial credit risk exposure of $162,442,768 because the related securities are uninsured, unregistered, and held by VPIC. The System manages the risk with SIPC, Excess SIPC and because the assets are held in separately identifiable trust accounts. Of the System's total exposure, $152,277,737 is invested in the state investment pool.

C. Concentration of Credit Risk

The System does not have an investment in one issuer greater than 5% of total investments, with the exception of VPIC Fund.

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The City and System do not have any such investments, or policies for foreign currency risk.

5. Taxes Receivable

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 due four times per year on August 12, November 12, March 12, and June 12. 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 is added after the tenth day late and an additional 1% per month thereafter. Taxes which remain unpaid ten days after the June 12 due date are delinquent and are subject to an 8% penalty and interest calculated at 12%. Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale.

Taxes receivable at June 30, 2014 consist of the following (in thousands):

Property Taxes - 2014	$ 620,945
Property Taxes - Prior Years	987,142
Gross Receipts Taxes	376,862
Allowance for Doubtful Taxes	(778,117)
Total	$ 1,206,832

6. User Fees Receivable

User fees receivable include amounts due from customers for electric service, rent and passenger facility charges at the airport, cable, internet and phone services, and water and sewer usage. User fees receivable are reported net of an allowance for doubtful accounts estimated at up to 30% of accounts receivable depending on the aging of the receivables. Water and sewer delinquent receivables are liened in a similar manner as property taxes, described in Note 5.

User fees receivable and related allowance for doubtful accounts at June 30, 2014 consist of the following:

	Electric	Airport	Telecom	Wastewater	Nonmajor Fund - Water	Total
Billed Service Fees	$ 4,697,546	$ 1,625,745	$ 800,935	$ 845,731	$ 611,708	$ 8,581,665
Allowance for Doubtful Fees	(374,221)	(26,321)	(97,574)	(3,000)	(3,000)	(504,116)
Total	$ 4,323,325	$ 1,599,424	$ 703,361	$ 842,731	$ 608,708	$ 8,077,549

7. Departmental and Other Receivables

Departmental and other receivables, as reported in the governmental funds, represent ambulance, police tickets, local option sales tax, community and economic development office receivables, and other reimbursements.

	Ambulance	Police	Local Option Sales Tax	CEDO	BED	Other	Total
Gross	$ 1,014,243	$ 2,302,214	$ 508,376	$ 1,668,084	$ 1,324,168	$ 1,688,317	$ 8,505,402
Less: Allowance for doubtful accounts	(780,990)	(1,794,937)	-	-	-	(46,446)	(2,622,373)
Total	$ 233,253	$ 507,277	$ 508,376	$ 1,668,084	$ 1,324,168	$ 1,641,871	$ 5,883,029

8. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2014.

	Governmental Funds	Enterprise Funds	Total
General fund	$ 169,822	$ -	$ 169,822
School general	1,250,030	-	1,250,030
Capital project grants	1,633,753	-	1,633,753
School special revenue	276,970	-	276,970
Airport improvements	-	782,414	782,414
School food service	-	340,338	340,338
Total	$ 3,330,575	$ 1,122,752	$ 4,453,327

9. Notes and Loans Receivables

The City, through various state and federal grant programs, 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 following is a summary of the major components of notes, loans, and accrued interest receivables at June 30, 2014:

	Governmental Funds	Enterprise Funds
Interest free HODAG loan receivable for Riverside Avenue and Salmon Run dated October 16, 2009 maturing on October 16, 2039.	$ 2,750,000	$ -
Less: allowance for doubtful accounts	(2,750,000)	-
CEDO loans receivable represent loans under Housing and Urban Development programs.	13,855,754	-
Less: allowance for doubtful accounts	(9,426,420)	-
Burlington Electric Department notes receivable from Winooski One Partnership.	-	1,070,000
Total notes and loans receivable	$ 4,429,334	$ 1,070,000

10. Capital Lease Receivable - BCDC

The Burlington Community Development Corporation (BCDC) has various receivables on outstanding development or rehabilitation of properties within the City from new businesses. The repayment terms vary and are contingent on numerous factors outside the control of the City.

The following is a summary of the major components of capital lease receivables for BCDC at June 30, 2014:

		Component Unit
BCDC capital lease receivable from Westlake Parking, LLC dated 7/26/2007. The annual lease payment is $72,000, including interest at 7% annually, maturing on 7/26/2026 with a lump sum payment of $448,000. The lease requires an annual contribution of $6,000 to a capital reserve fund.	$	787,655
BCDC 1993 relief bond receivables (3) from Champlain Housing Trust Corporation, offset by bond payable. The total quarterly payments are $21,588 including interest rates between 3.25% - 4.00%, maturing in FY2024 and FY2025.		720,165
BCDC Multi-generational bond receivable from Champlain Housing Trust Corporation, offset by bond payable. The monthly payment is $1,879, maturing on October 1, 2028.		230,345
Total capital leases receivable		1,738,165
Less: amount due within one year		(94,434)
Capital leases receivable, net of current portion	$	1,643,731

Expected future receipts of BCDC's lease receivables are as follows:

Fiscal Year		Principal		Interest		Total
2015	$	94,435	$	86,463	$	180,898
2016		94,420		86,478		180,898
2017		98,569		82,329		180,898
2018		102,919		77,979		180,898
2019		107,480		73,417		180,897
2020-2024		589,661		290,678		880,339
2025-2027		650,681		119,111		769,792
Total	$	1,738,165	$	816,455	$	2,554,620

11. Interfund Fund Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the June 30, 2014 balances in interfund receivable and payable accounts:

Fund	Due From Other Funds	Due To Other Funds
General fund	$ 230,075	$ -
School fund	-	2,330,002
Other Nonmajor Governmental funds:		
School Special Revenue	306,973	-
School Capital	14,239	-
School Debt Service	1,045,042	-
Subtotal other nonmajor governmental funds	1,366,254	-
Other Nonmajor Enterprise funds:		
School Food Service	733,673	-
Total	$ 2,330,002	$ 2,330,002

The composition of advances to/from other funds (amounts considered to be long-term) as of June 30, 2014 is as follows:

Fund	Advances to Other Funds	Advances from Other Funds
General fund	$ 3,182,986	$ -
Other Nonmajor Governmental funds:		
Champlain Parkway	-	322,604
Stormwater Upgrade	-	163,172
Church Street Marketplace	-	141,697
Waterfront	-	235,581
Wayfinding	-	31,830
FEMA	-	422,072
General Capital	-	266,204
Other Capital Projects	-	445,636
Community and Economic Development Office	-	1,154,190
Total	$ 3,182,986	$ 3,182,986

The City reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements. The following is an analysis of interfund transfers made in fiscal year 2014:

Governmental Funds:	Transfers In	Transfers Out
Major funds:		
General fund	$ 35,688	$ 1,439,857
School general fund	1,193,306	1,928,098
Nonmajor funds:		
Special Revenue funds:		
Traffic commission	410,784	-
Tax increment financing	-	654,150
Community and economic development	201,936	-
Dedicated taxes	394,765	80,752
Impact Fees	-	65,448
Church street market place	11,000	-
Capital Project funds:		
Southern connector	279,028	-
Street & sidewalk infrastructure	113,690	92,091
On & off church street	166,925	-
Waterfront access	422,982	-
FEMA	83,069	-
South end & downtown	6,025	-
Wayfinding	224	-
School capital projects	-	27,572
Other capital projects	206,182	-
Debt Service fund	664,792	-
Subtotal Nonmajor Governmental funds	2,961,402	920,013
Business-Type Funds:		
Nonmajor funds:		
School food service	97,572	-
Subtotal Nonmajor Business-Type funds	97,572	-
Grand Total	$ 4,287,968	$ 4,287,968

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs and accounted for in other funds in accordance with budgetary authorizations.

12. Capital Assets

Capital asset activity for the City's Governmental and Business-Type Activities, as well as each enterprise fund, for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 15,932,131	$ -	$ -	$ 15,932,131
Construction in progress	12,329,210	4,990,528	(5,431)	17,314,307
Antiques and works of art	52,000	-	-	52,000
Total capital assets, not being depreciated	28,313,341	4,990,528	(5,431)	33,298,438
Capital assets, being depreciated:				
Land improvements	2,602,575	217,440	-	2,820,015
Buildings and building improvements	94,509,600	406,910	-	94,916,510
Vehicles, machinery, equipment and furniture	27,018,169	1,188,626	(507,970)	27,698,825
Book collections	1,447,643	192,683	-	1,640,326
Infrastructure	113,354,184	1,201,687	-	114,555,871
Total capital assets, being depreciated	238,932,171	3,207,346	(507,970)	241,631,547
Less accumulated depreciation for:				
Land improvements	(1,100,472)	(91,057)	-	(1,191,529)
Buildings and building improvements	(21,608,953)	(1,620,121)	-	(23,229,074)
Vehicles, machinery, equipment and furniture	(18,363,446)	(2,191,739)	453,131	(20,102,054)
Book collections	(939,863)	(195,677)	-	(1,135,540)
Infrastructure	(59,155,699)	(3,654,089)	-	(62,809,788)
Total accumulated depreciation	(101,168,433)	(7,752,683)	453,131	(108,467,985)
Total capital assets, being depreciated, net	137,763,738	(4,545,337)	(54,839)	133,163,562
Governmental activities capital assets, net	$ 166,077,079	$ 445,191	$ (60,270)	$ 166,462,000

	Beginning Balance	Increases	Decreases	Ending Balance
City:				
Capital assets, not being depreciated:				
Land	$ 13,680,454	$ -	$ -	$ 13,680,454
Construction in progress	6,816,202	3,296,545	(5,431)	10,107,316
Antiques and works of art	52,000	-	-	52,000
Total capital assets, not being depreciated	20,548,656	3,296,545	(5,431)	23,839,770
Capital assets, being depreciated:				
Land improvements	2,602,575	217,440	-	2,820,015
Buildings and building improvements	52,216,873	31,685	-	52,248,558
Vehicles, machinery, equipment and furniture	20,757,926	1,084,765	(507,970)	21,334,721
Book collections	1,447,643	192,683	-	1,640,326
Infrastructure	113,354,184	1,201,687	-	114,555,871
Total capital assets, being depreciated	190,379,201	2,728,260	(507,970)	192,599,491
Less accumulated depreciation for:				
Land improvements	(1,100,472)	(91,057)	-	(1,191,529)
Buildings and building improvements	(10,578,578)	(743,370)	-	(11,321,948)
Vehicles, machinery, equipment and furniture	(13,507,685)	(1,756,442)	453,131	(14,810,996)
Book collections	(939,863)	(195,677)	-	(1,135,540)
Infrastructure	(59,155,699)	(3,654,089)	-	(62,809,788)
Total accumulated depreciation	(85,282,297)	(6,440,635)	453,131	(91,269,801)
Total capital assets, being depreciated, net	105,096,904	(3,712,375)	(54,839)	101,329,690
City capital assets, net	$ 125,645,560	$ (415,830)	$ (60,270)	$ 125,169,460

	Beginning Balance	Increases	Decreases	Ending Balance
School:				
Capital assets, not being depreciated:				
Land	$ 2,251,677	$ -	$ -	$ 2,251,677
Construction in progress	5,513,008	1,693,983	-	7,206,991
Total capital assets, not being depreciated	7,764,685	1,693,983	-	9,458,668
Capital assets, being depreciated:				
Buildings and building improvements	42,292,727	375,225	-	42,667,952
Vehicles, machinery, equipment and furniture	6,260,243	103,861	-	6,364,104
Total capital assets, being depreciated	48,552,970	479,086	-	49,032,056
Less accumulated depreciation for:				
Buildings and building improvements	(11,030,375)	(876,751)	-	(11,907,126)
Vehicles, machinery, equipment and furniture	(4,855,761)	(435,297)	-	(5,291,058)
Total accumulated depreciation	(15,886,136)	(1,312,048)	-	(17,198,184)
Total capital assets, being depreciated, net	32,666,834	(832,962)	-	31,833,872
School capital assets, net	$ 40,431,519	$ 861,021	$ -	$ 41,292,540

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities-				
Combined all Enterprise Funds:				
Capital assets, not being depreciated:				
Land	$ 23,495,048	$ 337	$ -	$ 23,495,385
Construction in progress	24,517,603	12,155,008	(6,005,569)	30,667,042
Total capital assets, not being depreciated	48,012,651	12,155,345	(6,005,569)	54,162,427
Capital assets, being depreciated:				
Land improvements	98,015,805	38,490	-	98,054,295
Buildings and building improvements	83,719,062	2,375,018	(369,156)	85,724,924
Vehicles, machinery, equipment and furniture	26,887,364	1,379,644	(139,296)	28,127,712
Distribution and collection systems	204,710,429	6,087,383	(3,189,725)	207,608,087
Intangible asset	-	6,000,000	-	6,000,000
Total capital assets, being depreciated	413,332,660	15,880,535	(3,698,177)	425,515,018
Less accumulated depreciation for:				
Land improvements	(41,583,517)	(3,374,905)	-	(44,958,422)
Buildings and building improvements	(27,476,104)	(2,762,862)	369,735	(29,869,231)
Vehicles, machinery, equipment and furniture	(15,816,412)	(1,477,235)	106,687	(17,186,960)
Distribution and collection systems	(106,191,399)	(5,935,431)	2,388,540	(109,738,290)
Total accumulated depreciation	(191,067,432)	(13,550,433)	2,864,962	(201,752,903)
Total capital assets, being depreciated, net	222,265,228	2,330,102	(833,215)	223,762,115
Business-type activities capital assets, net	$ 270,277,879	$ 14,485,447	$ (6,838,784)	$ 277,924,542

	Beginning Balance	Increases	Decreases	Ending Balance
Electric Enterprise Fund:				
Capital assets, not being depreciated:				
Land	$ 559,594	$ 327	$ -	$ 559,921
Construction in progress	1,284,100	4,640,218	(4,826,352)	1,097,966
Total capital assets, not being depreciated	1,843,694	4,640,545	(4,826,352)	1,657,887
Capital assets, being depreciated:				
Distribution and collection systems	152,572,504	6,024,575	(3,149,884)	155,447,195
Total capital assets, being depreciated	152,572,504	6,024,575	(3,149,884)	155,447,195
Less accumulated depreciation for:				
Distribution and collection systems	(76,412,523)	(4,990,870)	2,357,213	(79,046,180)
Total accumulated depreciation	(76,412,523)	(4,990,870)	2,357,213	(79,046,180)
Total capital assets, being depreciated, net	76,159,981	1,033,705	(792,671)	76,401,015
Electric Enterprise Fund capital assets, net	$ 78,003,675	$ 5,674,250	$ (5,619,023)	$ 78,058,902

Airport Enterprise Fund:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 21,878,452	$ 10	$ -	$ 21,878,462
Construction in progress	23,233,503	7,514,790	(1,179,217)	29,569,076
Total capital assets, not being depreciated	45,111,955	7,514,800	(1,179,217)	51,447,538
Capital assets, being depreciated:				
Land improvements	68,096,770	38,490	-	68,135,260
Buildings and building improvements	82,531,010	2,366,121	(369,156)	84,527,975
Vehicles, machinery, equipment and furniture	9,588,687	650,458	(35,784)	10,203,361
Total capital assets, being depreciated	160,216,467	3,055,069	(404,940)	162,866,596
Less accumulated depreciation for:				
Land improvements	(27,485,524)	(2,642,603)	-	(30,128,127)
Buildings and building improvements	(27,046,226)	(2,738,950)	369,735	(29,415,441)
Vehicles, machinery, equipment and furniture	(4,444,468)	(592,060)	30,210	(5,006,318)
Total accumulated depreciation	(58,976,218)	(5,973,613)	399,945	(64,549,886)
Total capital assets, being depreciated, net	101,240,249	(2,918,544)	(4,995)	98,316,710
Airport Enterprise Fund capital assets, net	$ 146,352,204	$ 4,596,256	$ (1,184,212)	$ 149,764,248

Telecom Enterprise Fund:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 157,800	$ -	$ -	$ 157,800
Total capital assets, not being depreciated	157,800	-	-	157,800
Capital assets, being depreciated:				
Buildings and building improvements	1,188,052	8,897	-	1,196,949
Vehicles, machinery, equipment and furniture	3,629,040	457,148	-	4,086,188
Intangible asset	-	6,000,000	-	6,000,000
Total capital assets, being depreciated	4,817,092	6,466,045	-	11,283,137
Less accumulated depreciation for:				
Buildings and building improvements	(429,878)	(23,912)	-	(453,790)
Vehicles, machinery, equipment and furniture	(919,422)	(290,574)	-	(1,209,996)
Total accumulated depreciation	(1,349,300)	(314,486)	-	(1,663,786)
Total capital assets, being depreciated, net	3,467,792	6,151,559	-	9,619,351
Telecom Enterprise Fund capital assets, net	$ 3,625,592	$ 6,151,559	$ -	$ 9,777,151

Wastewater Enterprise Fund:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 847,952	$ -	$ -	$ 847,952
Total capital assets, not being depreciated	847,952	-	-	847,952
Capital assets, being depreciated:				
Land improvements	29,919,035	-	-	29,919,035
Vehicles, machinery, equipment and furniture	11,913,173	39,646	-	11,952,819
Distribution and collection systems	17,689,669	-	-	17,689,669
Total capital assets, being depreciated	59,521,877	39,646	-	59,561,523
Less accumulated depreciation for:				
Land improvements	(14,097,993)	(732,302)	-	(14,830,295)
Vehicles, machinery, equipment and furniture	(9,214,491)	(488,708)	-	(9,703,199)
Distribution and collection systems	(6,834,057)	(358,383)	-	(7,192,440)
Total accumulated depreciation	(30,146,541)	(1,579,393)	-	(31,725,934)
Total capital assets, being depreciated, net	29,375,336	(1,539,747)	-	27,835,589
Wastewater Enterprise Fund capital assets, net	$ 30,223,288	$ (1,539,747)	$ -	$ 28,683,541

Water Nonmajor Enterprise Fund:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 51,250	$ -	$ -	$ 51,250
Total capital assets, not being depreciated	51,250	-	-	51,250
Capital assets, being depreciated:				
Vehicles, machinery, equipment and furniture	1,293,550	199,470	(103,512)	1,389,508
Distribution and collection systems	34,448,256	62,808	(39,841)	34,471,223
Total capital assets, being depreciated	35,741,806	262,278	(143,353)	35,860,731
Less accumulated depreciation for:				
Vehicles, machinery, equipment and furniture	(890,067)	(79,430)	76,477	(893,020)
Distribution and collection systems	(22,944,819)	(586,178)	31,327	(23,499,670)
Total accumulated depreciation	(23,834,886)	(665,608)	107,804	(24,392,690)
Total capital assets, being depreciated, net	11,906,920	(403,330)	(35,549)	11,468,041
Water Enterprise Fund capital assets, net	$ 11,958,170	$ (403,330)	$ (35,549)	$ 11,519,291

	Beginning Balance	Increases	Decreases	Ending Balance
Food Service Nonmajor Enterprise Fund:				
Capital assets, being depreciated:				
Vehicles, machinery, equipment and furniture	$ 462,914	$ 32,922	$ -	$ 495,836
Total capital assets, being depreciated	462,914	32,922	-	495,836
Less accumulated depreciation for:				
Vehicles, machinery, equipment and furniture	(347,964)	(26,463)	-	(374,427)
Total accumulated depreciation	(347,964)	(26,463)	-	(374,427)
Total capital assets, being depreciated, net	114,950	6,459	-	121,409
Other Nonmajor Enterprise Funds capital assets, net	$ 114,950	$ 6,459	$ -	$ 121,409

Certain amounts in the beginning balance column have been reclassified from amounts reported in the fiscal year 2013 financial statements.

Depreciation expense was charged to functions of the City as follows:

Governmental Activities:	
General government	$ 388,455
Public safety	933,328
Public works	4,055,952
Community development	144,240
Culture and recreation	918,660
Education	1,312,048
Total depreciation expense - governmental activities	$ 7,752,683
Business-Type Activities:	
Electric	$ 4,990,870
Airport [(1)]	5,973,613
Telecom	314,486
Wastewater	1,579,393
Water	665,608
Education	26,463
Total depreciation expense - business-type activities	$ 13,550,433

[(1)] Difference with page 30 represents a transfer of an asset.

A summary of Burlington's component unit Burlington Community Development 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	$ -	$ (662,604)	$ 492,645
Total Capital Assets, Not Being Depreciated	1,155,249	-	(662,604)	492,645
Capital Assets, Being Depreciated:				
Buildings	5,340,387	-	(650,000)	4,690,387
Land Improvements	342,548	-	(342,548)	-
Total	5,682,935	-	(992,548)	4,690,387
Less accumulated depreciation for:				
Buildings	(636,417)	(69,762)	195,803	(510,376)
Land Improvements	(62,802)	(6,850)	69,652	-
Totals	(699,219)	(76,612)	265,455	(510,376)
Total Capital Assets, Being Depreciated	4,983,716	(76,612)	(727,093)	4,180,011
Component Unit Capital Assets, Net	$ 6,138,965	$ (76,612)	$ (1,389,697)	$ 4,672,656

13. Regulatory Assets and Other Prepaid Charges

Regulatory and other prepaid charges at June 30, 2014 are comprised of the following:

	Electric Fund
Deferred depreciation expense to be recovered in future years	$ 2,236,208
Deferred preliminary costs associated with Winooski One Hydro	814,852
Deferred VPSB accounting orders	534,265
Retirement of meters	505,222
Other	1,887
Total	$ 4,092,434

A. Deferred Depreciation Expense to be Recovered in Future Years

Provisions for depreciation of capital assets, with the exception of the Joseph C. McNeil Generating Station (the McNeil Station) and the Highgate Converter Station (the Highgate Station), are reported using the straight-line method at rates based upon the estimated service lives and salvage values of the several classes of property. Depreciation of capital assets for the McNeil Station and the Highgate Station are calculated using the straight-line method. However, a portion of the current depreciation expense is only recoverable through future rates. The difference is included in deferred charges (calculated as the straight-line depreciation expense less the depreciation expense on a sinking fund basis) and will be recovered in future years. The Department recorded straight-line depreciation of $4,990,870 and $3,897,984, for the years ended June 30, 2014 and 2013, respectively. In 2014 and 2013, $680,989 and $1,047,693 of deferred depreciation expenses was realized, respectively. Unamortized deferred depreciation balances of $2,236,208 and $2,272,848 remained at June 30, 2014 and 2013, respectively.

B. *Deferred preliminary costs associated with Winooski One Hydro*

In September 2012, the Burlington City Council authorized the exercise of an option held by BED to purchase the Winooski One Hydroelectric Facility, together with approval to enter arbitration on a purchase price. The preliminary costs associated with price negotiations, arbitration, planning and funding for the purchase, in the amount of $814,852 has been deferred and will become part of the asset value upon its purchase.

C. *Deferred-VPSB Accounting Orders*

In 2012, the Department obtained an accounting order from the Vermont Public Service Board (VPSB) McNeil Station turbine overhaul. The total deferred cost was $935,044 and will be amortized over seven years (84 months) beginning July 2011. Amortization expense related to the deferred overhaul charges was $133,566 for 2014 and 2013, respectively, and has been reported as a component of production expense.

D. *Deferred Retirement of Meters*

Due to the Smart Grid/Meter project in 2012-2013, under a Department of Public Service directive, the depreciated book value of certain retired meters has been deferred and will be amortized over a five-year period. Amortization expense related to the deferred write off was $79,216 for 2014 and $9,151 for 2013.

14. Deferred Outflows/Inflows of Resources

The City has implemented GASB 65, *Items Previously Reported as Assets and Liabilities*. Deferred outflows of resources represent the consumption of net position by the City that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred inflows of resources are the acquisition of net position by that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities.

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The balance of the *deferred inflows of resources* is equal to the total of all June 30, 2014 receivable balances, including loans receivable balances of Community Development and Housing Subsidy funds, certain receipts that were received within 60 days of the end of the year.

15. Accounts Payable and Accrued Expenses

Accounts payable represent fiscal year 2014 expenditures paid on or after July 1, 2014.

16. Anticipation Notes Payable

The City did not have any notes outstanding at June 30, 2014.

The following summarizes activity in bond anticipation notes (BANS), grant anticipation notes (GAN), and lines of credit (LOC) during fiscal year 2014:

Note	Balance Beginning of Year	New Issues	Maturities	Balance End of Year
GAN - Airport (LOC)	$ 1,051,892	$ -	$ (1,051,892)	$ -
BAN - Wastewater	-	14,570,620	(14,570,620)	-
Total	$ 1,051,892	$ 14,570,620	$ (15,622,512)	$ -

17. Long-Term Obligations – City of Burlington

A. *Types of Long-Term Obligations*

General Obligation Bonds. The City issues general obligation bonds to provide resources for the acquisition and construction of major capital facilities and to refund prior bond 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.

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 five no-interest loans do charge a 2% administration fee. The City has borrowed money from the Vermont Special Environmental Revolving Fund for sewer stormwater projects. These bonds are both general obligation and revenue supported bonds.

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 certificate of participation 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.

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.

Compensated Absences - It is the policy of the City to permit certain employees to accumulate earned but unused benefits. The City, excluding the School Fund, allows employees to carryover up to 360 hours of vested vacation time to the next fiscal year. The City also allows all employees hired prior to July 1, 2000 to carryover the lesser of 25% of their sick leave balance or 120 hours. City employees hired after July 1, 2000 may carryover earned sick leave balances; however, it is not a vested benefit upon termination. The School Fund allows certain employees to carryover up to 80 hours vested vacation time. The School Fund also allows sick leave to be vested upon reaching certain plateaus, depending on the individual contract. The School has made the assumption that the employee will likely reach the eligibility threshold once they are within three (3) years of the actual vesting date. 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 Premiums, Discounts, Issue Costs, and Refunding Losses

Debt premiums, discounts, issue costs, and refunding losses 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 and in the individual enterprise funds and for the business-type activities in the government-wide financial statements which represent their actuarially determined costs for post-employment benefits. These costs relate to subsidized health care and life insurance for retirees during the period from retirement to the date of eligibility for social security benefits.

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:

Governmental Activities:	Serial Maturities Through	Interest Rate(s) %	Amount Issued	Amount Outstanding as of 6/30/14
General obligation bonds:				
Fire Equipment Bond 2003A	11/01/2018	3.50 - 4.00%	$ 2,500,000	$ 1,005,000
General Improvements 2004 Refunding Series B	12/01/2016	2.00 - 3.80%	530,000	125,000
General Improvements 2004 Series A	11/1/2014	2.25 - 3.75%	750,000	85,000
General Improvements 2005 Series A	11/01/2015	3.50 - 3.60%	250,000	60,000
General Improvements 2005 Series B	11/1/2015	3.25 - 3.50%	1,000,000	235,000
General Improvements 2006 Series A	11/1/2026	3.50 - 4.00%	1,000,000	740,000
General Improvements 2007 Series A	11/1/2027	3.50 - 4.25%	1,000,000	780,000
General Improvements 2009 Series C	11/1/2029	2.00 - 4.125%	1,000,000	845,000
General Improvements 2009 Series C	11/1/2029	2.00 - 4.125%	1,000,000	845,000
General Improvements 2009 Series C Street Impr.	11/1/2029	2.00 - 4.125%	2,250,000	1,920,000
General Improvements 2011 Series A - City FY 2010	11/1/2031	3.00 - 4.75%	1,000,000	940,000
General Improvements 2011 Series A - City Fire	11/1/2031	3.00 - 4.75%	1,325,000	1,240,000
General Improvements 2011 Series A - Street Paving	11/1/2031	3.00 - 4.75%	3,250,000	3,040,000
General Improvements 2011 Series B - City FY 2011	11/1/2031	2.00 - 4.75%	1,000,000	935,000
G.O. School 2002 Series A Bonds	9/1/2022	3.00 - 4.75%	860,000	480,000
G.O. School 2004 Refunding Series B Bonds	12/01/2016	2.00 - 3.80%	2,370,000	555,000
G.O. School 2005 Series B Bonds	11/1/2025	3.25 - 4.2%	750,000	525,000
G.O. School 2006 Series A Bonds	11/1/2026	3.50 - 4.00%	750,000	555,000
G.O. School 2006 Series A Bonds - Athletic Field	11/1/2026	3.50 - 4.00%	3,615,000	2,675,000
G.O. School 2007 Series A Bonds	11/1/2027	3.50 - 4.25%	750,000	590,000
G.O. School 2009 Series C Bonds	11/1/2029	2.00 - 4.125%	750,000	635,000
G.O. School 2009 Series C Bonds	11/1/2029	2.00 - 4.125%	2,000,000	1,700,000
G.O. School 2010 Series B Taxable GO Public Impr.	11/1/2026	6.50%	2,000,000	2,000,000
G.O. School 2010 Series A Qualified School Constr.	11/1/2026	6.50%	9,700,000	9,700,000
General Improvements 2011 Series B - School	11/1/2031	2.00 - 4.75%	2,000,000	1,865,000
Public Improvement Bonds 2012 Series A - 2012 City	11/1/2032	5.00%	1,000,000	975,000
Public Improvement Bonds 2012 Series A - 2013 City	11/1/2032	5.00%	2,000,000	1,945,000
Public Improvement Bonds 2012 Series A - 2013 School	6/30/2033	5.00%	3,250,000	3,155,000
Taxable G.O. Bonds 2013 Series A - Fiscal Stability	11/1/2028	3.50 - 5.25%	9,000,000	9,000,000
G.O. Public Improvement Bonds 2013 Series B - City	11/1/2033	4.00 - 6.75%	2,000,000	2,000,000
G.O. Public Improvement Bonds 2013 Series B - School	11/1/2033	4.00 - 6.75%	2,000,000	2,000,000
Total general obligation bonds				53,150,000
Other debt:				
Downtown Parking - Certificate of Participation	12/01/2018	4.30 - 4.80%	5,500,000	1,285,000
Capital Projects - Certificate of Participation	12/01/2020	5.375 - 5.75%	4,100,000	1,955,000
Downtown Parking - Certificate of Participation	05/01/2025	4.0 - 4.375%	7,870,000	5,470,000
HUD Section 108 - US Guaranteed Notes 1999	08/01/2017	5.40 - 6.20%	1,930,000	405,000
HUD Section 108 - US Guaranteed Notes 2003	08/01/2022	3.25%	3,602,000	495,000
HUD Section 108 - US Guaranteed Notes 2005	08/01/2018	variable	1,827,000	800,000
Stormwater Revenue Obligation Bond	10/01/2031	0.00%	1,204,000	343,739
Total other debt				10,753,739
Total Governmental Activities:				$ 63,903,739

The HUD Section 108-US guaranteed notes, originally issued in 2003 and 2005, have a variable rate of interest based on the three (3) month LIBOR rate plus .2%.

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

Business-Type Activities:	Serial Maturities Through	Interest Rate(s) %	Amount Issued	Amount Outstanding as of 6/30/14
General obligation bonds:				
Electric 2004 Series B Refunding Bonds	12/01/2016	2.00 - 3.80%	$ 510,002	$ 120,000
Electric 2005 Series A Bonds	11/01/2025	3.50 - 4.20%	1,000,000	700,000
Electric 2005 Series B Bonds	11/01/2025	3.25 - 4.20%	1,000,000	700,000
Electric 2006 Series A Bonds	11/01/2026	3.50 - 4.00%	1,000,000	740,000
Electric 2007 Series A Bonds	11/01/2027	3.50 - 4.25%	1,000,000	780,000
Electric 2009 Series A Bonds	11/01/2029	2.00 - 4.375%	12,750,000	10,785,000
Electric 2009 Series B Bonds	11/01/2029	4.00 - 6.00%	8,250,000	7,190,000
Electric 2009 Series D Bonds	11/01/2029	1.45 - 5.60%	4,615,000	4,035,000
Electric 2009 Series C Bonds	11/01/2029	2.00 - 4.125%	1,000,000	845,000
Electric 2009 Series C Bonds	11/01/2029	2.00 - 4.125%	1,000,000	845,000
Electric 2009 Series C Bonds	11/01/2029	2.00 - 4.125%	10,985,000	9,325,000
General Improvements 2011 Series A - Electric Portion	11/01/2031	3.00 - 4.75%	1,000,000	940,000
General Improvements 2011 Series B - Electric Portion	11/01/2031	2.00 - 4.75%	1,000,000	935,000
Public Improvement 2012 Series A - 2012 Electric	11/01/2032	5.00%	2,000,000	1,950,000
Public Improvement 2012 Series A - 2013 Electric	11/01/2032	5.00%	1,750,000	1,700,000
Taxable Public Improvement 2012 Series B - Electric	11/01/2032	6.00%	1,250,000	1,220,000
G.O. Public Improvement Bonds 2013 Series B - Electric	11/1/2033	4.00 - 6.75%	3,000,000	3,000,000
Total general obligation bonds				45,810,000
Other debt:				
Electric Revenue Bonds 2001 Series A	07/01/2014	2.30 - 4.60%	11,115,000	2,540,000
Electric Revenue Bonds 2002 Series A	07/01/2014	5.00 - 5.375%	20,875,000	5,055,000
Electric Revenue Bonds 2004 Series A	07/01/2024	2.75 - 5.00%	10,000,000	6,405,000
Electric Revenue Bonds 2011 Series A	07/01/2031	4.25 - 5.75%	8,775,000	8,775,000
Electric Revenue Bonds 2011 Series B	07/01/2031	7.25 - 8.25%	3,135,000	3,135,000
Wastewater State of VT-EPA 2006 Series 1 (Siphon)	02/01/2027	0.00%	1,650,000	1,065,862
Wastewater State of VT-EPA 2009 Series I (Turbo)	10/01/2031	0.00%	120,000	43,899
State of VT-EPA 2001 Series 1 (Digester)	08/01/2027	0.00%	2,500,000	1,195,589
Airport Revenue Bonds 2003 Series A and B	07/01/2028	2.00 - 5.00%	24,800,000	18,485,000
Airport Revenue Refunding 2012 Series A	07/01/2028	4.00 - 5.00%	17,670,000	17,670,000
Airport Revenue Refunding 2012 Series B	07/01/2018	3.50%	7,130,000	6,615,000
VT Municpal Bond Bank 2014 Series 1 - Wastewater	11/15/2033	0.643 - 4.723%	14,645,620	14,645,620
Total other debt				85,630,970
Total Business-Type Activities:				$ 131,440,970

B. *Future Debt Service*

The annual payments to retire all governmental general obligation long-term debt outstanding as of June 30, 2014 are as follows:

Governmental Activities Combined	Principal	Interest	Total
2015	$ 3,438,749	$ 2,850,792	$ 6,289,541
2016	3,466,968	2,721,977	6,188,945
2017	3,453,050	2,590,464	6,043,514
2018	3,621,997	2,450,538	6,072,535
2019	4,445,950	2,299,429	6,745,379
2020 - 2024	14,491,482	9,612,421	24,103,903
2025 - 2029	25,420,124	4,576,308	29,996,432
2030 - 2034	5,565,419	444,968	6,010,387
Total	$ 63,903,739	$ 27,546,897	$ 91,450,636

City	Principal	Interest	Total
2015	$ 2,610,892	$ 1,453,848	$ 4,064,740
2016	2,612,682	1,355,376	3,968,058
2017	2,565,907	1,256,253	3,822,160
2018	2,890,568	1,148,139	4,038,707
2019	3,690,236	1,027,711	4,717,947
2020 - 2024	10,230,053	3,780,548	14,010,601
2025 - 2029	9,582,267	1,628,048	11,210,315
2030 - 2034	3,286,134	192,089	3,478,223
Total	$ 37,468,739	$ 11,842,012	$ 49,310,751

School	Principal	Interest	Total
2015	$ 827,857	$ 1,396,944	$ 2,224,801
2016	854,286	1,366,601	2,220,887
2017	887,143	1,334,211	2,221,354
2018	731,429	1,302,399	2,033,828
2019	755,714	1,271,718	2,027,432
2020 - 2024	4,261,429	5,831,873	10,093,302
2025 - 2029	15,837,857	2,948,260	18,786,117
2030 - 2034	2,279,285	252,879	2,532,164
Total	$ 26,435,000	$ 15,704,885	$ 42,139,885

The following governmental funds have been designated as the sources to repay the governmental-type general obligation long-term debt outstanding as of June 30, 2014:

	Principal	Interest	Total
General fund - City	$ 35,425,000	$ 11,679,890	$ 47,104,890
General fund - School Department	26,435,000	15,704,885	42,139,885
Special revenue fund - City	2,043,739	162,122	2,205,861
Total	$ 63,903,739	$ 27,546,897	$ 91,450,636

The annual payments to retire all business-type (and each Enterprise fund) long-term debt outstanding as of June 30, 2014 are as follows:

Business-Type Activities Combined all Enterprise Funds	Principal	Interest	Total
2015	$ 13,151,241	$ 5,390,059	$ 18,541,300
2016	6,136,378	4,827,751	10,964,129
2017	6,308,716	4,632,125	10,940,841
2018	6,488,260	4,422,459	10,910,719
2019	6,727,865	4,195,569	10,923,434
2020 - 2024	37,623,528	16,625,956	54,249,484
2025 - 2029	42,406,699	7,803,121	50,209,820
2030 - 2034	12,598,283	966,833	13,565,116
Total	$ 131,440,970	$ 48,863,873	$ 180,304,843

Electric Enterprise Fund	Principal	Interest	Total
2015	$ 10,109,286	$ 3,135,404	$ 13,244,690
2016	3,036,429	2,655,318	5,691,747
2017	3,130,714	2,545,044	5,675,758
2018	3,207,143	2,426,978	5,634,121
2019	3,363,571	2,300,423	5,663,994
2020 - 2024	19,227,143	9,237,573	28,464,716
2025 - 2029	20,714,286	4,624,277	25,338,563
2030 - 2034	8,931,428	560,359	9,491,787
Total	$ 71,720,000	$ 27,485,376	$ 99,205,376

Airport Enterprise Fund	Principal	Interest	Total
2015	$ 2,160,000	$ 1,796,358	$ 3,956,358
2016	2,215,000	1,719,699	3,934,699
2017	2,290,000	1,641,331	3,931,331
2018	2,390,000	1,558,791	3,948,791
2019	2,470,000	1,470,463	3,940,463
2020 - 2024	13,875,000	5,551,850	19,426,850
2025 - 2029	17,370,000	1,993,950	19,363,950
Total	$ 42,770,000	$ 15,732,442	$ 58,502,442

Wastewater Enterprise Fund	Principal	Interest	Total
2015	$ 881,955	$ 458,297	$ 1,340,252
2016	884,949	452,734	1,337,683
2017	888,002	445,750	1,333,752
2018	891,117	436,690	1,327,807
2019	894,294	424,683	1,318,977
2020 - 2024	4,521,385	1,836,533	6,357,918
2025 - 2029	4,322,413	1,184,894	5,507,307
2030 - 2034	3,666,855	406,474	4,073,329
Total	$ 16,950,970	$ 5,646,055	$ 22,597,025

C. *Changes in General Long-Term Liabilities*

During the year ended June 30, 2014, the following changes occurred in long-term liabilities for the City's Governmental and Business-Type Activities, as well as each enterprise fund:

	Total Balance 7/1/2013	Additions	Reduction	Total Balance 6/30/2014	Less Current Portion	Equal Long Term Portion
Governmental Activities						
General obligation bonds payable	$ 51,105,000	$ 4,000,000	$ (1,955,000)	$ 53,150,000	$ (2,460,714)	$ 50,689,286
Other debt	12,253,572	-	(1,499,833)	10,753,739	(978,035)	9,775,704
Add unamortized premium	801,954	5,467	(50,966)	756,455	(50,125)	706,330
Subtract deferred loss on refunding	(36,802)	-	9,202	(27,600)	9,202	(18,398)
Subtotal	64,123,724	4,005,467	(3,496,597)	64,632,594	(3,479,672)	61,152,922
Obligations under capital leases	2,431,597	83,460	(1,144,866)	1,370,191	(794,905)	575,286
Compensated absences	4,152,708	368,736	-	4,521,444	(198,811)	4,322,633
Insurance reserves	2,495,981	-	(28,206)	2,467,775	(306,407)	2,161,368
Net OPEB obligation	2,401,786	257,991	-	2,659,777	-	2,659,777
Net pension obligation	1,770,580	-	(31,095)	1,739,485	-	1,739,485
Total	$ 77,376,376	$ 4,715,654	$ (4,700,764)	$ 77,391,266	$ (4,779,795)	$ 72,611,471

Business-type activities - Combined all Enterprise funds	Total Balance 7/1/2013	Additions	Reduction	Total Balance 6/30/2014	Less Current Portion	Equal Long Term Portion
General obligation bonds payable	$ 44,685,000	$ 3,000,000	$ (1,875,000)	$ 45,810,000	$ (2,039,286)	$ 43,770,714
Add unamortized premium	456,163	-	(7,420)	448,743	-	448,743
Subtract unamortized discount	(34,731)	-	1,388	(33,343)	-	(33,343)
Subtotal	45,106,432	3,000,000	(1,881,032)	46,225,400	(2,039,286)	44,186,114
Revenue bonds payable	94,863,085	14,645,620	(23,877,733)	85,630,972	(11,111,955)	74,519,017
Add unamortized premium	652,843	-	(272,925)	379,918	(18,485)	361,433
Subtract unamortized discount	(17,580)	-	17,580	-	-	-
Subtotal	95,498,348	14,645,620	(24,133,078)	86,010,890	(11,130,440)	74,880,450
Obligations under capital leases	1,748,709	-	(596,567)	1,152,142	(311,839)	840,303
Compensated absences	1,594,621	67,479	(581)	1,661,519	-	1,661,519
Net OPEB obligation	250,101	54,059	-	304,160	-	304,160
Other noncurrent liabilities	5,668,420	643,173	-	6,311,593	-	6,311,593
Total	$ 149,866,631	$ 18,410,331	$ (26,611,258)	$ 141,665,704	$ (13,481,565)	$ 128,184,139

Electric Enterprise Fund	Total Balance 7/1/2013	Additions	Reduction	Total Balance 6/30/2014	Less Current Portion	Long Term Portion
General obligation bonds payable	$ 44,685,000	$ 3,000,000	$ (1,875,000)	$ 45,810,000	$ (2,039,286)	$ 43,770,714
Add unamortized premium	456,163	-	(7,420)	448,743	-	448,743
Subtract unamortized discount	(34,731)	-	1,388	(33,343)	-	(33,343)
Subtotal	45,106,432	3,000,000	(1,881,032)	46,225,400	(2,039,286)	44,186,114
Revenue bonds payable	33,600,000	-	(7,690,000)	25,910,000	(8,070,000)	17,840,000
Add unamortized premium	479,546	-	(253,260)	226,286	-	226,286
Subtract unamortized discount	(17,580)	-	17,580	-	-	-
Subtotal	34,061,966	-	(7,925,680)	26,136,286	(8,070,000)	18,066,286
Long-term note payable	-			-	-	-
Compensated absences	1,116,758	36,162	(581)	1,152,339	-	1,152,339
Other noncurrent liabilities	5,668,420	643,173	-	6,311,593	-	6,311,593
Total	$ 85,953,576	$ 3,679,335	$ (9,807,293)	$ 79,825,618	$ (10,109,286)	$ 69,716,332

Airport Enterprise Fund	Total Balance 7/1/2013	Additions	Reduction	Total Balance 6/30/2014	Less Current Portion	Equal Long Term Portion
Revenue bonds payable	$ 44,240,000	$ -	$ (1,470,000)	$ 42,770,000	$ (2,160,000)	$ 40,610,000
Add unamortized premium	173,297	-	(19,665)	153,632	(18,485)	135,147
Subtotal	44,413,297	-	(1,489,665)	42,923,632	(2,178,485)	40,745,147
Obligations under capital leases	1,595,661	-	(517,232)	1,078,429	(280,521)	797,908
Compensated absences	190,681	5,620	-	196,301	-	196,301
Net OPEB obligation	81,952	21,490	-	103,442	-	103,442
Total	$ 46,281,591	$ 27,110	$ (2,006,897)	$ 44,301,804	$ (2,459,006)	$ 41,842,798

Telecom Enterprise Fund	Total Balance 7/1/2013	Additions	Reduction	Total Balance 6/30/2014	Less Current Portion	Equal Long Term Portion
Obligations under capital leases	$ 34,142	$ -	$ (6,818)	$ 27,324	$ (6,817)	$ 20,507
Compensated absences	55,520	8,995	-	64,515	-	64,515
Net OPEB obligation	79,481	11,681	-	91,162	-	91,162
Total	$ 169,143	$ 20,676	$ (6,818)	$ 183,001	$ (6,817)	$ 176,184

Wastewater Enterprise Fund	Total Balance 7/1/2013	Additions	Reduction	Total Balance 6/30/2014	Less Current Portion	Equal Long Term Portion
Revenue bonds payable	$ 17,023,085	$ 14,645,620	$ (14,717,733)	$ 16,950,972	$ (881,955)	$ 16,069,017
Subtotal	17,023,085	14,645,620	(14,717,733)	16,950,972	(881,955)	16,069,017
Obligations under capital leases	32,937	-	(24,990)	7,947	(7,947)	-
Compensated absences	87,097	5,837	-	92,934	-	92,934
Net OPEB obligation	38,017	9,189	-	47,206	-	47,206
Total	$ 17,181,136	$ 14,660,646	$ (14,742,723)	$ 17,099,059	$ (889,902)	$ 16,209,157

Water Non-Major Enterprise Fund	Total Balance 7/1/2013	Additions	Reduction	Total Balance 6/30/2014	Less Current Portion	Equal Long Term Portion
Obligations under capital leases	$ 85,969	$ -	$ (47,527)	$ 38,442	$ (16,554)	$ 21,888
Compensated absences	144,565	10,865	-	155,430	-	155,430
Net OPEB obligation	50,651	11,699	-	62,350	-	62,350
Total	$ 281,185	$ 22,564	$ (47,527)	$ 256,222	$ (16,554)	$ 239,668

18. Capital Lease Obligations

The City is the lessee of certain equipment under capital and operating leases expiring in various years through 2020. Future minimum lease payments under the capital and operating leases consisted of the following as of June 30, 2014:

	Governmental Activities	Business-Type Activities
Capital lease for equipment. The rental payments are to be made in equal monthly installments of $2,561 including interest at 3.69% annually, maturing on April 27, 2015.	$ 25,183	$ -
Capital lease for garage equipment. The rental payments are to be made in equal monthly installments of $1,032 including interest at 4.3601% annually, maturing on June 29, 2017.	34,754	-
Capital lease for various equipment for the following departments: water, traffic, airport, public works, police, parks and recreation, and human resources. The rental payments are to be made in equal monthly installments of $27,008 including interest at 3.19% annually, maturing on July 6, 2014.	13,156	13,779
Capital lease for various equipment for the following departments: wastewater, traffic, airport, public works, information technology, police, parks and recreation, fire, and marketplace. The rental payments are to be made in equal semiannual installments of $259,908 including interest at 2.29% annually, maturing on December 25, 2014.	125,475	131,015
Capital lease for airport equipment. The rental payments are to be made in equal semiannual installments of $86,730 including interest at 3.214% annually, maturing on June 26, 2020.	-	939,742
Capital lease for accounting software, police cars, public works vehicles, office equipment, mowers, tractors, backhoe, and zamboni. The rental payments are to be made in equal semiannual installments of $120,160 including interest at 1.96% annually, maturing on November 18, 2016.	543,152	40,382
Capital lease for recycling equipment. The rental payments are to be made in equal annual installments of $96,147 including interest at 3.43% annually, maturing on March 9, 2016.	182,834	-
Capital lease for traffic vehicles. The rental payments are to be made in equal annual installments of $28,649 including interest at 5.155% annually, maturing on June 22, 2017.	76,388	-
Capital lease for equipment. The rental payments are to be made in equal annual installments of $48,884.2 including interest at 5.50% annually, maturing on December 19, 2014.	46,336	-
Capital lease for telecom bucket truck. The rental payments are to be made in equal monthly installments of $753 including interest at 0.60% annually, maturing on November 1, 2017	-	27,224
Capital leases related to the School department for equipment with maturity dates ranging from May 2015 to April 2018.	322,913	-
Total capital lease obligations	1,370,191	1,152,142
Less: amount due within one year	(794,905)	(311,839)
Capital lease obligation, net of current portion	$ 575,286	$ 840,303

Fiscal Year		Governmental Activities		Business-Type Activities
2015	$	826,903	$	345,554
2016		414,516		199,128
2017		170,245		190,803
2018		9,325		177,226
2019		-		173,460
Thereafter		-		172,239
Total minimum lease payments		1,420,989		1,258,410
Less amounts representing interest		(50,798)		(106,268)
Present Value of Minimum Lease Payments	$	1,370,191	$	1,152,142

19. Long-Term Obligations – BCDC

A. *Notes Payable*

The Burlington Community Development Corporation (BCDC) has various loans outstanding as follows:

		Component Unit
TD Bank (Gilbane Property) Note secured by the mortgage on the property. The terms require annual payment of $33,483 for 15 years with an interest rate of 6.25% maturing in October 2025.	$	270,187
People's United Bank notes offset by notes receivable from Champlain Housing Trust Corporation. The terms require annual payments of $22,547 for 21 years with an interest rate of 5.00% maturing October 1, 2028.		230,345
Union Bank Note (refinanced previous VEDA Loan) requiring annual payment of $217,818 for 10 years with an interest rate of 4.09% maturing in November 2020. A balloon payment of $1,803,380 is due at maturity. The City guarantees the debt.		2,589,950
BCDC 1993 Relief Bonds terms require annual payments of $86,352 with an interest rate ranging between 3.25% - 4.00% maturing in FY2024 and FY2025.		720,165
Swap Terminator Fee Loan (related to above noted VEDA refinancing) terms require annual payment of $38,333 for 20 years with an interest rate of 3.75% maturing in November 2030.		493,568
Total Notes Payable	$	4,304,215

B. *Future Debt Service*

The annual payments to retire BCDC's notes payable outstanding as of June 30, 2014 are as follows:

Fiscal Year	Principal	Interest	Total
2015	$ 228,143	$ 170,389	$ 398,531
2016	233,233	165,299	398,531
2017	243,320	155,212	398,531
2018	253,529	145,002	398,531
2019	264,183	134,348	398,531
2020-2024	2,689,569	272,965	2,962,534
2025-2026	297,007	44,802	341,810
2030-2031	95,232	3,809	99,040
Total	$ 4,304,215	$ 1,091,825	$ 5,396,040

C. *Due to Primary Government*

	Component Unit
BCDC borrowed $1,400,000 from the Airport Enterprise fund to assist in financing construction of the Aviation Support Hanger. The terms require annual payments of $93,172 for 20 years with an interest rate of 3%, maturing in June 2026.	$ 937,967
BCDC owes the City (the Primary Government) for its share of the Westlake Parking Garage. The terms requires annual payment of at least $72,000 with an interest rate of 2.3%, maturing in December 2020.	417,880
Total Due to Primary Government	$ 1,355,847

D. *Future Debt Service*

The annual payments to retire the amounts that BCDC owes to the City (the Primary government) are as follows:

Fiscal Year		Principal		Interest		Total
2015	$	130,056	$	35,116	$	165,172
2016		133,354		31,819		165,173
2017		136,738		28,434		165,172
2018		140,212		24,960		165,172
2019		143,778		21,394		165,172
2020-2024		491,063		60,043		551,106
2025-2026		180,645		5,702		186,347
Total	$	1,355,847	$	207,466	$	1,563,314

20. Governmental Funds - Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The City has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions,* which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2014:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund reserves for prepaid expenditures, inventory, and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority, the City Council. This fund balance classification includes general fund encumbrances for non-lapsing, special article appropriations approved at City Council meetings and various special revenue funds.

Assigned - Represents amounts that are constrained by the City's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various City departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.

Unassigned - Represents amounts that may be available to be spent in future periods.

Following is a breakdown of the City's fund balances at June 30, 2014:

	General Fund	School Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Inventory and prepaid expenditures	$ 274,324	$ -	$ 203,294	$ 477,618
Advances to other funds	2,571,163	-	-	2,571,163
Nonexpendable permanent funds	-	-	909,230	909,230
Total Nonspendable	2,845,487	-	1,112,524	3,958,011
Restricted				
Expendable permanent funds	-	-	291,257	291,257
Impact fees	-	-	583,133	583,133
Mary Waddell fund	-	-	13,886	13,886
School	-	-	326,419	326,419
Street repaving	-	-	4,198,262	4,198,262
Tax increment financing	-	-	994,775	994,775
Other purposes	17,265	-	-	17,265
Total Restricted	17,265	-	6,407,732	6,424,997
Committed				
Debt service	-	-	2,530,938	2,530,938
Bike path	-	-	3,093	3,093
Conservation legacy	-	-	887,522	887,522
CCTA and County tax	8,531	-	-	8,531
Police equitable sharing funds	695,481	-	-	695,481
Pennies for parks	-	-	85,297	85,297
Greenbelt	-	-	340,107	340,107
Library books and donations	185,406	-	-	185,406
Natural gas	52,468	-	-	52,468
Public records restoration	93,163	-	-	93,163
Parking	23,000	-	-	23,000
Traffic	-	-	392,962	392,962
Sale of land	1,000,000	-	-	1,000,000
School	-	-	270,408	270,408
Stormwater	-	-	263,287	263,287
Total Committed	2,058,049	-	4,773,614	6,831,663
Unassigned	71,822	(302,596)	(2,766,275)	(2,997,049)
Total Unassigned	71,822	(302,596)	(2,766,275)	(2,997,049)
Total Fund Balance	$ 4,992,623	$ (302,596)	$ 9,527,595	$ 14,217,622

21. **Restricted Net Position**

The accompanying entity-wide financial statements report restricted net position when external constraints from grantors or contributors are placed on net position.

Permanent fund restricted net position are segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

22. **Subsequent Events**

A. Debt

Subsequent to year end, the City issued the following debt:

		Amount	Interest Rate	Issue Date	Maturity Date
Governmental Activities:					
G.O. Public Improvement Bonds 2014 Series 3 - City	$	2,000,000	3.40%	7/31/2014	11/15/2034
G.O. Public Improvement Bonds 2014 Series 3 - School		2,000,000	3.40%	7/31/2014	11/15/2034
Special Obligation Tax Increment Financing Bond		7,800,000	2.51%	7/31/2014	11/15/2024
Subtotal Governmental	$	11,800,000			
Business-Type Activities:					
G.O. Public Improvement Bonds 2014 Series 3 - BED	$	3,000,000	3.40%	7/31/2014	11/15/2034
VT EPA Drinking Water State Revolving Loan Fund		253,339	1.00%	9/9/2014	9/9/2034
Revenue Bonds 2014 Series A - BED		12,000,000	2-5%	8/28/2014	7/1/2034
Revenue Refunding Bonds 2014 Series B - BED		5,820,000	2-4%	8/28/2014	7/1/2024
Revenue Refunding Bonds 2014 Series A - Airport		15,660,000	4-5%	12/17/2014	7/1/2030
Subtotal Business-Type	$	36,733,339			
Total	$	48,533,339			

On November 12, 2014 Moody's Investors Service upgraded Burlington Airport's Revenue bonds to Baa3 from BA1, and assigned a Baa3 rating to the upcoming series 2014A bonds.

The City anticipates (subject to City Council approval in February 2014) approving an extension of the maturity date of the Electric Department's $5,000,000 Revenue Anticipation Note.

B. Burlington Electric Department

On August 29, 2014, the Department executed a purchase and sale agreement to purchase the Winooski One Hydro Facility. This hydro facility was privately developed by Winooski One partnership in the early 90's (becoming operational April 1, 1993) on land owned by the City of Burlington. In addition, Burlington owns the water rights at the Project location and leased these rights to the private developers. A component of the agreement which allowed private development of the City-owned site was that, following the Project's 20 year contract with the Vermont Power Exchange, Inc., a state purchasing agent, the Department had the right to acquire the Project at fair market value. In September 2012 in anticipation of the Project's contract with the Vermont Power Exchange terminating on March 31, 2013, the department exercised its option to acquire the facility. The Project's owners and the Department participated in binding arbitration to determine the facility's fair market value and in December 2013, an arbitration decision determined the fair market value to be $16,000,000. The Project is a 7.4 MW hydroelectric generating facility with three turbines located on the Winooski River between the Cities of Burlington and Winooski, Vermont. The facility is Low Impact Hydro Institute (LIHI) certified and is qualified to sell RECs in New England. Annual output is expected to be approximately 30,000,000 kWH, which is 8-9% of the Department's annual load.

23. Retirement System

The City follows the provisions of GASB Statement No. 27, *Accounting for Pensions for State and Local Government Employees*, (as amended by GASB 50) with respect to the Burlington Employees' Retirement System. The System follows the provision of GASB Statement No. 67, *Financial Reporting for Pension Plans*.

A. Plan Description and Contribution Information

The City maintains a single employer cost sharing 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 City's total covered payroll, except for school teachers, was $47,853,353. The System does not issue a stand-alone financial report.

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 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 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 except for IBEW employee hired prior to May 1, 2008 who elected to contribute 4% of earnable compensation. For Class B IBEW participants hired after October 30, 2012, the number of years used in the calculation of AFC was changed from three years to five. Also the disability retirement was revised from 75% of pay to 66 2/3% of pay.

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 175 active members and 167 retirees and beneficiaries in Class A and 754 active members and 425 retirees and beneficiaries in Class B. Additionally, there are 356 former Class A and Class B employees with vested rights.

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. The City funded one-hundred percent (100%) of the annual required contribution in 2014. The cumulative net pension obligation as of June 30, 2014 is $1,739,485 which is being amortized over thirty (30) years with interest at eight percent (8%). The City's Schedule of Employer Contributions is as follows:

Schedule of Employer Contributions:

Year Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2014	$ 8,357,370	$ 8,357,370	100%
2013	8,175,461	8,175,461	100%
2012	7,547,910	7,547,954	100%
2011	6,778,735	6,779,226	100%
2010	5,728,980	5,752,571	100%
2009	5,798,294	5,875,295	101%
2008	5,978,195	5,719,282	96%

B. *Summary of Significant Accounting Policies*

Basis of Accounting - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Investments are reported at fair value.

C. *Funding Status and Funding Progress/Net Pension Liability*

The net pension liability (i.e., the retirement system's liability determined in accordance with GASB No. 67 less the fiduciary net position) as of June 30, 2014, is shown below:

Net Pension Liability of Burlington Employees' Retirement System

(dollars in thousands)

	(1) Total Pension Liability	(2) Plan Fiduciary Net Position	(3) Employers' Net Pension Liability/(Asset) (1) - (2)	(4) Plan Fiduciary Net Position as a % of the Total Pension Liability (2)/(1)	(5) Covered Employee Payroll	(6) Net Pension Liability (Asset) as a % of Covered Employee Payroll (3)/(5)
	$ 218,164	$ 164,217	$ 53,947	75.27%	$ 47,853	$ 112.7%
Total	$ 218,164	$ 164,217	$ 53,947	75.27%	$ 47,853	$ 112.7%

Actuarial valuation of the ongoing Systems involve estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was performed in 2011 and the next experience study is scheduled to be conducted in 2014. The Schedule of Employers' Net Pension Liability presents multi-year end information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. These schedules are presented in the Required Supplementary Information section. The Total Pension Liability as of June 30, 2014, is based on the results of an actuarial valuation date of January 1, 2013, and rolled-forward using generally accepted actuarial procedures.

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below:

Summary of Actuarial Assumptions

Valuation Date	6/30/2014
Actuarial cost method	Entry Age Normal - Level Percentage of Pay
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	3.8 - 8.8%
Inflation rate	3.0%
Post-retirement cost-of-living adjustment	3.0%

Target Allocations

	Expected Return Arithmetic Basis		
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Weighted
Equity	27.12%	6.70%	1.82%
Fixed income	28.41%	2.94%	0.84%
Alternatives	27.25%	6.26%	1.71%
Multi-strategy	17.22%	5.98%	1.03%
Total	100.00%		5.39%
Inflation			3.00%
Expected arithmetic nominal return			8.39%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems targeted asset allocation as of June 30, 2014, are summarized in the above table.

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates by Statute. Based on those assumptions, the Systems fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Discount Rate
(dollars in thousands)

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Discount (9.0%)
Net Pension Liability	$ 78,752	$ 53,947	$ 32,948
Total	$ 78,752	$ 53,947	$ 32,948

In accordance with GASB 67 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the above table presents the net pension liability of the participating employers calculated using the discount rate of 8.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1.00% lower (7.00%) or 1.00% higher (8.00%) than the current rate.

D. *Actuarial Methods and Assumptions*

The total actuarially determined contribution to the system for 2014 was $8,357,370 which was computed through an actuarial valuation performed as of June 30, 2014.

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%

E. *Teachers*

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. Employees participating in the Class A level contribute 5.5 percent and Class C employees contribute 5.0 percent of the total gross wages through a payroll deduction plan. The State of Vermont makes the remaining retirement contribution on behalf of the City. 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 position 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 7.74% of all eligible covered salaries on-behalf of the School District. The Schools' estimated eligible covered payroll was $28,978,000 resulting in an estimated $2,243,000 of on-behalf payments. This amount is included as revenue and as an expense. Additional information regarding the Vermont State Teacher's Retirement system can be obtained from the State of Vermont.

24. Post-Employment Healthcare and Life Insurance Benefits

Other Post-Employment Benefits

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions,* requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time.

A. Plan Description

In addition to providing the pension benefits described, the City provides post-employment healthcare and life insurance benefits for retired employees through the City and School's plan. The 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 553 active members and 35 retirees and beneficiaries as of June 30, 2013, the date of the last actuarial valuation.

The City provides post-employment health benefits to all eligible unionized Class A employees. This amount is funded monthly by the Retirement Fund and is equal to 1% of each employee's gross pay. The expense for the year ended June 30, 2014 was $74,467. Contributions prior to 1998 for current employees are being held in the Retirement Fund and shown as a liability. All other contributions after 1998 are being sent directly to and administered by

Nationwide Retirement Solutions. As employees leave employment with the City, the Retirement Fund forwards the pre-1998 contributions to Nationwide Retirement Solutions as well. The Retirement Fund has guaranteed an earnings rate of 8% but assumes no other liability.

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.

B. Benefits Provided

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

C. Funding Policy

Retirees contribute various amounts of the cost of the health plan, as determined by the City. The City contributes the remainder of the health plan costs on a pre-funded basis.

D. Annual OPEB Costs and Net OPEB Obligation

The City's fiscal 2014 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The City has elected not to pre-fund OPEB liabilities. The following table shows the components of the City's annual OPEB cost for the year ending June 30, 2014, the amount actually contributed to the plan, and the change in the City's net OPEB obligation based on an actuarial valuation as of June 30, 2013 for the City and June 30, 2014 for the School District.

	City	School Department	Total
Annual Required Contribution (ARC)	$ 342,643	$ 309,610	$ 652,253
Interest on net OPEB obligation	54,366	61,796	116,162
Adjustment to ARC	45,305	(53,557)	(8,252)
Annual OPEB cost	442,314	317,849	760,163
Contributions made	(381,268)	(78,098)	(459,366)
Increase in net OPEB obligation	61,046	239,751	300,797
Net OPEB obligation - beginning of year	1,359,145	1,544,906	2,904,051
Net OPEB obligation - end of year (1)	$ 1,420,191	$ 1,784,657	$ 3,204,848

(1) $240,911 of the Net OPEB obligation relates to Burlington Electric Department, but is not recorded on their Statement of Net Position as it is deemed immaterial.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal year ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
	Combined City and School Plan:		
2014	$ 653,018	70.3%	$ 3,204,848
2013	731,072	58.0%	2,904,051
2012	600,887	30.2%	2,596,964
2011	580,995	31.2%	2,177,225
2010	560,368	11.7%	1,777,358
2009	689,360	3.7%	1,282,664
2008	666,054	5.1%	618,796

(continued)

(continued)

Fiscal year ended		Annual OPEB Cost	Percentage of OPEB Cost Contributed		Net OPEB Obligation
		City Plan:			
2014	$	442,314	86.2%	$	1,420,191
2013		335,169	108.3%		1,359,145
2012		365,319	32.4%		1,387,098
2011		345,427	34.3%		1,140,113
2010		324,800	0.8%		913,000
2009		306,048	0.9%		591,000
2008		303,548	0.9%		287,452
		School Department Plan:			
2014	$	317,849	24.6%	$	1,784,657
2013		395,903	15.4%		1,544,906
2012		235,568	26.7%		1,209,866
2011		235,568	26.7%		1,037,112
2010		235,568	26.7%		864,358
2009		383,312	6.0%		691,664
2008		362,506	8.6%		331,344

E. *Funded Status and Funding Progress*

The funded status of the plan as of the date of the most recent actuarial valuation (City's valuation June 30, 2013, School's valuation June 30, 2014) was as follows:

		City		School Department		Total
Actuarial accrued liability (AAL)	$	3,862,554	$	2,678,711	$	6,541,265
Actuarial value of plan assets		-		-		-
Unfunded actuarial accrued liability (UAAL)	$	3,862,554	$	2,678,711	$	6,541,265
Funded ratio (actuarial value of plan assets/AAL)		0%		0%		0%
Covered payroll (active plan members)	$	36,346,808	$	35,454,720	$	71,801,528
UAAL as a percentage of covered payroll		10.6%		7.6%		9.1%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the Notes to the Financial Statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. *Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the plan as understood by the City 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 City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce 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, 2013 City actuarial valuation and June 30, 2014 School actuarial valuation, the projected unit credit cost method was used. The actuarial value of assets was not determined as the City has not advance funded its obligation. The actuarial assumptions included a 4% investment rate of return and an initial annual healthcare cost trend rate of 8%, which decreases to a 5% long-term rate for all healthcare benefits after six years for the City and an initial annual healthcare cost trend rate of 10%, which decreases to a 5% long-term rate for all healthcare benefits after twenty years for the School. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on an open basis. This has been calculated assuming the amortization payment increases at a rate of 4%.

25. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

26. Commitments and Contingencies

A. Burlington Telecom

The City received a Certificate of Public Good (the "Telecom CPG") issued by the Vermont Public Service Board (the "Board") on September 13, 2005 in Docket No. 7044 with respect to the City's telecommunications system commonly known as Burlington Telecom or "BT". The City is presently a party to a proceeding before the Board concerning the Burlington Telecom project, and the City's obligations under the Telecom CPG, particularly as it relates to use of monies from the City's general fund and the construction and build out of the telecommunications infrastructure. The Board, by order entered October 8, 2010, found that the City is in violation of the Telecom CPG. The City is filing various status and financial reports of its actions at Burlington Telecom, its plans to comply with the Telecom CPG or, in the alternative, the City is seeking relief from various portions of the Telecom CPG. Such proceedings are ongoing.

Citibank, NA v. City of Burlington

In connection with the City’s Burlington Telecom project, the City entered into the Master State and Municipal Lease/Purchase Agreement dated as of August 9, 2007 (the “Telecom Lease”) for the City of Burlington Telecom project. The Telecom Lease was originally entered into with Municipal Leasing Consultants, which assigned the Telecom Lease on August 15, 2007 to CitiCapital Municipal Finance (“CitiCapital”). The Telecom Lease provided for the leasing of equipment from the lessor to the City as lessee. The City was obligated to only make payments as may lawfully be made from funds budgeted and appropriated. Citibank, NA, as purported assignee of CitiCapital (“Citibank”), filed a complaint in US District Court, State of Vermont (the “US District Court”) against the City with respect to the Telecom Lease, and against the McNeil, Leddy & Sheahan, P.C. law firm. The complaint seeks monetary damages, including punitive damages, and/or equitable relief, including the return of the equipment under the Telecom Lease. The obligation of the City under the Telecom Lease to make “rental payments” was subject to annual appropriation by the City Council. The City was obligated to only make payments as may lawfully be made from funds budgeted and appropriated. CitiCapital was notified in March 2010 that the City would likely not make an appropriation. The City Council did not make an appropriation of monies in its budget for the 2010-2011 fiscal year. Accordingly, under the Telecom Lease, the Telecom Lease terminated. The Telecom Lease was not a general obligation of the City and the full faith and credit of the City was not pledged to support payments under the Telecom Lease. The complaint was filed on September 2, 2011. The City filed an answer to the complaint and asserted certain counter claims. The parties to the litigation engaged in extensive discovery and in January 2014 entered into mediated settlement discussions.

On January 30, 2014, the parties to the litigation executed a mediated settlement agreement. The terms of the settlement agreement calls for the Citibank lawsuit to be dismissed fully in exchange for a total $10.5 million of payments, with the City of Burlington’s share being approximately $9.03 million, $500,000 of which will be paid by the City’s insurance carrier. The balance was paid by the City’s law firm as co-defendant and/or its insurance carrier and such firm was released from the litigation and claims associated with the Telecom Lease.

The City’s portion is expected to be paid from a combination of payments from revenues of the Burlington Telecom system, and new bridge lease financing for the Burlington Telecom system and other City monies. The settlement agreement has certain milestones and steps that the City will undertake to implement, including the completion of and closing on the financing for the Burlington Telecom System, monthly payments to Citibank from Burlington Telecom revenues pending completion of the settlement, and obtaining all necessary approvals from the Board. Upon completion of the financing, and payment of the sums due under the mediated settlement agreement, the litigation would be dismissed with prejudice. The City and Citibank would then exchange mutual releases for all claims in the litigation. The US District Court has approved a stay of the litigation. If the milestones are not met, or if the Board were to disapprove the financing or payments to be made to complete the settlement, Citibank or the City could seek to terminate the stay or could negotiate an extension of the terms for reaching such milestones. If the stay is terminated, the litigation would resume.

In March, 2014, the City filed a petition with the Board for approval of the mediated settlement, payments to be made under the settlement agreement, and for approval of the bridge lease financing that would fund a substantial portion of the settlement payment. That proceeding is on-going.

B. Burlington International Airport

FAA Inquiry

By letter dated November 2, 2011, the FAA notified the City that it had learned the City may have engaged in improper use of airport revenue, and requested the City to provide information concerning payments made to the City of South Burlington, and payments to the City's Department of Public Works for parking garage management and operations services. The City provided voluminous documentation in response to FAA's inquiry on January 11, 2012. Approximately one year later, on January 15, 2013, FAA sent the City another letter seeking additional information and clarification on some of the documentation originally provided. The City provided the additional information and the requested clarifications on March 29, 2013. City representatives met with FAA compliance experts on May 30, 2013 and reviewed all concerns. FAA did follow up with the City some months later. There has been no further contact with FAA on these issues since that time. The City believes that the Airport and the City are in material compliance with FAA requirements regarding the use of Airport revenue.

South Burlington Assessments

The City has appealed the City of South Burlington's assessment of all the Airport-related properties owned by the City as of April 1, 2012. The City appealed the assessments through South Burlington's administrative proceedings and then to the civil division of the Vermont Superior Court, where the appeal remains pending. Various attempts to negotiate a settlement of the matter have not been successful as of the date hereof. The matter is scheduled for formal mediation during the month of November, 2014. Unless the matter is settled in mediation it will then be scheduled for trial. The City intends to aggressively assert that South Burlington's assessment does not comport with Vermont law and that the assessment of Airport properties is substantially greater than Vermont law allows.

C. ***Electric Department Commitments and Contingencies***

The Burlington Electric Department (BED) receives output from generation of the McNeil Station (of which BED is the 50% owner and operator) and the Burlington Gas Turbine (which BED wholly owns and operates).

The Department has exercised an option to purchase the 7.4 MW Winooski One Hydro facility located in BED's service territory. A Purchase and Sale Agreement has been executed in August 2014, by the current owners and BED, and the possession of the facility will be in FY 2015.

In addition to energy provided by its owned generation, BED purchases a portion of its electricity requirements pursuant to long-term (greater than one year in duration) contracts. During the fiscal year ended June 30, 2014, long-term sources of purchased power included:

- New York Power Authority (NYPA) power from hydro stations on the Niagara and St. Lawrence rivers under contracts through September 1, 2025 (Niagara) and through April 30, 2017 (St. Lawrence).
- Vermont Electric Power Producers, Inc. (VEPP) which is agent for 15 hydro facilities and one biomass facility located within Vermont (hydro facility contracts expire between 2013 and 2020 and the biomass facility contract expired in 2012).
- Deliveries pursuant to a long term contract with Vermont Wind commenced in September 2011 (for test energy), with the official ten year contract start date being October 19, 2011 when commercial energy production began. Under the contract, the Department receives 16 MW (40%) of Vermont Wind s wind farm in northeast Vermont (Sheffield). BED's 16 MW entitlement is expected to provide approximately 13% of BED's annual energy requirements.
- Deliveries pursuant to a ten year contract with Hancock Wind are scheduled to commence in January 2016. Although the facility has not been built yet it has been permitted. Under the contract, the Department will receive 13.5MW (26.5%) of Hancock's wind farm.
- The Department began taking energy from the Georgia Mountain Community Wind project in December 2012, with commercial operation on December 31, 2012. Pursuant to a 25 year contract, the Department receives 10 MW entitlements from Georgia Mountain's wind farm in Milton/Georgia, Vermont.
- Long-term purchases from a number of small in-state resources under a state mandated feed-in tariff program (called SPEED resources).
- Purchase of the output from 6 small in-city solar projects under long term agreements.

- BED is purchasing energy and Renewal Energy Credits (RECs) from Nextera for a 5 year period beginning January 1, 2013. For calendar year 2013 and 2014, hourly energy is 10 MW, for the final 3 years (calendar 2015 – 2017), the volume is 5 MW per hour. The delivered energy is unit contingent on a portfolio of hydro facilities, and includes RECs from those units equal in volume to the energy purchased.
- The Burlington City Council, the Vermont Public Service Board, and the voters of Burlington have approved a 23 year energy-only contract with Hydro-Quebec. The contract has been executed and deliveries will begin in 2015 for BED. Under the contract, BED will receive 5 MW of contract energy for the period of November 1, 2015 to October 31, 2020 and an additional 4 MW of contract energy for the period of November 1, 2020 to October 31, 2038. BED's entitlement is expected to provide approximately 6-15% of BED's annual energy requirements depending on whether one or both contract entitlements are flowing in a particular year.

Payments under these long-term power supply contracts were $9,220,063 for the year ended June 30, 2014. Budgeted commitments under these long-term contracts and long-term contracts approved and executed for future delivery periods total approximately $75,119,033 for the 5-year period from July 1, 2014 to June 30, 2019.

The remainder of the Department s energy requirement is satisfied through short-term purchases including:

- Short-term purchases from a number of market counterparties.
- Net exchange of energy through the Independent System Operator New England power markets.

The costs of power purchased under these contracts are accounted for as purchase power expenses in the statements of revenues, expenses, and changes in net position. The percentages of the Department's total energy requirements were provided as follows:

	2014	**2013**
McNeil Generating Station and Gas Turbine	44.6%	39.0%
New York Power Authority	4.6%	4.4%
Vermont Electric Power Producers, Inc.	2.3%	2.9%
Landfill/SPEED	1.0%	0.7%
Vermont Wind	18.6%	12.3%
Solar	0.1%	0.1%
Other	28.8%	40.6%
Total	100.0%	100.0%

The Department 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 Department manages these risks through a combination of commercial insurance packages purchased in the name of the Department, and through the City's risk management program. Insurance settlements have not exceeded insurance coverage for any of the past three fiscal years.

The City maintains, for itself and the Department, a self-insurance program for health, dental, and life insurance. The City has entered into commercial insurance contracts to administer these programs and the risk of loss has been transferred to re insurance carriers for amounts paid in excess of $150,000 per person per year.

The Department also purchases commercial insurance to cover other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Long Term Contracts Approved and Executed for Future Delivery Periods

The Burlington City Council has approved, and the Vermont Public Service Board has likewise approved, a 25 year contract with Georgia Mountain Community Wind. The contract has been executed, construction has commenced, and commercial operations are expected in late 2012. Under the proposed contract, the Department will receive 11 MW (100%) of Georgia Mountain s permitted wind farm in Milton/Georgia Vermont. BED s 11 MW entitlement is expected to provide approximately 10% of BED s annual energy requirements.

The Burlington City Council, the Vermont Public Service Board, and the voters of Burlington have approved a 23 year energy-only contract with Hydro-Quebec. The contract has been executed and deliveries will begin (for BED) in 2015. Under the contract, the Department will receive 5 MW of contract energy for the period November 1, 2015 to October 31, 2020 and a second (additional) 4 MW of contract energy for the period November 1, 2020 to October 31, 2038. BED s entitlement is expected to provide approximately 6%-15% of BED s annual energy requirements depending on whether one, or both, contract entitlements are flowing in a particular year.

D. <u>Other Funds' Commitments and Contingencies</u>

1. 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, 2014 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.

2. **Construction Commitments**

The Airport has a number of ongoing Airport Improvement Program (AIP) projects for construction and land acquisition as well as several Passenger Facility Program (PFC) projects for terminal improvements that are funded from restricted assets. AIP projects include taxiway reconstruction, stormwater treatment projects, building demolition related to previously acquired property and land acquisition. The PFC projects include energy projects, cargo apron reconstruction, escalator and baggage carousel projects and related work.

E. ***General Commitments and Contingencies***

The City has several claims for which the insurance carriers have issued a reservation of rights. The City is not able to assess the likelihood or the amount, if any, of an unfavorable outcome on these cases at this time.

1. **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 specific commercial insurance packages purchased in the name of the Electric, Airport, Telecom and School Funds, and through the City's risk management program.

On January 1, 2007, the City purchased commercial insurance to manage all of its risks except for workers' compensation claims. The City is self-insuring worker's compensation claims up to $250,000 per occurrence and with an aggregate limit that changes each year. On January 1, 2010, the City increased the per occurrence limit to $350,000 per claim. The aggregate limit for calendar years 2010 and 2011 was $2,758,800. 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 City also 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 2012 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	50% Experience and 50% Exposure
Health	Number of Employees and Levels of Coverage
Dental	Actual Claims and Administration Fees Paid
Liability	Adjusted Operating Budgets
Property	Insured Value of City Structures

At June 30, 2014, the City has recorded a liability of $306,407 in the General Fund which represents reported health and dental claims incurred on or before June 30, 2014, but were not paid by the City as of that date. A long-term reserve liability of $2,161,368 is included for claims incurred but not reported. This consists of $164,392 for property and liability insurance claims, $1,981,424 for workers' compensation claims, and $15,352 for dental claims. In addition to this long-term liability, a $259,313 liability for insurance reserves 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 paid $33,469 in unemployment claims during fiscal year 2014.

27. Deferred Compensation

The City 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.

28. Beginning Net Position/Fund Balance Reclassification

The City's beginning net position and major governmental funds for fiscal year 2014, as defined by GASB Statement 34, have been changed from the previous fiscal year. Accordingly, the following reconciliation is provided:

Government-Wide Financial Statements:

	Governmental Activities	Business-Type Activities
As previously reported	$ 123,868,232	$ 194,255,224
To expense deferred charges per new pronouncement GASB 65	(247,336)	(2,201,917)
To recognize school department capital leases	(485,173)	-
As restated	$ 123,135,723	$ 192,053,307

Fund Basis Financial Statements:

	Electric Major Enterprise Fund	Airport Major Enterprise Fund
As previously reported	$ 64,171,184	$ 115,023,301
To expense deferred charges per new pronouncement GASB 65	(1,355,334)	(846,583)
As restated	$ 62,815,850	$ 114,176,718

29. Implementation of New GASB Standard

The GASB has issued Statement 68 Accounting and Financial Reporting for Pensions, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the City's basic financial statements by recognizing as a liability and expense, the City's applicable portion of the Retirement System's actuarially accrued liability.

CITY OF BURLINGTON, VERMONT

SCHEDULE OF FUNDING PROGRESS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2014

(Unaudited)

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent-age of Covered Payroll [(b-a)/c]
			City Plan			
6/30/2013	$ -	$ 3,862,554	$ (3,862,554)	0.0%	$ 36,346,808	10.6%
6/30/2011	-	3,920,235	(3,920,235)	0.0%	34,624,868	11.3%
6/30/2009	-	3,593,453	(3,593,453)	0.0%	33,073,193	10.9%
			School Department Plan			
6/30/2014	$ -	$ 2,678,711	$ (2,678,711)	0.0%	$ 35,454,720	7.6%
6/30/2012	-	2,365,074	(2,365,074)	0.0%	30,358,375	7.8%
6/30/2010	-	2,257,751	(2,257,751)	0.0%	28,831,983	7.8%
6/30/2008	-	3,891,509	(3,891,509)	0.0%	24,767,727	15.7%

See Independent Auditors' Report.

CITY OF BURLINGTON, VERMONT
CONTRIBUTORY RETIREMENT SYSTEM

(A Component Unit of the City of Burlington, Vermont)

SCHEDULE OF CHANGES IN THE
EMPLOYERS' NET PENSION LIABILITY

REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2014
(Unaudited)

		2014
Total Pension Liability		
Service	$	5,314,021
Interest on unfunded liability - time value of $		16,604,900
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions		-
Benefit payments, including refunds of member contributions		(11,778,600)
Net change in total pension liability		10,140,321
Total pension liability - beginning		208,023,224
Total pension liability - ending (a)	$	218,163,545
Plan Fiduciary Net Position		
Contributions - employer	$	8,357,370
Contributions - member		2,148,842
Net investment income		20,313,169
Benefit payments, including refunds of member contributions		(11,778,600)
Administrative expense		(263,876)
Other		1,419,397
Net change in plan fiduciary net position		20,196,302
Plan fiduciary net position - beginning		144,020,307
Plan fiduciary net position - ending (b)	$	164,216,609
Net pension liability (asset) - ending (a-b)	$	53,946,936

(continued)

(continued)

Schedules of Net Pension Liability

	2014
Total pension liability	$ 218,163,545
Plan fiduciary net position	(164,216,609)
Net pension liability (asset)	$ 53,946,936
Plan fiduciary net position as a percentage of the total pension liability	75.27%
Covered employee payroll as of June 30, 2013 actuarial valuation	$ 45,788,172
Net -pension liability as a percentage of covered payroll	117.82%

Schedules of Employer Contributions

	2014
Actuarially determined contribution	$ 8,357,370
Contributions in relation to the actuarially determined contribution	8,357,370
Contribution deficiency (excess)	$ -
Covered employee payroll as of June 30, 2013 actuarial valuation	$ 45,788,172
Contributions as a percentage of covered employee payroll	18.25%

Schedule of Investment Returns

	2014
Annual money weighted rate of return, net of investment expense	13.62%

CITY OF BURLINGTON, VERMONT
Notes to Required Supplementary Information

1. **Schedules of Changes in the Employer Net Pension Liability**

   The total pension liability contained in this schedule was provided by the System's actuary, Buck Consultants. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the retirement systems.

2. **Schedules of Employers Contributions**

   The required employer contributions and percent of those contributions actually made are presented in the future.

3. **Actuarial Assumptions**

   The information presented in the required supplementary schedules was used in the actuarial valuation for purposes of determining the actuarially determined contribution rate. The assumptions and methods used for this actuarial valuation were recommended by the actuary and adopted by the Board.

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CITY OF BURLINGTON, VERMONT

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2014

	Special Revenue Funds				
	Traffic Commission	Community and Economic Development	School	Tax Increment Financing	Storm Water
ASSETS					
Cash and short-term investments	$ 507,888	$ (55,712)	$ 189,593	$ 1,004,325	$ 59,895
Investments	-	-	-	-	-
Departmental and other receivables	81,990	1,668,084	334	-	-
Intergovernmental receivables	-	-	276,968	-	-
User fees receivable	-	-	-	-	122,382
Unbilled revenues	-	-	-	-	87,219
Due from other funds	-	-	306,973	-	-
Loans receivable	-	4,429,334	-	-	-
Accrued interest receivable	-	965,910	-	-	-
Inventory	203,172	-	-	-	-
Prepaid expenditures	122	-	-	-	-
Due from component unit	-	-	-	-	-
Total Assets	$ 793,172	$ 7,007,616	$ 773,868	$ 1,004,325	$ 269,496
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 138,646	$ 391,459	$ 131,145	$ 9,550	$ 6,209
Accrued payroll and benefits payable	45,812	36,759	-	-	-
Accrued liabilities	2,822	5,253	-	-	-
Other liabilities	-	-	-	-	-
Advances from other funds	-	1,154,190		-	-
Total Liabilities	187,280	1,587,661	131,145	9,550	6,209
DEFERRED INFLOWS OF RESOURCES					
Deferred revenues	9,636	6,420,442	66,546	-	-
Fund Balances:					
Nonspendable	203,294	-	-	-	-
Restricted	-	-	323,030	994,775	-
Committed	392,962	-	270,408	-	263,287
Unassigned	-	(1,000,487)	(17,261)	-	-
Total Fund Balances	596,256	(1,000,487)	576,177	994,775	263,287
Total Liabilities. Deferred Inflows of Resources and Fund Balances	$ 793,172	$ 7,007,616	$ 773,868	$ 1,004,325	$ 269,496

Church Street Marketplace	Impact Fees	Dedicated Taxes	Mary E. Waddell	Subtotals
	Special Revenue Funds			
$ (70,859)	$ 625,874	$ 1,316,019	$ 13,886	$ 3,590,909
-	-	-	-	-
26,874	-	-	-	1,777,282
-	-	-	-	276,968
-	-	-	-	122,382
-	-	-	-	87,219
-	-	-	-	306,973
-	-	-	-	4,429,334
-	-	-	-	965,910
-	-	-	-	203,172
-	-	-	-	122
-	-	-	-	-
$ (43,985)	$ 625,874	$ 1,316,019	$ 13,886	$ 11,760,271
$ 9,930	$ 43,417	$ -	$ -	$ 730,356
6,380	-	-	-	88,951
763	-	-	-	8,838
-	-	-	-	-
-	-	-	-	1,154,190
17,073	43,417	-	-	1,982,335
86,051	(676)	-	-	6,581,999
-	-	-	-	203,294
-	583,133	-	13,886	1,914,824
-	-	1,316,019	-	2,242,676
(147,109)	-	-	-	(1,164,857)
(147,109)	583,133	1,316,019	13,886	3,195,937
$ (43,985)	$ 625,874	$ 1,316,019	$ 13,886	$ 11,760,271

(continued)

(continued)

	Capital Project Funds			
	Champlain Parkway	South End & Downtown Transit Centers	Waterfront Access	Street & Sidewalk Infrastructure
ASSETS				
Cash and short-term investments	$ 81,529	$ -	$ 156,344	$ 4,662,576
Investments	-	-	-	-
Departmental and other receivables	-	-	-	-
Intergovernmental receivables	395,039	-	373,305	276,091
User fees receivable	-	-	-	-
Unbilled revenues	-	-	-	-
Due from other funds	-	-	-	-
Loans receivable	-	-	-	-
Accrued interest receivable	-	-	-	-
Inventory	-	-	-	-
Prepaid expenditures	-	-	-	-
Due from component unit	-	-	-	-
Total Assets	$ 476,568	$ -	$ 529,649	$ 4,938,667
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 72,434	$ -	$ 156,344	$ 466,291
Accrued payroll and benefits payable	-	-	-	-
Accrued liabilities	-	-	-	-
Other liabilities	-	-	-	-
Advances from other funds	322,604	-	235,581	-
Total Liabilities	395,038	-	391,925	466,291
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues	395,039	-	373,305	274,114
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	-	-	4,198,262
Committed	-	-	-	-
Unassigned	(313,509)	-	(235,581)	-
Total Fund Balances	(313,509)	-	(235,581)	4,198,262
Total Liabilities. Deferred Inflows of Resources and Fund Balances	$ 476,568	$ -	$ 529,649	$ 4,938,667

Capital Project Funds			
On & Off Church St	Wayfinding	Stormwater Upgrade	FEMA
$ -	$ 7,183	$ 1	$ -
-	-	-	-
-	-	-	-
141,697	23,012	-	422,071
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
$ 141,697	$ 30,195	$ 1	$ 422,071
$ -	$ 7,183	$ -	$ -
	-	-	
-	-	-	-
	-	-	
141,697	31,830	163,172	422,072
141,697	39,013	163,172	422,072
141,697	23,012	-	422,073
-	-	-	-
-	-	-	-
-	-	-	-
(141,697)	(31,830)	(163,171)	(422,074)
(141,697)	(31,830)	(163,171)	(422,074)
$ 141,697	$ 30,195	$ 1	$ 422,071

(continued)

(continued)

	Capital Project Funds			
	School	General Capital	Other	Subtotals
ASSETS				
Cash and short-term investments	$ -	$ 101,029	$ 169,805	$ 5,178,467
Investments	-	-	-	-
Departmental and other receivables	-	-	-	-
Intergovernmental receivables	-	-	2,538	1,633,753
User fees receivable	-	-	-	-
Unbilled revenues	-	-	-	-
Due from other funds	14,239	-	-	14,239
Loans receivable	-	-	-	-
Accrued interest receivable	-	-	-	-
Inventory	-	-	-	-
Prepaid expenditures	-	75	-	75
Due from component unit	-	-	417,880	417,880
Total Assets	$ 14,239	$ 101,104	$ 590,223	$ 7,244,414
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 10,850	$ 100,700	$ 25,001	$ 838,803
Accrued payroll and benefits payable	-	-	-	-
Accrued liabilities	-	-	20,800	20,800
Other liabilities	-	-	100,790	100,790
Advances from other funds		266,204	445,636	2,028,796
Total Liabilities	10,850	366,904	592,227	2,989,189
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues	-	-	25,752	1,654,992
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	3,389	-	-	4,201,651
Committed	-	-	-	-
Unassigned	-	(265,800)	(27,756)	(1,601,418)
Total Fund Balances	3,389	(265,800)	(27,756)	2,600,233
Total Liabilities. Deferred Inflows of Resources and Fund Balances	$ 14,239	$ 101,104	$ 590,223	$ 7,244,414

Debt Service Fund	Permanent Funds		
School	Cemetery	Loomis Library	Lolita Deming Estate
$ 1,485,896	$ 1,076,063	$ 10,948	$ 11,240
-	100,000	-	-
-	-	-	-
-	-	-	-
-			
-	-	-	-
1,045,042	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
$ 2,530,938	$ 1,176,063	$ 10,948	$ 11,240
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
	-	-	-
-	-	-	-
-	-	-	-
-	894,796	10,948	2,486
-	281,267	-	8,754
2,530,938	-	-	-
-	-	-	-
2,530,938	1,176,063	10,948	11,240
$ 2,530,938	$ 1,176,063	$ 10,948	$ 11,240

(continued)

(continued)

	Permanent Funds		
	WEZF 93 FM DARE	Subtotals	Nonmajor Governmental Funds
ASSETS			
Cash and short-term investments	$ 2,236	$ 1,100,487	$ 11,355,759
Investments	-	100,000	100,000
Departmental and other receivables	-	-	1,777,282
Intergovernmental receivables	-	-	1,910,721
User fees receivable			122,382
Unbilled revenues	-	-	87,219
Due from other funds	-	-	1,366,254
Loans receivable	-	-	4,429,334
Accrued interest receivable	-	-	965,910
Inventory	-	-	203,172
Prepaid expenditures	-	-	197
Due from component unit	-	-	417,880
Total Assets	$ 2,236	$ 1,200,487	$ 22,736,110
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ -	$ 1,569,159
Accrued payroll and benefits payable	-	-	88,951
Accrued liabilities	-	-	29,638
Other liabilities	-	-	100,790
Advances from other funds	-	-	3,182,986
Total Liabilities	-	-	4,971,524
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues	-	-	8,236,991
Fund Balances:			
Nonspendable	1,000	909,230	1,112,524
Restricted	1,236	291,257	6,407,732
Committed	-	-	4,773,614
Unassigned	-	-	(2,766,275)
Total Fund Balances	2,236	1,200,487	9,527,595
Total Liabilities. Deferred Inflows of Resources and Fund Balances	$ 2,236	$ 1,200,487	$ 22,736,110

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CITY OF BURLINGTON, VERMONT

Combining Statement of Revenues, Expenditures and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2014

	Special Revenue Funds				
	Traffic Commission	Community and Economic Development and Housing Trust	School	Tax Increment Financing	Storm Water
Revenues:					
Taxes	$ -	$ 189,725	$ -	$ 2,216,341	$ -
Licenses and permits	-	-	-	-	44,129
Intergovernmental	-	3,050,441	8,928,164	-	-
Charges for services	4,186,023	250,361	-	-	938,046
Investment income	390	4,890	-	-	365
Loan repayments	-	174,313	-	-	-
Other	2,907	191,509	481,433	-	1,709
Total Revenues	4,189,320	3,861,239	9,409,597	2,216,341	984,249
Expenditures:					
Current:					
General government	-	-	-	194,080	-
Public safety	-	-	-	-	-
Education	-	-	9,630,091	-	-
Public works	4,234,617	-	-	-	1,026,932
Culture and recreation	-	-	-	-	-
Community development	-	3,915,514	-	-	-
Capital outlay	-	-	-	-	-
Debt service:			-		
Principal	113,751	25,000	-	1,335,293	55,779
Interest and bond issue costs	9,895	6,605	-	385,532	-
Total Expenditures	4,358,263	3,947,119	9,630,091	1,914,905	1,082,711
Excess (deficiency) of revenues over (under) expenditures	(168,943)	(85,880)	(220,494)	301,436	(98,462)
Other Financing Sources (Uses):					
Issuance of bonds and loans	-	-	-	-	-
Transfers in	410,784	201,936	-	-	-
Transfers out	-	-	-	(654,150)	-
Total Other Financing Sources (Uses)	410,784	201,936	-	(654,150)	-
Net change in fund balances	241,841	116,056	(220,494)	(352,714)	(98,462)
Fund Balances, beginning of year	354,415	(1,116,543)	796,671	1,347,489	361,749
Fund Balances, end of year	$ 596,256	$ (1,000,487)	$ 576,177	$ 994,775	$ 263,287

Special Revenue Funds				
Church Street Marketplace	Impact Fees	Dedicated Taxes	Mary E. Waddell	Subtotals
$ -	$ -	$ 857,321	$ -	$ 3,263,387
105,260	-	-	-	149,389
90,082	-	-	-	12,068,687
717,687	82,938	-	-	6,175,055
-	2,393	264	-	8,302
-	-	-	-	174,313
-	-	13,311	-	690,869
913,029	85,331	870,896	-	22,530,002
-	-	-	-	194,080
-	186,474	-	-	186,474
-	-	-	-	9,630,091
807,443	1,596	-	-	6,070,588
-	120,622	1,382,590	-	1,503,212
-	-	-	-	3,915,514
-	-	-	-	-
24,370	-	-	-	1,554,193
3,510	-	-	-	405,542
835,323	308,692	1,382,590	-	23,459,694
77,706	(223,361)	(511,694)	-	(929,692)
-	-	-	-	-
11,000	-	394,765	-	1,018,485
-	(65,448)	(80,752)	-	(800,350)
11,000	(65,448)	314,013	-	218,135
88,706	(288,809)	(197,681)	-	(711,557)
(235,815)	871,942	1,513,700	13,886	3,907,494
$ (147,109)	$ 583,133	$ 1,316,019	$ 13,886	$ 3,195,937

(continued)

(continued)

	Capital Project Funds			
	Champlain Parkway	South End & Downtown Transit Centers	Waterfront Access	Street & Sidewalk Infrastructure
Revenues:				
Taxes	$ -	$ -	$ -	$ 2,027,206
Licenses and permits	-	-	-	-
Intergovernmental	990,022	11,919	-	456,974
Charges for services	-	-	-	282,278
Investment income	-	-	-	-
Loan repayments	-	-	-	-
Other	-	-	-	4,373
Total Revenues	990,022	11,919	-	2,770,831
Expenditures:				
Current:				
General government	-	-	-	-
Public Safety	-	-	-	-
Education	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Capital outlay	832,266	-	609,297	3,809,118
Debt service:				
Principal	-	-	-	-
Interest and bond issue costs	-	-	-	-
Total Expenditures	832,266	-	609,297	3,809,118
Excess (deficiency) of revenues over (under) expenditures	157,756	11,919	(609,297)	(1,038,287)
Other Financing Sources (Uses):				
Issuance of bonds and loans	-	-	-	1,600,000
Transfers in	279,028	6,025	422,982	113,690
Transfers out	-	-	-	(92,091)
Total Other Financing Sources (Uses)	279,028	6,025	422,982	1,621,599
Net change in fund balances	436,784	17,944	(186,315)	583,312
Fund Balances, beginning of year	(750,293)	(17,944)	(49,266)	3,614,950
Fund Balances, end of year	$ (313,509)	$ -	$ (235,581)	$ 4,198,262

Capital Project Funds			
On & Off Church St	Wayfinding	Stormwater Upgrade	FEMA
$	$ -	$ -	$ -
	-	-	-
112,097	2,414	321,411	258,659
	-	-	-
	-	-	-
	-	-	-
	3,087	-	-
112,097	5,501	321,411	258,659
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,532	18,451	-	8,218
-	-	-	-
-	-	-	-
2,532	18,451	-	8,218
109,565	(12,950)	321,411	250,441
-	-	-	-
166,925	224	-	83,069
-	-	-	-
166,925	224	-	83,069
276,490	(12,726)	321,411	333,510
(418,187)	(19,104)	(484,582)	(755,584)
$ (141,697)	$ (31,830)	$ (163,171)	$ (422,074)

(continued)

(continued)

	Capital Project Funds			
	School	General Capital	Other	Subtotals
Revenues:				
Taxes	$ -	$ -	$ -	$ 2,027,206
Licenses and permits	-	-	-	-
Intergovernmental	-	14,250	53,723	2,221,469
Charges for services	-	-	-	282,278
Investment income	-	-	-	-
Loan repayments	-	-	70,761	70,761
Other	-	1,093	-	8,553
Total Revenues	-	15,343	124,484	4,610,267
Expenditures:				
Current:				
General government	-	-	-	-
Public Safety	-	-	-	-
Education	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Capital outlay	1,693,983	249,862	15,659	7,239,386
Debt service:				
Principal	-	1,145	-	1,145
Interest and bond issue costs	-	-	-	-
Total Expenditures	1,693,983	251,007	15,659	7,240,531
Excess (deficiency) of revenues over (under) expenditures	(1,693,983)	(235,664)	108,825	(2,630,264)
Other Financing Sources (Uses):				
Issuance of bonds and loans	1,989,967	400,000	-	3,989,967
Transfers in	-	-	206,182	1,278,125
Transfers out	(27,572)	-	-	(119,663)
Total Other Financing Sources (Uses)	1,962,395	400,000	206,182	5,148,429
Net change in fund balances	268,412	164,336	315,007	2,518,165
Fund Balances, beginning of year	(265,023)	(430,136)	(342,763)	82,068
Fund Balances, end of year	$ 3,389	$ (265,800)	$ (27,756)	$ 2,600,233

Debt Service Fund	Permanent Funds		
School	Cemetery	Loomis Library	Lolita Deming Estate
$	$ -	$ -	$ -
	-	-	-
-	-	-	-
-	-	-	-
3,213	2,301	-	7
	-	-	-
65,520	25,715	-	-
68,733	28,016	-	7
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
68,733	28,016	-	7
-	-	-	-
664,792	-	-	-
-	-	-	-
664,792	-	-	-
733,525	28,016	-	7
1,797,413	1,148,047	10,948	11,233
$ 2,530,938	$ 1,176,063	$ 10,948	$ 11,240

(continued)

(continued)

	WEZF 93 FM DARE	Subtotals	Total Nonmajor Governmental Funds
Revenues:			
Taxes	$ -	$ -	$ 5,290,593
Licenses and permits	-	-	149,389
Intergovernmental	-	-	14,290,156
Charges for services	-	-	6,457,333
Investment income	-	2,308	13,823
Loan repayments	-	-	245,074
Other	-	25,715	790,657
Total Revenues	-	28,023	27,237,025
Expenditures:			
Current:			
General government	-	-	194,080
Public Safety	-	-	186,474
Education	-	-	9,630,091
Public works	-	-	6,070,588
Culture and recreation	-	-	1,503,212
Community development	-	-	3,915,514
Capital Outlay	-	-	7,239,386
Debt service:			
Principal	-	-	1,555,338
Interest and bond issue costs	-	-	405,542
Total Expenditures	-	-	30,700,225
Excess (deficiency) of revenues over (under) expenditures	-	28,023	(3,463,200)
Other Financing Sources (Uses):			
Issuance of bonds and loans	-	-	3,989,967
Transfers in	-	-	2,961,402
Transfers out	-	-	(920,013)
Total Other Financing Sources (Uses)	-	-	6,031,356
Net change in fund balances	-	28,023	2,568,156
Fund Balances, beginning of year	2,236	1,172,464	6,959,439
Fund Balances, end of year	$ 2,236	$ 1,200,487	$ 9,527,595

CITY OF BURLINGTON, VERMONT

NONMAJOR PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2014

	Nonmajor Enterprise Funds		
	Water	School Food Service	Total
ASSETS			
Current:			
Cash and cash equivalents	$ 95,773	$ -	$ 95,773
Receivables, net of allowance for uncollectibles:			
User fees	608,708		608,708
Intergovernmental	-	340,338	340,338
Estimated unbilled revenues	393,802		393,802
Due from other funds	-	733,673	733,673
Inventory	228,433	23,444	251,877
Prepaid expenses	383		383
Total current assets	1,327,099	1,097,455	2,424,554
Noncurrent:			
Capital assets:			
Land and construction in progress	51,250	-	51,250
Capital assets, net of accumulated depreciation	11,468,041	121,409	11,589,450
Total noncurrent assets	11,519,291	121,409	11,640,700
TOTAL ASSETS	12,846,390	1,218,864	14,065,254
LIABILITIES			
Current:			
Accounts payable	91,202	87,340	178,542
Accrued payroll and benefits payable	28,196	-	28,196
Other liabilities	24,092	-	24,092
Current portion of long-term liabilities:			
Capital leases payable	16,554	-	16,554
Total current liabilities	160,044	87,340	247,384
Noncurrent:			
Capital leases payable, net of current portion	21,888	-	21,888
Compensated absences payable	155,430	-	155,430
Post-employment benefits payable	62,350	-	62,350
Total noncurrent liabilities	239,668	-	239,668
TOTAL LIABILITIES	399,712	87,340	487,052
NET POSITION			
Net investment in capital assets	11,480,848	121,409	11,602,257
Unrestricted	965,830	1,010,115	1,975,945
TOTAL NET POSITION	$ 12,446,678	$ 1,131,524	$ 13,578,202

See notes to financial statements.

CITY OF BURLINGTON, VERMONT

NONMAJOR PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Enterprise Funds		
	Water	School Food Service	Total
Operating Revenues:			
Charges for services	$ 5,633,475	$ 1,049,959	$ 6,683,434
Intergovernmental	-	2,065,248	2,065,248
Miscellaneous	191,285	3,203	194,488
Total Operating Revenues	5,824,760	3,118,410	8,943,170
Operating Expenses:			
Personnel	1,862,364	-	1,862,364
Nonpersonnel	2,175,682	-	2,175,682
Food service expenses	-	3,173,609	3,173,609
Depreciation and amortization	665,608	26,463	692,071
Payments in lieu of taxes	374,757	-	374,757
Total Operating Expenses	5,078,411	3,200,072	8,278,483
Operating Income	746,349	(81,662)	664,687
Nonoperating Revenues (Expenses):			
Interest expense	(23,581)	-	(23,581)
Total Nonoperating Revenues (Expenses)	(23,581)	-	(23,581)
Income Before Contributions and Transfers	722,768	(81,662)	641,106
Transfers in	-	97,572	97,572
Change in Net Position	722,768	15,910	738,678
Net Position at Beginning of Year	11,723,910	1,115,614	12,839,524
Net Position at End of Year	$ 12,446,678	$ 1,131,524	$ 13,578,202

See notes to financial statements.

CITY OF BURLINGTON, VERMONT
NONMAJOR PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	Water Fund	School Food Service Enterprise Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	$ 5,608,464	$ 1,053,162	$ 6,661,626
Receipts from Operating Grants	-	2,052,987	2,052,987
Receipts for Interfund Services	191,285	120,186	311,471
Payments to Suppliers	(2,209,151)	(3,290,985)	(5,500,136)
Payments for Wages and Benefits	(1,834,460)	-	(1,834,460)
Payments in Lieu of Taxes	(374,757)	-	(374,757)
Net Cash Provided by Operating Activities	1,381,381	(64,650)	1,316,731
Cash Flows From Noncapital Financing Activities:			
Increase in Due (from)/To Other Funds	(988,130)	-	(988,130)
Receipt/(Payments) of Interfund Transfers	-	97,572	97,572
Interest Paid on Cash Deficit to General Fund	(22,070)	-	(22,070)
Cash Provided/(Used) by Noncapital Financing Activities	(1,010,200)	97,572	(912,628)
Cash Flows From Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(226,729)	(32,922)	(259,651)
Principal Paid on:			
Capital Lease Obligations	(47,527)	-	(47,527)
Interest Paid on :			
Revenue Bonds	(1,512)	-	(1,512)
Net Cash Used by Capital and Related Financing Activities	(275,768)	(32,922)	(308,690)
Net Increase/(Decrease) in Cash	95,413	-	95,413
Cash - July 1, 2013	360	-	360
Cash - June 30, 2014	$ 95,773	$ -	$ 95,773
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	$ 746,349	$ (81,662)	$ 664,687
Depreciation and Amortization	665,608	26,463	692,071
Other Non Operating Revenue	-	-	-
(Increase)/Decrease in Receivables	11,696	(12,261)	(565)
(Increase)/Decrease in Unbilled Revenues	(32,937)	-	(32,937)
(Increase)/Decrease in Inventory	9,863	(20,893)	(11,030)
(Increase)/Decrease in due from other funds	-	120,186	120,186
Increase/(Decrease) in Accounts Payable	(43,253)	(80,050)	(123,303)
Increase/(Decrease) in Customer Deposits	(3,769)	-	(3,769)
Increase/(Decrease) in Accrued Payroll And Benefits	5,340	-	5,340
Increase/(Decrease) in Compensated Absences	10,865	-	10,865
Increase/(Decrease) in Other Post Employment Benefits Liability	11,699	-	11,699
Increase/(Decrease) in Other Operating Assets/Liabilities	(80)	(16,433)	(16,513)
Net Cash Provided by Operating Activities	$ 1,381,381	$ (64,650)	$ 1,316,731

See Notes to Financial Statements

CITY OF BURLINGTON, VERMONT

Combining Statement of Fiduciary Net Position

Private Purpose Trust Funds

June 30, 2014

	Louisa Howard	Walter Carpenter	Fireman's Relief	Christmas Gift	Total
ASSETS					
Cash and short-term investments	$ 28,083	$ 7,483	$ 628	$ 1,619	$ 37,813
Total Assets	28,083	7,483	628	1,619	37,813
NET POSITION					
Net position held in trust	$ 28,083	$ 7,483	$ 628	$ 1,619	$ 37,813

CITY OF BURLINGTON, VERMONT

Combining Statement of Changes in Fiduciary Net Position

Private Purpose Trust Funds

For the Year Ended June 30, 2014

	Louisa Howard	Walter Carpenter	Fireman's Relief	Christmas Gift	Total
ADDITIONS					
Investment income (loss)	$ 18	$ 1	$ -	$ 1	$ 20
Total Additions	18	1	-	1	20
DEDUCTIONS					
Payments to beneficiaries	-	-	-	-	-
Net decrease	18	1	-	1	20
NET POSITION					
Beginning of year	28,065	7,482	628	1,618	37,793
End of year	$ 28,083	$ 7,483	$ 628	$ 1,619	$ 37,813

City of Burlington Tax Increment Financing District

Special Account Required Pursuant to Section 1896

Pursuant to Title 24, Section 1896, tax increment is the amount held apart each year to be segregated by the City of Burlington in a special TIF account until all capital indebtedness of the District has been paid. As of June 30, 2014, the City of Burlington had $1,113,753 on deposit in a checking account at a local financial institution to satisfy this regulatory requirement. This amount constitutes an escrow of increment accumulated for servicing debt incurred for the Waterfront District. At present, no increment as yet been retained for the Downtown District.

Waterfront District:

City of Burlington Tax Increment Financing (TIF) District #1 - Waterfront District
Schedule of TIF Revenues and TIF Debt Service payments
June 30, 2014

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY2013	FY2014	Total
REVENUES:																	
TIF Revenue	**-**	**-**	**-**	**282,634**	**646,294**	**618,581**	**821,877**	**614,141**	**905,051**	**1,221,466**	**1,369,839**	**1,488,197**	**1,547,093**	**1,560,880**	**1,618,521**	**2,194,178**	**14,888,752**
Returned TIF to VT (Gilabane)	-	-	-	-	-	-	-	-	(163,177)	-	-	-	-	-	-	-	(163,177)
Vt Trans. Revenue	-	500,000	250,000	250,000	-	-	750,000	250,000	250,000	250,000	-	-	-	-	-	-	2,500,000
Vt Sales Tax Reallocation	-	-	159,653	-	69,845	-	-	-	-	-	-	-	-	-	-	-	229,498
Developer's Payments	-	-	-	-	-	144,037	-	-	-	-	-	-	-	-	-	-	144,037
Total Revenues	-	500,000	409,653	532,634	716,139	762,618	1,571,877	864,141	991,874	1,471,466	1,369,839	1,488,197	1,547,093	1,560,880	1,618,521	2,194,178	17,599,110
DEBT SERVICE & OPERATING EXP.:																	
Section 108 Lake St Reconstruction	20,000	90,948	95,856	93,432	110,167	116,518	107,893	108,847	100,049	163,304	14,692	72,694	71,741	70,382	68,656	76,560	1,381,739
Sect 108 Lake St Housing	-	-	-	-	-	12,765	26,410	26,446	26,411	26,411	26,411	26,411	26,411	26,411	26,411	26,411	276,909
COPS Urban Reserve	25,304	104,943	103,367	106,680	104,855	102,980	105,957	106,470	106,470	104,026	106,447	108,604	105,591	107,373	108,845	575,420	2,083,332
COPS Lakeview Garage	98,423	236,216	476,316	505,716	523,559	535,131	535,884	545,816	540,031	548,529	551,104	298,067	299,640	295,664	296,094	291,081	6,577,271
COP Fishing Pier	-	-	22,329	33,924	34,250	34,040	33,802	33,537	33,247	32,930	34,035	33,585	33,590	33,542	32,958	33,313	459,082
COPS Lakeview & Westlake Garages	-	-	-	-	-	-	-	-	330,194	635,194	632,994	635,393	632,193	633,593	634,394	634,594	4,768,549
Lease - College St Garage Repairs	-	-	-	-	-	-	-	-	-	-	-	-	-	83,447	83,447	83,447	250,341
Prof. & Consultant Contractual Services Audits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000	5,000
Prof. & Consultant Contractual Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,625	129,515	133,140
Interfund Transfer - Bike Path Rehabilitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	244,013	244,013
Interfund Transfer - Waterfront North	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	410,137	410,137
Fees for Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,751	44,185	47,936
Bank fees	-	-	-	-	-	-	-	-	-	3,195	-	3,125	2,875	3,000	3,000	3,148	18,343
Total Expenditures	143,727	432,107	697,868	739,752	772,831	801,434	809,946	821,116	1,136,402	1,513,589	1,365,683	1,177,879	1,172,041	1,253,412	1,261,181	2,556,824	16,655,792
Net (Revenue Less Expense)	**(143,727)**	**67,893**	**(288,215)**	**(207,118)**	**(56,692)**	**(38,816)**	**761,931**	**43,025**	**(144,528)**	**(42,123)**	**4,156**	**310,318**	**375,052**	**307,468**	**357,340**	**(362,646)**	**943,318**
Cumulative Net Revenue	**(143,727)**	**(75,834)**	**(364,049)**	**(571,167)**	**(627,859)**	**(666,675)**	**95,256**	**138,281**	**(6,247)**	**(48,370)**	**(44,214)**	**266,104**	**641,156**	**948,624**	**1,305,964**	**943,318**	

Debt Service includes the following: Portions of HUD Section 108 and Certificates of Participation debt service in TIF District and Lease financing

Original Taxable Value & Increment Generated:

The original taxable value is $42,412,900. The annual municipal and education tax increment generated at June 30, 2014 is $2,194,178. The total municipal and education tax increment generated since inception through June 30, 2014 is $14,888,752.

City of Burlington Tax Increment Financing (TIF) District #1 - Waterfront District
Schedule of Indebtedness
June 30, 2014

Description	HUD Section 108 - US Guaranteed Notes 1999 (a)	HUD Section 108 - US Guaranteed Notes 2005 Where TIF Participation Is Approximately 27.09% of $1.827M	Waterfront Refunding - Certificate Of Participation	Downtown Parking - Certificate Of Participation	Capital Projects - Certificate of Participation Where TIF Participation Is 9.93% of $4.1M	Downtown Parking - Certificate Of Participation	Chase Equipment Finance, Inc. Lease Where TIF Participation Is Approximately 34.72%	
Original Amount Borrowed	$ 1,110,133	$ 495,000	$ 1,390,000	$ 5,500,000	$ 407,130	$ 7,870,000	$436,610	
Interest Rate	5.40 - 6.20%	variable	4.30 - 4.80%	4.30 - 4.80%	5.375 - 5.75%	4.0 - 4.375%	1.96%	
Original Issue Date	4/28/1999	FY 2004	6/1/1999	6/1/1999	6/27/2000	6/7/2005	11/18/2011	
Maturity Date	8/1/2017	8/1/2018	12/1/2018	12/1/2018	12/1/2020	5/1/2025	11/18/2016	
Pay Off Date	N/A	N/A	1/1/2014	N/A	N/A	N/A	N/A	
Purpose of Proceeds	Lake Street Reconstruction	Lake Street Housing	Urban Reserve	Lakeview Garage	Fishing Pier	Lakeview / Westlake Garage	College Street Garage Improvement	**ANNUAL WATERFRONT TIF DEBT SERVICE TOTAL**
Principal FY 1999	20,000	-	-	-	-	-	-	20,000
Interest FY 1999	-	-	25,304	98,423	-	-	-	123,728
	20,000	-	25,304	98,423	-	-	-	143,728
Principal O/S balance @ 6/30/99	1,090,133	-	1,390,000	5,500,000	-	-	-	7,980,133
Principal FY 2000	40,000	-	45,000	-	-	-	-	85,000
Interest FY 2000	50,948	-	59,943	236,216	-	-	-	347,107
	90,948	-	104,943	236,216	-	-	-	432,107
Principal O/S balance @ 6/30/00	1,050,133	-	1,345,000	5,500,000	-	-	-	7,895,133
Principal FY 2001	30,000	-	45,000	245,000	-	-	-	320,000
Interest FY 2001	65,856	-	58,368	231,316	22,328	-	-	377,869
	95,856	-	103,368	476,316	22,328	-	-	697,869
Principal O/S balance @ 6/30/01	1,020,133	-	1,300,000	5,255,000	407,130	-	-	7,982,263
Principal FY 2002	30,000	-	50,000	285,000	11,916	-	-	376,916
Interest FY 2002	63,432	-	56,680	220,716	22,008	-	-	362,837
	93,432	-	106,680	505,716	33,924	-	-	739,753
Principal O/S balance @ 6/30/02	990,133	-	1,250,000	4,970,000	395,214	-	-	7,605,347
Principal FY 2003	50,000	-	50,000	315,000	12,909	-	-	427,909
Interest FY 2003	60,167	-	54,855	208,559	21,341	-	-	344,922
	110,167	-	104,855	523,559	34,250	-	-	772,831

(continued)

(continued)

Description	HUD Section 108 - US Guaranteed Notes 1999 (a)	HUD Section 108 - US Guaranteed Notes 2005 Where TIF Participation Is Approximately 27.09% of $1.827M	Waterfront Refunding - Certificate Of Participation	Downtown Parking - Certificate Of Participation	Capital Projects - Certificate of Participation Where TIF Participation Is 9.93% of $4.1M	Downtown Parking - Certificate Of Participation	Chase Equipment Finance, Inc. Lease Where TIF Participation Is Approximately 34.72%	
Original Amount Borrowed	$ 1,110,133	$ 495,000	$ 1,390,000	$ 5,500,000	$ 407,130	$ 7,870,000	$436,610	
Interest Rate	5.40 - 6.20%	variable	4.30 - 4.80%	4.30 - 4.80%	5.375 - 5.75%	4.0 - 4.375%	1.96%	
Original Issue Date	4/28/1999	FY 2004	6/1/1999	6/1/1999	6/27/2000	6/7/2005	11/18/2011	
Maturity Date	8/1/2017	8/1/2018	12/1/2018	12/1/2018	12/1/2020	5/1/2025	11/18/2016	
Pay Off Date	N/A	N/A	1/1/2014	N/A	N/A	N/A	N/A	
Purpose of Proceeds	Lake Street Reconstruction	Lake Street Housing	Urban Reserve	Lakeview Garage	Fishing Pier	Lakeview / Westlake Garage	College Street Garage Improvement	**ANNUAL WATERFRONT TIF DEBT SERVICE TOTAL**
Principal O/S balance @ 6/30/03	940,133	-	1,200,000	4,655,000	382,305	-	-	7,177,438
Principal FY 2004	60,000	-	50,000	340,000	13,406	-	-	463,406
Interest FY 2004	56,518	12,765	52,980	195,131	20,634	-	-	338,028
	116,518	12,765	102,980	535,131	34,039	-	-	801,434
Principal O/S balance @ 6/30/04	880,133	495,000	1,150,000	4,315,000	368,900	-	-	7,209,033
Principal FY 2005	55,000	-	55,000	355,000	13,902	-	-	478,902
Interest FY 2005	52,893	26,411	50,958	180,884	19,900	-	-	331,045
	107,893	26,411	105,958	535,884	33,802	-	-	809,947
Principal O/S balance @ 6/30/05	825,133	495,000	1,095,000	3,960,000	354,998	-	-	6,730,131
Principal FY 2006	60,000	-	55,000	380,000	14,399	-	-	509,399
Interest FY 2006	49,126	26,411	48,785	165,816	19,139	297,174	-	606,452
	109,126	26,411	103,785	545,816	33,538	297,174	-	1,115,850
Principal O/S balance @ 6/30/06	765,133	495,000	1,040,000	3,580,000	340,599	7,870,000	-	14,090,732
Principal FY 2007	55,000	-	60,000	390,000	14,895	-	-	519,895
Interest FY 2007	45,049	26,411	46,470	150,031	18,352	330,194	-	616,507
	100,049	26,411	106,470	540,031	33,247	330,194	-	1,136,402
Principal O/S balance @ 6/30/07	710,133	495,000	980,000	3,190,000	325,704	7,870,000	-	13,570,837
Principal FY 2008	50,000	-	60,000	415,000	15,392	305,000	-	845,392
Interest FY 2008	40,847	26,411	44,025	133,529	17,538	330,194	-	592,543
	90,847	26,411	104,025	548,529	32,930	635,194	-	1,437,935
Principal O/S balance @ 6/30/08	660,133	495,000	920,000	2,775,000	310,313	7,565,000	-	12,725,446
Principal FY 2009	50,000	-	65,000	435,000	17,378	315,000	-	882,378
Interest FY 2009	19,349	26,411	41,446	116,104	16,658	317,994	-	537,961
	69,349	26,411	106,446	551,104	34,035	632,994	-	1,420,338
Principal O/S balance @ 6/30/09	610,133	495,000	855,000	2,340,000	292,935	7,250,000	-	11,843,068
Principal FY 2010	50,000	-	70,000	195,000	17,874	330,000	-	662,874
Interest FY 2010	22,695	26,411	38,610	103,091	15,710	305,394	-	511,910
	72,695	26,411	108,610	298,091	33,584	635,394	-	1,174,784

(continued)

(continued)

Description	HUD Section 108 - US Guaranteed Notes 1999 (a)	HUD Section 108 - US Guaranteed Notes 2005 Where TIF Participation Is Approximately 27.09% of $1.827M	Waterfront Refunding - Certificate Of Participation	Downtown Parking - Certificate Of Participation	Capital Projects - Certificate of Participation Where TIF Participation Is 9.93% of $4.1M	Downtown Parking - Certificate Of Participation	Chase Equipment Finance, Inc. Lease Where TIF Participation Is Approximately 34.72%	
Original Amount Borrowed	$ 1,110,133	$ 495,000	$ 1,390,000	$ 5,500,000	$ 407,130	$ 7,870,000	$436,610	
Interest Rate	5.40 - 6.20%	variable	4.30 - 4.80%	4.30 - 4.80%	5.375 - 5.75%	4.0 - 4.375%	1.96%	
Original Issue Date	4/28/1999	FY 2004	6/1/1999	6/1/1999	6/27/2000	6/7/2005	11/18/2011	
Maturity Date	8/1/2017	8/1/2018	12/1/2018	12/1/2018	12/1/2020	5/1/2025	11/18/2016	
Pay Off Date	N/A	N/A	1/1/2014	N/A	N/A	N/A	N/A	
Purpose of Proceeds	Lake Street Reconstruction	Lake Street Housing	Urban Reserve	Lakeview Garage	Fishing Pier	Lakeview / Westlake Garage	College Street Garage Improvement	**ANNUAL WATERFRONT TIF DEBT SERVICE TOTAL**
Principal O/S balance @ 6/30/10	560,133	495,000	785,000	2,145,000	275,061	6,920,000	-	11,180,194
Principal FY 2011	50,000	-	70,000	205,000	18,867	340,000	-	683,867
Interest FY 2011	21,741	26,411	35,591	94,640	14,723	292,194	-	485,299
Total Principal and Interest	71,741	26,411	105,591	299,640	33,590	632,194	-	1,169,166
Principal O/S balance @ 6/30/11	510,133	495,000	715,000	1,940,000	256,194	6,580,000	-	10,496,327
Principal FY 2012	50,000	-	75,000	210,000	19,860	355,000	78,857	788,717
Interest FY 2012	20,382	26,411	32,373	85,664	13,682	278,594	4,590	461,694
Total Principal and Interest	70,382	26,411	107,373	295,664	33,542	633,594	83,447	1,250,411
Principal O/S balance @ 6/30/12	460,133	495,000	640,000	1,730,000	236,334	6,225,000	357,753	10,144,220
Principal FY 2013	50,000	-	80,000	220,000	20,357	370,000	76,809	817,166
Interest FY 2013	18,656	26,411	28,845	76,094	12,601	264,394	6,637	433,637
Total Principal and Interest	68,656	26,411	108,845	296,094	32,958	634,394	83,447	1,250,803
Principal O/S balance @ 6/30/13	410,133	495,000	560,000	1,510,000	215,978	5,855,000	280,944	9,327,054
Principal FY 2014	60,000	-	560,000	225,000	21,846	385,000	78,322	1,330,168
Interest FY 2014	16,560	26,411	15,420	66,081	11,467	249,594	5,125	390,657
Total Principal and Interest	76,560	26,411	575,420	291,081	33,313	634,594	83,447	1,720,825
Principal O/S balance @ 6/30/14	350,133	495,000	-	1,285,000	194,132	5,470,000	202,621	7,996,886
Principal FY 2015	60,000	-		235,000	23,336	400,000	79,865	798,200
Interest FY 2015	14,169	26,411		55,584	10,244	233,231	3,582	343,221
Total Principal and Interest	74,169	26,411		290,584	33,579	633,231	83,447	1,141,421
Principal O/S balance @ 6/30/15	290,133	495,000		1,050,000	170,796	5,070,000	122,756	7,198,685
Principal FY 2016	70,133	-		245,000	24,825	415,000	81,438	836,396
Interest FY 2016	11,454	26,411		44,331	8,925	216,231	2,009	309,361
Total Principal and Interest	81,587	26,411		289,331	33,750	631,231	83,447	1,145,757

(continued)

(continued)

Description	HUD Section 108 - US Guaranteed Notes 1999 (a)	HUD Section 108 - US Guaranteed Notes 2005 Where TIF Participation Is Approximately 27.09% of $1.827M	Waterfront Refunding - Certificate Of Participation	Downtown Parking - Certificate Of Participation	Capital Projects - Certificate of Participation Where TIF Participation Is 9.93% of $4.1M	Downtown Parking - Certificate Of Participation	Chase Equipment Finance, Inc. Lease Where TIF Participation Is Approximately 34.72%	
Original Amount Borrowed	$ 1,110,133	$ 495,000	$ 1,390,000	$ 5,500,000	$ 407,130	$ 7,870,000	$436,610	
Interest Rate	5.40 - 6.20%	variable	4.30 - 4.80%	4.30 - 4.80%	5.375 - 5.75%	4.0 - 4.375%	1.96%	
Original Issue Date	4/28/1999	FY 2004	6/1/1999	6/1/1999	6/27/2000	6/7/2005	11/18/2011	
Maturity Date	8/1/2017	8/1/2018	12/1/2018	12/1/2018	12/1/2020	5/1/2025	11/18/2016	
Pay Off Date	N/A	N/A	1/1/2014	N/A	N/A	N/A	N/A	
Purpose of Proceeds	Lake Street Reconstruction	Lake Street Housing	Urban Reserve	Lakeview Garage	Fishing Pier	Lakeview / Westlake Garage	College Street Garage Improvement	**ANNUAL WATERFRONT TIF DEBT SERVICE TOTAL**
Principal O/S balance @ 6/30/16	220,000	495,000		805,000	145,971	4,655,000	41,319	6,362,290
Principal FY 2017	100,000	-		255,000	25,818	435,000	41,319	857,137
Interest FY 2017	7,712	26,411		32,456	7,533	198,594	405	273,110
Total Principal and Interest	107,712	26,411		287,456	33,351	633,594	41,723	1,130,247
Principal O/S balance @ 6/30/17	120,000	495,000		550,000	120,153	4,220,000	-	5,505,153
Principal FY 2018	120,000	245,000		270,000	27,308	455,000		1,117,308
Interest FY 2018	2,736	19,930		19,920	6,055	180,106		228,747
Total Principal and Interest	122,736	264,930		289,920	33,362	635,106		1,346,055
Principal O/S balance @ 6/30/18	-	250,000		280,000	92,846	3,765,000		4,387,846
Principal FY 2019		250,000		280,000	29,294	475,000		1,034,294
Interest FY 2019		6,725		6,720	4,463	160,769		178,676
Total Principal and Interest		256,725		286,720	33,756	635,769		1,212,970
Principal O/S balance @ 6/30/19		-		-	63,552	3,290,000		3,353,552
Principal FY 2020					30,783	495,000		525,783
Interest FY 2020					2,762	140,581		143,343
Total Principal and Interest					33,545	635,581		669,126
Principal O/S balance @ 6/30/20					32,769	2,795,000		2,827,769
Principal FY 2021					32,769	515,000		547,769
Interest FY 2021					942	119,544		120,486
Total Principal and Interest					33,711	634,544		668,255
Principal O/S balance @ 6/30/21					-	2,280,000		2,280,000
Principal FY 2022						535,000		535,000
Interest FY 2022						97,656		97,656
Total Principal and Interest						632,656		632,656
Principal O/S balance @ 6/30/22						1,745,000		1,745,000

(continued)

(continued)

Description	HUD Section 108 - US Guaranteed Notes 1999 (a)	HUD Section 108 - US Guaranteed Notes 2005 Where TIF Participation Is Approximately 27.09% of $1.827M	Waterfront Refunding - Certificate Of Participation	Downtown Parking - Certificate Of Participation	Capital Projects - Certificate of Participation Where TIF Participation Is 9.93% of $4.1M	Downtown Parking - Certificate Of Participation	Chase Equipment Finance, Inc. Lease Where TIF Participation Is Approximately 34.72%	
Original Amount Borrowed	$ 1,110,133	$ 495,000	$ 1,390,000	$ 5,500,000	$ 407,130	$ 7,870,000	$436,610	
Interest Rate	5.40 - 6.20%	variable	4.30 - 4.80%	4.30 - 4.80%	5.375 - 5.75%	4.0 - 4.375%	1.96%	
Original Issue Date	4/28/1999	FY 2004	6/1/1999	6/1/1999	6/27/2000	6/7/2005	11/18/2011	
Maturity Date	8/1/2017	8/1/2018	12/1/2018	12/1/2018	12/1/2020	5/1/2025	11/18/2016	
Pay Off Date	N/A	N/A	1/1/2014	N/A	N/A	N/A	N/A	
Purpose of Proceeds	Lake Street Reconstruction	Lake Street Housing	Urban Reserve	Lakeview Garage	Fishing Pier	Lakeview / Westlake Garage	College Street Garage Improvement	**ANNUAL WATERFRONT TIF DEBT SERVICE TOTAL**
Principal FY 2023						560,000		560,000
Interest FY 2023						74,919		74,919
Total Principal and Interest						634,919		634,919
Principal O/S balance @ 6/30/23						1,185,000		1,185,000
Principal FY 2024						580,000		580,000
Interest FY 2024						51,119		51,119
Total Principal and Interest						631,119		631,119
Principal O/S balance @ 6/30/24						605,000		605,000
Principal FY 2025						605,000		605,000
Interest FY 2025						26,469		26,469
Total Principal and Interest						631,469		631,469
Principal O/S balance @ 6/30/25						-		0
Total Principal	1,110,133.00	495,000.00	1,390,000.00	5,500,000.00	407,130.00	7,870,000.00	436,610.00	17,208,873.00
Total Interest	640,288.50	382,756.82	690,651.67	2,521,307.97	287,004.50	4,164,943.32	22,347.82	8,709,300.60
Total Principal & Interest	1,750,421.50	877,756.82	2,080,651.67	8,021,307.97	694,134.50	12,034,943.32	458,957.82	25,918,173.60

(a) Waterfront TIF portion of debt was 59.5% of $1,930,000, or $1,148,350; however, effective 2/1/09 the original note was replaced with another note, where TIF portion of debt was $560,133. Thus, total principal due under these two notes totals $1,110,133 (i.e. $550,000 paid under note #98 from 8/1/98 to 8/1/09 plus $560,133 paid under note #158 from 8/1/10 to 8/1/17).

Downtown District:

Original Taxable Value & Increment Generated:

The original taxable value is $166,920,800. The annual and total municipal and education tax increment generated is not applicable because no debt has been incurred from inception of the Downtown TIF District through June 30, 2014.