

CITY OF BURLINGTON VERMONT COMPREHENSIVE ANNUAL FISCAL REPORT



FOR FISCAL YEAR ENDED
JUNE 30, 2019

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CITY OF BURLINGTON, VERMONT
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019



Prepared by:
The Clerk Treasurer Office

Rich Goodwin
Director of Financial Operations

Ann Barton
Comptroller

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CITY OF BURLINGTON, VERMONT

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**INTRODUCTORY
SECTION**

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OFFICE OF THE CLERK/TREASURER City of Burlington

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January 23, 2020

Mayor and City Council
City of Burlington
149 Church Street
Burlington, Vermont 05401

To the Citizens, Mayor, and City Council of the City of Burlington:

The Comprehensive Annual Financial Report of the City of Burlington for the Fiscal Year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the following data, including financial statements, supporting schedules and statistical tables, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. To provide a reasonable basis for making representations, management has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and compile sufficient reliable information to the preparation of the financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Fiscal year 2019 represents the fourth year that the City of Burlington has compiled a Comprehensive Annual Financial Report (CAFR). The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Burlington for its Comprehensive Annual Financial Report for the fiscal year ending June 30, 2018. The Certificate of Achievement is valid for a period of one year only. The compilation of this report required a substantial time investment by the Clerk/Treasurer's Office, but we are proud to continue our commitment to expanded disclosures of our financial position and results of operations.

City Charter, as well as State statutes, requires an annual audit by independent certified public accounts. The City's audit firm is Melanson Heath. The independent auditors' report is located at the front of the financial section of this report. In addition, the audit was designed to meet the requirements of Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (the Uniform Guidance), as applicable. Information related to the Single Audit, including the Schedule of Expenditures of Federal Awards, findings

and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, is not included in this year's CAFR but is available in a separate report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it for additional narrative overview and analysis of the City's activities.

THE CITY OF BURLINGTON

The source for this section is the *Introduction to Official Statement*, dated November 13, 2019.

Description of the City

The City of Burlington, Vermont (the "City") is the largest city in Vermont and located in northwestern Vermont on the eastern shore of Lake Champlain directly across from northern New York State. The City is the commercial center of Chittenden County and encompasses 16 square miles. The City is 90 miles south of Montreal, Quebec, 220 miles northwest of Boston, Massachusetts, and 300 miles north of New York, New York.

Highways serving Burlington include State Highways 2 and 7 and Interstates U.S. 89 and 189. The Lake Champlain Transportation Company operates ferries on Lake Champlain between Vermont and New York.

The Burlington International Airport serves over 1.2 million passengers per year and accommodates non-stop air service to all three New York City metropolitan area airports, Philadelphia, both Washington D.C. airports, Chicago, Atlanta, Charlotte, NC, Orlando/Sanford, FL, Detroit, and seasonally to Toronto. Passengers can reach nearly any destination world-wide with just one connection from Burlington.

Bus service is provided by Greyhound Lines, Megabus, and Vermont Trans Lines (operated by Vermont Agency of Transportation). Freight service is provided by the Vermont Railway Corporation and Rail America. Green Mountain Transit, which represents Burlington, Essex, South Burlington, Shelburne, Williston, Winooski, Milton, Hinesburg and a portion of Colchester provides local bus service. LINK Express routes serve Montpelier, Middlebury, and St. Albans commuters.

Form of Government

Burlington was incorporated as a City in 1865. On November 7, 2000, voters approved amendments to the City Charter which provided for direct Mayoral appointment of department heads with City Council confirmation, clarified the Mayor's authority as the City's Chief Executive Officer, established the position of Chief Administrative Officer, and provided that City commissions would become advisory except when authority was re-delegated by the City Council.

About the Burlington Community

Located between the highest section of the Green Mountains and the widest part of Lake Champlain, the City of Burlington enjoys superb scenery and outstanding year-round recreational opportunities.

Cultural activities abound and are encouraged by the participation of businesses, educational institutions, and government. Several theaters for the performing arts, theater troupes, museums, fairs, and festivals fill the City's cultural calendar, while Burlington City Arts, a City Department, provides a well-known gallery for the display of contemporary art, as well as events including music, film, and performance.

The University of Vermont Medical Center is the state's academic medical center and serves approximately one million people in Vermont and New York. UVM Medical Center includes three founding organizations – Medical Center Hospital of Vermont, Fanny Allen Hospital, and University Health Center – and the UVM College of Medicine. The Vermont Regional Cancer Center and the Vermont-New Hampshire Regional Red Cross Blood Center are also located in Greater Burlington.

Burlington is also known throughout the state and the nation for its innovative and entrepreneurial spirit. The City of Burlington was the first city in the country to use 100% renewable energy for the electricity needs of its residents. The Burlington International Airport is leading the industry with its continued amenity upgrades, such as the Mamava nursing mothers' pod, green roof (including solar panels and a garden), as well as free Wi-Fi and convenient access. Meanwhile a range of notable companies, from Seventh Generation to Dealer.com to Burton, are proud to call Burlington home.

Burlington is regularly recognized in nationally published periodicals as one of the best places to live. The City's location, economic climate, and abundance of community resources contributed to its award as the most livable city in America for cities of less than 100,000 people by the U.S. Conference of Mayors in 1989. Since then, the City has enjoyed numerous awards from national publications recognizing the City for its beauty, sustainability, and livability.

City Services

The City provides municipal services including police and fire protection, emergency medical services, street construction and maintenance, solid waste management, traffic signalization, planning and zoning, community and economic development, parks and recreation, library services, youth services, arts programs, educational, and general administrative services. The City also operates the following enterprise funds: (1) electric, (2) water, (3) sewage collection and treatment, (4) airport facilities and, (5) telecommunication services (sold in March of 2019).

Economic Activity

The Greater Burlington area, which includes the City of Burlington and all of Chittenden County, is Vermont's major economic area. Most of the County's nonagricultural employment lies within the three-community region of Burlington, Essex and South Burlington. Manufacturing employment represents approximately 10% of the nonagricultural employment in the Burlington area

labor market. Non-manufacturing employment accounts for approximately 90% of employment. Education and health services, government and trade are principal areas of non-manufacturing employment in the Greater Burlington area.

Chittenden County has provided the bulk of the State's economic growth over the past ten years, which is reflected in the area's employment statistics. The Burlington Labor Market Area had an annual unemployment rate of 1.3% in December 2018. The State's unemployment rate was 2.7% as of December 2018.

Employment Data

The Greater Burlington area possesses a growing, educated work force with skills in a variety of areas. To keep a supply of workers skilled to meet the needs of new and existing business and industry, the State of Vermont assists with tuition-free training of new Vermont employees. Educational institutions, such as the University of Vermont, provide customized training programs and continuing education required by technicians and others in rapidly changing technological fields.

Housing Market

Since 2010 and through December 2017, the median sales price of single-family homes in Burlington increased 28% to \$308,000. During that same period, median condominium sales prices have decreased 27% to \$197,500. The City contains approximately 6,718 owner-occupied housing units, accounting for 16% of Chittenden County's 42,249 owner-occupied units. The number of single-family primary residences sold in Burlington has remained relatively stable since tracking data began in 1988, though 2015 showed a 25% increase against the average. Single-family home sales in 2017 was 214.

A number of homes sold in Burlington that fall below the median sale price are purchased through Champlain Housing Trust (CHT) or Green Mountain Habitat for Humanity. CHT and Green Mountain Habitat for Humanity have placed resale restriction covenants on over 248 homes in Burlington. These organizations receive operating or development grants from the City in order to ensure an adequate supply of homes for low- and moderate-income residents.

The rental housing market in Burlington remains very strong, though low vacancy rates pose a challenge for prospective renters. According to a July 2019 Allen & Brooks Report, Burlington's rental vacancy rate is 1.4%. The low vacancy rate pushes demand for rental housing up which results in increased rental rates. Various forms of rental housing assistance for low- to moderate-income households are provided by the Burlington Housing Authority, Champlain Housing Trust, and several other nonprofit housing corporations.

Vermont enjoys a low foreclosure rate relative to the national average, but saw an increase in foreclosures throughout the summer of 2015 for a foreclosure rate of 1 in every 4,363 homes; as of September 2019, Chittenden County enjoys a slightly lower rate of 1 in every 11,409. Burlington has seen a steady decline in foreclosures since 2009, when 40 homes went into foreclosure in the wake of the economic recession.

Acknowledgements

This report reflects the City's commitment to improve and maintain financial statements in conformity with the highest standards of accountability. The strong financial position and excellent financial results reflected in this report would not have been possible without the leadership and fiscal policies established by the Mayor, City Council, Chief Administrative Officer, and the hard work and dedication of the finance and accounting team.

Respectfully submitted,

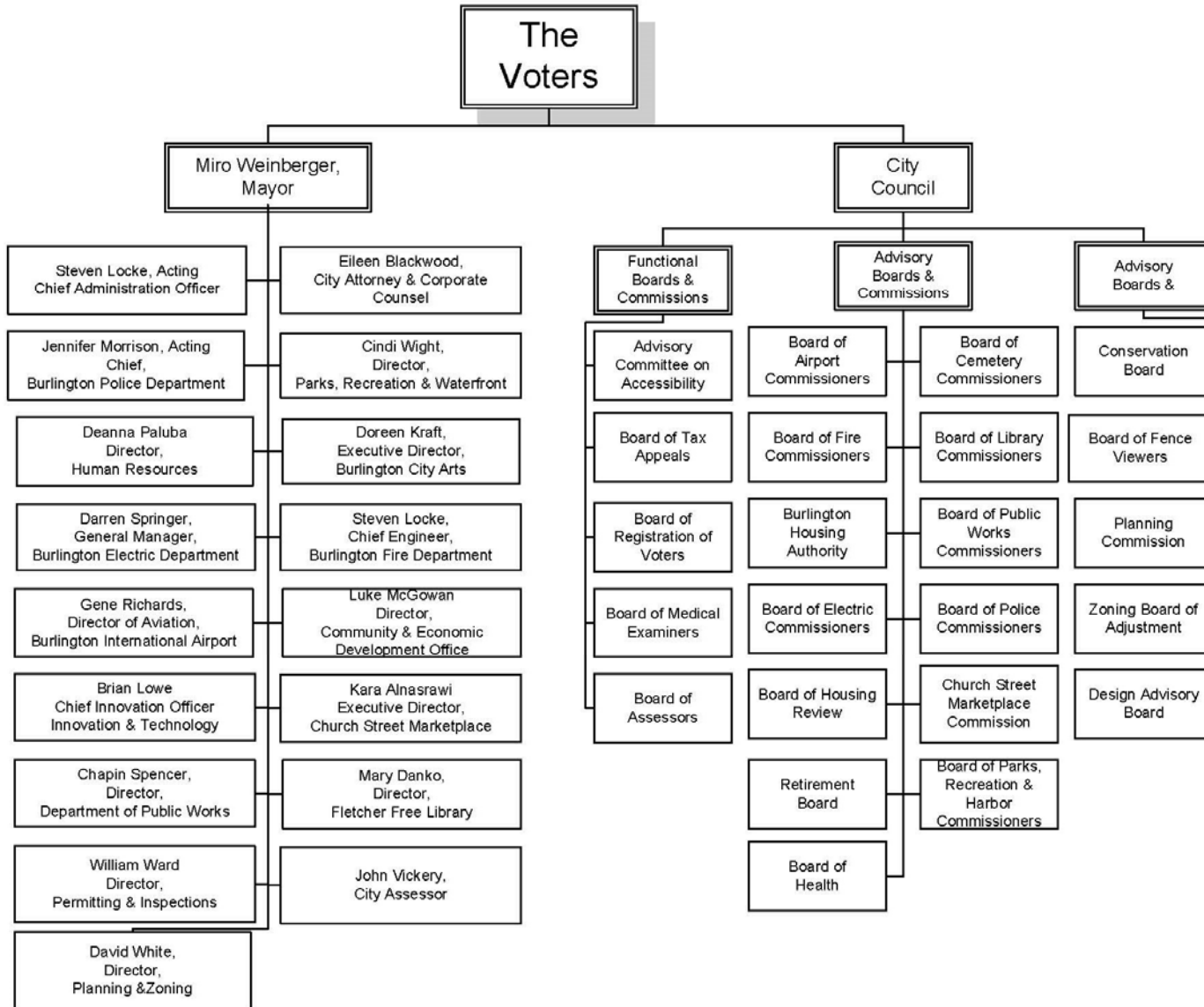
A handwritten signature in blue ink, appearing to read "Rich Goodwin". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Rich Goodwin
Chief Administrative Officer

A handwritten signature in blue ink, appearing to read "Ann Barton". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Ann Barton
Comptroller

City of Burlington Organizational Chart



**CITY OF BURLINGTON, VERMONT
PRINCIPAL OFFICIALS**

		<u>Initial Term Commenced</u>	<u>Current Term Expires</u>
<i>Miro Weinberger</i>	<i>Mayor</i>	2012	2021

City Council

<i>Sharon Foley Bushor</i>	<i>Ward 1</i>	1987	2020
<i>Max Tracy</i>	<i>Ward 2</i>	2012	2020
<i>Brian Pine</i>	<i>Ward 3</i>	2018	2020
<i>Kurt Wright, President</i>	<i>Ward 4</i>	2013	2020
<i>William “Chip” Mason</i>	<i>Ward 5</i>	2012	2020
<i>Karen Paul</i>	<i>Ward 6</i>	2008	2020
<i>Ali Deng</i>	<i>Ward 7</i>	2017	2020
<i>Adam Roof</i>	<i>Ward 8</i>	2015	2020
<i>Jack Hanson</i>	<i>East District</i>	2018	2020
<i>Perri Freeman</i>	<i>Central District</i>	2018	2020
<i>Franklin Paulino</i>	<i>North District</i>	2018	2020
<i>Joan Shannon</i>	<i>South District</i>	2003	2020

City Administration

<i>Steve Locke</i>	<i>Interim Chief Administrative Officer</i>
<i>Rich Goodwin</i>	<i>Director Financial Operations</i>
<i>John Vickery</i>	<i>City Assessor</i>
<i>Eileen Blackwood, Esq.</i>	<i>City Attorney</i>
<i>Ann Barton</i>	<i>Comptroller</i>

**CITY OF BURLINGTON, VERMONT
DEPARTMENT AND DIVISION HEADS**

OFFICE OF THE MAYOR	
Mayor	Miro Weinberger
CLERK TREASURER'S OFFICE	
Chief Administrative Officer	Steve Locke, Acting
Director of Financial Operations	Rich Goodwin
Comptroller	Ann Barton
LEGAL	
City Attorney & Corporate Counsel	Eileen Blackwood
INNOVATION & TECHNOLOGY	
Chief Innovation Officer	Brian Lowe
HUMAN RESOURCES	
Director of Human Resources	Deanna Paluba
POLICE DEPARTMENT	
Chief of Police	Jennifer Morrison, Acting
	John Murad
	Jan Wright
Deputy Chief	
Deputy Chief	
FIRE DEPARTMENT	
Chief Engineer	Steven Locke
Deputy Chief of Administration	Peter Brown
Deputy Chief of Operations	Aaron Collette
DEPARTMENT OF PUBLIC WORKS	
Director	Chapin Spencer
City Engineer/Assistant Director Technical Services	Norman Baldwin
Assistant Director Maintenance Division	Robert Green
Assistant Director Parking and Traffic Division	Jeff Padgett, Acting
Assistant Director Water Resources	Megan Moir
CODE ENFORCEMENT	
Code Enforcement Director	William Ward
PARKS, RECREATION & WATERFRONT	
Director	Cindi Wight
COMMUNITY & ECONOMIC DEVELOPMENT OFFICE	
Director	Luke McGowan
FLETCHER FREE LIBRARY	
Director	Mary Danko
SCHOOL DEPARTMENT	
Superintendent	Yaw Obeng
ASSESSOR'S OFFICE	
City Assessor	John Vickery
BURLINGTON INTERNATIONAL AIRPORT	
Director of Aviation	Eugene Richards
CHURCH STREET MARKETPLACE	
Executive Director	Kara Alnasrawi
BURLINGTON CITY ARTS	
Executive Director	Doreen Kraft
BURLINGTON ELECTRIC DEPARTMENT	
General Manager	Darren Springer
PLANNING & ZONING	
Director	David White



Government Finance Officers Association

Certificate of
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City of Burlington
Vermont

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

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**FINANCIAL
SECTION**

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INDEPENDENT AUDITORS' REPORT

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

Additional Offices:
Andover, MA
Greenfield, MA
Manchester, NH
Ellsworth, ME

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Burlington, Vermont (the City), as of and for the year ended June 30, 2019, 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.

Auditors' 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 which represents 39 percent, 24 percent, and 57 percent, of the assets and deferred outflows, net position and revenues of the business-type activities respectively. 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, a discretely presented component unit. The financial statements of 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 the School District 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 auditors' 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 discretely presented component unit, and the aggregate remaining fund information of the City, as of June 30, 2019, 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, and certain Pension and OPEB schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

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 non-major 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 introductory and statistical sections are presented for purposes of additional analysis and are 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 January 23, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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

January 23, 2020

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BASIC FINANCIAL STATEMENTS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Burlington (the City), we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019.

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 comprise 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, liabilities, and deferred outflows/inflows of resources with the difference 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 City'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, earned but unused vacation leave, and net pension liability).

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, public works, culture and recreation, and community development. The business-type activities include the operation of the Airport, Electric, Water, Wastewater, and Stormwater Utilities, Telecommunications (including cable television, Internet access, and telephone service).

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 City'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 fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's cost of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for Airport, Electric, Telecom, Wastewater, Water, and Stormwater. The proprietary fund financial statements provide separate information for the Airport and Electric 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 City. 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 and deferred outflows exceeded liabilities and deferred inflows by \$352,857,809 (i.e., net position), a change of \$12,007,090 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$59,201,431, a change of \$6,695,441 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,497,207, a change of (\$216,689) in comparison to the prior year.
- Total net position of the City's component unit, the Burlington School District, amounted to \$18,658,333, an increase of \$2,692,061 for the year
- The nonspendable portion of the governmental funds balance was \$3,024,595 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. \$33,756,452 of the governmental funds balance is restricted for specific purposes. In addition, \$4,370,914 is committed for purposes funded by dedicated revenue. The City has assigned \$10,182,818 for fiscal year 2020. This leaves the City with a total unassigned fund balance of \$7,866,652.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	<u>NET POSITION (000s)</u>					
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 77,657	\$ 72,357	\$ 116,311	\$ 123,196	\$ 193,968	\$ 195,553
Capital assets	159,333	150,345	313,126	318,885	472,459	469,230
Total assets	236,990	222,702	429,437	442,081	666,427	664,783
Deferred outflows of resources	19,846	27,681	6,651	9,387	26,497	37,068
Total assets and deferred outflows	<u>\$ 256,836</u>	<u>\$ 250,383</u>	<u>\$ 436,088</u>	<u>\$ 451,468</u>	<u>\$ 692,924</u>	<u>\$ 701,851</u>
Long-term liabilities outstanding	\$ 139,295	\$ 147,346	\$ 158,882	\$ 169,322	\$ 298,177	\$ 316,668
Other liabilities	9,497	8,544	14,611	21,784	24,108	30,328
Total liabilities	148,792	155,890	173,493	191,106	322,285	346,996
Deferred inflows of resources	12,537	9,106	5,244	4,898	17,781	14,004
Net position:						
Net investment in capital assets	97,958	93,012	206,505	203,833	304,463	296,845
Restricted	15,220	14,324	25,574	25,305	40,794	39,629
Unrestricted	(17,671)	(21,949)	25,272	26,326	7,601	4,377
Total net position	<u>95,507</u>	<u>85,387</u>	<u>257,351</u>	<u>255,464</u>	<u>352,858</u>	<u>340,851</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 256,836</u>	<u>\$ 250,383</u>	<u>\$ 436,088</u>	<u>\$ 451,468</u>	<u>\$ 692,924</u>	<u>\$ 701,851</u>

CHANGES IN NET POSITION (000s)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 25,485	\$ 24,079	\$ 103,022	\$ 104,563	\$ 128,507	\$ 128,642
Operating grants and contributions	4,990	4,306	325	173	5,315	4,479
Capital grants and contributions	2,793	2,191	10,484	15,035	13,277	17,226
General revenues:						
Property taxes	35,648	33,899	-	-	35,648	33,899
Rooms and meals tax	4,296	4,256	-	-	4,296	4,256
Local sales option tax	2,520	2,537	-	-	2,520	2,537
Payment in lieu of tax	5,726	5,467	-	-	5,726	5,467
Franchise fees	2,138	2,143	-	-	2,138	2,143
Impact fees	508	457	-	-	508	457
Interest and penalties on delinquent taxes	499	400	-	-	499	400
Nonoperating grants	-	-	1,096	-	1,096	-
Investment income	723	335	537	233	1,260	568
Dividends from associated companies	-	-	4,283	4,148	4,283	4,148
Other revenue	1,934	1,139	1,445	109	3,379	1,248
Total revenues	<u>87,260</u>	<u>81,209</u>	<u>121,192</u>	<u>124,261</u>	<u>208,452</u>	<u>205,470</u>
Expenses:						
Governmental activities:						
General government	14,433	11,769	-	-	14,433	11,769
Public safety	30,903	31,141	-	-	30,903	31,141
Public works	18,170	20,308	-	-	18,170	20,308
Culture and recreation	13,289	12,470	-	-	13,289	12,470
Community development	4,841	4,139	-	-	4,841	4,139
Interest on long-term debt	3,452	3,031	-	-	3,452	3,031
Business-type activities:						
Electric	-	-	65,189	63,111	65,189	63,111
Airport	-	-	23,491	21,861	23,491	21,861
Non-major	-	-	22,087	22,752	22,087	22,752
Total expenses	<u>85,088</u>	<u>82,858</u>	<u>110,767</u>	<u>107,724</u>	<u>195,855</u>	<u>190,582</u>
Change in net position before transfers, additions to permanent fund principal, and special items	2,172	(1,649)	10,425	16,537	12,597	14,888
Additions to permanent fund principal	17	-	-	-	17	-
Transfers in / (out)	7,931	-	(7,931)	-	-	-
Special item	-	-	(607)	-	(607)	-
Change in net position	<u>10,120</u>	<u>(1,649)</u>	<u>1,887</u>	<u>16,537</u>	<u>12,007</u>	<u>14,888</u>
Net position - beginning of year, as restated	<u>85,387</u>	<u>87,036</u>	<u>255,464</u>	<u>238,927</u>	<u>340,851</u>	<u>325,963</u>
Net position - end of year	<u>\$ 95,507</u>	<u>\$ 85,387</u>	<u>\$ 257,351</u>	<u>\$ 255,464</u>	<u>\$ 352,858</u>	<u>\$ 340,851</u>

The largest portion of net position \$304,462,799 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 \$40,493,804 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$7,601,206 represents a combination of our governmental activities and business-type activities or enterprise funds. Our governmental activities unrestricted net position is (\$17,670,970). The negative balance primarily results from recognizing our Net Pension Liability in accordance with Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions*. See financial statement notes for additional information. Our business-type activities unrestricted net position is \$25,272,176. About half of this balance is derived from our Electric Enterprise Fund.

Governmental activities. Governmental activities for the year resulted in a change in net position of \$10,119,833. The primary reason for this increase is our investment in capital assets financed with current year revenues.

Business-type activities. Business-type activities for the year resulted in a change in net position of \$1,877,257. Key elements of this change are discussed in Section D of the Management’s Discussion and Analysis.

D. FINANCIAL ANALYSIS OF THE CITY’S FUNDS

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 the City’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 \$59,201,431, a change of \$6,695,441 in comparison to the prior year. Key elements of this change are as follows:

General fund change in fund balance	\$ 3,525,183
Telecom special revenue fund net transfers in	6,913,027
Expenditures and transfers out in excess of revenues and transfers in (mostly capital improvement program)	(3,918,233)
Permanent funds revenues	71,393
Other	<u>104,071</u>
Total	<u>\$ 6,695,441</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$9,497,207, while total fund balance was \$22,063,007.

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 Note 2A.

<u>City General Fund</u>	<u>6/30/19</u>	<u>6/30/18</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 9,497,207	\$ 9,713,896	\$ (216,689)	14.9%
Total fund balance	\$ 22,063,007	\$ 18,537,824	\$ 3,525,183	34.5%

The general fund unassigned fund balance decrease of (\$216,689) results from the increase in amounts assigned for fiscal year 2020 and our non-spendable fund balance.

The following table summarizes the activity in the general fund unassigned fund balance:

Unassigned fund balance, June 30, 2018	\$ 9,713,896
Budgeted surplus	141,203
Actual revenues greater than budgeted	1,088,274
Actual expenditures less than budgeted	<u>2,295,706</u>
Subtotal	13,239,079
Increase in non-spendable fund balance	(594,086)
Decrease in restricted fund balance	360,786
Decrease to committed fund balance	110,093
Increase to assigned fund balance	<u>(3,618,665)</u>
Unassigned fund balance, June 30, 2019	<u>\$ 9,497,207</u>

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:

	<u>Unrestricted Net Position</u>		
	<u>6/30/19</u>	<u>6/30/18</u>	<u>Change</u>
Electric	\$ 13,494,339	\$ 14,657,096	\$ (1,162,757)
Airport	6,065,565	6,617,748	(552,183)
Nonmajor funds:			
Telecom	-	(998,702)	998,702
Wastewater	2,371,815	3,671,193	(1,299,378)
Water	2,564,448	2,883,473	(319,025)
Stormwater	<u>776,009</u>	<u>622,599</u>	<u>153,410</u>
Total	<u>\$ 25,272,176</u>	<u>\$ 27,453,407</u>	<u>\$ (2,181,231)</u>

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

- The Electric Department net position at June 30, 2019 decreased by (\$1,162,757) when compared to net position at June 30, 2018 primarily due to declining prices received for the sale of Renewable Energy Credits (REC) and lower Energy Efficiency Utility Program Cost Reimbursements. For additional information, please refer the separate financial statements issued for the Electric Enterprise Fund.
- The Burlington International Airport’s unrestricted net position decreased from the previous year due to a variety of reasons including an increase in nonpersonnel cost. For additional information, please refer the separate financial statements issued for the Airport Enterprise Fund.
- Burlington Telecom was sold on March 12, 2019. During the course of the year Telecom had \$495,837 in income before transfers and special items. Telecom had a \$7,930,536 transfer out to a newly created Telecom Sale Proceeds Nonmajor special revenue fund and a \$606,888 loss on disposal of operations.
- The net increase in the Wastewater, Water and Stormwater Funds (which are managed on a combined basis) is primarily the result of operations due to increased user fees. For additional information, please refer the separate financial statements issued for the Wastewater and Water Enterprise Funds.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

The City approved a fiscal year 2019 budget of \$75,961,073 including dedicated taxes, tax increment financing and interdepartmental charges that were netted against appropriations for the presentation on the budget and actual statement in the financial statements. The following is a reconciliation of the approved fiscal year 2019 appropriation with the amounts reported on the General fund budget and actual comparison statement on page 41:

City approved appropriation	\$ 75,961,073
Dedicated funding appropriation	18,200
Less dedicated taxes:	
Capital streets program	(2,289,554)
Open space	(200,382)
Housing Trust	(200,382)
Pennies for parks	(371,078)
Downtown improvement district	(309,782)
Less tax increment	(3,286,090)
Less interdepartmental charges	(2,969,604)
Add other	295,743
Appropriation reported	<u>\$ 66,648,144</u>

The City’s adopted general fund budget for fiscal year 2019 after amendments resulted in a surplus of \$141,203. The adjusted actual performance (budgetary basis) resulted in revenues and other sources exceeding expenditures and other uses by \$3,383,980. This variance is primarily attributable to:

- Revenue surplus of \$1,088,274, primarily resulting from an increase in charges for service revenues including parking fees, ambulance fees, and fees for service housing and development.
- Various departments had significant unspent appropriations. Police expenses were under budget by \$561,588, primarily from financing vehicle acquisitions with debt rather than the budget.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental activities at year-end amounted to \$159,333,309 (net of accumulated depreciation), a change of \$8,988,201 from the prior year. Total investment in capital assets for business-type activities at year-end amounted to \$313,126,021 (net of accumulated depreciation), a change of (\$5,758,540) from the prior year. This investment in capital assets includes land, construction in progress, buildings, improvements, infrastructure, and vehicles, machinery, equipment, and furniture.

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

- | | |
|---|-------------|
| • Street paving | \$2,472,183 |
| • St. Paul and St. Great Streets | \$2,431,503 |
| • Sidewalk and curb replacement | \$1,973,153 |
| • 311 North Ave/Burlington
College Parcel (12 acres) | \$1,223,401 |
| • Fire Truck (E One Tower) | \$1,045,000 |

The decrease in business-type activities can be attributable to the sale of Telecom. Other major capital asset events during the current fiscal year for Business-Type Activities can be found in the various stand-alone enterprise fund financial statements.

Additional information on the City’s capital assets can be found in Note 12 on pages 76 to 81 of this report.

Change in credit rating. Moody’s Investor Service (Moody’s) assigned an Aa3 rating (from A2) to the City’s general obligation debt with a stable outlook. Moody’s rated the certificates of participation at Baa1 and Baa2, with a stable outlook.

Long-term debt. The table below outlines our long-term debt at the current and prior year end. Bonds are backed by pledged revenues of the respective enterprise funds and other debt is backed by full faith and credit of the government.

	Bonds Payable and Other Debt		
	<u>6/30/19</u>	<u>6/30/18</u>	<u>Change</u>
Governmental Activities:			
City	\$ 77,932,346	\$ 73,288,180	\$ 4,644,166
Business-Type Activities:			
Electric	75,688,445	73,950,714	1,737,731
Airport	31,716,829	32,915,000	(1,198,171)
Wastewater	12,517,537	13,411,830	(894,293)
Water	8,153,973	5,418,031	2,735,942
Stormwater	318,079	337,601	(19,522)
Subtotal business-type	<u>128,394,863</u>	<u>126,033,176</u>	<u>2,361,687</u>
Component Unit:			
School District	<u>39,259,282</u>	<u>30,442,142</u>	<u>8,817,140</u>
Total	<u>\$ 245,586,491</u>	<u>\$ 229,763,498</u>	<u>\$ 15,822,993</u>

Additional information on the City's long-term debt can be found in Note 17 on pages 83 to 91 of this report.

Net pension liability. The following is an analysis of the City's and our component unit's net pension liability at the end of the current and prior fiscal years. The majority of this increase will increase pension expense over the next four years and therefore reduce unrestricted net position.

	Net Pension Liability		
	<u>6/30/19</u>	<u>6/30/18</u>	<u>Change</u>
Governmental Activities:			
City	\$ 51,148,996	\$ 59,124,756	\$ (7,975,760)
Business-Type Activities:			
Electric	13,727,447	16,182,193	(2,454,746)
Airport	1,623,323	1,630,284	(6,961)
Telecom	-	294,862	(294,862)
Wastewater	838,441	664,669	173,772
Water	1,001,301	754,288	247,013
Subtotal business-type	<u>17,190,512</u>	<u>19,526,296</u>	<u>(2,335,784)</u>
Component Unit:			
School District	<u>7,346,475</u>	<u>8,659,475</u>	<u>(1,313,000)</u>
Total	<u>\$ 75,685,983</u>	<u>\$ 87,310,527</u>	<u>\$ (11,624,544)</u>

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

Mayor's Overview

Management Discussion and FY 20 Budget Summary

The City's Fiscal Year 2020 budget is designed to build upon the strong financial foundation that the City has re-established over the last seven years. The total budget reflected feedback from work sessions with the City Council and includes over \$200 million in total annual expenditures. Below is a summary of the highlights of the FY20 budget.

Summary: The FY20 budget makes strategic investments in infrastructure, public safety, efforts to support the most vulnerable, Burlington's children, sustainability, technology, and organizational efficiency measures. The FY20 budget continues the practice of the last eight budget years, in which the City has held taxes that fund the operating costs of City government well below the rate of inflation.

Highlights of the budget include:

Reinvestment in Infrastructure

The FY20 budget continues, for the third year, the historically high investments in streets, sidewalks, and water infrastructure as called for by the Sustainable Infrastructure Plan approved by the voters in 2016. In addition, this year's budget includes substantial funding from the recently approved Clean Water Resiliency Plan. In addition, this year's budget includes federal dollars for the Champlain Parkway and investments at the airport. As a result, in total, FY20 will likely see greater investment in Burlington's public infrastructure this fiscal year than in any prior year.

Thanks to the Sustainable Infrastructure Plan that voters passed in 2016, in FY20 the City plans to repave more than 4 miles of roads, which will bring the three-year total to 17 miles – approximately double the work of a typical three-year period. At the same time, the City is also tripling its investment in sidewalks, rehabilitating waterlines, and making other needed investments to ensure that core infrastructure is sound.

Strong Municipal Financial Position

The current administration has focused on restoring the City's credit rating, and since 2012 the City has received six credit rating upgrades. The most recent upgrade from Moody's was in July 2019, when the City was upgraded from A2 to Aa3, marking the full restoration of the credit rating that the City last held ten years ago. Burlington's financial turnaround since 2014 has locked in savings for taxpayers and ratepayers of over \$17 million, according to the most recent Fiscal Health Report from our Clerk/Treasurer's Office.

Unassigned Fund Balance

In 2015, the Administration and City Council completed a new Fund Balance policy that called for the accrual of an Unassigned Fund Balance of at least 5 percent and no more than

15% by FY19. We achieved this goal much more quickly than anticipated, finishing FY17 with an Unassigned Fund Balance of \$8.4 million, a figure representing approximately 14% of operating costs. In FY19, we began investing Unassigned Fund Balance dollars in excess of the 10% to support projects that would result in benefits to the City, improved service to residents, operational efficiencies, and cost savings.

Landmark Investments in Water Department and Infrastructure

In November 2018, 92% of voters supported the Clean Water Resiliency Plan, a \$30 million revenue bond to stabilize, modernize, and upgrade Burlington's wastewater and stormwater infrastructure. The FY20 budget includes drawing down \$1.49 million of the authorized bonding for capital work, including replacing critical disinfection equipment, plans for wastewater infrastructure improvements at the wastewater plants, developing a program to better pretreat industrial waste, and design work to upgrade or replace eleven of the 25 existing wastewater pump stations throughout the City's network. The budget also includes funding to increase the staffing capacity for the Water Department to accomplish this critical work.

In November 2017, Moody's affirmed the City's Water Utility A1 rating, recognizing the City for its stable service area and ample system capacity, healthy debt service coverage and improving liquidity, and sound legal security provisions. As a result of this strong credit rating, the Water Department will secure better borrowing rates and be able to accomplish more work for the \$30 million voter-approved bonding.

Continuing and Growing Community Investments

The FY20 budget continues and expands funding programs that connect Burlingtonians from vulnerable incomes and backgrounds with opportunities:

- **Early Learning Initiative** – In addition to funding capacity grants to daycare centers to expand slots for infants and toddlers, the FY20 budget includes the ELI First Steps Scholarship Program to award 20 or more families with a one-year scholarship for Fall 2019 enrollment in childcare.
- **Maintains Increased Funding of the Housing Trust Fund** – The FY20 budget again includes \$175,000 of supplemental funding for the Housing Trust Fund to increase the City's contribution to the equivalent of a one cent assessment of the Grand List. At the City's recent Housing Summit, the community had the opportunity to weigh in on proposals to further expand the Housing Trust Fund and I expect that the package of policies that I deliver to the Council this fall will include mechanisms for this additional increase.
- **Funding for Low-barrier Shelter Extension** – The FY19 budget included \$60,000 for a pilot program to extend the CHCB Low-Barrier Winter Warming Shelter into June. The CHCB Shelter will soon close for the summer season, and the Administration will be spending the upcoming weeks and months evaluating the success of the pilot and determining how we will proceed for the upcoming season. The FY20 budget includes the same \$60,000 allocation towards a low-barrier shelter

option, and we will work with partners in CEDO and the Continuum of Care to determine how this funding should be used in the coming year, taking into consideration the results of the pilot.

- **Resources for our Fight Against the Opioid Epidemic** – The City has seen real progress flowing from the commitment, focus, and constellation of innovative strategies that the City and our partners have implemented over the last two years, and we plan to aggressively and relentlessly continue this work. The FY20 budget funds the Opioid Policy Coordinator in the Police Department, recently retitled the Drug, Mental Illness & Homelessness Policy Coordinator to acknowledge the overlap in high-risk behaviors that the Police Department encounters on a daily basis. This position has also recently taken on a pilot program to screen every arrestee for opioid abuse and offer to connect them to low-barrier rapid-access medically assisted treatment.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Burlington's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information can be found on the City's web page at www.burlingtonvt.gov or should be addressed to:

Clerk/Treasurer Office
City Hall
149 Church Street
Burlington, Vermont 05401

CITY OF BURLINGTON, VERMONT

STATEMENT OF NET POSITION

JUNE 30, 2019

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Current:				
Cash and cash equivalents	\$ 48,817,016	\$ 27,960,916	\$ 76,777,932	\$ 27,498,518
Escrows	502,500	2,803,347	3,305,847	-
Investments	14,455,143	467,772	14,922,915	195,544
Receivables, net of allowance for uncollectibles:				
Property taxes	2,145,423	-	2,145,423	-
User fees	-	11,134,024	11,134,024	-
Departmental and other	2,757,736	-	2,757,736	-
Intergovernmental	1,742,044	3,308,764	5,050,808	4,530,605
Passenger facility charges	-	500,248	500,248	-
Loan	57,208	76,591	133,799	-
Capital lease	23,653	-	23,653	-
Inventory	575,549	6,068,980	6,644,529	30,768
Prepaid expenses	330,642	47,202	377,844	82,500
Other assets	220,918	1,552,586	1,773,504	-
Total current assets	71,627,832	53,920,430	125,548,262	32,337,935
Noncurrent:				
Restricted cash	-	15,881,020	15,881,020	-
Restricted investments	-	9,693,192	9,693,192	-
Receivables, net of current portion:				
Loan	3,864,274	511,026	4,375,300	-
Capital lease	667,021	-	667,021	-
Accrued interest	1,497,695	-	1,497,695	-
Investment in associated companies	-	34,719,556	34,719,556	-
Regulatory assets and other prepaid charges	-	1,585,707	1,585,707	-
Capital assets:				
Land and construction in progress	39,103,564	89,797,750	128,901,314	8,083,045
Other capital assets, net of accumulated depreciation	120,229,745	223,328,271	343,558,016	38,686,196
Total noncurrent assets	165,362,299	375,516,522	540,878,821	46,769,241
TOTAL ASSETS	236,990,131	429,436,952	666,427,083	79,107,176
DEFERRED OUTFLOWS OF RESOURCES:				
Related to pensions	19,370,510	6,113,179	25,483,689	2,733,440
Related to OPEB	212,241	81,171	293,412	358,383
Deferred amount on refunding	263,247	456,928	720,175	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	19,845,998	6,651,278	26,497,276	3,091,823
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 256,836,129	\$ 436,088,230	\$ 692,924,359	\$ 82,198,999

(continued)

(continued)

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
LIABILITIES:				
Current:				
Accounts payable	\$ 4,647,555	\$ 9,155,585	\$ 13,803,140	\$ 2,967,434
Accrued payroll and benefits payable	1,356,060	177,286	1,533,346	-
Accrued liabilities	115,166	-	115,166	1,375,394
Accrued interest payable	795,885	710,476	1,506,361	-
Unearned revenue	2,045,259	1,207,407	3,252,666	-
Note payable	-	1,280,952	1,280,952	-
Line of credit	-	351,528	351,528	-
Other liabilities	537,896	1,259,942	1,797,838	-
Payable from restricted assets	-	467,772	467,772	-
Current portion of long-term liabilities:				
General obligation bonds	2,977,541	2,975,000	5,952,541	1,290,000
Revenue bonds	-	5,116,954	5,116,954	-
State revolving loan	-	172,143	172,143	-
Other debt	2,432,140	-	2,432,140	-
Capital lease	673,005	778,079	1,451,084	-
Compensated absences	233,734	23,692	257,426	406,954
Insurance reserves	1,077,029	-	1,077,029	-
Total current liabilities	16,891,270	23,676,816	40,568,086	6,039,782
Noncurrent, net of current portion:				
General obligation bonds	51,991,385	48,349,411	100,340,796	37,969,282
Revenue bonds	-	70,258,835	70,258,835	-
State revolving loan	-	1,522,520	1,522,520	-
Other debt	20,531,280	-	20,531,280	-
Net pension liability	51,148,996	17,190,512	68,339,508	7,346,475
Total OPEB liability	3,859,111	1,475,865	5,334,976	5,940,012
Capital lease	1,792,313	3,872,047	5,664,360	-
Compensated absences	2,103,610	1,279,664	3,383,274	2,306,074
Insurance reserves	474,837	-	474,837	-
Regulatory liabilities	-	4,714,561	4,714,561	-
Other noncurrent liabilities	-	1,152,984	1,152,984	417,409
Total noncurrent liabilities	131,901,532	149,816,399	281,717,931	53,979,252
TOTAL LIABILITIES	148,792,802	173,493,215	322,286,017	60,019,034
DEFERRED INFLOWS OF RESOURCES:				
Deferred revenue	-	-	-	3,200
Related to pensions	12,312,335	5,158,013	17,470,348	3,082,459
Related to OPEB	224,374	85,811	310,185	435,973
TOTAL DEFERRED INFLOWS OF RESOURCES	12,536,709	5,243,824	17,780,533	3,521,632
NET POSITION:				
Net investment in capital assets	97,957,996	206,504,803	304,462,799	7,509,959
Restricted externally or constitutionally for:				
Education	-	-	-	12,063,863
Community development	9,743,144	-	9,743,144	-
Debt service/renewal and replacements/capital projects	-	17,555,901	17,555,901	-
Contingency reserve	-	1,486,796	1,486,796	-
Deposits with bond trustees	-	6,531,515	6,531,515	-
Permanent funds:				
Nonspendable	909,230	-	909,230	-
Spendable	427,771	-	427,771	-
Restricted by enabling legislation	4,139,447	-	4,139,447	-
Unrestricted	(17,670,970)	25,272,176	7,601,206	(915,489)
TOTAL NET POSITION	95,506,618	257,351,191	352,857,809	18,658,333
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 256,836,129	\$ 436,088,230	\$ 692,924,359	\$ 82,198,999

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

CITY OF BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
Governmental Activities:					
General government	\$ 14,432,574	\$ 5,783,844	\$ 243,738	\$ -	\$ (8,404,992)
Public safety	30,902,537	6,364,052	376,861	14,376	(24,147,248)
Public works	18,170,065	8,373,019	360,566	1,542,118	(7,894,362)
Culture and recreation	13,288,900	4,650,473	164,364	1,236,473	(7,237,590)
Community development	4,841,160	313,478	3,844,256	-	(683,426)
Interest on long-term debt	<u>3,452,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,452,278)</u>
Total Governmental Activities	85,087,514	25,484,866	4,989,785	2,792,967	(51,819,896)
Business-Type Activities:					
Electric	65,188,585	57,562,557	-	316,820	(7,309,208)
Airport	23,490,832	21,906,295	144,824	10,166,707	8,726,994
Nonmajor	<u>22,087,293</u>	<u>23,553,092</u>	<u>180,630</u>	<u>-</u>	<u>1,646,429</u>
Total Business-Type Activities	<u>110,766,710</u>	<u>103,021,944</u>	<u>325,454</u>	<u>10,483,527</u>	<u>3,064,215</u>
Total Primary Government	\$ <u>195,854,224</u>	\$ <u>128,506,810</u>	\$ <u>5,315,239</u>	\$ <u>13,276,494</u>	\$ <u>(48,755,681)</u>
Discretely Presented Component Unit:					
Burlington School District	\$ <u>98,471,621</u>	\$ <u>735,482</u>	\$ <u>34,821,804</u>	\$ <u>-</u>	\$ <u>(62,914,335)</u>
Total Component Units	\$ <u>98,471,621</u>	\$ <u>735,482</u>	\$ <u>34,821,804</u>	\$ <u>-</u>	\$ <u>(62,914,335)</u>

(continued)

CITY OF BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

(continued)

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
Change in Net Position				
Net (expenses) revenues from previous page	\$ (51,819,896)	\$ 3,064,215	\$ (48,755,681)	\$ (62,914,335)
General Revenues:				
Property taxes	35,648,435	-	35,648,435	-
Gross receipts taxes	4,295,784	-	4,295,784	-
Local option sales tax	2,519,691	-	2,519,691	-
Payments in lieu of taxes	5,726,314	-	5,726,314	-
Franchise fees	2,137,957	-	2,137,957	-
Impact fees	507,907	-	507,907	-
Interest and penalties on delinquent taxes	498,980	-	498,980	-
Nonoperating grants	-	1,095,955	1,095,955	-
General state support	-	-	-	61,139,597
Unrestricted investment earnings	723,079	536,989	1,260,068	843,590
Dividends from associated companies	-	4,282,667	4,282,667	-
Other revenues	1,934,224	1,444,855	3,379,079	-
Additions to permanent funds	16,822	-	16,822	3,623,209
Transfers in/(out)	7,930,536	(7,930,536)	-	-
Special item - loss on disposal of operations	-	(606,888)	(606,888)	-
Total general revenues, additions to permanent funds, transfers, and special items	<u>61,939,729</u>	<u>(1,176,958)</u>	<u>60,762,771</u>	<u>65,606,396</u>
Change in Net Position	10,119,833	1,887,257	12,007,090	2,692,061
Net Position:				
Beginning of year, as restated	<u>85,386,785</u>	<u>255,463,934</u>	<u>340,850,719</u>	<u>15,966,272</u>
End of year	<u>\$ 95,506,618</u>	<u>\$ 257,351,191</u>	<u>\$ 352,857,809</u>	<u>\$ 18,658,333</u>

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

CITY OF BURLINGTON, VERMONT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2019

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 6,642,595	\$ 42,174,421	\$ 48,817,016
Escrows	-	502,500	502,500
Investments	13,205,959	1,249,184	14,455,143
Receivables, net of allowance for uncollectibles:			
Property and other taxes	2,145,423	-	2,145,423
Departmental and other	2,661,805	95,931	2,757,736
Intergovernmental	-	1,742,044	1,742,044
Loans	-	3,921,483	3,921,483
Capital lease	-	690,674	690,674
Accrued interest	-	1,497,695	1,497,695
Due from other funds	3,272,639	-	3,272,639
Advances to other funds	1,209,174	84,053	1,293,227
Inventory	168,631	406,918	575,549
Prepaid expenditures	330,642	-	330,642
Other current assets	220,918	-	220,918
TOTAL ASSETS	<u>\$ 29,857,786</u>	<u>\$ 52,364,903</u>	<u>\$ 82,222,689</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,401,278	\$ 3,246,277	\$ 4,647,555
Accrued payroll and benefits payable	1,242,647	113,413	1,356,060
Accrued liabilities	94,204	20,962	115,166
Unearned revenue	2,016,226	29,033	2,045,259
Due to other funds	-	3,272,639	3,272,639
Advances from other funds	-	1,293,227	1,293,227
Insurance reserve	1,077,029	-	1,077,029
Other liabilities	6,513	531,384	537,897
TOTAL LIABILITIES	5,837,897	8,506,935	14,344,832
Deferred Inflows of Resources:			
Unavailable revenues	1,956,882	6,719,544	8,676,426
Fund Balances:			
Nonspendable	1,708,447	1,316,148	3,024,595
Restricted	207,221	33,549,231	33,756,452
Committed	467,314	3,903,600	4,370,914
Assigned	10,182,818	-	10,182,818
Unassigned	9,497,207	(1,630,555)	7,866,652
TOTAL FUND BALANCES	<u>22,063,007</u>	<u>37,138,424</u>	<u>59,201,431</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 29,857,786</u>	<u>\$ 52,364,903</u>	<u>\$ 82,222,689</u>

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, 2019

Total governmental fund balances	\$ 59,201,431
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	159,333,309
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	8,676,426
• Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	19,370,510
Deferred inflows of resources related to pensions	(12,312,335)
Deferred outflows of resources related to OPEB	212,241
Deferred inflows of resources related to OPEB	(224,374)
• Deferred debt expense for refunding is net of amortization on the statement of net position, whereas all debt expense is reported when paid in the governmental funds.	263,247
• Long-term liabilities, including bonds and other debt payable and net pension and other liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds and other debt payable, net of related unamortized premiums	(77,932,346)
Capital lease payable	(2,465,318)
Compensated absences payable	(2,337,344)
Insurance reserves, long-term	(474,837)
Total other post-employment benefits payable	(3,859,111)
Net pension liability	(51,148,996)
Accrued interest on long-term obligations	(795,885)
Net position of governmental activities	\$ 95,506,618

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, 2019

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Taxes	\$ 36,511,683	\$ 6,721,362	\$ 43,233,045
Payments in lieu of taxes	5,726,314	-	5,726,314
Licenses and permits	4,373,100	132,373	4,505,473
Intergovernmental	1,084,741	4,985,058	6,069,799
Charges for services	16,854,263	6,813,408	23,667,671
Contributions	714,390	169,729	884,119
Investment income	651,451	71,630	723,081
Loan repayments	-	884,262	884,262
Other	319,481	1,304,031	1,623,512
	<u>66,235,423</u>	<u>21,081,853</u>	<u>87,317,276</u>
Total Revenues			
Expenditures:			
Current:			
General government	13,386,287	1,096	13,387,383
Public safety	28,614,540	-	28,614,540
Public works	4,147,595	6,523,220	10,670,815
Culture and recreation	11,717,667	1,601,786	13,319,453
Community development	860,442	3,604,821	4,465,263
Capital outlay	-	14,710,892	14,710,892
Debt service:			
Principal	2,870,990	4,155,197	7,026,187
Interest and bond issue costs	2,284,112	1,070,883	3,354,995
	<u>63,881,633</u>	<u>31,667,895</u>	<u>95,549,528</u>
Total Expenditures			
Excess (deficiency) of revenues over (under) expenditures	2,353,790	(10,586,042)	(8,232,252)
Other Financing Sources (Uses):			
Issuance of bonds and loans	-	6,113,659	6,113,659
Bond premium	236,807	167,540	404,347
Issuance of capital leases	479,151	-	479,151
Transfers in	1,405,391	11,734,664	13,140,055
Transfers out	(949,956)	(4,259,563)	(5,209,519)
	<u>1,171,393</u>	<u>13,756,300</u>	<u>14,927,693</u>
Total Other Financing Sources (Uses)			
Net change in fund balances	3,525,183	3,170,258	6,695,441
Fund Balances, at Beginning of Year, as restated	<u>18,537,824</u>	<u>33,968,166</u>	<u>52,505,990</u>
Fund Balances, at End of Year	\$ <u>22,063,007</u>	\$ <u>37,138,424</u>	\$ <u>59,201,431</u>

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, 2019

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 6,695,441																																				
<ul style="list-style-type: none"> • 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: <table border="0" style="margin-left: 40px;"> <tr> <td>Capital outlay purchases, net of disposals</td> <td style="text-align: right;">16,372,587</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(7,374,052)</td> </tr> <tr> <td>Loss on disposal of capital assets</td> <td style="text-align: right;">(10,334)</td> </tr> <tr> <td>Prior year deposit on capital assets</td> <td style="text-align: right;">(2,066,194)</td> </tr> </table> • 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. (367,993) • 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: <table border="0" style="margin-left: 40px;"> <tr> <td>Issuance of debt</td> <td style="text-align: right;">(6,113,659)</td> </tr> <tr> <td>Issuance of capital leases</td> <td style="text-align: right;">(479,151)</td> </tr> <tr> <td>Repayments of debt and capital leases</td> <td style="text-align: right;">7,026,186</td> </tr> <tr> <td>Bond premium activity</td> <td style="text-align: right;">(76,807)</td> </tr> <tr> <td>Deferred amount on refunding activity</td> <td style="text-align: right;">(75,911)</td> </tr> </table> • In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. (97,285) • 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. <table border="0" style="margin-left: 40px;"> <tr> <td>Change in net pension liability</td> <td style="text-align: right;">7,975,760</td> </tr> <tr> <td>Change in pension related deferred outflows</td> <td style="text-align: right;">(7,871,096)</td> </tr> <tr> <td>Change in pension related deferred inflows</td> <td style="text-align: right;">(3,305,636)</td> </tr> <tr> <td>Change in compensated absences</td> <td style="text-align: right;">(69,843)</td> </tr> <tr> <td>Change in total OPEB liability</td> <td style="text-align: right;">(278,316)</td> </tr> <tr> <td>Change in OPEB related deferred outflows</td> <td style="text-align: right;">112,143</td> </tr> <tr> <td>Change in OPEB related deferred inflows</td> <td style="text-align: right;">(124,683)</td> </tr> <tr> <td>Change in insurance reserves</td> <td style="text-align: right;">290,215</td> </tr> <tr> <td>Change in other expenses</td> <td style="text-align: right;">(41,539)</td> </tr> </table> 		Capital outlay purchases, net of disposals	16,372,587	Depreciation	(7,374,052)	Loss on disposal of capital assets	(10,334)	Prior year deposit on capital assets	(2,066,194)	Issuance of debt	(6,113,659)	Issuance of capital leases	(479,151)	Repayments of debt and capital leases	7,026,186	Bond premium activity	(76,807)	Deferred amount on refunding activity	(75,911)	Change in net pension liability	7,975,760	Change in pension related deferred outflows	(7,871,096)	Change in pension related deferred inflows	(3,305,636)	Change in compensated absences	(69,843)	Change in total OPEB liability	(278,316)	Change in OPEB related deferred outflows	112,143	Change in OPEB related deferred inflows	(124,683)	Change in insurance reserves	290,215	Change in other expenses	(41,539)
Capital outlay purchases, net of disposals	16,372,587																																				
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Change in other expenses	(41,539)																																				
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>10,119,833</u>																																				

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, 2019

	Budgeted Amounts		Adjusted Actual Amounts	Variance With Final Budget
	Original Budget	Final Budget		
Revenues and other sources:				
Taxes and special assessments	\$ 33,348,738	\$ 33,348,738	\$ 33,991,992	\$ 643,254
Local option sales tax	2,525,000	2,525,000	2,519,691	(5,309)
Payments in lieu of taxes	5,592,039	5,592,039	5,726,314	134,275
Licenses and permits	4,634,750	4,634,750	4,373,100	(261,650)
Intergovernmental	878,816	937,613	1,084,744	147,131
Charges for services	15,854,956	16,022,940	16,854,263	831,323
Investment income	280,000	280,000	651,451	371,451
Contributions and donations	656,950	836,808	714,390	(122,418)
Transfers in	642,308	712,308	1,405,391	693,083
Other	479,963	488,563	319,478	(169,085)
Bond premium	-	-	236,807	236,807
Use of fund balance	1,356,750	1,410,588	-	(1,410,588)
Total Revenues and Other Sources	66,250,270	66,789,347	67,877,621	1,088,274
Expenditures and other uses:				
Nondepartmental	4,072,249	3,817,526	3,623,474	194,052
City council	2,634,807	2,634,852	2,592,093	42,759
Mayor	437,877	440,940	410,701	30,239
Clerk treasurer	2,602,053	2,617,948	2,498,110	119,838
City attorney	1,211,974	1,219,678	1,093,384	126,294
Planning and zoning	896,972	902,748	869,270	33,478
City assessor	329,774	331,914	389,763	(57,849)
Human resources	770,447	775,530	687,897	87,633
Information technology	1,486,409	1,491,408	1,221,595	269,813
Fire	10,646,551	10,718,869	10,651,967	66,902
Police	16,860,822	17,000,614	16,439,026	561,588
Code enforcement	1,134,162	1,141,454	1,044,396	97,058
Public works	3,942,456	3,989,723	4,147,595	(157,872)
Library	2,216,237	2,266,028	2,267,927	(1,899)
Parks and recreation	7,309,947	7,393,941	7,150,756	243,185
Burlington city arts	2,082,453	2,348,897	2,298,985	49,912
Community and economic development	996,635	1,075,795	860,442	215,353
Debt service	5,138,855	5,126,740	5,155,101	(28,361)
Transfers	1,353,539	1,353,539	949,956	403,583
Total Expenditures and Other Uses	66,124,219	66,648,144	64,352,438	2,295,706
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 126,051	\$ 141,203	\$ 3,525,183	\$ 3,383,980

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

CITY OF BURLINGTON, VERMONT

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2019

	Business-Type Activities Enterprise Funds			Total
	Electric	Airport	Nonmajor Enterprise Funds	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Current:				
Cash and cash equivalents	\$ 10,818,282	\$ 7,860,387	\$ 9,282,247	\$ 27,960,916
Escrows	-	2,803,347	-	2,803,347
Investments	467,772	-	-	467,772
Receivables, net of allowance for uncollectibles:				
User fees	6,503,158	1,651,415	2,979,451	11,134,024
Intergovernmental	-	3,107,820	200,944	3,308,764
Passenger facility charges	-	500,248	-	500,248
Loan	-	76,591	-	76,591
Inventory	5,344,141	264,153	460,686	6,068,980
Prepaid expenses	-	37,778	9,424	47,202
Other current assets	1,552,586	-	-	1,552,586
Total current assets	24,685,939	16,301,739	12,932,752	53,920,430
Noncurrent:				
Restricted cash	-	13,486,795	2,394,225	15,881,020
Restricted investments	6,531,515	3,161,677	-	9,693,192
Loan receivable, net of current portion	-	511,026	-	511,026
Investment in associated companies	34,719,556	-	-	34,719,556
Regulatory assets and other prepaid charges	1,585,707	-	-	1,585,707
Capital assets:				
Land and construction in progress	4,322,315	84,370,228	1,105,207	89,797,750
Capital assets, net of accumulated depreciation	91,410,009	91,527,126	40,391,136	223,328,271
Total noncurrent assets	138,569,102	193,056,852	43,890,568	375,516,522
TOTAL ASSETS	163,255,041	209,358,591	56,823,320	429,436,952
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	4,268,030	702,648	1,142,501	6,113,179
Related to OPEB	68,847	6,161	6,163	81,171
Deferred amount on refunding	456,928	-	-	456,928
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,793,805	708,809	1,148,664	6,651,278
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 168,048,846	\$ 210,067,400	\$ 57,971,984	\$ 436,088,230

(continued)

(continued)

	Business-Type Activities Enterprise Funds			
	Electric	Airport	Nonmajor Enterprise Funds	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
LIABILITIES:				
Current:				
Accounts payable	\$ 3,810,391	\$ 3,861,437	\$ 1,483,757	\$ 9,155,585
Accrued payroll and benefits payable	-	84,358	92,928	177,286
Accrued interest	-	710,476	-	710,476
Unearned revenue	-	1,207,407	-	1,207,407
Note payable	-	-	1,280,952	1,280,952
Line of credit	-	351,528	-	351,528
Other current liabilities	1,211,832	8,282	39,828	1,259,942
Payable from restricted assets:				
Deposits with bond trustees	467,772	-	-	467,772
Current portion of long-term liabilities:				
General obligation bonds payable	2,975,000	-	-	2,975,000
Revenue bonds payable	1,680,000	2,398,687	1,038,267	5,116,954
State revolving loan	-	-	172,143	172,143
Capital leases payable	-	753,780	24,299	778,079
Compensated absences payable	-	-	23,692	23,692
Total current liabilities	<u>10,144,995</u>	<u>9,375,955</u>	<u>4,155,866</u>	<u>23,676,816</u>
Noncurrent, net of current portion:				
General obligation bonds payable	48,349,411	-	-	48,349,411
Revenue bonds payable	22,684,034	29,318,142	18,256,659	70,258,835
State revolving loan	-	-	1,522,520	1,522,520
Net pension liability	13,727,447	1,623,323	1,839,742	17,190,512
Total OPEB liability	1,251,810	112,007	112,048	1,475,865
Capital leases payable	-	3,772,443	99,604	3,872,047
Compensated absences payable	761,214	280,769	237,681	1,279,664
Regulatory liabilities	4,714,561	-	-	4,714,561
Other noncurrent liabilities	<u>1,152,984</u>	<u>-</u>	<u>-</u>	<u>1,152,984</u>
Total noncurrent liabilities	<u>92,641,461</u>	<u>35,106,684</u>	<u>22,068,254</u>	<u>149,816,399</u>
TOTAL LIABILITIES	<u>102,786,456</u>	<u>44,482,639</u>	<u>26,224,120</u>	<u>173,493,215</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	3,424,684	758,100	975,229	5,158,013
Related to OPEB	<u>72,783</u>	<u>6,513</u>	<u>6,515</u>	<u>85,811</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,497,467</u>	<u>764,613</u>	<u>981,744</u>	<u>5,243,824</u>
NET POSITION:				
Net investment in capital assets	41,739,069	142,106,111	22,659,623	206,504,803
Restricted:				
For debt service/renewal and replacements/capital projects	-	16,648,472	907,429	17,555,901
For contingency reserve	-	-	1,486,796	1,486,796
Deposits with bond trustees	6,531,515	-	-	6,531,515
Unrestricted	<u>13,494,339</u>	<u>6,065,565</u>	<u>5,712,272</u>	<u>25,272,176</u>
TOTAL NET POSITION	<u>61,764,923</u>	<u>164,820,148</u>	<u>30,766,120</u>	<u>257,351,191</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 168,048,846</u>	<u>\$ 210,067,400</u>	<u>\$ 57,971,984</u>	<u>\$ 436,088,230</u>

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, 2019

	Business-Type Activities			Total
	Enterprise Funds			
	Electric	Airport	Nonmajor Enterprise Funds	
Operating Revenues:				
Charges for services	\$ 46,742,526	\$ 19,143,074	\$ 23,198,120	\$ 89,083,720
Intergovernmental	-	144,824	180,630	325,454
Miscellaneous	10,820,031	-	354,972	11,175,003
Total Operating Revenues	57,562,557	19,287,898	23,733,722	100,584,177
Operating Expenses:				
Personnel	-	4,594,625	6,804,690	11,399,315
Nonpersonnel	-	11,371,892	8,508,650	19,880,542
Electric department	54,428,477	-	-	54,428,477
Depreciation and amortization	5,473,723	5,937,839	3,252,791	14,664,353
Payments in lieu of taxes	-	-	1,619,632	1,619,632
Total Operating Expenses	59,902,200	21,904,356	20,185,763	101,992,319
Operating Income (Loss)	(2,339,643)	(2,616,458)	3,547,959	(1,408,142)
Nonoperating Revenues (Expenses):				
Dividends from associated companies	4,282,667	-	-	4,282,667
Passenger facility charges	-	2,763,221	-	2,763,221
Nonoperating grants	-	1,095,955	-	1,095,955
Investment income	219,497	195,798	121,694	536,989
Stormwater design	-	-	(233,108)	(233,108)
Other income/(expense) - net	174,252	177,252	107,475	458,979
Interest expense	(2,817,045)	(1,586,476)	(1,091,707)	(5,495,228)
Restructuring fees	-	-	(576,715)	(576,715)
Amortization of bond premium	-	163,991	46,074	210,065
Gain/(loss) on disposal of capital assets	1,274,924	-	(499,113)	775,811
Total Nonoperating Revenues (Expenses)	3,134,295	2,809,741	(2,125,400)	3,818,636
Income Before Contributions and Other	794,652	193,283	1,422,559	2,410,494
Capital contributions	316,820	10,166,707	-	10,483,527
Payment in lieu of taxes	(2,469,340)	-	-	(2,469,340)
Transfer out	-	-	(7,930,536)	(7,930,536)
Special item - loss on disposal of operations	-	-	(606,888)	(606,888)
Change in Net Position	(1,357,868)	10,359,990	(7,114,865)	1,887,257
Net Position at Beginning of Year, as restated	63,122,791	154,460,158	37,880,985	255,463,934
Net Position at End of Year	\$ 61,764,923	\$ 164,820,148	\$ 30,766,120	\$ 257,351,191

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

CITY OF BURLINGTON, VERMONT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2019

	Electric	Airport	Nonmajor Enterprise Funds	Total
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 57,784,780	\$ 18,851,218	\$ 23,343,033	\$ 99,979,031
Receipts of operating grants	-	144,824	180,630	325,454
Refunds to customers	-	-	(1,756,884)	(1,756,884)
Payments for power and other costs	(52,619,490)	-	-	(52,619,490)
Payments to suppliers	-	(10,998,100)	(8,916,940)	(19,915,040)
Payments for wages and benefits	-	(4,508,931)	(5,791,882)	(10,300,813)
Payment in lieu of taxes	-	-	(1,619,632)	(1,619,632)
Payments for other expenses	-	(231,903)	-	(231,903)
Other receipts	-	353,535	107,475	461,010
Net Cash Provided by Operating Activities	5,165,290	3,610,643	5,545,800	14,321,733
Cash Flows From Noncapital Financing Activities:				
Payment in lieu of taxes	(2,469,340)	-	-	(2,469,340)
Receipt from loan receivable	-	74,331	-	74,331
Nonoperating grant from Vermont National Guard	-	1,095,955	-	1,095,955
Design costs financed by revolving loan	-	-	(233,108)	(233,108)
Restructuring fees	-	-	(266,715)	(266,715)
Transfers out	-	-	(7,930,536)	(7,930,536)
Other income	174,252	-	-	174,252
Net Cash Provided/(Used) by Noncapital Financing Activities	(2,295,088)	1,170,286	(8,430,359)	(9,555,161)
Cash Flows From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(5,324,721)	(15,911,686)	(5,926,739)	(27,163,146)
Proceeds from bonds and notes payable	3,000,000	-	2,000,000	5,000,000
Proceeds from premium	327,886	-	205,794	533,680
Proceeds from short-term state revolving loans	-	-	668,708	668,708
Proceeds from issuance of capital lease	-	1,230,263	8,552	1,238,815
Proceeds from sale of capital assets	3,659,927	-	20,021	3,679,948
Capital grants/contributions	316,820	14,159,404	-	14,476,224
Passenger facility charges	-	2,734,669	-	2,734,669
Drawdowns on line of credit	-	2,195,402	-	2,195,402
Repayment of line of credit	-	(2,538,456)	-	(2,538,456)
Principal paid on:				
General obligation bonds	(4,495,000)	-	-	(4,495,000)
Revenue bonds	-	(2,195,000)	(871,803)	(3,066,803)
State revolving loans	-	-	(168,702)	(168,702)
Capital lease obligations	-	(733,020)	(5,373,355)	(6,106,375)
Proceeds from sale of operations	-	-	8,306,699	8,306,699
Interest paid on outstanding debt, including issue costs	(2,963,508)	(1,632,056)	(1,091,707)	(5,687,271)
Net Cash Used by Capital and Related Financing Activities	(5,478,596)	(2,690,480)	(2,222,532)	(10,391,608)
Cash Flows From Investing Activities:				
Purchase of restricted investments	(2,838,118)	-	1,004,412	(1,833,706)
Proceeds from sale of restricted investments	2,584,455	-	-	2,584,455
Purchase of investment in associated companies	(2,696,230)	-	-	(2,696,230)
Sale of investments	-	338,049	-	338,049
Receipt of interest & dividends	4,255,976	195,799	114,980	4,566,755
Net Cash Provided/(Used) by Investing Activities	1,306,083	533,848	1,119,392	2,959,323
Net Increase/(Decrease) in Cash	(1,302,311)	2,624,297	(3,987,699)	(2,665,713)
Cash and cash equivalents at beginning of year	12,120,593	18,722,885	15,664,171	46,507,649
Cash and cash equivalents at end of year	\$ 10,818,282	\$ 21,347,182	\$ 11,676,472	\$ 43,841,936

(continued)

(continued)

	<u>Electric</u>	<u>Airport</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash				
Provided by (used for) Operating Activities:				
Operating income/(loss)	\$ (2,339,643)	\$ (2,616,458)	\$ 3,547,959	\$ (1,408,142)
Depreciation and amortization*	5,640,929	5,937,839	3,252,791	14,831,559
Other revenues	-	409,155	107,475	516,630
Other building expenses	-	(231,903)	-	(231,903)
Changes in assets, liabilities, and deferred outflows/inflows:				
(Increase)/decrease in receivables	(71,090)	(301,480)	92,089	(280,481)
(Increase)/decrease in unbilled revenues	(94,848)	-	-	(94,848)
(Increase)/decrease in inventory	171,675	35,268	(91,478)	115,465
(Increase)/decrease in other deferred charges	13,302	-	7,983	21,285
(Increase)/decrease in prepaids	-	(15,383)	(12,428)	(27,811)
(Increase)/decrease in deferred outflows	-	117,781	(283,901)	(166,120)
Increase/(decrease) in accounts payable	553,326	(659,756)	(1,802,083)	(1,908,513)
Increase/(decrease) in customer deposits	-	-	1,348	1,348
Increase/(decrease) in accrued payroll and benefits	-	-	246,884	246,884
Increase/(decrease) in accrued liabilities	-	10,427	377,431	387,858
Increase/(decrease) in net pension liability	1,293,642	(6,961)	420,785	1,707,466
Increase/(decrease) in net OPEB liability	-	7,315	7,317	14,632
Increase/(decrease) in compensated absences	-	22,904	(5,626)	17,278
Increase/(decrease) in unearned revenue	-	(45,996)	-	(45,996)
Increase/(decrease) in retainage payable	-	1,009,716	-	1,009,716
Increase/(decrease) in other operating assets/liabilities	(2,003)	3,947	-	1,944
Increase/(decrease) in deferred inflows	-	(65,772)	(52,957)	(118,729)
Capitalized labor	-	-	(267,789)	(267,789)
Net Cash Provided by Operating Activities	<u>\$ 5,165,290</u>	<u>\$ 3,610,643</u>	<u>\$ 5,545,800</u>	<u>\$ 14,321,733</u>

* Electric depreciation and amortization excludes amortization of regulatory assets and liabilities.

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

CITY OF BURLINGTON, VERMONT
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2019

	<u>Pension Trust Fund</u>	<u>Private Purpose Trust Funds</u>
ASSETS		
Current:		
Cash and cash equivalents	\$ 828,517	\$ 38,074
Investments:		
Equity	134,762,611	-
Fixed income	39,599,288	-
Real assets	2,850,740	-
Realty investors	16,370,180	-
Accounts receivable	294,766	-
Prepaid expenses	2,336	-
Noncurrent:		
Capital assets, net of accumulated depreciation	430,622	-
Total Assets	195,139,060	38,074
LIABILITIES		
Current:		
Accounts payable	24,691	-
Accrued liabilities	40,212	-
Capital lease payable	70,275	-
Noncurrent, net of current portion:		
Capital lease payable	290,423	-
Total Liabilities	425,601	-
NET POSITION		
Restricted for pensions	194,713,459	-
Restricted for individuals and organizations	-	38,074
Total Net Position	\$ 194,713,459	\$ 38,074

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, 2019

	Pension Trust <u>Fund</u>	Private Purpose <u>Trust Funds</u>
Additions:		
Contributions:		
Employer - pension	\$ 9,516,913	\$ -
Plan members	<u>3,630,844</u>	<u>-</u>
Total Contributions	13,147,757	-
Investment earnings:		
Investment income	2,375,999	-
Net increase in the fair value of investments	<u>7,602,986</u>	<u>205</u>
Total Investment Earnings	9,978,985	205
Less Investment Expenses	<u>(417,258)</u>	<u>-</u>
Net Investment Earnings	<u>9,561,727</u>	<u>205</u>
Total Additions	22,709,484	205
Deductions:		
Benefits - pension	16,617,928	-
Administrative expenses	338,039	-
Depreciation	<u>50,100</u>	<u>-</u>
Total deductions	<u>17,006,067</u>	<u>-</u>
Change in net position	5,703,417	205
Net position restricted for pensions and other purposes:		
Beginning of year	<u>189,010,042</u>	<u>37,869</u>
End of year	<u>\$ 194,713,459</u>	<u>\$ 38,074</u>

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

CITY OF BURLINGTON, VERMONT

Notes to Financial Statements

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 following entity is reported as a discretely presented component unit, in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City because it is fiscally dependent on the City but does not provide services almost entirely to the City and the City guarantees the debt of the School District.

Burlington School District – the organization’s primary purpose is to carry out the vision of education in the community. The Burlington School District is governed by a separately elected School Board, the legal entity for conducting a system of public education within the geographic area of a school district. The system was created by, and is governed by, state statutes. Members of a board are, therefore, state officers chosen by citizens of a district to represent them and the state in the legislative management of public schools. The Board of School Commissioners has the dual responsibility for implementing statutory requirements pertaining to public education and local citizens’ desires for educating

the community's youth. For detailed information on the Burlington School District accounts, refer to separately issued financial statements which can be obtained by contacting the School District's Financial Management at 150 Colchester Avenue, Burlington, Vermont 05401.

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 School District. These statements include the financial activities of the overall City, except for fiduciary activities. The statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Eliminations have been made to minimize the double counting of activities between funds. However, interfund services provided and used are not eliminated in the Consolidation. 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.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

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, and other miscellaneous fees for service. Non-operating 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, and telecommunications equipment and lines. 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 fund:

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.

The City reports on the following major Enterprise funds:

Electric Fund - This fund accounts for the operations of the Burlington Electric Department. For more details on this fund, refer to separately issued financial statements.

Airport Fund - This fund accounts for the operations of the Burlington International Airport. For more details on this fund, refer to separately issued financial statements.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The City reports the following fund types:

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 partially funded by a dedicated tax rate which is determined by the City’s Retirement Board, and subject to annual appropriation by the City Council.

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, and Christmas dinners for the destitute. All investment earnings, and in some cases, the principal of these funds may be used to support these activities.

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. This means that all assets 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, 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 positions 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, except for certificates of deposits, which are nonparticipating interest-earning investment contracts, and therefore, the City uses the cost-based measurement for these investments.

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%
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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.

On December 24, 2018, the Department sold for \$3,570,000 its 7.7% ownership interest in the Highgate Transmission Plant. The Department determined that joint ownership of the converter is no longer necessary to the operation of its Electric Plant and that receiving cash and other compensation for the sale of the facility best serves the Department's current needs. The proceeds from the sale were deposited in the operating account for the Department.

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 5.46% 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, 2019, the Department purchased 118,634 Class A units and 150,989 Class B units in VT Transco LLC for a cost of \$2,696,230.

The purchase was financed with a cash disbursement of \$1,296,230 from the Department's operating account and a \$1,400,000 loan from VT Transco LLC. The interest rate per annum was equal to the interest rate charged VT Transco LLC by TD Bank NA pursuant to the Revolving Line of Credit Agreement among Vermont Electric Power Company, Inc., VT Transco LLC and TD Bank NA. The loan was for one year and was to mature December 29, 2019. On June 25, 2019, the loan was fully paid back by the Department.

Schedule of Ownership in Associated Companies:

Velco, Class B Common Stock	\$ 1,403,800
Velco, Class C Common Stock	39,200
Velco, Class C Preferred Stock	11,196
VT Transco, LLC, A Units	14,636,758
VT Transco, LLC, B Units	<u>18,628,602</u>
	<u>\$ 34,719,556</u>

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

City

Capital assets, which include property, plant, equipment, land improvements, buildings and improvements, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Depreciable capital assets are defined by the government as assets with an estimated useful life of five years or greater, while non-depreciable do not consider estimated useful life. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition 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:

	<u>Capitalization Threshold</u>	<u>Estimated Service Life</u>
Land	\$ -	N/A
Construction in Progress	-	N/A
Land Improvements	25,000	30 years
Buildings	-	25-150 years
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

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.

Electric Department

The Electric Department capital assets are stated at historical cost. Provisions for depreciation of general capital assets 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 of the McNeil Station, the Highgate Converter Facility, and the Winooski One hydroelectric plant, 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. See Note 13, Regulatory Assets and Other Prepaid Charges.

Maintenance and repairs of capital assets are charged to maintenance expense. Replacements and betterments are capitalized to capital assets. When assets are retired or otherwise disposed of, the costs are removed from capital assets, and such costs, plus removal costs, net of salvage, are charged to accumulated depreciation.

The Department’s capitalization policy considers four factors. Property will be capitalized when:

- 1) The combined cost to put a unit in service is more than \$500.
- 2) The unit’s estimated life is at least three years.
- 3) The unit is vital to the Department and must be controlled, and tracked, even if it falls under the dollar limit stated in (1) above. Watt-hour meters to record electric usage are the only unit in this category.
- 4) The Public Utilities Commission (PUC) rules in a rate making decision that the Department will capitalize a cost that normally would not be capitalized based on the first three factors above. The Department does not have any assets in this category.

The depreciable lives of utility plant are as follows:

	<u>Estimated Service Life</u>
Production plant	10-50 years
Transmission plant	33-50 years
Distribution plant	25-50 years
General plant	5-50 years
Other plan	5 years

Discretely Presented Component Unit – School District

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported

at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives. The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Estimated useful lives are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Service Life</u>
Buildings	\$ 5,000	20-50 years
Machinery and Equipment	5,000	3-50 years
Vehicles	5,000	3-25 years

L. Renewable Energy Credit Sales

The Electric Department received Renewable Energy Certificates (RECs) based on the amount of energy produced by its resources in a year. These RECs have value in terms of allowing the holder to demonstrate compliance with the Renewable Portfolio Standard (RPS) requirements of the various New Engagement states. These RECs may be bought and sold, separate from the underlying energy production, and vary in value based on the amount of supply versus the demands created by the RPS, for that particular type of REC. The ability to claim energy renewability is transferred with the REC (either lost in the case of a REC sale or acquired in the case of a REC purchase).

The Electric Department's resource planning staff monitors output levels from the REC producing units, REC commitments made, the markets for these RECs, and the State statutes and rules that govern the creation and sale of these RECs. The Electric Department has and will continue to 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.

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 allows 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 submitted by McNeil. At the end of every quarter, an affidavit is signed stating whether or not McNeil's emissions output 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. Sales are recorded as revenue upon delivery of the RECs to the customer.

Effective September 1, 2014, the Electric Department became the 100% owner of the Winooski One hydro facility. Currently operations at the facility are being managed through a contract with Northbrook Energy. Winooski One is a Low Impact Hydro Institute (LIHI) certified generator and is qualified to produce Massachusetts Class 2 RECs (non-waste-to-energy).

The Electric Department receives RECs from the Vermont Wind Project in Sheffield (the Electric Department is entitled to 40% of the output of the 40MW project), the Georgia Mountain Community Wind Farm (the Electric Department has entitlement to the full 100 MW of output from this project), along with RECs from its entitlement to 13.5 MW of the 52 MW Hancock Wind Project. The RECs from all of these wind facilities are qualified for participation in most of the high value New England REC markets.

In February 2015, the Electric Department commissioned a 500 KW AC solar array at the Burlington International Airport (and leases space on the parking garage roof under a long-term agreement between the Department and the Burlington International Airport). Following that, in October 2018, the Department commissioned a 107 KW AC solar array at the Electric Department's offices at 585 Pine Street. The Department owns 100% of these resources. Additionally, Burlington receives RECs from South Forty Solar, a 2.5 MW solar array, as well as several smaller solar arrays totaling 409 kW. All of these systems reside within the city limits. These solar arrays are designed to help reduce the Electric Department's peak demand and energy needs during high priced periods.

The Electric Department no longer receives RECs from Vermont Standard Offer projects purchased by the Vermont Purchasing Agent. At the end of 2016, the Department's status as a distribution utility that sources 100% of the load it serves from renewable sources exempted it from purchasing energy from these projects in 2017. This exemption will continue through at least 2020.

The Department purchases Class II RECs to replace the Class I RECs that are sold in the market to maintain its ability to claim 100% renewability. BED will continue to purchase RECs to replace the Class 1 RECs that are sold into the market on a voluntary basis. However, beginning in 2017 these RECs are eligible as a VT Class I resource to satisfy BED's Tier I obligation under Vermont's Renewable Energy Standard.

For the fiscal year ended June 30, 2019, REC revenue for McNeil, wind resources and the Winooski One hydro facility were \$4,041,581, \$2,670,884, and \$647,350, respectively.

M. 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, 2019.

The Electric Department implemented GASB Statement No. 83, *Certain Asset Retirement Obligations*, for the fiscal year ended June 30, 2019. There have been no legally enforceable liabilities associated with the retirement of a tangible asset and as such no asset retirement obligation has been recorded.

N. 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.

O. 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.

P. 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.

Q. 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/deferred outflows and current liabilities/deferred inflows. 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 represents amounts that cannot be spent because they are either (a) not in spendable form (i.e., inventory or prepaid items) or (b) legally or contractually required to be maintained intact (i.e., perpetual care). 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
- 2) Restricted funds represent 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. In the case of capital project funds, these funds are restricted for projects financed by bonds.
- 3) Committed funds represent amounts that can only be used for specific purposes pursuant to constraints imposed by formal action, resolutions, of the City's highest level of decision-making authority, the City Council. Subsequent City Council meeting is necessary to modify or rescind a fund balance commitment.
- 4) Assigned funds represent amounts that are constrained by the City's intent to use these resources for a specific purpose. The City's fund balance policy gives authority to the Mayor to delegate assignments to staff. Approved resolutions after year-end are also classified as assigned funds.
- 5) Unassigned funds represent the residual classification for the general fund and include all amounts not contained in other classifications. Unassigned amounts are available for any purpose. Temporary fund balance deficits are reported as negative amounts in the unassigned classification in other governmental funds. Positive unassigned amounts are reported only in the general fund.

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 represents the difference between assets/deferred outflows and liabilities/deferred inflows. 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.

R. 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.

2. **Stewardship, Compliance, and Accountability**

A. Budgetary Information

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

- 1) Departments, and departments with commission approval, prepare 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 1, 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.

- 7) Title III, Section 70(a) of the Burlington City Charter defines the legal level of budgeting control at the department level. Excerpts of Section 70(a) are as follows:

No superintendent, board or commission member or corresponding executive officer of any city department, with the exception of the health, police and fire departments, and then only in case of an emergency, shall expend any money or incur any obligation, unless there is an available appropriation from which the same may be paid and to which it may be charged, and shall not at any time expend any money or incur any obligation in excess of such appropriation. In case any such superintendent, board or commission member or corresponding executive officer of any city department violates this provision, the city chief administrative officer shall report such occurrence to the mayor and to the city council. The mayor shall advise the city council as to whether there was appropriate justification for such violation and if the mayor and city council agree that such violation was unjustified, the mayor may recommend and the city council may determine that the office shall thereupon become vacant and shall be forthwith filled for the unexpired term of the officials authorized to make the original appointment in such case. Nothing in this section shall be construed to authorize the city council to remove a duly-elected school commissioner or the superintendent of schools.

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

B. 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.

C. 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.

<u>General Fund</u>	Revenues and Other <u>Financing Sources</u>	Expenditures and Other <u>Financing Uses</u>
Revenues/expenditures (GAAP Basis)	\$ 66,235,423	\$ 63,881,633
Other financing sources/uses (GAAP Basis)	2,121,349	949,956
Reverse gross up of capital leases	<u>(479,151)</u>	<u>(479,151)</u>
Budgetary Basis	<u>\$ 67,877,621</u>	<u>\$ 64,352,438</u>

D. Budget Over Expenditures

The City Assessor and Public Works Department incurred expenditures in excess of appropriation in fiscal 2019. The Debt service line is \$28,361 over budget due to fees associated with debt borrowings.

E. Deficit Fund Equity

Certain individual funds reflected unassigned fund balance deficits as of June 30, 2019. It is anticipated that the deficits will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds. See the combining statements for deficits which are reflected as negative unassigned fund balance.

3. Cash and Cash Equivalents

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.

Primary Government – The deposits at June 30, 2019 totaled \$85,137,940, of which \$79,523,013 were insured or collateralized by the FDIC, SIPC, the FHLB Pittsburgh letter of credit up to \$14,960,000, and repurchase agreements. At June 30, 2019, \$5,614,927 remains uncollateralized and exposed to custodial credit risk.

Discretely Presented Component Unit – School District – At June 30, 2019, the School District’s cash balance of \$27,790,703 was comprised of bank deposits of \$29,401,968. Of these bank deposits \$501,595 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. \$28,821,501 of bank deposits was collateralized with an irrevocable standby letter of credit in the District’s name. The remaining deposits of \$78,782 were uninsured and uncollateralized, and consequently, were exposed to custodial credit risk.

Component Unit Fiduciary in Nature – BERS – At June 30, 2019, the System’s deposits exceeded collateralization levels when combined with the City.

4. Investments

Primary Government, Excluding Electric Department

A. Investments

The City’s investments include various certificates of deposits for a total of \$3,766,629 and US Treasury and other US Government obligation securities in the amount of \$13,849,293.

B. 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. The City’s investment in debt related securities include US Treasury and other US Government obligation securities with implicit rating of AAA.

C. 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. The City’s investment in debt related securities was not insured or collateralized.

D. Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. At June 30, 2019, the City did not have any investments in any one issuer (other than U.S. Treasury and Government agencies securities) that represented 5% or more of City investments.

E. 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.

F. 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.

G. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by *Governmental Accounting Standards Board Statement No. 72 Fair Value Measurement and Application* (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1 - Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

The City categorizes its fair value investments as follows:

<u>Description</u>	<u>Fair Value Measurements Using:</u>		
	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level:			
Debt securities:			
U.S. Treasury notes	\$ 12,721,197	\$ -	\$ 12,721,197
U.S. Governmental agencies	<u>1,128,096</u>	<u>-</u>	<u>1,128,096</u>
Total	<u>\$ 13,849,293</u>	<u>\$ -</u>	<u>\$ 13,849,293</u>

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 of this paragraph.

B. Concentration of Credit Risk

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 money market accounts with TD Bank, KeyBank, and Northfield Savings and its restricted noncurrent funds in several money market accounts with its bond trustees (US Bank and Peoples United), which are approximately 13% of the total investment balance at June 30, 2019. The invested balance of current money market funds at June 30, 2019 was \$1,374,466. The invested balance on noncurrent money market funds at June 30, 2019 was \$4,241,179. The invested balance of noncurrent Certificates of Deposit at June 30, 2019 was \$2,619,557.

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, 2019 (all of which are restricted by Bond resolution) only included money market funds and certificates of deposit.

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:

	<u>6/30/19</u>
Bond funds:	
Renewal and replacement fund	\$ 2,087,441
Debt service fund	2,153,738
Debt service reserve fund	<u>2,619,557</u>
	6,860,736
Accrued interest receivable	<u>138,551</u>
Total	<u>\$ 6,999,287</u>

D. Fair Value

The Department categorizes its money market investments within Level 1 of the fair value hierarchy established by GASB 72.

Discretely Presented Component Unit – School District

A. Credit Risk

Statutes for the State of Vermont authorize the School District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The School District does not have an investment policy on credit risk. Generally, the School District invests excess funds in savings accounts and various insured certificates of deposit.

B. Custodial Credit Risk

The custodial credit risk for investments is that, in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the School District does not have a policy for custodial credit risk for investments.

At June 30, 2019, the School District’s investments of \$195,544 in certificates of deposit were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

Burlington Employees Retirement System

A. Credit Risk

The System invests in private equities, which are exempt from the credit risk disclosure.

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 System does not have a policy for custodial credit risk.

The System's investment in private equities has a custodial credit risk exposure because the related securities are either uninsured or uncollateralized.

C. Concentration of Credit Risk

The System does not have a policy for concentration of credit risk. The following represents investments in one issuer greater than 5% of total investments:

EB DV Non-SL Stock Index Fund	\$ 59,542,425
EB DL Smid Cap Stock Index Fund	\$ 35,116,834
EB DV Non-SL International Stock Index Fund	\$ 18,996,950
EB DV Non-SL Emerging Markets Stock Index Fund	\$ 19,477,165
EB DV Non-SL Intermediate Govt/Credit Bond Index Fund	\$ 39,599,288
USB Realty Investors LLC - Trumbull Prop	\$ 16,370,180

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. The System does not have a policy for interest rate risk.

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 System does not have a policy to manage foreign currency risk.

F. Fair Value

GASB 72 established the fair value hierarchy levels based on the valuation inputs used to measure the fair value of the asset. The System does not place their investments by these levels, as they are all measured at NAV (net asset value per share or its equivalent), such as share of index funds or partnership member units.

Investments that are measured at fair value using the NAV as a practical expedient are not classified in the fair value hierarchy per GASB 72. Hamilton Lane, Sustainable Woodlands, and USB Realty Investors investment value is based on the System's share of fair value of partner's capital at year end. The System's share of EB DV and DL Index Funds of the Bank of New York Mellon were valued based on net asset values of the Funds derived from audited financial statements of the respective funds. The investment strategy of the System matches the investment strategy of the funds. The primary holdings of the BNY Mellon funds are as follows:

- EB DV Non-SL Stock Index Fund – Level 1
- EB DL Smid Cap Stock Index Fund – Level 2
- EB DV Non-SL International Stock Index Fund – Level 1
- EB DV Non-SL Emerging Markets Stock Index Fund – Level 1
- EB DV Non-SL Intermediate Govt/Credit Bond Index Fund – Level 2

The following summarizes the investment strategies of the underlying BNY Mellon funds:

Equities – Stocks traded on U.S. security exchanges are valued by the Service approved by the Trustee at closing market prices on the valuation date. Stocks traded on a non-U.S. security exchange are valued at closing market prices on the applicable non-U.S. security exchange on the valuation date. These types of investments are generally categorized within Level 1 of the fair value hierarchy. If market quotations are not readily available for any stocks traded on U.S. or non-U.S. security exchanges, the assets may be valued by a method the Trustee of the Fund has determined accurately reflects fair value. In these instances, stocks are generally categorized within Level 2 of the fair value hierarchy.

Bond funds – Fixed income securities are valued on the basis of valuations provided by the Service which determines valuations using methods based upon market transactions for comparable securities and various relationships between securities which are generally recognized by institutional traders. These valuations are based on methods which include the consideration of: yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. If market quotations are not readily available for valuations, assets may be valued by a method the Trustee of the Fund has determined accurately reflects fair value. These types of investments are generally categorized within Level 2 of the fair value hierarchy.

The System categorizes its investments as follows:

Investments measured at the net asset value (NAV):	Value	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Hamilton Lane Secondary Fund II LP	\$ 243,675	\$ 417,305	N/A (a)	N/A
Hamilton Lane Private Equity Offshore Fund VII Series A LP	817,531	195,175	N/A (a)	N/A
Hamilton Lane Private Equity Offshore Fund VII Series B LP	568,031	174,774	N/A (a)	N/A
Sustainable Woodlands Fund II LP	2,850,740	-	N/A (a)	N/A
EB DV Non-SL Stock Index Fund	59,542,425	-	daily	1 day
EB DL Smid Cap Stock Index Fund	35,116,834	-	daily	1 day
EB DV Non-SL International Stock Index Fund	18,996,950	-	daily	1 day
EB DV Non-SL Emerging Markets Stock Index Fund	19,477,165	-	weekly	2 days
EB DV Non-SL Intermediate Govt/Credit Bond Index Fund	39,599,288	-	daily	1 day
USB Realty Investors LLC - Trumbull Prop	16,370,180	-	N/A (a)	N/A
Total	\$ 193,582,819			

(a) Units may be sold at any time on the secondaries market, with approval of the General Partner, although not ordinarily done, as this mostly likely will result in a loss. Partnership agreements are entered into with the intent of holding them to maturity when the partnerships sell all the remaining assets and declares distributions. Therefore, redemptions are not typically eligible until end of partnership terms.

5. Property 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.

Property taxes receivable at June 30, 2019 consist of the following:

Property taxes:	
2019	\$ 900,955
2018	93,873
2017	81,356
Prior years	842,194
Gross receipts taxes	461,597
Less: Allowance for doubtful taxes	(234,552)
Total	\$ 2,145,423

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, wastewater, and stormwater 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, wastewater, and stormwater delinquent receivables are lienied in a similar manner as property taxes, described in Note 5.

User fees receivable and related allowance for doubtful accounts at June 30, 2019 consist of the following:

	<u>Billed</u> <u>Service Fees</u>	<u>Estimated</u> <u>Unbilled Fees</u>	<u>Allowance for</u> <u>Doubtful Fees</u>	<u>Total</u>
Electric	\$ 4,505,222	\$ 2,065,029	\$ (67,093)	\$ 6,503,158
Airport	1,659,259	-	(7,844)	1,651,415
Nonmajor Enterprise Funds:				
Wastewater	899,393	537,220	(3,000)	1,433,613
Water	773,467	439,619	(3,000)	1,210,086
Stormwater	203,677	132,075	-	335,752
Total	<u>\$ 8,041,018</u>	<u>\$ 3,173,943</u>	<u>\$ (80,937)</u>	<u>\$ 11,134,024</u>

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.

	<u>Gross</u>	<u>Allowance</u> <u>for Doubtful</u> <u>Accounts</u>	<u>Total</u>
Police tickets	\$ 2,046,657	\$ (1,376,741)	\$ 669,916
Local option sales tax	656,503	-	656,503
Champlain College fees for service	127,151	-	127,151
Burlington Electric franchise fees	114,811	-	114,811
Ambulance and fire	721,033	(213,421)	507,612
Self insurance	175,785	-	175,785
Parking facilities	57,491	-	57,491
Church Street marketplace	36,840	-	36,840
Code enforcement	183,367	(55,360)	128,007
Parks	43,008	-	43,008
City Arts	7,094	-	7,094
Equipment maintenance	70,823	-	70,823
Recycling	81,437	-	81,437
Other	81,258	-	81,258
Total	<u>\$ 4,403,258</u>	<u>\$ (1,645,522)</u>	<u>\$ 2,757,736</u>

8. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2019.

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Community and economic development	\$ 916,365	\$ -	\$ 916,365
Community development corporation	78,000	-	78,000
Capital project grants	747,679	-	747,679
Airport improvement program (AIP) grants	-	3,107,820	3,107,820
Stormwater revolving loan	-	200,944	200,944
Total	<u>\$ 1,742,044</u>	<u>\$ 3,308,764</u>	<u>\$ 5,050,808</u>

9. 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 Governmental Fund's major components loans receivables at June 30, 2019:

Community and Economic Development loans:	<u>Receivable</u>	Less: <u>Discount</u>	Less: <u>Allowance</u>	<u>Total</u>
HODAG loans	\$ 7,415,942	\$ -	\$ (5,932,754)	\$ 1,483,188
Housing and Urban Development Programs:				
HOME loans	8,445,779	(3,034,667)	(3,967,368)	1,443,744
Lead paint loans	2,656,306	(181,184)	(1,858,438)	616,684
Other loans	373,234	(90,668)	(292,661)	(10,095)
Total CEDO loans	<u>\$ 18,891,261</u>	<u>\$ (3,306,519)</u>	<u>\$ (12,051,221)</u>	<u>\$ 3,533,521</u>

The following is a summary of the Primary Government's major components of loans receivable at June 30, 2019:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
CEDO loans, from above	\$ 3,533,521	\$ -	\$ 3,533,521
1993 relief loans (3) from Champlain Housing Trust Corporation, offset by loans payable. The total quarterly payments are \$21,588 including interest rates between 3.25% - 4.00%, maturing in FY2024 and FY2025.	220,032	-	220,032
Multi-generational loan receivable from Champlain Housing Trust Corporation, offset by loan payable. The monthly payment is \$1,879, maturing on October 1, 2028.	167,929	-	167,929
Airport loan for \$1,400,000 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.	<u>-</u>	<u>587,617</u>	<u>587,617</u>
Total loans receivable	3,921,482	587,617	4,509,099
Less: amount due within one year	<u>(57,208)</u>	<u>(76,591)</u>	<u>(133,799)</u>
Loans receivable, net of current portion	<u>\$ 3,864,274</u>	<u>\$ 511,026</u>	<u>\$ 4,375,300</u>

10. Capital Lease Receivable

The governmental activities have one 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 Burlington Community Development Corporation (BCDC).

On the fund basis BCDC, a nonmajor special revenue fund, reports the receivable and an offsetting unavailable revenue (deferred inflow).

Expected future receipts of the lease receivables are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 23,653	\$ 48,347	\$ 72,000
2021	25,309	46,691	72,000
2022	27,080	44,920	72,000
2023	28,976	43,024	72,000
2024	31,004	40,996	72,000
2025-2027	<u>554,652</u>	<u>109,348</u>	<u>664,000</u>
Total	<u>\$ 690,674</u>	<u>\$ 333,326</u>	<u>\$ 1,024,000</u>

11. Interfund Accounts

Interfund receivable and payable accounts as of June 30, 2019 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General fund	\$ 3,272,639	\$ -
Nonmajor governmental funds:		
Parking facilities	-	1,103,683
Community development corporation	-	126,280
Telecom sale proceeds	-	1,946,391
Wayfinding	-	1,100
Downtown Westlake	-	95,185
	<u> </u>	<u> </u>
Total	<u>\$ 3,272,639</u>	<u>\$ 3,272,639</u>

Due from Telecom sale proceeds special revenue fund was received in August 2019.

The composition of advances to/from other funds (amounts considered to be long-term) as of June 30, 2019 is as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General fund	\$ 1,209,174	\$ -
Nonmajor governmental funds:		
Community and economic development	-	105,510
Community development corporation	-	84,053
Champlain Parkway	-	70,134
Great Streets	-	225,000
Burlington town center	-	808,530
Downtown Westlake	84,053	-
	<u> </u>	<u> </u>
Total	<u>\$ 1,293,227</u>	<u>\$ 1,293,227</u>

The \$225,000 Advance from the General fund is a TIF voter approved promissory note.

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 2019:

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
General fund	\$ 1,405,391	\$ 949,956
Nonmajor funds:		
Special revenue funds:		
Traffic	150,161	-
Parking facility	-	1,326,371
Community and economic development	1,247,845	572,369
TIF waterfront	55,202	118,232
TIF downtown	-	349,852
Church street marketplace	16,000	-
Impact fees	-	150,161
Telecom sale proceeds	7,930,536	1,017,509
Capital Project funds:		
Champlain parkway	39,297	-
Capital improvement program	54,900	725,069
Traffic capital	1,326,371	-
Parks	870,315	-
Great streets	44,037	-
Subtotal Nonmajor Governmental funds	<u>11,734,664</u>	<u>4,259,563</u>
<u>Business-type Funds:</u>		
Nonmajor funds:		
Telecom	-	7,930,536
Grand Total	<u>\$ 13,140,055</u>	<u>\$ 13,140,055</u>

Significant transfers include the closing of our Telecom enterprise fund as the net proceeds were transfers to the new City-established special revenue fund Telecom Sale Proceeds. This new fund transferred \$500,000 to the general fund and \$517,509 to the general fund to reimburse various legal costs incurred over the past couple of years.

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, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 14,710,956	\$ 1,373,101	\$ (562,857)	\$ 15,521,200
Construction in progress	16,663,167	6,867,197	-	23,530,364
Antiques and works of art	52,000	-	-	52,000
Total capital assets, not being depreciated	<u>31,426,123</u>	<u>8,240,298</u>	<u>(562,857)</u>	<u>39,103,564</u>
Capital assets, being depreciated:				
Land improvements	12,349,667	338,953	-	12,688,620
Buildings and building improvements	58,790,167	-	-	58,790,167
Vehicles, machinery, equipment and furniture	26,201,801	2,779,605	(202,106)	28,779,300
Book collections	2,370,046	171,539	-	2,541,585
Infrastructure	134,055,923	5,405,049	-	139,460,972
Total capital assets, being depreciated	<u>233,767,604</u>	<u>8,695,146</u>	<u>(202,106)</u>	<u>242,260,644</u>
Less accumulated depreciation for:				
Land improvements	(2,064,300)	(409,168)	-	(2,473,468)
Buildings and building improvements	(15,171,839)	(858,321)	-	(16,030,160)
Vehicles, machinery, equipment and furniture	(17,977,384)	(1,566,620)	191,772	(19,352,232)
Book collections	(1,899,803)	(180,716)	-	(2,080,519)
Infrastructure	(77,735,293)	(4,359,227)	-	(82,094,520)
Total accumulated depreciation	<u>(114,848,619)</u>	<u>(7,374,052)</u>	<u>191,772</u>	<u>(122,030,899)</u>
Total capital assets, being depreciated, net	<u>118,918,985</u>	<u>1,321,094</u>	<u>(10,334)</u>	<u>120,229,745</u>
Governmental activities capital assets, net	<u>\$ 150,345,108</u>	<u>\$ 9,561,392</u>	<u>\$ (573,191)</u>	<u>\$ 159,333,309</u>

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-Type Activities-Combined Enterprise Funds:				
Capital assets, not being depreciated:				
Land	\$ 55,566,961	\$ 630,454	\$ (214,490)	\$ 55,982,925
Construction in progress	<u>21,932,578</u>	<u>17,087,480</u>	<u>(5,205,233)</u>	<u>33,814,825</u>
Total capital assets, not being depreciated	77,499,539	17,717,934	(5,419,723)	89,797,750
Capital assets, being depreciated:				
Land improvements	116,787,218	33,046	-	116,820,264
Buildings and building improvements	87,301,197	49,677	(1,293,153)	86,057,721
Vehicles, machinery, equipment and furniture	34,306,064	2,232,280	(9,506,862)	27,031,482
Distribution and collection systems	250,018,130	8,799,481	(6,555,366)	252,262,245
Intangible asset	<u>6,000,000</u>	<u>-</u>	<u>(6,000,000)</u>	<u>-</u>
Total capital assets, being depreciated	494,412,609	11,114,484	(23,355,381)	482,171,712
Less accumulated depreciation for:				
Land improvements	(44,687,212)	(1,520,041)	-	(46,207,253)
Buildings and building improvements	(54,483,421)	(4,520,154)	335,789	(58,667,786)
Vehicles, machinery, equipment and furniture	(21,655,484)	(1,804,182)	3,023,441	(20,436,225)
Distribution and collection systems	(131,001,470)	(6,354,994)	3,824,287	(133,532,177)
Intangible asset	<u>(1,200,000)</u>	<u>(208,871)</u>	<u>1,408,871</u>	<u>-</u>
Total accumulated depreciation	<u>(253,027,587)</u>	<u>(14,408,242)</u>	<u>8,592,388</u>	<u>(258,843,441)</u>
Total capital assets, being depreciated, net	<u>241,385,022</u>	<u>(3,293,758)</u>	<u>(14,762,993)</u>	<u>223,328,271</u>
Business-type activities capital assets, net	<u>\$ 318,884,561</u>	<u>\$ 14,424,176</u>	<u>\$ (20,182,716)</u>	<u>\$ 313,126,021</u>

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Electric Enterprise Fund:				
Capital assets, not being depreciated:				
Land	\$ 1,335,521	\$ -	\$ (56,690)	\$ 1,278,831
Construction in progress	<u>2,298,889</u>	<u>5,198,735</u>	<u>(4,454,140)</u>	<u>3,043,484</u>
Total capital assets, not being depreciated	3,634,410	5,198,735	(4,510,830)	4,322,315
Capital assets, being depreciated:				
Distribution and collection systems	<u>190,722,909</u>	<u>4,463,619</u>	<u>(5,214,271)</u>	<u>189,972,257</u>
Total capital assets, being depreciated	190,722,909	4,463,619	(5,214,271)	189,972,257
Less accumulated depreciation for:				
Distribution and collection systems	<u>(96,347,228)</u>	<u>(5,217,502)</u>	<u>3,002,482</u>	<u>(98,562,248)</u>
Total accumulated depreciation	<u>(96,347,228)</u>	<u>(5,217,502)</u>	<u>3,002,482</u>	<u>(98,562,248)</u>
Total capital assets, being depreciated, net	<u>94,375,681</u>	<u>(753,883)</u>	<u>(2,211,789)</u>	<u>91,410,009</u>
Electric Enterprise Fund capital assets, net	<u>\$ 98,010,091</u>	<u>\$ 4,444,852</u>	<u>\$ (6,722,619)</u>	<u>\$ 95,732,324</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Airport Enterprise Fund:				
Capital assets, not being depreciated:				
Land	\$ 53,174,438	\$ 630,454	\$ -	\$ 53,804,892
Construction in progress	19,606,310	11,710,119	(751,093)	30,565,336
Total capital assets, not being depreciated	72,780,748	12,340,573	(751,093)	84,370,228
Capital assets, being depreciated:				
Land improvements	86,868,183	33,046	-	86,901,229
Buildings and building improvements	85,810,127	-	-	85,810,127
Vehicles, machinery, equipment and furniture	12,394,390	842,698	(239,101)	12,997,987
Total capital assets, being depreciated	185,072,700	875,744	(239,101)	185,709,343
Less accumulated depreciation for:				
Land improvements	(26,927,710)	(787,740)	-	(27,715,450)
Buildings and building improvements	(54,142,115)	(4,501,774)	-	(58,643,889)
Vehicles, machinery, equipment and furniture	(7,413,644)	(648,335)	239,101	(7,822,878)
Total accumulated depreciation	(88,483,469)	(5,937,849)	239,101	(94,182,217)
Total capital assets, being depreciated, net	96,589,231	(5,062,105)	-	91,527,126
Airport Enterprise Fund capital assets, net	\$ 169,369,979	\$ 7,278,468	\$ (751,093)	\$ 175,897,354

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Telecom Nonmajor Enterprise Fund:				
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	1,287,838	5,315	(1,293,153)	-
Vehicles, machinery, equipment and furniture	7,947,696	1,282,919	(9,230,615)	-
Intangible asset	6,000,000	-	(6,000,000)	-
Total capital assets, being depreciated	15,235,534	1,288,234	(16,523,768)	-
Less accumulated depreciation for:				
Buildings and building improvements	(326,426)	(9,363)	335,789	-
Vehicles, machinery, equipment and furniture	(1,875,660)	(871,534)	2,747,194	-
Intangible asset	(1,200,000)	(208,871)	1,408,871	-
Total accumulated depreciation	(3,402,086)	(1,089,768)	4,491,854	-
Total capital assets, being depreciated, net	11,833,448	198,466	(12,031,914)	-
Telecom Nonmajor Enterprise Fund capital assets, net	\$ 11,991,248	\$ 198,466	\$ (12,189,714)	\$ -

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Wastewater Nonmajor Enterprise Fund:				
Capital assets, not being depreciated:				
Land	\$ 847,952	\$ -	\$ -	\$ 847,952
Construction in Progress	<u>5,573</u>	<u>6,340</u>	<u>-</u>	<u>11,913</u>
Total capital assets, not being depreciated	853,525	6,340	-	859,865
Capital assets, being depreciated:				
Land improvements	29,919,035	-	-	29,919,035
Buildings and building improvements	137,951	22,076	-	160,027
Vehicles, machinery, equipment and furniture	12,330,333	66,465	-	12,396,798
Distribution and collection systems	<u>17,888,928</u>	<u>279,463</u>	<u>-</u>	<u>18,168,391</u>
Total capital assets, being depreciated	60,276,247	368,004	-	60,644,251
Less accumulated depreciation for:				
Land improvements	(17,759,502)	(732,301)	-	(18,491,803)
Buildings and building improvements	(13,574)	(5,960)	-	(19,534)
Vehicles, machinery, equipment and furniture	(11,227,280)	(196,517)	-	(11,423,797)
Distribution and collection systems	<u>(8,619,578)</u>	<u>(359,630)</u>	<u>-</u>	<u>(8,979,208)</u>
Total accumulated depreciation	<u>(37,619,934)</u>	<u>(1,294,408)</u>	<u>-</u>	<u>(38,914,342)</u>
Total capital assets, being depreciated, net	<u>22,656,313</u>	<u>(926,404)</u>	<u>-</u>	<u>21,729,909</u>
Wastewater Nonmajor Enterprise Fund capital assets, net	<u>\$ 23,509,838</u>	<u>\$ (920,064)</u>	<u>\$ -</u>	<u>\$ 22,589,774</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Water Nonmajor Enterprise Fund:				
Capital assets, not being depreciated:				
Land	\$ 51,250	\$ -	\$ -	\$ 51,250
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, not being depreciated	51,250	-	-	51,250
Capital assets, being depreciated:				
Buildings & Building Improvements	65,281	22,286	-	87,567
Vehicles, machinery, equipment and furniture	1,633,645	40,198	(37,146)	1,636,697
Distribution and collection systems	<u>39,055,012</u>	<u>3,742,378</u>	<u>(1,341,095)</u>	<u>41,456,295</u>
Total capital assets, being depreciated	40,753,938	3,804,862	(1,378,241)	43,180,559
Less accumulated depreciation for:				
Buildings & Building Improvements	(1,306)	(3,057)	-	(4,363)
Vehicles, machinery, equipment and furniture	(1,138,900)	(87,796)	37,146	(1,189,550)
Distribution and collection systems	<u>(25,703,619)</u>	<u>(686,498)</u>	<u>821,805</u>	<u>(25,568,312)</u>
Total accumulated depreciation	<u>(26,843,825)</u>	<u>(777,351)</u>	<u>858,951</u>	<u>(26,762,225)</u>
Total capital assets, being depreciated, net	<u>13,910,113</u>	<u>3,027,511</u>	<u>(519,290)</u>	<u>16,418,334</u>
Water Nonmajor Enterprise Fund capital assets, net	<u>\$ 13,961,363</u>	<u>\$ 3,027,511</u>	<u>\$ (519,290)</u>	<u>\$ 16,469,584</u>

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Stormwater Nonmajor Enterprise Fund:				
Capital assets, not being depreciated				
Construction in Progress	\$ 21,806	\$ 172,287	\$ -	\$ 194,093
Total capital assets, not being depreciated	21,806	172,287	-	194,093
Capital assets, being depreciated:				
Distribution and collection systems	2,351,281	314,020	-	2,665,301
Total capital assets, being depreciated	2,351,281	314,020	-	2,665,301
Less accumulated depreciation for:				
Distribution and collection systems	(331,045)	(91,364)	-	(422,409)
Total accumulated depreciation	(331,045)	(91,364)	-	(422,409)
Total capital assets, being depreciated, net	2,020,236	222,656	-	2,242,892
Stormwater Nonmajor Enterprise Fund capital assets, net	<u>\$ 2,042,042</u>	<u>\$ 394,943</u>	<u>\$ -</u>	<u>\$ 2,436,985</u>

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

Governmental Activities:

General government	\$ 145,428
Public safety	973,426
Public works	4,672,861
Community development	204,232
Culture and recreation	<u>1,378,105</u>
Total depreciation expense - governmental activities	<u>\$ 7,374,052</u>

Business-Type Activities:

Electric	\$ 5,217,502 *
Airport	5,937,849
Telecom	1,089,768
Wastewater	1,294,408
Water	777,351
Stormwater	<u>91,364</u>
Total depreciation expense - business-type activities	<u>\$ 14,408,242</u>

*Represents depreciation of Electric capital assets and not regulatory amortization expense as reported on the Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Position.

A summary of Burlington’s component unit Burlington School District’s capital assets activity is as follow:

	Beginning Balance	Increases	Decreases	Ending Balance
Burlington School District:				
Capital assets, not being depreciated:				
Land	\$ 2,251,677	\$ -	\$ -	\$ 2,251,677
Construction in progress	744,311	5,087,057	-	5,831,368
Total capital assets, not being depreciated	2,995,988	5,087,057	-	8,083,045
Capital assets, being depreciated:				
Buildings and building improvements	55,847,601	8,043	-	55,855,644
Vehicles, machinery, equipment and furniture	5,297,961	253,315	(32,276)	5,519,000
Total capital assets, being depreciated	61,145,562	261,358	(32,276)	61,374,644
Less accumulated depreciation for:				
Buildings and building improvements	(17,103,526)	(1,304,026)	-	(18,407,552)
Vehicles, machinery, equipment and furniture	(4,035,983)	(275,275)	30,362	(4,280,896)
Total accumulated depreciation	(21,139,509)	(1,579,301)	30,362	(22,688,448)
Total capital assets, being depreciated, net	40,006,053	(1,317,943)	(1,914)	38,686,196
School capital assets, net	\$ 43,002,041	\$ 3,769,114	\$ (1,914)	\$ 46,769,241

13. Regulatory Assets and Other Prepaid Charges

For the Electric Department, regulatory and other prepaid charges at June 30, 2019 comprise the following:

Deferred depreciation expense to be recovered in future years	\$ 1,581,575
Retirement of meters	4,132
Total	\$ 1,585,707

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), 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 is 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 \$4,748,092 for the year ended June 30, 2019. In 2019 \$65,546 of deferred depreciation expense was realized. Unamortized deferred depreciation balance of \$1,581,575 remained at June 30, 2019.

B. 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 \$49,440 for 2019. The unamortized balance at June 30, 2019 is \$4,132.

14. Deferred Outflows of Resources

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 outflows of resources related to pensions, in accordance with *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*, are more fully discussed in Note 23.

15. Accounts Payable and Accrued Expenses

Accounts payable represent fiscal year 2019 expenditures paid on or after July 1, 2019.

16. Line of Credit

In December 2015, the City issued a \$2,200,000 Parking Revenue Note with KeyBank, with an interest rate of 2.50%. In fiscal 2017 the City extended the note until March 3, 2017 when it was paid off. The City issued a \$5,200,000 note with Northfield Savings Bank on May 4, 2017 which matured on May 3, 2018. On June 4, 2018, the City converted the Parking Revenue Note to a long-term loan. The 10-year term loan will mature and be due in full on May 3, 2028.

In February 2012, the City issued on behalf of the Electric Department, a \$5,000,000 General Obligation Revenue Anticipation Note (Line of Credit) with a local bank, placing the Line of Credit directly with the Electric Department. On May 18, 2019, this Line of Credit was renewed for a two-year term to May 17, 2021. The Electric Department had the entire Line of Credit balance of \$5,000,000 available for use during fiscal year 2019 and there was no activity during the year.

In September 2015, City issued on behalf of the Airport, a Grant Anticipation Line of Credit in the principal amount of up to \$7,000,000 with an interest rate of 2.75% which matured on September 19, 2017. On November 14, 2017, the GAN was rolled at the adjusted overnight LIBOR rate. On December 11, 2018, the GAN was rolled over at the adjusted overnight LIBOR rate. During the year drawdowns on the grant amounted to \$2,195,402 while repayments were \$2,538,456, leaving an outstanding balance at June 30, 2019 of \$351,528.

17. Long-Term Obligations – Primary Government

A. Types of Long-Term Obligations

General Obligation (GO) 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 and 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.

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

Certificates of Participation (COPS) - 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 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 carry over 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. Compensated absences are paid by the applicable fund where the employee is charged.

Insurance Reserves – This liability represents an estimate of claims incurred but not reported and includes only an estimate for known loss events expected to later be presented as claims. The City is unable to estimate the amount of unknown loss events expected to become claims and expected future developments on claims already reported. Insurance Reserves are generally liquidated by the General Fund.

Pension and 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 liabilities for pension and post-employment benefits. These costs relate to retirement and subsidized health care and life insurance for retirees during the period from retirement to the date of eligibility for social security benefits. Our proprietary fund pension and OPEB liabilities are liquidated by the Electric, Airport, and other enterprise funds. Remaining pension and OPEB liabilities are paid by the general fund.

A detailed listing of the general obligation bonds and other debt payable is as follows:

<u>Governmental Activities:</u>	<u>Serial</u> <u>Maturities</u> <u>Through</u>	<u>Interest</u> <u>Rate(s) %</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>6/30/19</u>
General obligation bonds:				
General Improvements 2011 Series A	11/01/2031	3.00 - 4.75%	\$ 1,000,000	\$ 735,000
General Improvements 2011 Series A - Fire	11/01/2031	3.00 - 4.75%	1,325,000	975,000
General Improvements 2011 Series A - Street Paving	11/01/2031	3.00 - 4.75%	3,250,000	2,385,000
General Improvements 2011 Series B	11/01/2031	2.00 - 4.75%	1,000,000	730,000
Public Improvement Bonds 2012 Series A	11/01/2032	5.00%	1,000,000	795,000
Public Improvement Bonds 2012 Series A	11/01/2032	5.00%	2,000,000	1,595,000
Taxable G.O. Bonds 2013 Series A - Fiscal Stability	11/01/2028	3.50 - 5.25%	9,000,000	6,250,000
Public Improvement Bonds 2013 Series B	11/01/2033	4.00 - 6.75%	2,000,000	1,307,143
Public Improvement Bonds 2014 Series A	11/15/2034	0.51 - 3.99%	2,000,000	1,600,000
Public Improvement Bonds 2015 Series A	11/01/2035	5.00%	2,000,000	1,815,000
Refunding Bond Series 2016A	06/30/2030	3.00 - 5.00%	2,195,000	1,305,000
Public Improvement Bonds 2016 Series B	11/01/2036	4.00 - 5.00%	2,000,000	1,875,000
Refunding Bond Series 2016C	11/01/2029	2.00 - 5.00%	2,545,000	2,545,000
Public Improvement Bonds 2017 Series A	11/01/2036	1.20 - 3.85%	5,267,000	4,937,000
Public Improvement Bonds 2017 Series B	11/01/2032	5.00%	2,730,000	2,730,000
Public Improvement Bonds 2017 Series C	11/01/2037	2.00 - 5.00%	2,000,000	1,935,000
Public Improvement Bonds 2018 Series A - UVM & Champlain College	11/01/2037	4.00 - 5.00%	5,650,000	5,650,000
Public Improvement Bonds 2018 Series A - Fire Truck	11/01/2030	4.00 - 5.00%	3,000,000	3,000,000
Public Improvement Bonds 2018 Series A - G.O. Capital	11/01/2038	4.00 - 5.00%	6,000,000	6,000,000
Public Improvement Bonds 2018 Series B - City Portion	11/01/2038	5.00%	2,000,000	2,000,000
Total general obligation bonds				50,164,143

(continued)

(continued)

<u>Governmental Activities:</u>	Serial Maturities Through	Interest Rate(s) %	Amount Issued	Amount Outstanding as of 6/30/19
TIF debt:				
General Obligation Tax Increment Bonds, Series 2017D	11/01/2035	2.00-5.00%	3,400,000	3,270,000
General Obligation Tax Increment Bonds, Series 2018C	05/01/2025	5.00%	405,000	370,000
General Obligation Tax Increment Bonds, Series 2018D	11/01/2035	5.00%	1,570,000	1,570,000
General Obligation Waterfront Tax Increment Bonds	05/01/2025	4.30%	745,000	680,000
Total TIF general obligation bonds				5,890,000
TIF direct borrowing debt:				
Refunding COP Series 2016A - Lakeview Garage Project	06/30/2025	3.00-5.00%	5,145,000	3,080,000
Special Obligation Tax Increment Financing Bond	11/15/2024	0.51 - 4.28%	7,800,000	4,680,000
HUD Section 108 - US Guaranteed Notes 2014	06/15/2025	5.00%	2,091,000	1,327,000
Total TIF direct borrowing debt				9,087,000
Other debt:				
Parking Revenue Bonds, Series 2017	05/03/2028	5.30%	4,199,995	3,866,793
Total other debt				3,866,793
Other debt - direct borrowing:				
Refunding COP Series 2016B - DPW Facility Project	06/30/2021	3.00-5.00%	1,445,000	615,000
Total other debt direct borrowing				615,000
BCDC direct borrowing loans:				
Gilbane property	10/30/2025	6.25%	324,049	176,237
Airport support hanger	11/01/2020	4.09%	2,977,500	1,970,869
Refinancing VEDA	11/19/2020	3.75%	560,000	381,941
Relief long term notes	11/15/2024	3.25-4.00%	996,116	220,034
Multigenerational center	10/01/2028	5.00%	302,282	167,929
Aviation support hanger	06/01/2026	3.00%	1,400,000	587,617
Total BCDC direct borrowing loans				3,504,627
Total direct borrowing debt				13,206,627
Total non-direct borrowing debt				59,920,936
Total Governmental Activities:				\$ 73,127,563

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:

<u>Business-Type Activities:</u>	<u>Serial</u> <u>Maturities</u> <u>Through</u>	<u>Interest</u> <u>Rate(s) %</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>6/30/19</u>
General obligation bonds:				
Electric General Improvements 2011 Series A	11/01/2031	3.00 - 4.75%	\$ 1,000,000	\$ 735,000
Electric General Improvements 2011 Series B	11/01/2031	2.00 - 4.75%	1,000,000	730,000
Electric Public Improvement 2012 Series A	11/01/2032	5.00%	2,000,000	1,590,000
Electric Public Improvement 2012 Series A	11/01/2032	5.00%	1,750,000	1,395,000
Electric Taxable Public Improvement 2012 Series B	11/01/2032	6.00%	1,250,000	1,015,000
Electric G.O. Public Improvement Bonds 2013 Series B	11/01/2033	4.00 - 6.75%	3,000,000	1,960,714
Electric G.O. Public Improvement Bonds 2014 Series 3	11/01/2034	2.78%	3,000,000	2,400,000
Electric G.O. Public Improvement Bonds 2015 Series A	11/01/2035	5.00%	3,000,000	2,720,000
Electric G.O. Refunding Bond 2016 Series A	11/01/2029	2.00-5.00%	10,235,000	9,630,000
Electric G.O. Public Improvement Bonds 2016 Series B	11/01/2036	4.00 - 5.00%	3,000,000	2,815,000
Electric G.O. Refunding Bond 2016 Series C	11/01/2029	2.00 - 5.00%	7,785,000	7,785,000
Electric Taxable Refunding 2016 Series D	11/01/2029	1.15 - 3.25%	6,220,000	6,020,000
Electric Taxable Refunding 2016 Series D	11/01/2029	1.15 - 3.25%	3,460,000	3,350,000
Electric G.O. Public Improvement Bonds 2017 Series C	11/01/2037	2.00-5.00%	3,000,000	2,900,000
Electric G.O. Public Improvement Bonds 2018 Series B	11/01/2038	5.00%	3,000,000	3,000,000
Total general obligation bonds				48,045,714
Other debt:				
Electric Revenue Bonds 2011 Series A	07/01/2031	4.25 - 5.75%	8,775,000	900,000
Electric Revenue Bonds 2011 Series B	07/01/2031	7.25 - 8.25%	3,135,000	405,000
Electric Revenue Bonds 2014 Series A	07/01/2035	3.78%	12,000,000	10,200,000
Electric Revenue Bonds 2014 Series B	07/01/2035	3.36%	5,820,000	3,695,000
Electric Revenue Bonds 2017 Series A	07/01/2031	4.00-5.00%	4,010,000	4,010,000
Taxable Electric Revenue Bonds 2017 Series B	07/01/2031	2.20-3.65%	5,410,000	5,200,000
Airport Revenue Refunding 2012 Series A	07/01/2028	4.00 - 5.00%	17,670,000	17,670,000
Airport Revenue Refunding 2014 Series A	07/01/2030	0.67 - 3.59%	15,660,000	13,050,000
Water System Revenue Bonds 2017 Series A	11/01/2036	2.00 - 5.00%	3,250,000	3,130,000
Water System Revenue Bonds 2018 Series A	11/01/2038	4.00-5.00%	2,000,000	2,000,000
Water System Revenue Bonds 2018 Series B	11/01/2038	5.00%	2,000,000	2,000,000
Total other debt				62,260,000
Direct borrowing debt:				
Wastewater State of VT-EPA 2006 Series 1 (Siphon)	02/01/2027	0.00%	1,650,000	688,023
Stormwater Revenue Obligation Bond (VMBB)	10/01/2031	0.00%	1,204,000	318,079
Wastewater State of VT-EPA 2001 Series 1 (Digester)	08/01/2027	0.00%	2,500,000	806,087
Wastewater State of VT-EPA 2009 Series I (Turbo)	10/01/2031	0.00%	120,000	39,211
Wastewater VT Municipal Bond Bank 2014 Series 1	11/15/2033	0.643 - 4.723%	14,645,620	10,984,215
Water State Revolving Loan RF3-295	11/01/2034	1.00%	253,340	161,341
Total direct borrowing debt				12,996,956
Total non-direct borrowing debt				110,305,714
Total Business-Type Activities:				\$ 123,302,670

B. Future Debt Service

The annual payments to retire all governmental general obligation long-term debt outstanding as of June 30, 2019 are as follows:

<u>Governmental</u> <u>Activities Combined</u>	<u>General Obligation and Revenue Bonds</u>		<u>Bonds from Direct Borrowings</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
	2020	\$ 3,356,140	\$ 2,721,114	\$ 2,046,602	
2021	3,291,023	2,593,552	3,781,914	343,224	10,009,713
2022	3,416,459	2,458,595	1,668,125	247,157	7,790,336
2023	3,578,020	2,310,570	1,701,386	186,600	7,776,576
2024	3,725,463	2,150,139	1,713,872	122,930	7,712,404
2025 - 2029	20,314,545	7,867,282	2,232,996	98,170	30,512,993
2030 - 2034	13,999,286	3,545,112	61,732	2,569	17,608,699
2035 - 2039	8,240,000	771,153	-	-	9,011,153
Total	\$ <u>59,920,936</u>	\$ <u>24,417,517</u>	\$ <u>13,206,627</u>	\$ <u>1,454,206</u>	\$ <u>98,999,286</u>

The annual payments to retire all business-type (and each Enterprise fund) long-term debt outstanding as of June 30, 2019 are as follows:

<u>Business-Type Activities</u> <u>Combined All</u> <u>Enterprise Funds</u>	<u>General Obligation and Revenue Bonds</u>		<u>Bonds from Direct Borrowings</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
	2020	\$ 7,140,000	\$ 4,589,141	\$ 924,336	
2021	7,395,000	4,312,590	928,247	395,582	13,031,419
2022	8,010,000	4,017,689	932,237	373,861	13,333,787
2023	8,000,000	3,705,875	936,309	350,082	12,992,266
2024	8,360,000	3,369,195	940,465	324,741	12,994,401
2025 - 2029	44,274,286	11,248,686	4,479,233	1,201,138	61,203,343
2030 - 2034	21,036,428	3,381,869	3,822,947	418,703	28,659,947
2035 - 2039	6,090,000	545,945	33,182	2,011	6,671,138
Total	\$ <u>110,305,714</u>	\$ <u>35,170,990</u>	\$ <u>12,996,956</u>	\$ <u>3,480,455</u>	\$ <u>161,954,115</u>

<u>Electric Enterprise Fund</u>	<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 4,655,000	\$ 2,886,516	\$ 7,541,516
2021	4,790,000	2,733,540	7,523,540
2022	5,270,000	2,569,064	7,839,064
2023	5,125,000	2,395,350	7,520,350
2024	5,355,000	2,195,695	7,550,695
2025 - 2029	27,074,286	7,542,186	34,616,472
2030 - 2034	16,206,428	2,447,359	18,653,787
2035 - 2039	3,980,000	310,445	4,290,445
Total	\$ <u>72,455,714</u>	\$ <u>23,080,155</u>	\$ <u>95,535,869</u>

<u>Airport Enterprise Fund</u>	<u>Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,245,000	\$ 1,364,675	\$ 3,609,675
2021	2,355,000	1,249,675	3,604,675
2022	2,480,000	1,128,800	3,608,800
2023	2,605,000	1,001,675	3,606,675
2024	2,725,000	877,075	3,602,075
2025 - 2029	15,570,000	2,444,700	18,014,700
2030 - 2034	2,740,000	138,750	2,878,750
Total	<u>\$ 30,720,000</u>	<u>\$ 8,205,350</u>	<u>\$ 38,925,350</u>

<u>Wastewater Nonmajor Enterprise Fund</u>	<u>Bonds from Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 897,533	\$ 409,497	\$ 1,307,030
2021	900,839	390,948	1,291,787
2022	904,210	369,440	1,273,650
2023	907,648	345,881	1,253,529
2024	911,155	320,766	1,231,921
2025 - 2029	4,322,413	1,184,894	5,507,307
2030 - 2034	3,673,738	406,474	4,080,212
Total	<u>\$ 12,517,536</u>	<u>\$ 3,427,900</u>	<u>\$ 15,945,436</u>

<u>Water Nonmajor Enterprise Fund</u>	<u>Revenue Bonds</u>		<u>Bonds from Direct Borrowings</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	\$ 240,000	\$ 337,950	\$ 6,891	\$ 4,840	\$ 589,681
2021	250,000	329,375	7,097	4,634	591,106
2022	260,000	319,825	7,310	4,421	591,556
2023	270,000	308,850	7,530	4,201	590,581
2024	280,000	296,425	7,756	3,975	588,156
2025 - 2029	1,630,000	1,261,800	42,410	16,244	2,950,454
2030 - 2034	2,090,000	795,760	49,165	12,229	2,947,154
2035 - 2039	2,110,000	235,500	33,182	2,011	2,380,693
Total	<u>\$ 7,130,000</u>	<u>\$ 3,885,485</u>	<u>\$ 161,341</u>	<u>\$ 52,555</u>	<u>\$ 11,229,381</u>

<u>Stormwater Nonmajor</u>				
<u>Enterprise Fund</u>		<u>Direct Borrowings</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$	19,912	-	19,912
2021		20,311	-	20,311
2022		20,717	-	20,717
2023		21,131	-	21,131
2024		21,554	-	21,554
2025 - 2029		114,410	-	114,410
2030 - 2034		100,044	-	100,044
Total	\$	<u>318,079</u>	<u>\$ -</u>	<u>\$ 318,079</u>

C. Changes in General Long-Term Liabilities

During the year ended June 30, 2019, 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 <u>7/1/2018</u>	<u>Additions</u>	<u>Reduction</u>	Total Balance <u>6/30/2019</u>	Less Current <u>Portion</u>	Equal Long Term <u>Portion</u>
<u>Governmental Activities</u>						
General obligation bonds	\$ 50,344,143	\$ 2,000,000	\$ (2,180,000)	\$ 50,164,143	\$ (2,650,000)	\$ 47,514,143
Add unamortized premium	4,727,976	404,348	(327,541)	4,804,783	(327,541)	4,477,242
Subtotal	<u>55,072,119</u>	<u>2,404,348</u>	<u>(2,507,541)</u>	<u>54,968,926</u>	<u>(2,977,541)</u>	<u>51,991,385</u>
Other debt	22,944,037	4,113,659	(4,094,276)	22,963,420	(2,432,140)	20,531,280
Net pension liability	59,124,756	-	(7,975,760)	51,148,996	-	51,148,996
Total OPEB liability	3,580,795	278,316	-	3,859,111	-	3,859,111
Obligations under capital leases	2,738,077	479,151	(751,910)	2,465,318	(673,005)	1,792,313
Compensated absences	2,267,501	1,860,717	(1,790,874)	2,337,344	(233,734)	2,103,610
Insurance reserves	1,619,164	-	(67,298)	1,551,866	(1,077,029)	474,837
Total	<u>\$ 147,346,449</u>	<u>\$ 9,136,191</u>	<u>\$ (17,187,659)</u>	<u>\$ 139,294,981</u>	<u>\$ (7,393,449)</u>	<u>\$ 131,901,532</u>
<u>Business-type Activities - Combined</u>						
<u>All Enterprise Funds</u>						
General obligation bonds	\$ 47,930,714	\$ 3,000,000	\$ (2,885,000)	\$ 48,045,714	\$ (2,975,000)	\$ 45,070,714
Add unamortized premium	3,835,714	327,887	(103,122)	4,060,479	-	4,060,479
Subtract unamortized discount	(794,714)	12,932	-	(781,782)	-	(781,782)
Subtotal	<u>50,971,714</u>	<u>3,340,819</u>	<u>(2,988,122)</u>	<u>51,324,411</u>	<u>(2,975,000)</u>	<u>48,349,411</u>
Revenue bonds payable	76,239,097	2,000,000	(4,676,803)	73,562,294	(4,917,193)	68,645,101
Add unamortized premium	2,361,228	205,794	(249,699)	2,317,323	(199,761)	2,117,562
Deduct unamortized discount	(503,828)	-	-	(503,828)	-	(503,828)
Subtotal	<u>78,096,497</u>	<u>2,205,794</u>	<u>(4,926,502)</u>	<u>75,375,789</u>	<u>(5,116,954)</u>	<u>70,258,835</u>
State revolving loan	1,863,365	-	(168,702)	1,694,663	(172,143)	1,522,520
Net pension liability	19,526,296	420,785	(2,756,569)	17,190,512	-	17,190,512
Total OPEB liability	1,405,756	147,248	(77,139)	1,475,865	-	1,475,865
Obligations under capital leases	10,890,570	20,021	(6,260,465)	4,650,126	(778,079)	3,872,047
Compensated absences	1,423,931	304,364	(424,939)	1,303,356	(23,692)	1,279,664
Other noncurrent liabilities	5,297,435	2,751,586	(2,181,476)	5,867,545	-	5,867,545
Total	<u>\$ 169,475,564</u>	<u>\$ 9,190,617</u>	<u>\$ (19,783,914)</u>	<u>\$ 158,882,267</u>	<u>\$ (9,065,868)</u>	<u>\$ 149,816,399</u>

	Total Balance 7/1/2018	Additions	Reduction	Total Balance 6/30/2019	Less Current Portion	Equal Long Term Portion
<u>Electric Enterprise Fund</u>						
General obligation bonds	\$ 47,930,714	\$ 3,000,000	\$ (2,885,000)	\$ 48,045,714	\$ (2,975,000)	\$ 45,070,714
Add unamortized premium	3,835,714	327,887	(103,122)	4,060,479	-	4,060,479
Subtract unamortized discount	(794,714)	12,932	-	(781,782)	-	(781,782)
Subtotal	50,971,714	3,340,819	(2,988,122)	51,324,411	(2,975,000)	48,349,411
Revenue bonds	26,020,000	-	(1,610,000)	24,410,000	(1,680,000)	22,730,000
Add unamortized premium	497,494	-	(39,632)	457,862	-	457,862
Deduct unamortized discount	(503,828)	-	-	(503,828)	-	(503,828)
Subtotal	26,013,666	-	(1,649,632)	24,364,034	(1,680,000)	22,684,034
Net pension liability	16,182,193	-	(2,454,746)	13,727,447	-	13,727,447
Total OPEB liability	1,170,055	132,616	(50,861)	1,251,810	-	1,251,810
Compensated absences	786,648	4,212	(29,646)	761,214	-	761,214
Other noncurrent liabilities	5,297,435	2,751,586	(2,181,476)	5,867,545	-	5,867,545
Total	\$ 100,421,711	\$ 6,229,233	\$ (9,354,483)	\$ 97,296,461	\$ (4,655,000)	\$ 92,641,461

	Total Balance 7/1/2018	Additions	Reduction	Total Balance 6/30/2019	Less Current Portion	Equal Long Term Portion
<u>Airport Enterprise Fund</u>						
Revenue bonds	\$ 32,915,000	\$ -	\$ (2,195,000)	\$ 30,720,000	\$ (2,245,000)	\$ 28,475,000
Add unamortized premium	1,160,822	-	(163,993)	996,829	(153,687)	843,142
Subtotal	34,075,822	-	(2,358,993)	31,716,829	(2,398,687)	29,318,142
Net pension liability	1,630,284	-	(6,961)	1,623,323	-	1,623,323
Total OPEB liability	104,692	7,315	-	112,007	-	112,007
Obligations under capital leases	5,259,243	-	(733,020)	4,526,223	(753,780)	3,772,443
Compensated absences	257,865	183,726	(160,822)	280,769	-	280,769
Total	\$ 41,327,906	\$ 191,041	\$ (3,259,796)	\$ 38,259,151	\$ (3,152,467)	\$ 35,106,684

	Total Balance 7/1/2018	Additions	Reduction	Total Balance 6/30/2019	Less Current Portion	Equal Long Term Portion
<u>Telecom Nonmajor Enterprise Fund</u>						
Net pension liability	\$ 294,862	\$ -	\$ (294,862)	\$ -	\$ -	\$ -
Total OPEB liability	26,278	-	(26,278)	-	-	-
Obligations under capital leases	5,503,286	-	(5,503,286)	-	-	-
Compensated absences	112,419	-	(112,419)	-	-	-
Total	\$ 5,936,845	\$ -	\$ (5,936,845)	\$ -	\$ -	\$ -

	Total Balance 7/1/2018	Additions	Reduction	Total Balance 6/30/2019	Less Current Portion	Equal Long Term Portion
<u>Wastewater Nonmajor Enterprise Fund</u>						
Revenue bonds	\$ 11,716,496	\$ -	\$ (732,281)	\$ 10,984,215	\$ (732,281)	\$ 10,251,934
State revolving loans	1,695,334	-	(162,012)	1,533,322	(165,252)	1,368,070
Net pension liability	664,669	173,772	-	838,441	-	838,441
Total OPEB liability	60,161	4,203	-	64,364	-	64,364
Obligations under capital leases	128,041	-	(17,224)	110,817	(17,883)	92,934
Compensated absences	97,920	62,577	(43,171)	117,326	(10,641)	106,685
Total	\$ 14,362,621	\$ 240,552	\$ (954,688)	\$ 13,648,485	\$ (926,057)	\$ 12,722,428

	Total			Total			Less	Equal
	Balance			Balance			Current	Long
<u>Water Nonmajor</u>	7/1/2018			6/30/2019			Portion	Term
<u>Enterprise Fund</u>		<u>Additions</u>	<u>Reduction</u>					<u>Portion</u>
Revenue bonds	\$ 5,250,000	\$ 2,000,000	\$ (120,000)	\$ 7,130,000	\$ (240,000)	\$		6,890,000
Add unamortized premium	702,912	205,794	(46,074)	862,632	(46,074)			816,558
Subtotal	5,952,912	2,205,794	(166,074)	7,992,632	(286,074)			7,706,558
State revolving loans	168,031	-	(6,690)	161,341	(6,891)			154,450
Net pension liability	754,288	247,013	-	1,001,301	-			1,001,301
Total OPEB liability	44,570	3,114	-	47,684	-			47,684
Obligations under capital leases	-	20,021	(6,935)	13,086	(6,416)			6,670
Compensated absences	169,079	53,849	(78,881)	144,047	(13,051)			130,996
Total	\$ 7,088,880	\$ 2,529,791	\$ (258,580)	\$ 9,360,091	\$ (312,432)	\$		9,047,659

	Total			Total			Less	Equal
	Balance			Balance			Current	Long
<u>Stormwater Nonmajor</u>	7/1/2018			6/30/2019			Portion	Term
<u>Enterprise Fund</u>		<u>Additions</u>	<u>Reduction</u>					<u>Portion</u>
Revenue bonds	\$ 337,601	\$ -	\$ (19,522)	\$ 318,079	\$ (19,912)	\$		298,167
Total	\$ 337,601	\$ -	\$ (19,522)	\$ 318,079	\$ (19,912)	\$		298,167

D. Advanced Refunding

On November 1, 2016, the City issued refunding bond series 2016C in the amount of \$2,545,000 with interest rates ranging from 2.00% to 5.00% to advance refund series 2009C for street improvements in the amount of \$1,425,000 and other prior projects totaling \$1,260,000 with interest rates ranging from 2.00% to 4.125%. The 2009C was an interest only bond until November 1, 2019 when principal payments were scheduled to begin. The net proceeds on this refunding were \$2,837,850 after a premium of \$332,117, net of discount of \$11,522 and cost of issuance, insurance and contingency fees of \$27,745. The proceeds were used to purchase U.S. government securities and were deposited in an irrevocable trust with an escrow agent to provide debt service payments until called on November 1, 2018. As a result of refunding, the City reduced its total debt service requirement by \$153,505 with a net present value savings of \$129,875 (economic gain).

During fiscal year ended June 30, 2018, the Electric Department, through the City of Burlington, issued \$4,010,000 in Electric Revenue Refunding Bonds, 2017 Series A. This advance refunding relieved a portion of the City's callable 2011 Series A Revenue Bonds and will mature in July 2013 with an average coupon rate of 4.85%. The Department, through the City of Burlington, also issued \$5,410,000 in Taxable Electric System Revenue Refunding Bonds, 2017 Series B. This issuance was for an advance refunding of 2011 Series A and Series B Revenue Bonds and will mature in July 2031 with an average coupon rate of 3.40%. The Department is expecting a net savings on the 2017 Series B financing of \$382,492. The portion of the 2011 Series A and 2011 Series B Revenue Bonds not refunded was \$1,170,000 and \$520,000, respectfully. The defeased but still outstanding portion of the 2011 Series A and 2011 Series B Revenue Bonds as of June 30, 2019 is \$900,000 and \$405,000, respectively.

18. Capital Lease Obligations

Primary Government

The City is the lessee of certain equipment under capital leases expiring in various years through 2027.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
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.	\$ -	\$ 169,368
Capital lease for public works vehicle and plow gear. The rental payments are to be made in equal annual installments of \$27,812 including interest at 2.67% annually, maturing on April 2, 2020.	27,014	-
Capital lease for public works 2016 Ford F450. The rental payments are to be made in equal annual installments of \$11,044 including interest at 5.45% annually, maturing on July 22, 2019.	10,473	-
Capital lease for public works and parks vehicles and equipment. The rental payments are to be made in equal annual installments of \$92,442 including interest at 2.33% annually, maturing on October 20, 2019.	90,320	-
Capital lease for parks and fire vehicles and equipment. The rental payments are to be made in equal annual installments of \$81,413 including interest at 2.591% annually, maturing on October 20, 2019.	79,334	-
Capital lease for airport equipment. The rental payments are to be made in equal annual installments of \$74,487 including interest at 2.77% annually, maturing on August 10, 2025.	-	470,361
Capital lease for general fund, traffic, and airport equipment. The rental payments are to be made in equal semiannual installments of \$201,469 including interest at 2.37% annually, maturing on September 2, 2024.	792,941	937,470
Capital lease for airport. The rental payments are to be made in equal semiannual installments of \$172,507 including interest at 2.99% annually, maturing on September 18, 2027.	-	2,572,773
Capital lease for airport and parks vehicles, and DPW equipment. The rental payments are to be made in equal semiannual installments of \$172,696 (inclusive of the Pension System) including interest at 2.465% annually, maturing on September 30, 2023.	1,087,541	376,252
Capital lease for wastewater truck. The rental payments are to be made in equal monthly installments of \$1,812 including interest at 3.76% annually, maturing on February 20, 2025.	-	110,816
Capital lease for water truck. The rental payments are to be made in equal monthly installments of \$6,935, including interest at 3.97% annually, maturing on February 25, 2021.	-	13,086
Capital lease for general fund vehicles. The rental payments are to be made in equal monthly installments of \$102,833, including interest at 3.45%, maturing on May 15, 2023.	<u>377,695</u>	<u>-</u>
Total capital lease obligations	2,465,318	4,650,126
Less: amount due within one year	<u>(673,005)</u>	<u>(778,079)</u>
Capital lease obligation, net of current portion	<u>\$ 1,792,313</u>	<u>\$ 3,872,047</u>

Future minimum lease payments under the capital and operating leases consisted of the following as of June 30, 2019:

Fiscal Year	Governmental Activities	Business-Type Activities
2020	\$ 735,681	\$ 903,902
2021	522,968	730,440
2022	522,968	723,505
2023	510,106	708,301
2024	266,142	648,668
Thereafter	<u>70,089</u>	<u>1,452,519</u>
Total minimum lease payments	2,627,954	5,167,335
Less amounts representing interest	<u>(162,636)</u>	<u>(517,209)</u>
Present Value of Minimum Lease Payments	<u>\$ 2,465,318</u>	<u>\$ 4,650,126</u>

The following is an analysis for the leased assets included in capital assets at June 30, 2019:

	Governmental Activities	Business-Type Activities
Machinery, vehicles and equipment	\$ 6,050,914	\$ 4,650,955
Less: accumulated depreciation	<u>(1,367,764)</u>	<u>(877,220)</u>
Equipment under capital leases, net	<u>\$ 4,683,150</u>	<u>\$ 3,773,735</u>

Burlington Employees Retirement System

The System is the lessee of the PTG Software System under a master capital lease entered into in fiscal year 2017. The rental payments are to be made in equal semiannual installments of \$16,300 including interest at 2.465% annually, maturing on September 30, 2023.

In fiscal year 2018, the System entered into a second master capital lease for retirement software. The rental payments are to be made in equal semiannual installments of \$22,967 including interest at 2.37% annually, maturing on September 2, 2024.

Future minimum lease payments consisted of the following as of June 30, 2019:

Fiscal Year	Pension System
2020	\$ 78,535
2021	78,534
2022	78,535
2023	74,923
2024	55,013
Thereafter	<u>19,357</u>
Total minimum lease payments	384,897
Less amounts representing interest	<u>(24,199)</u>
Present Value of Minimum Lease Payments	<u>\$ 360,698</u>

As of June 30, 2019, \$405,563 of the PTF Software System was included in capital assets.

19. Sale-Leaseback Transaction Accounted for as a Financing Arrangement

On December 31, 2014, after receiving approval from Vermont’s Public Service Board for the transaction, the City executed a lease and other agreements with Blue Water Holdings, LLC (BWH), conveying primarily the fiber optic network and the related capital assets for a consideration of \$6M to BWH and leasing back the assets to the City for BT to provide phone, internet, and cable television service to its residents and businesses under its trade name “Burlington Telecom”. Under the sale leaseback arrangement, BT began making periodic lease payments to BWH on January 31, 2015 in monthly amounts of \$46,544, including interest payment of 7%, maturing on December 30, 2034. The transaction has been accounted for as a financing arrangement, wherein the right of use of the fiber optic network and the related assets (ROU) is reported on BT’s books as an intangible asset and the financing obligation in the amount of \$6M is reported under capital leases payable. After the first amendment to the agreements, BT owned the capital additions and improvements to the ROU acquired since December 31, 2014, and therefore the transactions are accounted for as capital assets. The arrangement with BWH contemplated entering into a binding asset sale agreement to a third party by December 31, 2017, including both the assets owned by BWH and the capital additions and improvements acquired since December 31, 2014 by the City. An asset purchase agreement with Champlain Broadband, LLC, a subsidiary of Schurz Communications, Inc., was entered into on December 29, 2017. That transaction must be approved by the Vermont Public Utilities Commission (PUC), and a petition for approval is expected to be filed by the end of February 2018. A final closing of the sale of Burlington Telecom was completed on March 12, 2019.

20. Long-Term Obligations of Burlington School District

A. Bonds Payable

The Burlington School District has various bonds outstanding as follows (amounts include unamortized bond premium):

<u>School District:</u>	<u>Serial</u> <u>Maturities</u> <u>Through</u>	<u>Interest</u> <u>Rate(s) %</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>6/30/19</u>
General obligation bonds, net of premiums:				
G.O. School 2010 Series A Qualified School Constr.	11/1/2026	6.50%	\$ 9,700,000	\$ 9,700,000
G.O. School 2010 Series B Taxable GO Public Impr.	11/1/2026	6.50%	2,000,000	2,000,000
General Improvements 2011 Series B	11/1/2031	2.00 - 4.75%	2,000,000	1,460,000
Public Improvement Bonds 2012 Series A	6/30/2033	5.00%	3,250,000	2,585,000
G.O. Public Improvement Bonds 2013 Series B	11/1/2033	4.00 - 6.75%	2,000,000	1,307,142
G.O. Public Improvement Bonds 2014 Series A	11/15/2034	0.51 - 3.99%	2,000,000	1,600,000
G.O. Public Improvement Bonds 2015 Series A	11/1/2035	5.00%	2,000,000	1,815,000
G.O. Public Improvement Bonds 2016 Series A	3/15/2036	2.00 - 5.00%	4,005,000	3,210,000
G.O. Public Improvement Bonds 2016 Series B	11/1/2036	4.00 - 5.00%	2,000,000	1,875,000
G.O. Public Improvement Bonds 2016 Series C	11/1/2029	2.00 - 5.00%	1,650,000	1,650,000
G.O. Public Improvement Bonds 2017 Series C	11/1/2037	2.00 - 5.00%	2,300,000	2,225,000
G.O. Public Improvement Bonds 2018 Series B	11/1/2038	5.00%	8,000,000	8,000,000
Subtotal School District				37,427,142
Plus: unamortized premiums				1,832,140
Total School District				\$ 39,259,282

B. Future Debt Service

The annual payments to retire the Burlington School District's notes payable outstanding as of June 30, 2019 are as follows (amounts include unamortized bond premiums):

<u>School</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,426,166	\$ 1,958,222	\$ 3,384,388
2021	1,481,166	1,906,376	3,387,542
2022	1,526,166	1,849,297	3,375,463
2023	1,606,166	1,786,348	3,392,514
2024	1,596,166	1,718,985	3,315,151
2025 - 2029	19,988,172	5,565,544	25,553,716
2030 - 2034	7,157,777	1,871,898	9,029,675
2035 - 2039	<u>4,477,503</u>	<u>476,622</u>	<u>4,954,125</u>
Total	<u>\$ 39,259,282</u>	<u>\$ 17,133,292</u>	<u>\$ 56,392,574</u>

21. **Deferred Inflows of Resources**

Deferred inflows of resources are the acquisition of net position by the City that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes.

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

22. **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, 2019:

Nonspendable - This fund balance classification includes general fund reserves for pre-paid expenditures, inventory, advances to other funds, and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted - This fund balance classification includes various special revenue funds, capital project unspent bond proceeds, unspent grants and the income portion of permanent trust funds.

Committed - This fund balance classification includes general fund encumbrances for non-lapsing, special appropriations approved at City Council meetings and various special revenue funds, including dedicated taxes.

Assigned – This fund balance classification includes general fund amounts that are constrained by the City’s intent to use the resources for a specific purpose in subsequent years.
Unassigned - Represents general fund amounts that may be available to be spent in future periods and deficits in other governmental funds.

Following is a breakdown of the City's fund balances at June 30, 2019:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Inventory and prepaid expenditures	\$ 499,273	\$ 406,918	\$ 906,191
Advances to other funds	1,209,174	-	1,209,174
Nonexpendable permanent funds	-	909,230	909,230
Total Nonspendable	<u>1,708,447</u>	<u>1,316,148</u>	<u>3,024,595</u>
Restricted			
Police equitable sharing funds	207,221	-	207,221
Community development	-	4,516,516	4,516,516
TIF waterfront	-	1,808,678	1,808,678
TIF downtown	-	1,334,437	1,334,437
Church street marketplace	-	26,555	26,555
Impact fees	-	996,332	996,332
Telecom sale proceeds	-	6,913,027	6,913,027
Waterfront access	-	1,546,984	1,546,984
Capital improvement program	-	12,442,633	12,442,633
FEMA	-	66,988	66,988
Parks and other projects	-	1,120,139	1,120,139
Great streets	-	2,349,171	2,349,171
Expendable permanent funds	-	427,771	427,771
Total Restricted	<u>207,221</u>	<u>33,549,231</u>	<u>33,756,452</u>
Committed			
Library books and donations	81,891	-	81,891
Public records restoration	209,552	-	209,552
Compressed natural gas	152,871	-	152,871
Parking and other projects	23,000	-	23,000
Traffic	-	3,849,915	3,849,915
Other capital	-	53,685	53,685
Total Committed	<u>467,314</u>	<u>3,903,600</u>	<u>4,370,914</u>
Assigned for			
Future debt payments	2,473,505	-	2,473,505
Reappraisal	957,622	-	957,622
ELI	749,344	-	749,344
Sidewalk tractors	570,000	-	570,000
Sidewalk construction	568,000	-	568,000
Health fund consulting	500,000	-	500,000
Street paving	475,000	-	475,000
Property tax - operating budget	464,626	-	464,626
Telecommunications - operating budget	445,000	-	445,000
Facility repair reserve	250,000	-	250,000
Public works - snow removal	250,000	-	250,000
Workers compensation reserve	250,000	-	250,000
Information technology	240,000	-	240,000
Permitting reserve	200,000	-	200,000
Brookfield development fees	180,000	-	180,000
Housing trust	175,000	-	175,000
Fleet reserve	165,000	-	165,000
Digitize zoning files and property records	150,000	-	150,000
General fund - operating budget	125,000	-	125,000
Project management and consultant	112,000	-	112,000
Franchise fee consultant	100,000	-	100,000
Organizational study	100,000	-	100,000
Other purposes	682,721	-	682,721
Total Assigned	<u>10,182,818</u>	<u>-</u>	<u>10,182,818</u>
Unassigned			
	<u>9,497,207</u>	<u>(1,630,555)</u>	<u>7,866,652</u>
Total Unassigned	<u>9,497,207</u>	<u>(1,630,555)</u>	<u>7,866,652</u>
Total Fund Balance	<u>\$ 22,063,007</u>	<u>\$ 37,138,424</u>	<u>\$ 59,201,431</u>

23. Retirement System (GASB 68)

The City follows the provisions of *GASB Statement No. 68, Accounting and Financial Reporting for Pensions* with respect to the Burlington Employees' Retirement System (the System).

A. Plan Description

The System is a cost sharing, single employer, defined benefit pension plan covering substantially all of its employees except elective officials, other than the mayor, and the majority of the public-school teachers, who are eligible for the Vermont State Teacher's Retirement System. The plan is broken down into Class A participants and Class B participants. Class A participants are composed of firemen and policemen. Class B participants include all other covered City employees. The City's total covered payroll was \$50,482,389. The System does not issue a stand-alone financial report.

The System is governed by an eight-member board. The eight members include three appointed by the City Council, two Class A members of the system selected by the Class A membership, two Class B members of the system elected by the Class B membership, and the City Treasurer as an ex officio member. Of the Class A and Class B board members, no two shall be employed at the same department.

The City Council has the authority to amend the benefit terms of the System by enacting ordinances and sending them to the Mayor for approval.

There are 920 active members and 713 retirees or beneficiaries currently receiving benefits. Additionally, there are 494 former employees with vested rights.

B. Benefits Provided

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.

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. 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 66⅔% 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.

C. Contributions

Participants contribute a set percentage of their gross regular compensation annually. Class A participants contribute 11.0% 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. Class B participants, who elected to continue to be eligible for early retirement benefits at 2% per year deduction between ages 55 and 65, in accordance with the 2006-2009 collective bargaining agreement will be 4.8% in fiscal year 2016-2017, and 5.2% beginning with fiscal year 2017-2018. Member contributions for all other Class B employees will be 3.8% in fiscal year 2016-2017, and 4.2% beginning with fiscal year 2017-2018. The remainder necessary to fund for the benefits of the System on an actuarial basis. With the exception that if actuarially determined employer contribution (ADEC) exceeds \$9 million for fiscal year 2016-2017, all the employee contributions will automatically increase up to 1% of wages and then re-set at the end of the year. If the ADEC exceeds \$9 million for fiscal year 2017-2018, the contribution will increase up to 2% and the re-set; further if those increases are not enough to keep the ADEC at \$9 million, the City may reopen the financial components of the Agreement.

The Board establishes employer contributions based on an ADEC recommended by an independent actuary. The ADEC is the estimated amount necessary to finance the costs of benefits earned by the System members during the year, with an additional amount to finance a portion of any unfunded accrued liability. The calculation of the ADEC is governed by the applicable provisions of the Retirement Code.

The discount rate has been revised in fiscal year 2019 from 7.625% to 7.50%. The City funded one hundred percent (100%) of the annual required contribution in 2019. Beginning in fiscal year 2019 the City is using the direct rate smoothing method for funding.

D. Summary of Significant Accounting Policies

Basis of Accounting - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from System’s fiduciary net position have been determined on the same basis as they are reported by System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Basis of Presentation - The System is operated on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The preparation of the statements requires management to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

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

E. Net Pension Liability

The components of the net pension liability as of June 30, 2019, measured as of June 30, 2018, is shown below:

Total pension liability	\$ 264,696,025
System fiduciary net position	<u>(189,010,042)</u>
Net pension liability	<u>\$ 75,685,983</u>
Plan fiduciary net position as a percentage of the net pension liability	71.41%

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real rate of Return</u>
Large Cap Core Equity	30.00%	7.00%
SMID Cap Core Equity	18.00%	10.60%
International Equity	10.00%	5.70%
Emerging Markets Equity	10.00%	12.00%
Private Equity	2.00%	13.00%
Real Estate	8.00%	8.80%
Timber	2.00%	6.50%
Core Fixed Income	20.00%	3.30%

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current System 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the System’s net pension liability calculated using the discount rate of 7.50%, as well as what the System’s net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1 percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Primary government	\$ 95,930,702	\$ 68,339,507	\$ 45,243,829
Discretely presented component unit	<u>10,109,449</u>	<u>7,346,475</u>	<u>5,000,056</u>
Net Pension Liability	<u>\$ 106,040,151</u>	<u>\$ 75,685,982</u>	<u>\$ 50,243,885</u>

F. Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, the City recognized pension expense of \$12,675,663 and the School District recognized pension expense of \$919,805. In addition, the

City reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Primary Government:		
Fiscal year 2019 deferred pension contributions	\$ 8,255,325	\$ -
Changes in proportional share of contributions	3,153,971	(1,813,264)
Changes in assumptions	4,682,103	(5,085,005)
Difference between expected and actual pension experience	1,546,837	(2,913,471)
Difference between projected and actual investment earnings	<u>7,845,453</u>	<u>(7,658,608)</u>
Total Primary Government ⁽¹⁾	25,483,689	(17,470,348)
Discretely Presented Component Unit:		
Fiscal year 2019 deferred pension contributions	1,161,827	-
Changes in proportional share of contributions	58,620	(1,399,327)
Changes in assumptions	503,325	(546,637)
Difference between expected and actual pension experience	166,284	(313,197)
Difference between projected and actual investment earnings	<u>843,384</u>	<u>(823,298)</u>
Total Discretely Presented Component Unit	<u>2,733,440</u>	<u>(3,082,459)</u>
Total	<u>\$ 28,217,129</u>	<u>\$ (20,552,807)</u>

Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized in pension expense in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows/ (Inflows) of Resources
Year ended June 30:	
2020	\$ 4,332,118
2021	385,164
2022	(4,326,535)
2023	<u>(632,731)</u>
Total Primary Government	(241,984)
Year ended June 30:	
2020	(222,876)
2021	(712,094)
2022	(507,859)
2023	<u>(68,017)</u>
Total Discretely Presented Component Unit	<u>(1,510,846)</u>
Total	<u>\$ (1,752,830)</u>

G. Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 9.80%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

24. **Retirement System (GASB 67)**

The System follows the provision of *GASB Statement No. 67, Financial Reporting for Pension Plans*.

A. Actuarial Assumptions

The total actuarially determined contribution to the system for 2019 was \$9,516,913. A summary of the actuarial assumptions as of the latest actuarial valuation is shown below (GASB 67 Disclosure Report was done as of June 30, 2019):

Valuation Date	June 30, 2018
Actuarial cost method	Entry Age Normal - Level Percentage of Pay
Actuarial assumptions:	
Investment rate of return	7.50%
Inflation rate	2.60%
Post-employment cost-of-living adjustment	Increases averaging 3.00% per year were assumed
Assumed annual rates of salary increases	3.50% - 10.00%

Actuarial valuation of the ongoing System involves 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 actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study for the five-year period ending June 30, 2012, with discount rate updated from 7.625% to 7.50% based on the latest draft of the new experience study and advice from our investment advisor.

Actuarial valuation of the ongoing System involves 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.

Mortality rates were based on the RP-2000 Mortality Table with separate male and female rates, with no adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with scale BB.

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current System 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.

Net Pension Liability – The components of the net pension liability, measured as of June 30, 2019, were as follows:

Total pension liability	\$ 274,171,345
Plan fiduciary net position	<u>(194,713,459)</u>
Net pension liability	<u>\$ 79,457,886</u>
Plan fiduciary net position as a percentage of the net pension liability	71.02%

25. Vermont State Teachers’ Retirement System

A. Plan Description

All of the teachers employed by the Burlington School District (BSD), a component unit of the City participate in the Vermont State Teachers’ Retirement System (“VSTRS”), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, covering nearly all public day school and nonsectarian private Union teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State of Vermont that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2018 (the most recent period available), the retirement system consisted of 22,193 participating members.

The plan was established effective July 1, 1947, and is governed by *Title 16, V.S.A. Chapter 55*. Subsequent Vermont state legislation, *Act 74*, which became effective on July 1, 2010, contained numerous changes to the plan benefits available to current and future members, as well as a change in access to health care coverage after retirement, resulting from a multi-party agreement to provide sustainability of quality pension and retiree health benefits for Vermont teachers.

The general administration and responsibility for formulating administrative policy and procedures of the retirement System for its members and their beneficiaries is vested in the Board of Trustees consisting of six members. They are the Secretary of Education (ex-officio); the State Treasurer (ex-officio), the Commissioner of Financial Regulation (ex-officio); two members and one alternate elected by active members of the System under rules adopted by the Board; and one retired member

and one alternate elected by the board of directors of Association of Retired Teachers of Vermont. The Chair is elected by the Board and acts as executive officer of the Board.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. The Vermont State Agency of Administration issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the VSTRS. That report may be viewed on the State's Department of Finance & Management website at: http://finance.vermont.gov/reports_and_publications/cafr.

B. Benefits Provided

The VSTRS provides retirement, and disability benefits, annual cost-of-living adjustments, health care and death benefits to plan members and beneficiaries. There are two levels of contributions and benefits in the System: Group A - for public school teachers employed within the State of Vermont prior to July 1, 1981 and elected to remain in Group A; and Group C - for public school teachers employed within the State of Vermont on or after July 1, 1990. Group C also includes those teachers hired prior to July 1, 1990 and were in Group B on July 1, 1990. When *Act 74* became effective on June 30, 2010, Group C was further bifurcated into Groups 1 and 2. Group 1 contains members who were at least 57 years of age or had at least 25 years of service, and Group 2 contains members who were less than 57 years of age and had less than 25 years of service.

Benefits available to each group are based on average final compensation (AFC) and years of creditable service, and the full chart is disclosed in the stand-alone BSD financial statements.

C. Contributions

VSTRS is a cost-sharing, public employee retirement system with one exception: all risks and costs are not shared by the School District but are the liability of the State of Vermont. VSTRS is funded through State and employee contributions and trust fund investment earnings; and the School District has no legal obligation for paying benefits. Required contributions to the System are made by the State of Vermont based upon a valuation report prepared by the System's actuary, which varies by plan group. The Vermont State Teachers Retirement System estimates the contributions on behalf of the School District's employees included in the teacher's retirement plan which approximates \$4,961,072 or 15.75% of total payroll for employees covered under the plan.

Employee contribution rates by plan group follow:

<u>VSTRS</u>	<u>Group A</u>	<u>Group C - Group 1</u>	<u>Group C - Group 2</u>
Employee Contributions	5.5% of gross salary	5.0% of gross salary with 5 or more years of service as of 7/1/14 6.0% of gross salary if less than 5 years of service as of 7/1/14	5.0% of gross salary with 5 or more years of service as of 7/1/14 6.0% of gross salary if less than 5 years of service as of 7/1/14

Employee contributions totaled \$1,618,496 during the year and were paid by the School District to the State of Vermont. The School District has no other liability under the plan. The School District's total payroll for all employees covered under this plan was \$31,498,868 for the year ended June 30, 2019.

D. Pension Liabilities

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB No. 68 and the State is treated as a nonemployer to VSTRS. Since the School District does not contribute directly to VSTRS, no net pension liability was recorded at June 30, 2018. The State's portion of the collective net pension liability that was associated with the School District was as follows:

School District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the School District	<u>67,882,065</u>
Total	<u>\$ 67,882,065</u>

The State of Vermont's proportionate share of the net pension liability associated with the School District is equal to the collective net pension liability, actuarially measured as of June 30, 2019, multiplied by the School District's proportionate share percentage. The School District's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2019, the School District's proportion was 4.4934% which was a decrease of 0.05328% from its proportion measured as of June 30, 2017.

E. Pension Expense

For the year ended June 30, 2019, the School District recognized total pension expense of \$7,829,585 and revenue of \$7,829,585 for support provided by the State of Vermont for the VSTRS plan.

F. Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using the actuarial assumptions outlined below. These assumptions were selected on the basis of the experience study that was performed on July 27, 2015:

Investment Rate of Return – 7.50% net of pension plan investment expenses, including inflation.

Inflation – The separately stated assumptions for investment return, salary increases and cost of living adjustments for the VSTRS plan is consistent with an expected annual inflation rate of 2.50% per year.

Salary Increases – Representative values of the assumed annual rates of future salary increases for the VSTRS plan are based on age and are between 3.75% and 9.09%.

Deaths After Retirement – The VSTRS plan used 98% of the RP-2006 White Collar Employee with generational projection using Scale SSA-2017 for pre-retirement, 98% of the RP-2006 White Collar Annuitant with generational projection using Scale SSA-2017 for healthy retirees, and the RP-2006 Disabled Mortality Table with generational projection using Scale SSA-2017 for disabled retirees.

Inactive Members - Valuation liability for the VSTRS plan equals 250.0% of accumulated contributions.

Future Administrative Expenses - No provisions were made, expenses of the System are paid by the State.

Unknown Data for Participants - For the VSTRS plan, it is the same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married - 85% of male members and 35% of female members are assumed to be married.

Cost-of-Living Adjustments – Adjustments for the VSTRS plan are assumed to occur on January 1 following one year of retirement. For the VSTRS plan this occurs at the rate of 2.55% per annum for Group A members and 1.40% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement). The January 1, 2019 COLA is assumed to be 2.60% for Group A and 1.30% for Group C.

Actuarial Cost Method – Uses the Entry Age Actuarial Cost Method. Entry age is the age at date of employment, or, if date is unknown, current age minus years of service. Normal Cost and Accrued Actuarial Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

For the VSTRS plan, the *asset valuation method* used equals the preliminary asset value plus 20% of the difference between the market and preliminary asset values. The preliminary asset value is equal to the previous year’s asset value (for valuation purposes) adjusted for contributions less benefit payments and expenses and expected investment income. If necessary, a further adjustment is made to ensure that the valuation assets are within 20% of the market value.

The *long-term expected rate of return* on the VSTRS plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class. These best estimate ranges were 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 rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real rate of Return</u>
U.S. equity	18.00%	6.07%
Non-U.S. equity	16.00%	7.42%
Global equity	9.00%	6.85%
Fixed income	26.00%	2.41%
Real estate	8.00%	4.62%
Private markets	15.00%	7.80%
Hedge funds	8.00%	3.95%

G. Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the VSTRS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

26. Other Post-Employment Benefits (GASB 75)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The City’s post-employment benefit plan is a single-employer plan.

A. City OPEB Plan

All the following OPEB disclosures are based on a measurement date of June 30, 2019.

General Information about the OPEB Plan

Plan Description

The City provides post-employment healthcare benefits for retired employees through the City’s plan. The OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75.

The City indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the City who participate in this single-employer plan pay 100% of the healthcare premiums to participate in the City’s healthcare program. Since they are included in the same pool as active employees, the insurance rates are implicitly higher for current employees due to the age consideration. This increased rate is an implicit subsidy the City pays for the retirees.

In addition, the City allows certain retired employees to purchase health insurance through the City at the City’s group rate. GASB 75 recognizes this as an implied subsidy and requires accrual of this liability.

Benefits Provided

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

Plan Membership

At June 30, 2017 (the last full valuation date), the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries	
currently receiving benefit payments	366
Active plan members	<u>661</u>
Total	<u><u>1,027</u></u>

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Rate of annual aggregate payroll growth	2.60%
Discount rate	3.51%
Healthcare cost trend rates	7.00% in 2017, reducing by 0.5% each year to an ultimate rate of 4.60% per year rate for 2022 and later

The discount rate was based on the published Bond Buyer GO 20-Bond Municipal Index effective as of June 30, 2019.

Mortality rates were based on RP-2000 Mortality table with separate male and female rates, with Total Dataset Adjustment Combined table for non-annuitants and annuitants, projected to the valuation with Scale BB.

The actuarial assumptions used in the valuation were based on the results of the experience study that was performed for the five-year period ending June 30, 2012.

Since the OPEB plan is not funded, the selection of the discount rate is consistent with the GASB 75 standard linking the discount rate to the 20- year AA municipal bond index for unfunded OPEB plans. The discount rate used for the valuation is equal to the published Bond Buyer general obligation 20 year-Bond Municipal Index effective as of June 30, 2019.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.51%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Total OPEB Liability

The City's total OPEB liability of \$5,334,976 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2017.

Changes in the Total OPEB Liability

The following summarizes the changes in the total OPEB liability for the past year.

	Total OPEB Liability
Balance as of June 30, 2018	\$ 4,986,551
Changes for the year:	
Service cost	213,616
Interest	200,377
Differences between expected and actual experience	(227,919)
Changes in assumptions or other inputs	207,752
Benefit payments	<u>(45,401)</u>
Net Changes	<u>348,425</u>
Balance as of June 30, 2019	<u>\$ 5,334,976</u>

The Total OPEB liability was increased by service cost and interest and decreased by benefit payments.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
\$ 5,989,394	\$ 5,334,976	\$ 4,789,050

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one

percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	Healthcare	
1% Decrease	Cost Trend	1% Increase
(6.00%	Rates (7.00%	(8.00%
decreasing to	decreasing to	decreasing to
<u>3.60%</u>)	<u>4.60%</u>)	<u>5.60%</u>)
\$ 4,909,615	\$ 5,334,976	\$ 5,840,125

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized an OPEB expense of \$411,166. At June 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred	Deferred
	Outflows of	(Inflows) of
	<u>Resources</u>	<u>Resources</u>
Difference between expected and actual experience	\$ 115,769	\$ (194,887)
Change in assumptions	<u>177,643</u>	<u>(115,298)</u>
Total	\$ <u>293,412</u>	\$ <u>(310,185)</u>

Amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2020	\$ (2,827)
2021	(2,827)
2022	(2,827)
2023	(2,827)
2024	(2,836)
Thereafter	<u>(2,629)</u>
Total	\$ <u>(16,773)</u>

B. City OPEB Plan – Burlington School District Portion

Plan Description

In addition to providing pension benefits, the City provides post-employment health-care insurance benefits for retired employees from the Burlington School District.

Benefits Provided

The City provides medical benefits in various options for both active employees and retirees. Each class of employees are eligible for explicit subsidies based on dates of enrollment and years of service. Spouses of retirees are able to remain on the applicable plan as long as the retiree is covered. Surviving spouses are allowed to continue coverage only as permitted by COBRA.

The City provides life insurance benefits to certain classes of employees. Office personnel retired on/before June 30, 2018 and AFSCME (Bus, Food, Technology Services, and Maintenance) employees are eligible to obtain \$10,000 in life insurance at normal, disability, or termination retirement with the premiums being paid by the School District.

Eligibility

All employees are eligible for disability retirement with 10 years of service. All employees are eligible to retire after termination with the District if at termination the employee is age 50 with 15 years of service. Retiree health benefits will commence at age 55 for these terminated employees. Retiree health benefits are only available to Teachers, Administrative Staff, and Paraeducators.

Teachers/Administrative Staff

Certified teachers and staff are eligible for retiree health care benefits until age 65 once they meet the District's retirement eligibility requirements:

1. Age 55 and 15 years of service
2. 30 years of service

Paraeducators

Paraeducators are eligible for retiree health care benefits until age 65 once they meet the District's retirement eligibility requirements, which is age 55 with 20 years of service.

Food, Maintenance, Bus, Technology Services

Food, Maintenance, Technology Services, and Bus personnel are eligible for subsidized life insurance once they meet the School District's retirement eligibility requirements, which are as follows:

1. Age 55
2. 25 years of service

These groups are only eligible for subsidized life insurance and are ineligible to continue health coverage with the District at retirement.

Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

Retirees and spouses	36
Active plan members	<u>664</u>
Total	<u><u>700</u></u>

The active participants' number above may include active employees who currently have no health care coverage.

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the District reported a liability of \$5,940,012 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

For the year ended June 30, 2019, the District recognized OPEB expense of \$389,589. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 94,058	\$ 435,973
Change in assumptions	<u>264,325</u>	<u>-</u>
Total	<u><u>\$ 358,383</u></u>	<u><u>\$ 435,973</u></u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:

2020	\$ (30,937)
2021	(30,937)
2022	(30,937)
2023	(30,934)
2024	<u>46,155</u>
Total	<u><u>\$ (77,590)</u></u>

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2018. The discount rate determination is based on the yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The rate of 3.51% per annum for June 30, 2019 was based upon a measurement date of June 30, 2018. The sensitivity of total and net OPEB liability to changes in discount rate are as follows:

<u>1% Decrease (2.51%)</u>	<u>Current Discount Rate (3.51%)</u>	<u>1% Increase (4.51%)</u>
\$ 6,419,116	\$ 5,940,012	\$ 5,495,292

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of total and net OPEB liability to changes in healthcare cost trend rates are as follows:

<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
\$ 5,293,356	\$ 5,940,012	\$ 6,691,526

Actuarial Methods, Inputs and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples 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 presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

The total OPEB liability for the Plan was determined as of July 1, 2018 based on an actuarial valuation date of June 30, 2017 projected to July 1, 2018 on a “no loss/no gain” basis, using

the following methods, inputs and assumptions applied to all periods included in the measurement:

Discount Rate: 3.51%

Experience Study

Best actuarial practices call for a periodic assumption review and Nyhart recommends the School District to complete an actuarial assumption review (also referred to as an experience study). The actuarial assumptions have not been updated since at least the 2010 valuation.

Health Care Trend Rates

<u>FYE</u>	<u>Rates</u>	<u>FYE</u>	<u>Rates</u>
2019	8.0%	2023	6.0%
2020	7.5%	2024	5.5%
2021	7.0%	2025+	5.0%
2022	6.5%		

Inflation Rate: 3.00% per year

Mortality: RPH-2019 Total Dataset Mortality Table fully generational using scale MP-2019

Salary Increase Rate

General wage inflation of 3.00% plus merit/productivity increases based on the assumptions used in the City of Burlington actuarial valuation as of June 30,2018 for Non-Teachers and Vermont State Teachers Retirement System (VSTRS) OPEB actuarial valuation as of June 30, 2019 for Teachers/Admin.

Benefit Changes

There have been substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2017, summarized as follows:

1. In the prior valuation, Office Personnel and AFSCME (Food, Maintenance, Bus) were eligible to continue health coverage at retirement with the School District subsidizing 50% of the premium. For the current valuation, these employees are no longer eligible to continue health coverage with the District at retirement. This caused a significant decrease in the District’s liabilities.
2. In the prior valuation, all future Office Personnel retirees were eligible to receive \$10,000 in subsidized life insurance with the District. In the current collective bargaining agreement, only Office Personnel that were retired by June 30, 2018 are eligible for subsidized life insurance. This caused a decrease in the District’s liabilities.
3. In the prior valuation, Paraeducators were not eligible to continue health coverage with the District at retirement. For the current valuation, Paraeducators are eligible to elect

coverage under the District's health plans at retirement, and the District will subsidize 25% of the health plan premium. This caused a significant increase in liabilities.

27. Other Post Employment Benefit (OPEB) Plans – Burlington School District

Vermont State Teachers' Retirement System

A. Plan Description

The Vermont State Teachers' Retirement System provides postemployment benefits to eligible VSTRS employees who retire from the System through a cost-sharing, multiple-employer postemployment benefit (OPEB) plan (the Plan).

The plan covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2017 (the most recent period available), the plan consisted of 266 participating employers.

Vermont Statute Title 16 Chapter 55 assigns the authority to VSTRS to establish and amend the benefits provisions of the Plan and to establish maximum obligations of the Plan members to contribute to the Plan. Management of the Plan is vested in the Vermont State Teachers' Retirement System Board of Trustees, which consists of the Secretary of Education (ex-officio); the State Treasurer (ex-officio); the Commissioner of Financial Regulation (ex-officio); two trustees and one alternate who are members of the system (each elected by the system under rules adopted by the Board) and one trustee and one alternate who are retired members of the system receiving retirement benefits (who are elected by the Association of Retired Teachers of Vermont).

All assets of the Plan are held in a single trust and are available to pay OPEB benefits to all members. The Vermont State Agency of Administration issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the VSTRS. That report may be viewed on the State's Department of Finance & Management website at: http://finance.vermont.gov/reports_and_publications/cafr.

B. Benefits Provided

VSTRS retirees and their spouses are eligible for medical, prescription drug, and dental benefits on a lifetime basis if the retiree is eligible for pension benefits, as described in the Notes to Financial Statements for Defined Benefit Plan(s).

C. Contributions

The contributions chart is disclosed in the stand-alone Burlington School District financial statements.

Premium Reduction Option: Participants retiring on or after January 1, 2007 with a VSTRS premium subsidy have a one-time option to reduce the VSTRS subsidy percentage during the retiree's life so that a surviving spouse may continue to receive the same VSTRS subsidy for the spouse's lifetime. If the retiree elects the joint and survivor pension option but not the Premium Reduction Option, spouses are covered for the spouse's lifetime but pay 100% of the plan premium after the retiree's death.

D. OPEB Liabilities

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB 75 and the State is treated as a nonemployer to VSTRS. Since the District does not contribute directly to VSTRS, no net OPEB liability was recorded at June 30, 2018. The State's portion of the collective net OPEB liability that was associated with the District was as follows:

School District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the School District	<u>37,672,211</u>
Total	<u><u>\$ 37,672,211</u></u>

The State of Vermont's proportionate share of the net OPEB liability associated with the District is equal to the collective net OPEB liability, actuarially measured as of June 30, 2018, multiplied by the District's proportionate share percentage. The District's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2018, the District's proportion was 3.94768% which was a decrease of 0.05291% from its proportion measured as of June 30, 2017.

E. OPEB Expense

For the year ended June 30, 2018, the District recognized total OPEB expense of \$2,022,214 and revenue of \$2,022,214 for support provided by the State of Vermont for the Plan.

F. Discount Rate

The discount rate is the single rate of return, that when applied to all projected benefit payments, results in an actuarial present value that is the sum of the actuarial present value of projected benefit payments projected to be funded by plan assets using a long term rate of return, and the actuarial present value of projected benefit payments that are not included in (1) using a yield or index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

G. Healthcare Trend Rate

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The trend rate assumptions were developed using Segal's internal guidelines, which are established each year using data sources such as the 2019 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and CPI statistics published by the Bureau of Labor Statistics.

H. Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2017, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

Amortization

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

Asset Valuation Method

The Asset Valuation Method used equals the preliminary asset value plus 20% of the difference between the market and preliminary asset values. The preliminary asset value is equal to the previous year's asset value (for valuation purposes) adjusted for contributions less benefit payments and expenses and expected investment income. If necessary, a further adjustment is made to ensure that the valuation assets are within 20% of the market value.

The long-term expected rate of return on both plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class. These best estimate ranges were 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 rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real rate of Return</u>
Large cap equity	20.00%	7.50%
International equity	15.00%	7.75%
Emerging international equity	5.00%	9.25%
Core bonds	60.00%	3.75%
Inflation		2.75%

Assumptions

The actuarial assumptions used to calculate the actuarially determined contribution rates can be found in the Report on the Actuarial Valuation of Post- Retirement Benefits of the Vermont State Teachers' Retirement System Prepared as of June 30, 2017 completed by Buck Consulting. As of June 30, 2018, they are as follows:

Discount Rate	3.87%
Salary Increase Rate	Varies by age
Non-Medicare	7.15% graded to 4.50% over 12 years
Medicare	7.30% graded to 4.50% over 11 years
Retiree Contributions	Equal to health trend
Pre-retirement Mortality	98% of RP-2014 White Collar Employee with generational projection using Scale SSA-2018.
Post-retirement Mortality	98% of RP-2014 White Collar Annuitant with generational projection using Scale SSA-2018.

I. Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2019 with the following exceptions:

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for June 30, 2018. For the fiscal year ended June 30, 2018, there were no

changes in assumptions except for the discount rate being increased from 3.58% to 3.87%.

28. Disposal of Operations

Sale of Burlington Telecom

On March 12, 2019, the City sold the assets and liabilities comprising its telecommunications service (“Burlington Telecom”) operations to Schurz Communications. As a result of the sale, the City recognized a loss of \$606,888 on the disposal of Burlington Telecom as a special item. The City’s 2019 expenses related to Burlington Telecom’s operations totaled approximately \$6.9 million. 2019 revenues associated with Burlington Telecom consisted of approximately \$7.3 million. The City transferred approximately \$7.9 million of sale proceeds to a newly created Burlington Telecom sale proceeds non-major special revenue fund.

29. Commitments and Contingencies

A. Burlington International Airport

The following include outstanding legal issues:

Mansfield Heliflight, Inc. v. City of Burlington, Vermont

On or around July 29, 2014, Mansfield Heliflight, Inc. ("Mansfield") filed a complaint with the Federal Aviation Administration against the City pursuant to 14 CFR Part 16. Mansfield's complaint alleged that the City had prevented Mansfield from becoming a fixed-base operator at BTV and that, in doing so, the City had granted an exclusive right to a Heritage Aviation, Inc., in violation of federal law. The City contested the allegations vigorously. On September 5, 2017, the FAA issued a Director's Determination dismissing the complaint, and on June 26, 2018, the FAA issued a Final Agency Decision affirming the Director's Determination. Mansfield appealed the Final Agency Decision to the U.S. Court of Appeals, but on January 2, 2019, the court dismissed the appeal for failure to file an opening brief.

Other Claims

A claim has been filed with the Vermont Attorney General's Office and the EEOC by a former employee alleging discrimination on the basis of age and sex. The employee's position was among those eliminated as part of a reorganization, and the employee was not hired for two new positions. The Attorney General's Office is conducting an investigation, and no specific relief has yet been requested.

In the case of Roberts v. City of Burlington, filed in the Vermont Superior Court, the plaintiff asserted she suffered injuries from a slip and fall in the airport parking garage in 2015. The case was settled by the City's insurance carrier and dismissed in February 2019.

Other claims are below the level of materiality and are expected to be covered by the City's insurance.

Grants

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

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 Passenger Facility Charges (PFC) projects for terminal improvements that are funded from restricted assets. AIP projects include taxiway reconstruction, storm-water 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.

B. *Electric Department Commitments and Contingencies*

The Burlington Electric Department (BED) receives output from generation of the McNeil Station (of which the BED is the 50% owner and operator), the Burlington Gas Turbine, the Winooski One hydro facility, the Airport Solar array, and the Pine Street Solar array. Except for the McNeil station, the BED owns 100% of the remaining resources and is responsible for their operation.

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 years ended June 30, 2019 and 2018, 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, 2032 (St. Lawrence).
- Vermont Electric Power Producers, Inc. (VEPP) which is agent for hydro facilities located within Vermont (contracts expire in 2020).
- Deliveries pursuant to a ten-year 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, BED receives 16 MW (40%) of Vermont Wind's wind farm in northeast Vermont (Sheffield). BED's 16 MW entitlement is expected to provide approximately 10% of BED's annual energy requirements.

- BED purchases energy from the Georgia Mountain Community Wind (GMCW) project with commercial operation on December 31, 2012. Pursuant to a 25-year contract, BED receives 10MW (100%) entitlement from Georgia Mountain's wind farm in Milton/Georgia, Vermont. GMCW is expected to produce energy sufficient to meet 8% of BED's energy needs.
- Deliveries pursuant to a ten-year contract with Hancock began in December 2016. Before reaching commercial operation, the BED received test energy for the month of November and partial month of December. Under the contract, BED will receive 13.5 MW (26.5%) of Hancock's wind farm. It is expected to produce energy sufficient to meet approximately 11% of BED's annual energy needs.
- Prior to 2017, BED has received energy from long term purchases from a number of small in-state resources under a state mandated feed-in tariff program (called Standard Offer Resources). Effective January 1, 2017, BED was exempted from purchasing energy from these high-priced resources (in recognition of its 100% renewable energy purchases). BED expects this exemption to continue through at least 2020.
- 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 was 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. This contract ended December 31, 2017 with the contract with Great River Hydro.
- 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 was executed and deliveries began (for BED) in November 2015. Under the contract, BED 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.
- In 2013, BED entered a long-term power agreement to purchase the output of a proposed 2.5 MW solar generating facility to be located in Burlington (South Forty Solar). On September 7, 2017, BED was notified that all pre-construction conditions had been met and that construction would be commencing.
- In 2017, BED signed a two-year contract with Great River Hydro. The Department receives 7.5 MW during 16 peak hours of each day, along with the attributed RECs (that qualify as VT Class I). This contract was signed to replace the NextEra contract and is sourced from one or more hydro facility(ies) in the State of Vermont. This contract was extended, in 2019, through 2024.

Payments under these long-term power supply contracts were \$14,763,162 and \$14,645,877 for the years ended June 30, 2019 and 2018, respectively, with the increase from 2018 being largely due to a contracted rate increase. Budgeted commitments under these long-term contracts and long-term contracts approved and executed for future delivery periods total approximately \$76,093,650 for the 5-year period from July 1, 2019 to June 30, 2024.

<u>Fiscal Year</u>	<u>Budgeted Commitment</u>
2020	\$ 14,058,896
2021	14,909,623
2022	15,459,590
2023	15,680,845
2024	<u>15,984,696</u>
	<u>\$ 76,093,650</u>

The remainder of BED’s energy requirement is satisfied through short-term purchases including:

- Short-term purchases from a number of market counterparties, if necessary.
- 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:

	<u>2019</u>
McNeil Generating Station and Gas Turbine	32%
Winooski One	9%
New York Power Authority	6%
Vermont Electric Power Producers	1%
Wind Production	29%
Hydro-Quebec	9%
Great River Hydro	<u>14%</u>
Total	<u>100%</u>

Note that the BED sells Renewable Energy Credits (RECs) associated with much of the above generation and the above table should not be considered a representation of the BED’s renewability.

C. Other Funds' Commitments and Contingencies

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, 2019 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.

D. 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.

Insurance Reserves

Starting fiscal year 2016, the City has a large-deductible worker's compensation plan with Travelers Indemnity Company and maintains a fund in its budget to cover claims as they occur up to the insurance limit. Prior to fiscal year 2016, the City was self-insured for worker's compensation. Hickok & Boardman, the City's insurance agent, provides the City with data estimating reserve development of prior year claims. The City's claim reserve estimates are not created by an external actuary but are heavily based in actuarial concepts. Travelers Indemnity Company acts as the third-party administrator 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 \$1,800,000 to secure the payment of claims.

The City is self-insured 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 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:

<u>Type</u>	<u>Allocation Method</u>
Worker's Compensation	50% Experience and 50% Exposure
Health	Number of Employees and Levels of Coverage
Dental	Actual Claims and Administration Fees Paid

At June 30, 2019, the City has recorded an estimated liability of \$1,077,029 in the General Fund, which represents the short term payable for health claims as of June 30, 2019. A long-term reserve liability of \$474,837 is included for claims incurred but not reported on the governmental statement of net position. This consists of \$459,487 for workers' compensation claims and \$15,350 for dental claims incurred on or before June 30, 2019, but not paid by the City as of that date.

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.

30. 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.

31. Subsequent Events

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

<u>Description</u>	<u>Amount</u>	Approximate <u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>
Taxable Advance Refunding, Series 2019C	\$ 22,850,000	2.6%	11/1/2035
General Obligation Public Improvement Bonds, Series 2019A	21,500,000	2.6%	11/1/2039
Total	<u>\$ 44,350,000</u>		

32. Fund Balance Reclassification/Net Position Restatement

The City's beginning fund balance/net position have been restated from the previous fiscal year as follows:

Governmental Fund Financial Statements:

	<u>Governmental Funds</u>	
	Capital Improvement <u>Program</u>	<u>Nonmajor</u>
As previously reported, June 30, 2018	\$ 16,961,379	\$ 17,006,787
Reclassification to major fund	<u>(16,961,379)</u>	<u>16,961,379</u>
As restated, July 1, 2018	<u>\$ -</u>	<u>\$ 33,968,166</u>

Enterprise Funds and Business-type Activities:

	<u>Business-type Activities</u>	
	<u>Nonmajor Enterprise Funds</u>	
	<u>Nonmajor Enterprise</u>	<u>Business-type Activities</u>
As previously reported, June 30, 2018	\$ 39,007,869	\$ 256,590,818
Prior period billing errors	<u>(1,126,884)</u>	<u>(1,126,884)</u>
As restated, July 1, 2018	<u>\$ 37,880,985</u>	<u>\$ 255,463,934</u>

REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF BURLINGTON, VERMONT
PENSION LIABILITY**

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

REQUIRED SUPPLEMENTAL INFORMATION

JUNE 30, 2019
(Unaudited)

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

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2019	June 30, 2018	100.00%	\$75,685,982	\$ 51,624,119	146.61%	71.41%
June 30, 2018	June 30, 2017	100.00%	\$87,310,528	\$ 54,282,231	160.85%	66.77%
June 30, 2017	June 30, 2016	100.00%	\$89,153,906	\$ 48,107,717	185.32%	63.75%
June 30, 2016	June 30, 2015	100.00%	\$68,164,434	\$ 44,765,172	152.27%	70.35%
June 30, 2015	June 30, 2014	100.00%	\$53,829,773	\$ 45,788,172	117.56%	75.31%

Vermont State Teachers' Retirement System (VSTRS)

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	State of Vermont's Total Proportionate Share of the Net Pension Liability Associated with BSD	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2019	June 30, 2018	4.49%	-	\$67,882,065	\$ 30,377,299	-	53.98%
June 30, 2018	June 30, 2017	4.55%	-	\$67,400,147	\$ 30,079,258	-	53.98%
June 30, 2017	June 30, 2016	4.66%	-	\$60,991,444	\$ 30,171,373	-	55.31%
June 30, 2016	June 30, 2015	4.80%	-	\$56,961,562	\$ 26,774,383	-	58.22%
June 30, 2015	June 30, 2014	4.94%	-	\$47,328,006	\$ 27,991,613	-	64.02%
June 30, 2014	June 30, 2013	4.87%	-	\$49,254,692	\$ 29,978,065	-	60.59%

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

See Independent Auditors' Report.

**CITY OF BURLINGTON, VERMONT
EMPLOYEES' RETIREMENT SYSTEM**

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

SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)

REQUIRED SUPPLEMENTAL INFORMATION

JUNE 30, 2019

(Unaudited)

Fiscal <u>Year</u>	Actuarially Determined Employer <u>Contribution</u>	Contributions in Relation to the		Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contributions as a Percentage of <u>Covered Payroll</u>
		Actuarially Determined Required <u>Contribution</u>				
June 30, 2019	\$ 9,516,913	\$ 9,516,913	\$ -	\$ 50,482,389	18.85%	
June 30, 2018	\$ 9,172,822	\$ 9,172,822	\$ -	\$ 51,624,119	17.77%	
June 30, 2017	\$ 9,219,098	\$ 9,219,098	\$ -	\$ 54,282,231	16.98%	
June 30, 2016	\$ 9,149,159	\$ 9,149,159	\$ -	\$ 48,107,717	19.02%	
June 30, 2015	\$ 8,840,768	\$ 8,840,768	\$ -	\$ 44,765,172	19.75%	

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

See Independent Auditors' Report.

**CITY OF BURLINGTON, VERMONT
PENSION LIABILITY**

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

**SCHEDULE OF CHANGES IN THE
EMPLOYERS' NET PENSION LIABILITY (GASB 67)**

REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2019
(Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability						
Service	\$ 6,374,840	\$ 6,670,325	\$ 5,939,730	\$ 5,327,448	\$ 5,915,439	\$ 5,314,021
Interest on unfunded liability - time value of money	19,718,409	19,961,295	19,571,180	18,268,523	17,419,148	16,598,877
Changes of benefit terms	-	(138,534)	-	(414,295)	(3,167,853)	-
Differences between expected and actual experience	-	(1,453,843)	(4,272,574)	6,852,487	4,312,195	-
Changes of assumptions	-	(7,508,856)	10,370,856	-	-	-
Benefit payments, including refunds of member contributions	<u>(16,617,928)</u>	<u>(15,616,191)</u>	<u>(14,770,644)</u>	<u>(13,971,175)</u>	<u>(12,602,652)</u>	<u>(11,932,108)</u>
Net change in total pension liability	9,475,321	1,914,196	16,838,548	16,062,988	11,876,277	9,980,790
Total pension liability - beginning	<u>264,696,023</u>	<u>262,781,827</u>	<u>245,943,279</u>	<u>229,880,291</u>	<u>218,004,014</u>	<u>208,023,224</u>
Total pension liability - ending (a)	274,171,344	264,696,023	262,781,827	245,943,279	229,880,291	218,004,014
Plan Fiduciary Net Position						
Contributions - employer	9,543,529	9,172,822	9,219,098	9,149,159	8,840,768	8,920,879
Contributions - member	3,604,228	3,624,939	2,712,823	2,304,971	2,167,652	2,148,842
Net investment income (loss)	9,561,727	16,762,760	21,882,460	(2,088,531)	(557,357)	19,625,825
Benefit payments, including refunds of member contributions	<u>(16,617,928)</u>	<u>(15,616,191)</u>	<u>(14,770,644)</u>	<u>(13,971,175)</u>	<u>(12,602,652)</u>	<u>(11,932,108)</u>
Administrative expense	(338,039)	(385,309)	(361,811)	(320,908)	(306,795)	(253,796)
Other	<u>(50,100)</u>	<u>(20,278)</u>	-	-	-	5,927
Net change in plan fiduciary net position	5,703,417	13,538,743	18,681,926	(4,926,484)	(2,458,384)	18,515,569
Plan fiduciary net position - beginning	<u>189,010,042</u>	<u>175,471,299</u>	<u>156,789,373</u>	<u>161,715,857</u>	<u>164,174,241</u>	<u>145,658,672</u>
Plan fiduciary net position - ending (b)	<u>194,713,459</u>	<u>189,010,042</u>	<u>175,471,299</u>	<u>156,789,373</u>	<u>161,715,857</u>	<u>164,174,241</u>
Net pension liability (asset) - ending (a-b)	<u>\$ 79,457,885</u>	<u>\$ 75,685,981</u>	<u>\$ 87,310,528</u>	<u>\$ 89,153,906</u>	<u>\$ 68,164,434</u>	<u>\$ 53,829,773</u>

Schedule of Investment Returns

Annual money weighted rate of return, net of investment expense	5.20%	9.80%	10.25%	-1.30%	-0.15%	13.62%
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*Schedules are intended to show information for 10 years.
Additional years will be displayed as they become available.*

See notes to the Burlington's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

**CITY OF BURLINGTON, VERMONT
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Schedules of Changes in the Total OPEB Liability and Contributions (GASB 75)

(Unaudited)

Changes in Total OPEB Liability

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 213,616	\$ 216,056
Interest on unfunded liability - time value of money	200,377	179,050
Changes of benefit terms	-	-
Differences between expected and actual experience	(227,919)	163,021
Changes of assumptions	207,752	(162,358)
Benefit payments, including refunds of member contributions	<u>(45,401)</u>	<u>(385,708)</u>
Net change in total OPEB liability	348,425	10,061
Total OPEB liability - beginning	<u>4,986,551</u>	<u>4,976,490</u>
Total OPEB liability - ending	<u><u>\$ 5,334,976</u></u>	<u><u>\$ 4,986,551</u></u>
Covered payroll	\$ 40,224,487	\$ 39,205,153
Total OPEB liability as a percentage of covered payroll	13.26%	12.72%

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

See notes to the City's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

**CITY OF BURLINGTON, VERMONT
BURLINGTON SCHOOL DISTRICT
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Schedules of Changes in the Total OPEB Liability and Contributions (GASB 75)

(Unaudited)

Changes in Total OPEB Liability

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 315,649	\$ 491,916
Interest on unfunded liability - time value of money	213,029	240,585
Changes of benefit terms	-	(1,128,881)
Differences between expected and actual experience	112,870	(653,961)
Changes of assumptions	164,085	191,382
Benefit payments	<u>(108,152)</u>	<u>(251,451)</u>
Net change in total OPEB liability	697,481	(1,110,410)
Total OPEB liability - beginning	<u>5,242,531</u>	<u>6,352,941</u>
Total OPEB liability - ending	<u><u>\$ 5,940,012</u></u>	<u><u>\$ 5,242,531</u></u>
 Covered payroll	 \$ 9,329,571	 \$ 35,931,858
 Total OPEB liability as a percentage of covered payroll	 12.51%	 14.60%

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

See notes to the City's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

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**SUPPLEMENTARY STATEMENTS
AND SCHEDULES**

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**Combining Financial Statements
and
Other Supplementary Schedules**

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for resources obtained and expended for specific purposes and restricted by law or local action.

- Traffic: The Traffic Division provides planning, engineering, operations, and maintenance of the traffic signs, markings, and signals that allow the transportation system to operate safely and efficiently for all modes of travel.
- Parking Facilities: The Parking Facilities fund is used to account for the Marketplace parking garage, College Street garage, and various public parking spaces.
- Community and Economic Development: The Community and Economic Development Office (CEDO) works with the community to foster economic vitality, preserve and enhance neighborhoods, improve the quality of life and the environment, and promote equity and opportunity for all residents of Burlington.
- Tax Increment Financing - Waterfront: The Waterfront TIF fund is utilized for enhancing public infrastructure and making the waterfront area more accessible and vibrant.
- Tax Increment Financing - Downtown: The Downtown TIF fund is utilized for enhancing public infrastructure in the Downtown District, including structured parking, utility upgrades and renovations, and streetscape improvements.
- Church Street Marketplace: Church Street Marketplace manages the public right of way for a four-block pedestrian mall and business improvement district. This includes maintenance, marketing and administrative services.
- Impact Fees: Impact fees are assessed against new development to help offset the costs of new infrastructure required by the City's growth. These funds are restricted for the use of capital improvement projects.
- Dedicated Taxes: The City of Burlington has several voter-approved dedicated taxes (Pennies for Park, Greenbelt, Open Space and Conservation Legacy, and Bike Bath) to be utilized for parks and tree upgrades, assistance with building of affordable housing, conservation of open space, and upgrades to the City's bike path.
- Community Development Corporation (BCDC): The organization's primary purpose is to carry out the industrial and economic development within the City. As such, the purposes of the Corporation 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".
- Telecom Sales Proceeds: The fund is used for holding proceeds of the sale for future City programs.

CAPITAL PROJECT FUNDS

Capital Project funds are established to account for resources obtained and expended for the acquisition of major capital facilities or equipment.

- Champlain Parkway: This fund is used to account for the construction of a new City street from I89 to the City's center.
- Waterfront Access: This fund is used to account for access improvements to waterfront and college streets including a new road and skate park.
- Capital Improvement Program: This fund is used to account for our capital street program. The fund utilizes dedicated tax funding to replace City street infrastructure.
- Traffic Capital: This fund is used to account for multi-year capital investment in parking infrastructure improvements.
- Wayfinding: This fund is used to account for the creation of new directional signage including gateway, downtown, parking facilities, destination, recreation, and education directional.
- FEMA: This fund is used to account for Federal Emergency Management funding for declared emergencies including the 2012 spring flooding.
- Parks: This fund is used to account for the parks department dedicated funding for parks and waterfront improvements.
- Downtown Westlake: This fund is used to account for funding for a two-story parking structure to service area hotel users.
- Great Streets: This fund is used to account for specific development improvements to the City's downtown core which includes Streetscape Upgrades to: Main Street, St. Paul Street, and the Market Street garage improvements/repairs.
- Burlington Town Center: This fund is used to account for the mall redevelopment project through a collaborative process involving City Place Burlington, Burlington residents, the Development Agreement Public Advisory Committee and the City.
- Other: This fund is used to account for Other Projects that are over \$50,000 and cross multiple fiscal years.

PERMANENT FUNDS

Permanent funds are established to account for certain assets held by the City in a fiduciary capacity as trustee.

- Cemetery: This fund is used to account for the sale of endowments and interest for maintenance of cemetery.
- Loomis Library: This fund is used to account for a bequest by Horatio G Loomis in 1902 and interest to be used by Fletcher Free Library.
- Lolita Deming Estate: This fund is used to account for a bequest from L. Deming 1972 for use by parks department for the removal and planting of trees.
- Mary E. Waddell: This fund is used to account for a bequest of M. Waddell in 1988 to be used for planting flowers in public flower beds.
- WEZF 93 FM DARE: This fund is used to account for contributions by Norman Knight Charitable Foundation to assist police department with DARE Program.

CITY OF BURLINGTON, VERMONT

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2019

	Special Revenue Funds				
	<u>Traffic</u>	<u>Parking Facilities</u>	<u>Community and Economic Development</u>	<u>TIF Waterfront</u>	<u>TIF Downtown</u>
ASSETS					
Cash and short-term investments	\$ 4,031,336	\$ -	\$ 4,166,544	\$ 1,808,678	\$ 1,334,437
Escrows	-	-	-	-	-
Investments	-	-	-	-	-
Receivables, net of allowance:					
Departmental and other	1,600	57,491	-	-	-
Intergovernmental	-	-	916,365	-	-
Loans	-	-	3,533,521	-	-
Capital lease	-	-	-	-	-
Accrued interest	-	-	1,497,695	-	-
Advances to other funds	-	-	-	-	-
Inventory	<u>406,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 4,439,854</u>	<u>\$ 57,491</u>	<u>\$ 10,114,125</u>	<u>\$ 1,808,678</u>	<u>\$ 1,334,437</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 139,777	\$ 42,575	\$ 212,405	\$ -	\$ -
Accrued payroll and benefits payable	17,420	19,455	38,122	-	-
Accrued liabilities	-	-	162	-	-
Unearned revenue	-	-	14,781	-	-
Due to other funds	-	1,103,683	-	-	-
Advances from other funds	-	-	105,510	-	-
Other liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	157,197	1,165,713	370,980	-	-
Deferred Inflows of Resources:					
Unavailable revenues	25,824	-	5,226,629	-	-
Fund Balances:					
Nonspendable	406,918	-	-	-	-
Restricted	-	-	4,516,516	1,808,678	1,334,437
Committed	3,849,915	-	-	-	-
Unassigned	<u>-</u>	<u>(1,108,222)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>4,256,833</u>	<u>(1,108,222)</u>	<u>4,516,516</u>	<u>1,808,678</u>	<u>1,334,437</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,439,854</u>	<u>\$ 57,491</u>	<u>\$ 10,114,125</u>	<u>\$ 1,808,678</u>	<u>\$ 1,334,437</u>

Special Revenue Funds				
<u>Church Street Marketplace</u>	<u>Impact Fees</u>	<u>Community Development Corporation</u>	<u>Telecom Sales Proceeds</u>	<u>Subtotals</u>
\$ 22,616	\$ 1,051,124	\$ -	\$ 8,751,918	\$ 21,166,653
-	-	-	502,500	502,500
-	-	-	-	-
36,840	-	-	-	95,931
-	-	78,000	-	994,365
-	-	387,962	-	3,921,483
-	-	690,674	-	690,674
-	-	-	-	1,497,695
-	-	-	-	-
-	-	-	-	406,918
<u>\$ 59,456</u>	<u>\$ 1,051,124</u>	<u>\$ 1,156,636</u>	<u>\$ 9,254,418</u>	<u>\$ 29,276,219</u>
\$ 4,525	\$ 54,792	\$ -	\$ -	\$ 454,074
14,124	-	-	-	89,121
-	-	-	-	162
14,252	-	-	-	29,033
-	-	126,280	1,946,391	3,176,354
-	-	84,053	-	189,563
-	-	-	395,000	395,000
32,901	54,792	210,333	2,341,391	4,333,307
-	-	994,584	-	6,247,037
-	-	-	-	406,918
26,555	996,332	-	6,913,027	15,595,545
-	-	-	-	3,849,915
-	-	(48,281)	-	(1,156,503)
<u>26,555</u>	<u>996,332</u>	<u>(48,281)</u>	<u>6,913,027</u>	<u>18,695,875</u>
<u>\$ 59,456</u>	<u>\$ 1,051,124</u>	<u>\$ 1,156,636</u>	<u>\$ 9,254,418</u>	<u>\$ 29,276,219</u>

(continued)

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	Capital Project Funds					
	Champlain Parkway	Waterfront Access	Capital Improvement Program	Traffic Capital	Wayfinding	FEMA
ASSETS						
Cash and short-term investments	\$ -	\$ 1,557,408	\$ 13,545,507	\$ 515,838	\$ -	\$ 66,988
Escrows	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Receivables, net of allowance:						
Departmental and other	-	-	-	-	-	-
Intergovernmental	356,920	-	295,850	-	49,303	-
Loans	-	-	-	-	-	-
Capital lease	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 356,920</u>	<u>\$ 1,557,408</u>	<u>\$ 13,841,357</u>	<u>\$ 515,838</u>	<u>\$ 49,303</u>	<u>\$ 66,988</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 182,343	\$ 10,424	\$ 1,188,699	\$ -	\$ 57,028	\$ -
Accrued payroll and benefits payable	-	-	3,364	-	-	-
Accrued liabilities	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Due to other funds	-	-	-	-	1,100	-
Advances from other funds	70,134	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
	<u>252,477</u>	<u>10,424</u>	<u>1,192,063</u>	<u>-</u>	<u>58,128</u>	<u>-</u>
Total Liabilities	<u>252,477</u>	<u>10,424</u>	<u>1,192,063</u>	<u>-</u>	<u>58,128</u>	<u>-</u>
Deferred Inflows of Resources:						
Unavailable revenues	216,543	-	206,661	-	49,303	-
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	1,546,984	12,442,633	-	-	66,988
Committed	-	-	-	-	-	-
Unassigned	(112,100)	-	-	515,838	(58,128)	-
	<u>(112,100)</u>	<u>1,546,984</u>	<u>12,442,633</u>	<u>515,838</u>	<u>(58,128)</u>	<u>66,988</u>
Total Fund Balances	<u>(112,100)</u>	<u>1,546,984</u>	<u>12,442,633</u>	<u>515,838</u>	<u>(58,128)</u>	<u>66,988</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 356,920</u>	<u>\$ 1,557,408</u>	<u>\$ 13,841,357</u>	<u>\$ 515,838</u>	<u>\$ 49,303</u>	<u>\$ 66,988</u>

(continued)

Capital Project Funds						Permanent Funds		
Parks and Other Projects	Downtown Westlake	Great Streets	Burlington Town Center	Other	Subtotals	Cemetery	Loomis Library	Lolita Deming Estate
\$ 1,460,499	\$ -	\$ 3,572,310	\$ 1,034	\$ 200,367	\$ 20,919,951	\$ 49,439	\$ 10,948	\$ 11,308
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,249,184	-	-
-	-	-	-	-	-	-	-	-
-	-	45,606	-	-	747,679	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	84,053	-	-	-	84,053	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 1,460,499</u>	<u>\$ 84,053</u>	<u>\$ 3,617,916</u>	<u>\$ 1,034</u>	<u>\$ 200,367</u>	<u>\$ 21,751,683</u>	<u>\$ 1,298,623</u>	<u>\$ 10,948</u>	<u>\$ 11,308</u>
\$ 283,930	\$ -	\$ 1,043,745	\$ 1,034	\$ 25,000	\$ 2,792,203	\$ -	\$ -	\$ -
20,928	-	-	-	-	24,292	-	-	-
-	-	-	-	20,800	20,800	-	-	-
-	-	-	-	-	-	-	-	-
-	95,185	-	-	-	96,285	-	-	-
-	-	225,000	808,530	-	1,103,664	-	-	-
<u>35,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,882</u>	<u>136,384</u>	<u>-</u>	<u>-</u>	<u>-</u>
340,360	95,185	1,268,745	809,564	146,682	4,173,628	-	-	-
-	-	-	-	-	472,507	-	-	-
-	-	-	-	-	-	894,796	10,948	2,486
1,120,139	-	2,349,171	-	-	17,525,915	403,827	-	8,822
-	-	-	-	53,685	53,685	-	-	-
-	(11,132)	-	(808,530)	-	(474,052)	-	-	-
<u>1,120,139</u>	<u>(11,132)</u>	<u>2,349,171</u>	<u>(808,530)</u>	<u>53,685</u>	<u>17,105,548</u>	<u>1,298,623</u>	<u>10,948</u>	<u>11,308</u>
<u>\$ 1,460,499</u>	<u>\$ 84,053</u>	<u>\$ 3,617,916</u>	<u>\$ 1,034</u>	<u>\$ 200,367</u>	<u>\$ 21,751,683</u>	<u>\$ 1,298,623</u>	<u>\$ 10,948</u>	<u>\$ 11,308</u>

(continued)

(continued)

	Permanent Funds			Nonmajor Governmental Funds
	Mary E. Waddell	WEZF 93 FM DARE	Subtotals	
ASSETS				
Cash and short-term investments	\$ 13,886	\$ 2,236	\$ 87,817	\$ 42,174,421
Escrows			-	502,500
Investments	-	-	1,249,184	1,249,184
Receivables, net of allowance:				
Departmental and other	-	-	-	95,931
Intergovernmental	-	-	-	1,742,044
Loans	-	-	-	3,921,483
Capital lease	-	-	-	690,674
Accrued interest	-	-	-	1,497,695
Advances to other funds	-	-	-	84,053
Inventory	-	-	-	406,918
	<u>-</u>	<u>-</u>	<u>-</u>	<u>406,918</u>
Total Assets	<u>\$ 13,886</u>	<u>\$ 2,236</u>	<u>\$ 1,337,001</u>	<u>\$ 52,364,903</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 3,246,277
Accrued payroll and benefits payable	-	-	-	113,413
Accrued liabilities	-	-	-	20,962
Unearned revenue	-	-	-	29,033
Due to other funds	-	-	-	3,272,639
Advances from other funds	-	-	-	1,293,227
Other liabilities	-	-	-	531,384
	<u>-</u>	<u>-</u>	<u>-</u>	<u>531,384</u>
Total Liabilities	-	-	-	8,506,935
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	6,719,544
Fund Balances:				
Nonspendable	-	1,000	909,230	1,316,148
Restricted	13,886	1,236	427,771	33,549,231
Committed	-	-	-	3,903,600
Unassigned	-	-	-	(1,630,555)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,630,555)</u>
Total Fund Balances	<u>13,886</u>	<u>2,236</u>	<u>1,337,001</u>	<u>37,138,424</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,886</u>	<u>\$ 2,236</u>	<u>\$ 1,337,001</u>	<u>\$ 52,364,903</u>

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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, 2019

	Special Revenue Funds				
	<u>Traffic</u>	<u>Parking Facilities</u>	<u>Community and Economic Development</u>	<u>TIF Waterfront</u>	<u>TIF Downtown</u>
Revenues:					
Taxes	\$ -	\$ 302,044	\$ 200,527	\$ 2,496,861	\$ 796,816
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	2,958,207	-	-
Charges for services	2,285,115	2,562,569	2,050	-	-
Contributions	-	-	6,209	-	-
Investment income	1,828	-	4,299	-	-
Loan repayments	-	-	884,262	-	-
Other	238,687	6,784	161,299	-	-
Total Revenues	<u>2,525,630</u>	<u>2,871,397</u>	<u>4,216,853</u>	<u>2,496,861</u>	<u>796,816</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	2,060,357	2,030,799	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	3,575,474	-	-
Capital outlay	220,938	-	-	-	-
Debt service:					
Principal	12,154	391,130	800,000	2,064,797	155,000
Interest and bond issue costs	7,398	231,319	7,475	362,900	183,763
Total Expenditures	<u>2,300,847</u>	<u>2,653,248</u>	<u>4,382,949</u>	<u>2,427,697</u>	<u>338,763</u>
Excess (deficiency) of revenues over (under) expenditures	224,783	218,149	(166,096)	69,164	458,053
Other Financing Sources (Uses):					
Issuance of bonds and loans	-	-	-	-	-
Bond premium	-	-	-	-	-
Issuance of capital lease	-	-	-	-	-
Transfers in	150,161	-	1,247,845	55,202	-
Transfers out	-	(1,326,371)	(572,369)	(118,232)	(349,852)
Total Other Financing Sources (Uses)	<u>150,161</u>	<u>(1,326,371)</u>	<u>675,476</u>	<u>(63,030)</u>	<u>(349,852)</u>
Net change in fund balances	374,944	(1,108,222)	509,380	6,134	108,201
Fund Balances, beginning of year	<u>3,881,889</u>	<u>-</u>	<u>4,007,136</u>	<u>1,802,544</u>	<u>1,226,236</u>
Fund Balances, end of year	<u>\$ 4,256,833</u>	<u>\$ (1,108,222)</u>	<u>\$ 4,516,516</u>	<u>\$ 1,808,678</u>	<u>\$ 1,334,437</u>

Special Revenue Funds				
<u>Church Street Marketplace</u>	<u>Impact Fees</u>	<u>Community Development Corporation</u>	<u>Telecom Sale Proceeds</u>	<u>Subtotals</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,796,248
132,373	-	-	-	132,373
92,200	-	-	-	3,050,407
779,849	507,907	364,000	-	6,501,490
-	-	-	-	6,209
83	4,225	-	-	10,435
-	-	-	-	884,262
-	-	286,196	-	692,966
<u>1,004,505</u>	<u>512,132</u>	<u>650,196</u>	-	<u>15,074,390</u>
-	-	-	-	-
-	-	-	-	-
990,197	-	-	-	5,081,353
-	-	-	-	-
-	-	29,347	-	3,604,821
3,727	131,359	-	-	356,024
-	-	505,074	-	3,928,155
273	-	159,061	-	952,189
<u>994,197</u>	<u>131,359</u>	<u>693,482</u>	<u>-</u>	<u>13,922,542</u>
10,308	380,773	(43,286)	-	1,151,848
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
16,000	-	-	7,930,536	9,399,744
-	(150,161)	-	(1,017,509)	(3,534,494)
<u>16,000</u>	<u>(150,161)</u>	<u>-</u>	<u>6,913,027</u>	<u>5,865,250</u>
26,308	230,612	(43,286)	6,913,027	7,017,098
247	765,720	(4,995)	-	11,678,777
<u>\$ 26,555</u>	<u>\$ 996,332</u>	<u>\$ (48,281)</u>	<u>\$ 6,913,027</u>	<u>\$ 18,695,875</u>

(continued)

(continued)

	Capital Project Funds					
	Champlain Parkway	Waterfront Access	Capital Improvement Program	Traffic Capital	Wayfinding	FEMA
Revenues:						
Taxes	\$ -	\$ -	\$ 2,204,657	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,206,883	41,541	153,740	-	2,237	-
Charges for services	-	-	311,918	-	-	-
Contributions	-	-	-	-	-	-
Investment income	-	-	-	5,780	-	-
Loan repayments	-	-	-	-	-	-
Other	-	-	19,417	-	-	-
Total Revenues	1,206,883	41,541	2,689,732	5,780	2,237	-
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	1,129,075	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	-	624,603	8,170,385	326,371	48,088	-
Debt service:						
Principal	-	-	227,042	-	-	-
Interest and bond issue costs	-	50,000	31,194	-	-	-
Total Expenditures	1,129,075	674,603	8,428,621	326,371	48,088	-
Excess (deficiency) of revenues over (under) expenditures	77,808	(633,062)	(5,738,889)	(320,591)	(45,851)	-
Other Financing Sources (Uses):						
Issuance of bonds and loans	-	1,784,317	1,782,074	-	-	-
Bond premium	-	-	-	-	-	-
Issuance of capital lease	-	-	-	-	-	-
Transfers in	39,297	-	54,900	1,326,371	-	-
Transfers out	-	-	(725,069)	-	-	-
Total Other Financing Sources (Uses)	39,297	1,784,317	1,111,905	1,326,371	-	-
Net change in fund balances	117,105	1,151,255	(4,626,984)	1,005,780	(45,851)	-
Fund Balances, beginning of year	(229,205)	395,729	17,069,617	(489,942)	(12,277)	66,988
Fund Balances, end of year	\$ (112,100)	\$ 1,546,984	\$ 12,442,633	\$ 515,838	\$ (58,128)	\$ 66,988

Capital Project Funds						Permanent Funds		
<u>Parks and Other Projects</u>	<u>Downtown Westlake</u>	<u>Great Streets</u>	<u>Burlington Town Center</u>	<u>Other</u>	<u>Subtotals</u>	<u>Cemetery</u>	<u>Loomis Library</u>	<u>Lolita Deming Estate</u>
\$ 720,457	\$ -	\$ -	\$ -	\$ -	\$ 2,925,114	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
530,250	-	-	-	-	1,934,651	-	-	-
-	-	-	-	-	311,918	-	-	-
163,520	-	-	-	-	163,520	-	-	-
-	-	-	-	844	6,624	54,505	-	66
-	-	-	-	-	-	-	-	-
<u>10,646</u>	<u>-</u>	<u>564,180</u>	<u>-</u>	<u>-</u>	<u>594,243</u>	<u>16,822</u>	<u>-</u>	<u>-</u>
1,424,873	-	564,180	-	844	5,936,070	71,327	-	66
1,096	-	-	-	-	1,096	-	-	-
-	-	-	-	-	-	-	-	-
312,792	-	-	-	-	1,441,867	-	-	-
1,601,786	-	-	-	-	1,601,786	-	-	-
-	-	-	-	-	-	-	-	-
1,305,872	-	3,248,171	580,637	50,741	14,354,868	-	-	-
-	-	-	-	-	227,042	-	-	-
-	-	37,500	-	-	118,694	-	-	-
<u>3,221,546</u>	<u>-</u>	<u>3,285,671</u>	<u>580,637</u>	<u>50,741</u>	<u>17,745,353</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,796,673)	-	(2,721,491)	(580,637)	(49,897)	(11,809,283)	71,327	-	66
926,527	-	1,570,000	-	50,741	6,113,659	-	-	-
-	-	167,540	-	-	167,540	-	-	-
-	-	-	-	-	-	-	-	-
870,315	-	44,037	-	-	2,334,920	-	-	-
-	-	-	-	-	(725,069)	-	-	-
<u>1,796,842</u>	<u>-</u>	<u>1,781,577</u>	<u>-</u>	<u>50,741</u>	<u>7,891,050</u>	<u>-</u>	<u>-</u>	<u>-</u>
169	-	(939,914)	(580,637)	844	(3,918,233)	71,327	-	66
<u>1,119,970</u>	<u>(11,132)</u>	<u>3,289,085</u>	<u>(227,893)</u>	<u>52,841</u>	<u>21,023,781</u>	<u>1,227,296</u>	<u>10,948</u>	<u>11,242</u>
<u>\$ 1,120,139</u>	<u>\$ (11,132)</u>	<u>\$ 2,349,171</u>	<u>\$ (808,530)</u>	<u>\$ 53,685</u>	<u>\$ 17,105,548</u>	<u>\$ 1,298,623</u>	<u>\$ 10,948</u>	<u>\$ 11,308</u>

(continued)

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	<u>Permanent Funds</u>			Nonmajor Governmental <u>Funds</u>
	<u>Mary E. Waddell</u>	<u>WEZF 93 FM DARE</u>	<u>Subtotals</u>	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 6,721,362
Licenses and permits	-	-	-	132,373
Intergovernmental	-	-	-	4,985,058
Charges for services	-	-	-	6,813,408
Contributions	-	-	-	169,729
Investment income	-	-	54,571	71,630
Loan repayments	-	-	-	884,262
Other	-	-	16,822	1,304,031
	<u>-</u>	<u>-</u>	<u>16,822</u>	<u>1,304,031</u>
Total Revenues	-	-	71,393	21,081,853
Expenditures:				
Current:				
General government	-	-	-	1,096
Public safety	-	-	-	-
Public works	-	-	-	6,523,220
Culture and recreation	-	-	-	1,601,786
Community development	-	-	-	3,604,821
Capital outlay	-	-	-	14,710,892
Debt service:				
Principal	-	-	-	4,155,197
Interest and bond issue costs	-	-	-	1,070,883
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,070,883</u>
Total Expenditures	-	-	-	31,667,895
	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,667,895</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	71,393	(10,586,042)
Other Financing Sources (Uses):				
Issuance of bonds and loans	-	-	-	6,113,659
Bond premium	-	-	-	167,540
Issuance of capital lease	-	-	-	-
Transfers in	-	-	-	11,734,664
Transfers out	-	-	-	(4,259,563)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,259,563)</u>
Total Other Financing Sources (Uses)	-	-	-	13,756,300
	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,756,300</u>
Net change in fund balances	-	-	71,393	3,170,258
Fund Balances, beginning of year	<u>13,886</u>	<u>2,236</u>	<u>1,265,608</u>	<u>33,968,166</u>
Fund Balances, end of year	<u>\$ 13,886</u>	<u>\$ 2,236</u>	<u>\$ 1,337,001</u>	<u>\$ 37,138,424</u>

NON-MAJOR PROPRIETARY (ENTERPRISE) FUNDS

Enterprise Funds were established to account for activities that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the activity be self-supporting based on user charges.

- Telecom: A fiber optic network that passes to almost 16,000 homes and businesses in the City, as well as connecting the City's municipal offices, schools, and essential services. Telecom provides internet, telephone, and video services to residential and business customers.
- Wastewater: This Division of Public Works provides 3 wastewater treatment plants, 25 pump stations, and 100 miles of collection system for year-round wastewater disposal. For more details on this fund, refer to separately issued financial statements.
- Water: Delivery of potable water to residents of Burlington and wholesale to the Colchester Fire District.
- Stormwater: Stormwater addresses state and federal stormwater requirements to improve the water quality of Lake Champlain and the Winooski Rivers, as well as the streams that flow into them.

CITY OF BURLINGTON, VERMONT

NONMAJOR PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2019

	Nonmajor Enterprise Funds				
	<u>Telecom</u>	<u>Wastewater</u>	<u>Water</u>	<u>Stormwater</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
Current:					
Cash and cash equivalents	\$ -	\$ 2,664,509	\$ 5,491,718	\$ 1,126,020	\$ 9,282,247
Receivables, net of allowance for uncollectibles:					
User fees	-	1,433,613	1,210,086	335,752	2,979,451
Intergovernmental	-	100,472	-	100,472	200,944
Inventory	-	106,752	353,934	-	460,686
Prepaid expenses	-	2,102	7,322	-	9,424
Total current assets	-	4,307,448	7,063,060	1,562,244	12,932,752
Noncurrent:					
Restricted cash	-	1,486,796	907,429	-	2,394,225
Capital assets:					
Land and construction in progress	-	859,865	51,250	194,092	1,105,207
Capital assets, net of accumulated depreciation	-	21,729,909	16,418,334	2,242,893	40,391,136
Total noncurrent assets	-	24,076,570	17,377,013	2,436,985	43,890,568
TOTAL ASSETS	-	28,384,018	24,440,073	3,999,229	56,823,320
Deferred Outflows of Resources:					
Pension related	-	496,396	646,105	-	1,142,501
OPEB related	-	3,540	2,623	-	6,163
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	499,936	648,728	-	1,148,664
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ 28,883,954	\$ 25,088,801	\$ 3,999,229	\$ 57,971,984

(continued)

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	Nonmajor Enterprise Funds				
	<u>Telecom</u>	<u>Wastewater</u>	<u>Water</u>	<u>Stormwater</u>	<u>Total</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
Liabilities:					
Current:					
Accounts payable	\$ -	\$ 341,245	\$ 1,016,291	\$ 126,221	\$ 1,483,757
Accrued payroll	-	27,475	45,915	19,538	92,928
Note payable	-	640,476	-	640,476	1,280,952
Other current liabilities	-	-	39,828	-	39,828
Current portion of long-term liabilities:					
Revenue bonds payable	-	732,281	286,074	19,912	1,038,267
State revolving loans	-	165,252	6,891	-	172,143
Capital leases payable	-	17,883	6,416	-	24,299
Compensated absences payable	-	10,641	13,051	-	23,692
Total current liabilities	-	1,935,253	1,414,466	806,147	4,155,866
Noncurrent:					
Revenue bonds payable, net of current portion	-	10,251,934	7,706,558	298,167	18,256,659
State revolving loanse, net of current portion	-	1,368,070	154,450	-	1,522,520
Net pension liability	-	838,441	1,001,301	-	1,839,742
Total OPEB liability	-	64,364	47,684	-	112,048
Capital leases payable, net of current portion	-	92,934	6,670	-	99,604
Compensated absences payable	-	106,685	130,996	-	237,681
Total noncurrent liabilities	-	12,722,428	9,047,659	298,167	22,068,254
TOTAL LIABILITIES	-	14,657,681	10,462,125	1,104,314	26,224,120
Deferred Inflows of Resources:					
Pension related	-	402,500	572,729	-	975,229
OPEB related	-	3,742	2,773	-	6,515
TOTAL DEFERRED INFLOWS OF RESOURCES	-	406,242	575,502	-	981,744
NET POSITION					
Net investment in capital assets	-	9,961,420	10,579,297	2,118,906	22,659,623
Restricted for:					
Debt service/renewal and replacements	-	-	907,429	-	907,429
Contingency reserve	-	1,486,796	-	-	1,486,796
Unrestricted	-	2,371,815	2,564,448	776,009	5,712,272
TOTAL NET POSITION	-	13,820,031	14,051,174	2,894,915	30,766,120
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ -	\$ 28,883,954	\$ 25,088,801	\$ 3,999,229	\$ 57,971,984

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, 2019

	Nonmajor Enterprise Funds				
	<u>Telecom</u>	<u>Wastewater</u>	<u>Water</u>	<u>Stormwater</u>	<u>Total</u>
Operating Revenues:					
Charges for services	\$ 7,281,696	\$ 7,939,307	\$ 6,312,247	\$ 1,664,870	\$ 23,198,120
Intergovernmental	-	-	-	180,630	180,630
Miscellaneous	<u>70,760</u>	<u>-</u>	<u>284,212</u>	<u>-</u>	<u>354,972</u>
Total Operating Revenues	7,352,456	7,939,307	6,596,459	1,845,500	23,733,722
Operating Expenses:					
Personnel	2,228,646	1,774,402	2,548,159	253,483	6,804,690
Nonpersonnel	2,650,490	2,933,851	2,111,723	812,586	8,508,650
Depreciation and amortization	1,089,668	1,294,408	777,351	91,364	3,252,791
Payments in lieu of taxes	<u>53,298</u>	<u>1,100,743</u>	<u>443,297</u>	<u>22,294</u>	<u>1,619,632</u>
Total Operating Expenses	<u>6,022,102</u>	<u>7,103,404</u>	<u>5,880,530</u>	<u>1,179,727</u>	<u>20,185,763</u>
Operating Income	1,330,354	835,903	715,929	665,773	3,547,959
Nonoperating Revenues (Expenses):					
Investment income	500	40,335	80,851	8	121,694
Stormwater design	-	(116,554)	-	(116,554)	(233,108)
Interest expense	(258,302)	(466,572)	(360,081)	(6,752)	(1,091,707)
Restructuring fees	(576,715)	-	-	-	(576,715)
Other income	-	25,400	56,675	25,400	107,475
Amortization of bond premium	-	-	46,074	-	46,074
Gain/loss on disposal of capital assets	<u>-</u>	<u>-</u>	<u>(499,113)</u>	<u>-</u>	<u>(499,113)</u>
Total Nonoperating Revenues (Expenses)	<u>(834,517)</u>	<u>(517,391)</u>	<u>(675,594)</u>	<u>(97,898)</u>	<u>(2,125,400)</u>
Income Before Transfers and Special items	495,837	318,512	40,335	567,875	1,422,559
Transfer out	(7,930,536)	-	-	-	(7,930,536)
Special item - loss on disposal of operations	<u>(606,888)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(606,888)</u>
Change in Net Position	(8,041,587)	318,512	40,335	567,875	(7,114,865)
Net Position at Beginning of Year, as restated	<u>8,041,587</u>	<u>13,501,519</u>	<u>14,010,839</u>	<u>2,327,040</u>	<u>37,880,985</u>
Net Position at End of Year	<u>\$ -</u>	<u>\$ 13,820,031</u>	<u>\$ 14,051,174</u>	<u>\$ 2,894,915</u>	<u>\$ 30,766,120</u>

See notes to financial statements.

CITY OF BURLINGTON, VERMONT
NONMAJOR PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Telecom Fund	Wastewater Fund	Water Fund	Stormwater Fund	Total
Cash Flows From Operating Activities:					
Receipts from customers and users	\$ 7,107,757	\$ 7,882,596	\$ 6,715,051	\$ 1,637,629	\$ 23,343,033
Receipts of operating grants	-	-	-	180,630	180,630
Refunds to customers	-	(1,096,494)	(660,390)	-	(1,756,884)
Payments to suppliers	(2,964,668)	(2,918,266)	(2,220,017)	(813,989)	(8,916,940)
Payments for wages and benefits	(1,307,379)	(1,692,190)	(2,535,490)	(256,823)	(5,791,882)
Payments in lieu of taxes	(53,298)	(1,100,743)	(443,297)	(22,294)	(1,619,632)
Other receipts	-	25,400	56,675	25,400	107,475
Net Cash Provided by Operating Activities	2,782,412	1,100,303	912,532	750,553	5,545,800
Cash Flows From Noncapital Financing Activities:					
Design costs financed by revolving loan	-	(116,554)	-	(116,554)	(233,108)
Restructuring fees	(266,715)	-	-	-	(266,715)
Transfer out	(7,930,536)	-	-	-	(7,930,536)
Cash Provided/(Used) by Noncapital Financing Activities	(8,197,251)	(116,554)	-	(116,554)	(8,430,359)
Cash Flows From Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(1,261,226)	(374,344)	(3,804,862)	(486,307)	(5,926,739)
Proceeds from revenue bonds	-	-	2,000,000	-	2,000,000
Proceeds from short term state revolving loans	-	334,354	-	334,354	668,708
Proceeds from issuance of capital lease	-	(11,625)	20,177	-	8,552
Proceeds from premium	-	-	205,794	-	205,794
Proceeds from sale of capital assets	-	-	20,021	-	20,021
Principal paid on:					
Revenue bonds	-	(732,281)	(120,000)	(19,522)	(871,803)
State revolving loans	-	(162,012)	(6,690)	-	(168,702)
Capital lease obligations	(5,360,821)	(5,599)	(6,935)	-	(5,373,355)
Proceeds from sale of operations	8,306,699	-	-	-	8,306,699
Interest paid on outstanding debt, including issue costs	(258,302)	(466,572)	(360,081)	(6,752)	(1,091,707)
Net Cash Provided/(Used) by Capital and Related Financing Activities	1,426,350	(1,418,079)	(2,052,576)	(178,227)	(2,222,532)
Cash Flows From Investing Activities:					
Increase in restricted cash and investments	-	-	1,004,412	-	1,004,412
Receipt of interest & dividends	600	40,335	74,037	8	114,980
Net Cash Provided/(Used) by Investing Activities	600	40,335	1,078,449	8	1,119,392
Net Increase/(Decrease) in Cash	(3,987,889)	(393,995)	(61,595)	455,780	(3,987,699)
Cash and cash equivalents at beginning of year	3,987,889	4,545,300	6,460,742	670,240	15,664,171
Cash and cash equivalents at end of year	\$ -	\$ 4,151,305	\$ 6,399,147	\$ 1,126,020	\$ 11,676,472
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	\$ 1,330,354	\$ 835,903	\$ 715,929	\$ 665,773	\$ 3,547,959
Depreciation and amortization	1,089,668	1,294,408	777,351	91,364	3,252,791
Other revenues	-	25,400	56,675	25,400	107,475
Changes in assets, liabilities, and deferred outflows/inflows					
(Increase)/Decrease in receivables	58,796	(56,711)	117,244	(27,240)	92,089
(Increase)/Decrease in inventory	-	3,372	(94,850)	-	(91,478)
(Increase)/Decrease in prepaid expenses	(7,144)	374	(5,658)	-	(12,428)
(Increase)/Decrease in deferred outflows - related to pensions	-	(109,539)	(173,750)	-	(283,289)
(Increase)/Decrease in deferred outflows - related to OPEB	-	(1,858)	1,246	-	(612)
Increase/(Decrease) in accounts payable	(47,848)	(1,084,655)	(668,176)	(1,404)	(1,802,083)
Increase/(Decrease) in customer deposits	-	-	1,348	-	1,348
Increase/(Decrease) in accrued payroll and benefits	240,961	1,511	7,752	(3,340)	246,884
Increase/(Decrease) in accrued liabilities	377,431	-	-	-	377,431
Increase/(Decrease) in deferred charges	7,983	-	-	-	7,983
Increase/(Decrease) in total pension liability	-	173,772	247,013	-	420,785
Increase/(Decrease) in other post employment benefits liability	-	4,203	3,114	-	7,317
Increase/(Decrease) in compensated absences	-	19,406	(25,032)	-	(5,626)
Increase/(Decrease) in deferred inflows - related to pensions	-	(9,025)	(46,433)	-	(55,458)
Increase/(Decrease) in deferred inflows - related to OPEB	-	3,742	(1,241)	-	2,501
Capitalized labor	(267,789)	-	-	-	(267,789)
Net Cash Provided by Operating Activities	\$ 2,782,412	\$ 1,100,303	\$ 912,532	\$ 750,553	\$ 5,545,800

See Notes to Financial Statements

PRIVATE PURPOSE FUNDS

Private purpose trust funds are used to account for assets held by the City of Burlington, Vermont in a trustee capacity.

- Louisa Howard: Bequest by L. Howard in 1894 with interest to be used for benefit of firemen injured in the line of duty.
- Walter Carpenter: Bequest by W. Carpenter in 1929 with interest to be used annually for a Christmas dinner for the destitute in Burlington.
- Fireman's Relief: Appropriated by the City with interest earned for benefit of firemen injured in line of duty.
- Christmas Gift: Donations during WWII for gifts to servicemen overseas.

CITY OF BURLINGTON, VERMONT

Combining Statement of Fiduciary Net Position

Private Purpose Trust Funds

June 30, 2019

	<u>Louisa Howard</u>	<u>Walter Carpenter</u>	<u>Fireman's Relief</u>	<u>Christmas Gift</u>	<u>Total</u>
<u>ASSETS</u>					
Cash and short-term investments	\$ <u>28,254</u>	\$ <u>7,559</u>	\$ <u>632</u>	\$ <u>1,629</u>	\$ <u>38,074</u>
Total Assets	28,254	7,559	632	1,629	38,074
<u>NET POSITION</u>					
Net position held in trust	\$ <u><u>28,254</u></u>	\$ <u><u>7,559</u></u>	\$ <u><u>632</u></u>	\$ <u><u>1,629</u></u>	\$ <u><u>38,074</u></u>

CITY OF BURLINGTON, VERMONT

Combining Statement of Changes in Fiduciary Net Position

Private Purpose Trust Funds

For the Year Ended June 30, 2019

	<u>Louisa Howard</u>	<u>Walter Carpenter</u>	<u>Fireman's Relief</u>	<u>Christmas Gift</u>	<u>Total</u>
<u>ADDITIONS</u>					
Investment income	\$ <u>166</u>	\$ <u>26</u>	\$ <u>4</u>	\$ <u>9</u>	\$ <u>205</u>
Total Additions	<u>166</u>	<u>26</u>	<u>4</u>	<u>9</u>	<u>205</u>
Net increase	166	26	4	9	205
<u>NET POSITION</u>					
Beginning of year	<u>28,088</u>	<u>7,533</u>	<u>628</u>	<u>1,620</u>	<u>37,869</u>
End of year	<u>\$ 28,254</u>	<u>\$ 7,559</u>	<u>\$ 632</u>	<u>\$ 1,629</u>	<u>\$ 38,074</u>

**STATISTICAL
SECTION**

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CITY OF BURLINGTON, VERMONT

STATISTICAL SECTION

The City of Burlington’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

	<u>Page</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	162 - 166
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	167 – 170
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	171 - 175
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	176 - 177
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the service the government provides and the activities it performs.	178 - 180

CITY OF BURLINGTON, VERMONT
NET POSITION BY COMPONENT
LAST TEN YEARS
(accrual basis of accounting)

	2019	2018	2017	2016	2015 ⁽¹⁾	2014	2013	2012	2011	2010
Governmental Activities										
Net Investment in Capital Assets	\$ 97,957,996	\$ 93,012,142	\$ 98,441,690	\$ 92,236,468	\$ 82,986,888	\$ 104,389,306	\$ 101,991,786	\$ 111,373,478	\$ 140,431,453	\$ 141,325,963
Restricted	15,219,592	14,323,497	13,086,695	17,725,332	16,799,937	15,285,119	13,949,243	10,773,209	9,275,500	7,931,128
Unrestricted	(17,670,970)	(21,948,854)	(22,193,434)	(21,734,316)	(25,449,498)	(5,306,520)	7,927,203	2,958,684	(4,062,816)	(6,476,248)
Total Governmental Activities Net Position	95,506,618	85,386,785	89,334,951	88,227,484	74,337,327	114,367,905	123,868,232	125,105,371	145,644,137	142,780,843
Business-type Activities										
Net Investment in Capital Assets	206,504,803	203,832,616	188,464,010	179,096,254	172,629,734	156,804,042	149,806,307	139,041,152	134,805,081	98,953,992
Restricted	25,574,212	25,304,795	22,670,943	20,812,890	19,319,510	32,017,674	31,999,045	39,020,023	32,944,710	34,179,074
Unrestricted	25,272,176	27,453,407	29,639,505	27,982,661	22,266,988	28,692,499	12,449,872	3,526,400	4,799,188	1,160,504
Total Business-type Activities Net Position	257,351,191	256,590,818	240,774,458	227,891,805	214,216,232	217,514,215	194,255,224	181,587,575	172,548,979	134,293,570
Primary Government										
Net Investment in Capital Assets	304,462,799	296,844,758	286,905,700	271,332,722	255,616,622	261,193,348	251,798,093	250,414,630	275,236,534	240,279,955
Restricted	40,793,804	39,628,292	35,757,638	38,538,222	36,119,447	47,302,793	45,948,288	49,793,232	42,220,210	42,110,202
Unrestricted	7,601,206	5,504,553	7,446,071	6,248,345	(3,182,510)	23,385,979	20,377,075	6,485,084	736,372	(5,315,744)
Total Primary Government Net Position	\$ 352,857,809	\$ 341,977,603	\$ 330,109,409	\$ 316,119,289	\$ 288,553,559	\$ 331,882,120	\$ 318,123,456	\$ 306,692,946	\$ 318,193,116	\$ 277,074,413

Source: Each respective Annual Financial Report

⁽¹⁾ Net position restated due to School District adjustments.

CITY OF BURLINGTON, VERMONT
CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)

	2019	2018	2017	2016	2015 ⁽¹⁾	2014	2013	2012	2011	2010
Expenses										
Governmental Activities:										
General Government	\$ 14,432,574	\$ 11,768,830	\$ 12,334,976	\$ 11,353,565	\$ 12,393,196	\$ 12,702,289	\$ 14,800,538	\$ 13,479,552	\$ 13,426,363	\$ 8,396,986
Public Safety	30,902,537	31,141,584	29,094,586	23,500,758	24,915,179	22,692,852	24,499,396	22,702,099	21,931,701	20,783,010
Education	-	-	-	-	-	77,470,770	77,438,762	70,038,411	66,901,788	62,376,087
Public Works	18,170,065	20,307,873	16,128,749	15,484,410	17,038,012	14,172,277	13,051,255	13,409,033	13,101,541	12,042,610
Culture and Recreation	13,288,900	12,469,970	14,185,639	10,066,735	10,736,031	9,965,826	8,584,443	9,453,885	9,244,881	11,026,270
Community Development	4,841,160	4,138,818	4,942,418	4,895,091	4,931,161	4,068,608	8,470,457	4,743,445	5,082,322	4,734,066
Interest on Long-term Debt	3,452,278	3,031,328	2,147,709	1,782,295	1,581,846	3,087,143	2,330,680	1,541,535	2,791,517	1,752,555
Total Governmental Activities	85,087,514	82,858,403	78,834,077	67,082,854	71,595,425	144,159,765	149,175,531	135,367,960	132,480,113	121,111,584
Business-type Activities:										
Electric	65,188,585	63,111,205	63,449,764	63,912,747	62,408,788	65,061,544	58,972,894	58,154,956	56,676,147	55,160,426
Airport	23,490,832	21,861,382	20,368,534	19,753,724	20,288,983	20,772,761	20,192,615	19,983,379	16,690,935	15,623,985
Telecom	-	-	-	-	-	6,791,829	6,118,395	6,109,867	7,107,667	10,579,222
Wastewater	-	-	-	-	-	7,289,587	6,648,603	6,863,244	6,522,461	5,655,138
Nonmajor	22,087,293	22,752,348	22,126,474	20,803,532	19,931,149	8,302,064	8,048,347	7,725,191	7,485,535	6,778,199
Total Business-Type Activities	110,766,710	107,724,935	105,944,772	104,470,003	102,628,920	108,217,785	99,980,854	98,836,637	94,482,745	93,796,970
Total Expenses	195,854,224	190,583,338	184,778,849	171,552,857	174,224,345	252,377,550	249,156,385	234,204,597	226,962,858	214,908,554
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	5,783,844	4,470,554	5,204,079	5,043,853	5,289,088	4,938,750	4,372,982	4,566,523	4,629,070	1,198,950
Public Safety	6,364,052	5,899,089	5,737,200	6,997,158	5,587,200	6,526,060	5,174,000	6,298,499	5,823,531	5,271,957
Education	-	-	-	-	-	1,036,876	4,575,124	3,112,442	3,110,746	5,946,825
Public Works	8,373,019	8,830,665	8,448,998	8,898,625	7,475,742	7,766,867	7,265,536	7,019,336	6,744,645	1,194,606
Culture and Recreation	4,650,473	4,485,817	4,068,846	4,277,482	4,074,232	3,849,129	3,722,853	3,328,668	2,983,704	3,792,403
Community Development	313,478	393,178	315,042	221,533	714,715	250,361	214,897	131,415	158,512	1,423,809
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	4,989,785	4,305,455	4,110,352	4,515,575	5,922,165	84,297,547	76,620,402	77,050,104	72,053,237	67,279,458
Capital Grants and Contributions	2,792,967	2,191,005	3,232,947	4,688,216	3,112,726	2,339,931	5,193,962	3,476,470	1,524,271	3,050,389
Total Governmental Activities	33,267,618	30,575,763	31,117,464	34,642,442	32,175,868	111,005,521	107,139,756	104,983,457	97,027,716	89,158,397
Business-type Activities:										
Charges for Services										
Electric	57,562,557	58,240,571	60,223,551	62,505,682	62,622,315	63,381,532	59,965,267	58,837,344	59,679,347	54,033,005
Airport	21,906,295	21,122,992	18,589,325	18,470,124	19,030,728	18,794,078	17,915,076	17,478,275	16,416,564	11,724,249
Telecom	-	-	-	-	-	7,246,329	6,959,342	6,701,375	7,199,476	7,052,969
Wastewater	-	-	-	-	-	7,726,659	7,751,070	7,588,128	7,176,316	6,680,437
Nonmajor	23,553,092	25,199,526	24,582,213	24,151,054	21,464,113	8,943,170	8,756,986	8,304,743	8,106,743	7,667,023
Operating Grants and Contributions	325,454	172,648	218,384	205,387	-	-	-	-	-	429,477
Capital Grants and Contributions	10,483,527	15,034,601	11,025,482	9,118,954	7,431,502	7,722,603	7,976,875	8,454,165	26,872,882	19,074,399
Total Business-type Activities	113,830,925	119,770,338	114,638,955	114,451,201	110,548,658	113,814,371	109,324,616	107,364,030	125,451,328	106,661,559
Total Program Revenues	147,098,543	150,346,101	145,756,419	149,093,643	142,724,526	224,819,892	216,464,372	212,347,487	222,479,044	195,819,956
Net (Expense)/Revenue										
Governmental Activities	(51,819,896)	(52,282,640)	(47,716,613)	(32,440,412)	(39,419,557)	(33,154,244)	(42,035,775)	(30,384,503)	(35,452,397)	(31,953,187)
Business-type Activities	3,064,215	12,045,403	8,694,183	9,981,198	7,919,738	5,596,586	9,343,762	8,527,393	30,968,583	12,864,589
Total Net Expense	\$ (48,755,681)	\$ (40,237,237)	\$ (39,022,430)	\$ (22,459,214)	\$ (31,499,819)	\$ (27,557,658)	\$ (32,692,013)	\$ (21,857,110)	\$ (4,483,814)	\$ (19,088,598)

CITY OF BURLINGTON, VERMONT
CHANGES IN NET POSITION (continued)
LAST TEN YEARS
(accrual basis of accounting)

(continued)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Revenues										
Governmental Activities:										
Property Taxes	\$ 35,648,435	\$ 33,898,685	\$ 33,253,448	\$ 31,409,270	\$ 33,054,429	\$ 29,494,623	\$ 28,272,251	\$ 27,884,131	\$ 28,488,306	\$ 27,523,255
Gross Receipts Taxes	4,295,784	4,256,325	4,034,408	3,906,652	3,665,158	3,190,082	2,902,808	2,761,865	2,507,382	2,362,060
Local Option Sales Tax	2,519,691	2,537,181	2,329,007	2,239,937	2,179,587	2,125,034	2,126,646	2,157,170	1,998,462	1,937,967
Payments in Lieu of Taxes	5,726,314	5,466,512	5,248,985	5,079,036	2,395,762	2,257,824	3,534,236	3,392,592	2,116,319	1,093,798
Franchise Fees	2,137,957	2,142,580	2,161,617	2,376,990	2,128,227	2,193,447	2,157,022	2,176,076	2,047,748	2,874,784
Impact Fees	507,907	456,837	346,411	138,723	349,714	82,262	272,852	385,702	118,207	268,019
Interest and Penalties on Delinquent Taxes	498,980	400,071	303,370	339,034	356,550	368,602	278,419	331,971	319,667	318,881
Unrestricted Investment Earnings	723,079	334,817	249,012	193,991	100,725	634,071	52,148	27,695	714,974	435,179
Other Revenues	1,934,224	1,138,937	1,698,196	642,968	1,175,521	1,048,832	296,973	-	-	76,337
Additions to permanent Funds	16,822	153	3,846	3,968	67,115	25,715	20,005	34,565	-	25,145
Special item	-	-	(2,154,349)	-	-	(16,936,492)	-	(29,251,302)	-	-
Transfers	7,930,536	-	-	-	28,921	(97,572)	(97,500)	(54,728)	4,626	2,930,921
Total Governmental Activities	<u>61,939,729</u>	<u>50,632,098</u>	<u>47,473,951</u>	<u>46,330,569</u>	<u>45,501,709</u>	<u>24,386,428</u>	<u>39,815,860</u>	<u>9,845,737</u>	<u>38,315,691</u>	<u>39,846,346</u>
Business-type Activities:										
Nonoperating grants	1,095,955	-	-	-	-	-	-	-	-	-
Unrestricted Investment Earnings	536,989	233,657	158,415	184,630	127,214	291,397	269,758	271,471	391,421	607,153
Dividends from associated companies	4,282,667	4,147,819	3,516,718	3,236,147	3,128,753	2,907,831	2,619,286	-	-	-
Other Revenues	1,444,855	109,565	513,337	273,598	429,794	(368,970)	370,226	185,004	177,868	1,972,526
Special item	(606,888)	-	-	-	-	16,936,492	-	-	6,722,163	-
Transfers	(7,930,536)	-	-	-	(28,921)	97,572	97,500	54,728	(4,626)	(2,930,921)
Total Business-type Activities	<u>(1,176,958)</u>	<u>4,491,041</u>	<u>4,188,470</u>	<u>3,694,375</u>	<u>3,656,840</u>	<u>19,864,322</u>	<u>3,356,770</u>	<u>511,203</u>	<u>7,286,826</u>	<u>(351,242)</u>
Total Primary Government	60,762,771	55,123,139	51,662,421	50,024,944	49,158,549	44,250,750	43,172,630	10,356,940	45,602,517	39,495,104
Change in Net Position										
Governmental Activities	10,119,833	(1,650,542)	(242,662)	13,890,157	6,082,152	(8,767,816)	(2,219,915)	(20,538,766)	2,863,294	7,893,159
Business-type Activities	1,887,257	16,536,444	12,882,653	13,675,573	11,576,578	25,460,908	12,700,532	9,038,596	38,255,409	12,513,347
Total Change in Net Position	<u>\$ 12,007,090</u>	<u>\$ 14,885,902</u>	<u>\$ 12,639,991</u>	<u>\$ 27,565,730</u>	<u>\$ 17,658,730</u>	<u>\$ 16,693,092</u>	<u>\$ 10,480,617</u>	<u>\$ (11,500,170)</u>	<u>\$ 41,118,703</u>	<u>\$ 20,406,506</u>

Source: Each respective Annual Financial Report

⁽¹⁾ School District was reclassified to Discretely Presented Component Unit due to change in legal entity structure.

CITY OF BURLINGTON, VERMONT
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN YEARS
 (modified accrual basis of accounting)

	2019	2018	2017	2016	2015 ⁽²⁾	2014	2013	2012	2011 ⁽¹⁾	2010
All Governmental Funds										
Nonspendable	\$ 3,024,595	\$ 2,387,669	\$ 3,037,839	\$ 3,856,421	\$ 3,486,412	\$ 3,958,011	\$ 21,441,396	\$ 24,261,046	\$ 26,651,255	\$ -
Restricted	33,756,452	29,439,449	18,528,173	10,330,002	9,525,627	6,424,997	7,604,997	7,740,185	5,130,240	-
Committed	4,370,914	5,796,567	5,559,637	5,915,503	4,133,553	6,831,663	3,558,828	8,769,100	2,870,793	-
Assigned	10,182,818	6,564,153	3,619,252	-	-	-	208,962	262,810	438,727	-
Unassigned	7,866,652	8,318,152	4,358,533	4,046,532	2,385,971	(2,997,049)	(9,011,184)	(20,338,070)	(24,743,477)	-
Reserved	-	-	-	-	-	-	-	-	-	4,820,275
Unreserved	-	-	-	-	-	-	-	-	-	1,155,138
Total All Other Governmental Funds	<u>\$ 59,201,431</u>	<u>\$ 52,505,990</u>	<u>\$ 35,103,434</u>	<u>\$ 24,148,458</u>	<u>\$ 19,531,563</u>	<u>\$ 14,217,622</u>	<u>\$ 23,802,999</u>	<u>\$ 20,695,071</u>	<u>\$ 10,347,538</u>	<u>\$ 5,975,413</u>
General Fund										
Nonspendable	\$ 1,708,447	\$ 1,114,361	\$ 1,825,280	\$ 2,661,874	\$ 2,321,904	\$ 2,845,487	\$ 20,334,968	\$ 23,132,150	\$ 25,529,737	\$ -
Restricted	207,221	568,007	560,372	38,500	17,265	17,265	17,261	3,867,936	1,794,807	-
Committed	467,314	577,407	1,209,754	2,779,209	1,624,950	2,058,049	1,041,535	3,345,215	2,332,434	-
Assigned	10,182,818	6,564,153	3,619,252	-	-	-	208,962	262,810	438,727	-
Unassigned	9,497,207	9,713,896	8,409,087	6,520,495	4,287,378	71,822	(2,178,623)	(14,982,331)	(16,790,895)	-
Reserved	-	-	-	-	-	-	-	-	-	2,677,175
Unreserved	-	-	-	-	-	-	-	-	-	7,238,591
Total General Fund	<u>\$ 22,063,007</u>	<u>\$ 18,537,824</u>	<u>\$ 15,623,745</u>	<u>\$ 12,000,078</u>	<u>\$ 8,251,497</u>	<u>\$ 4,992,623</u>	<u>\$ 19,424,103</u>	<u>\$ 15,625,780</u>	<u>\$ 13,304,810</u>	<u>\$ 9,915,766</u>
All Other Governmental Funds										
Nonspendable	\$ 1,316,148	\$ 1,273,308	\$ 1,212,559	\$ 1,194,547	\$ 1,164,508	\$ 1,112,524	\$ 1,106,428	\$ 1,128,896	\$ 1,121,518	\$ -
Restricted	33,549,231	28,871,442	17,967,801	10,291,502	9,508,362	6,407,732	7,587,736	3,872,249	3,335,433	-
Committed	3,903,600	5,219,160	4,349,883	3,136,294	2,508,603	4,773,614	2,517,293	5,423,885	538,359	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(1,630,555)	(1,395,744)	(4,050,554)	(2,473,963)	(1,901,407)	(3,068,871)	(6,832,561)	(5,355,739)	(7,952,582)	-
Reserved	-	-	-	-	-	-	-	-	-	2,143,100
Unreserved	-	-	-	-	-	-	-	-	-	(6,083,453)
Total All Other Governmental Funds	<u>\$ 37,138,424</u>	<u>\$ 33,968,166</u>	<u>\$ 19,479,689</u>	<u>\$ 12,148,380</u>	<u>\$ 11,280,066</u>	<u>\$ 9,224,999</u>	<u>\$ 4,378,896</u>	<u>\$ 5,069,291</u>	<u>\$ (2,957,272)</u>	<u>\$ (3,940,353)</u>

Source: Each respective Annual Financial Report

⁽¹⁾ Components of fund balance were reclassified with the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

⁽²⁾ School District was reclassified to Discretely Presented Component Unit due to change in legal entity structure.

CITY OF BURLINGTON, VERMONT
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN YEARS
 (modified accrual basis of accounting)

	2019	2018	2017	2016	2015 ⁽¹⁾	2014	2013	2012	2011	2010
Revenues										
Taxes	\$ 43,233,045	\$ 40,923,397	\$ 39,781,518	\$ 39,097,706	\$ 38,770,459	\$ 35,721,358	\$ 33,509,448	\$ 33,409,559	\$ 32,937,202	\$ 31,969,583
Payments in lieu of taxes	5,726,314	5,466,512	5,248,985	5,079,036	2,395,762	2,257,824	3,534,236	3,391,718	3,438,180	4,073,883
Licenses and permits	4,505,473	4,749,082	5,570,707	5,082,269	3,866,933	4,396,587	4,070,213	5,270,706	5,439,891	6,480,017
Intergovernmental	6,069,799	7,155,317	6,857,683	8,569,938	8,717,811	86,426,117	78,334,827	73,660,719	68,884,213	67,722,285
Charges for services	23,667,671	21,987,715	21,090,765	21,499,084	21,781,930	21,636,460	23,437,932	18,154,362	17,281,634	15,951,249
Contributions	884,119	815,074	1,373,500	538,878	-	-	-	-	-	-
Investment income	723,081	340,281	249,013	193,993	100,725	634,070	52,148	675,834	955,816	418,298
Fines and forfeits	-	-	-	-	-	-	-	1,572,016	1,609,974	1,736,306
Loan repayments	884,262	87,177	57,357	104,033	122,544	245,074	46,741	4,873,509	74,160	233,006
Other revenue	1,623,512	883,075	585,799	601,849	1,230,412	1,160,440	415,290	5,536,858	4,654,385	3,568,399
Total Revenues	<u>87,317,276</u>	<u>82,407,630</u>	<u>80,815,327</u>	<u>80,766,786</u>	<u>76,986,576</u>	<u>152,477,930</u>	<u>143,400,835</u>	<u>146,545,281</u>	<u>135,275,455</u>	<u>132,153,026</u>
Expenditures										
Current:										
General government	13,387,383	11,467,656	12,202,374	11,400,333	11,158,205	13,643,302	13,704,648	13,339,250	12,958,447	10,064,841
Public safety	28,614,540	27,882,465	26,493,268	25,561,099	24,668,195	22,734,841	23,507,829	21,768,729	21,075,037	21,067,550
Education	-	-	-	-	-	76,037,906	81,284,025	70,399,945	66,139,968	60,669,307
Public works	10,670,815	10,249,398	11,991,808	9,788,601	9,455,450	8,378,414	6,533,226	8,994,691	8,302,028	8,700,816
Culture and Recreation	13,319,453	12,175,770	11,241,909	12,100,903	11,624,098	10,355,792	7,348,962	8,263,436	8,148,833	9,947,876
Community development	4,465,263	3,839,541	4,636,189	4,125,042	4,081,123	3,915,514	8,463,496	4,739,169	5,078,399	5,265,051
Capital Outlay ⁽²⁾	14,710,892	20,194,752	11,062,639	13,179,734	9,483,616	7,239,386	9,121,280	8,770,755	19,799,363	14,159,910
Debt Service:										
Principal	7,026,187	4,996,847	4,545,560	4,117,610	3,373,102	4,950,428	4,729,974	3,976,551	3,766,324	4,285,797
Interest and bond issue costs	3,354,995	2,642,648	2,094,364	1,805,722	1,568,269	2,763,625	1,873,163	2,072,080	3,016,548	1,812,548
Total Expenditures	<u>95,549,528</u>	<u>93,449,077</u>	<u>84,268,111</u>	<u>82,079,044</u>	<u>75,412,058</u>	<u>150,019,208</u>	<u>156,566,603</u>	<u>142,324,606</u>	<u>148,284,947</u>	<u>135,973,696</u>
Excess (Deficiency) of Revenues over Expenditures	(8,232,252)	(11,041,447)	(3,452,784)	(1,312,258)	1,574,518	2,458,722	(13,165,768)	4,220,675	(13,009,492)	(3,820,670)
Other Financing Sources (Uses)										
Issuance of bonds and loans	6,113,659	24,739,547	10,966,360	5,062,083	5,934,807	3,989,967	14,250,000	3,560,000	12,361,991	5,014,085
Issuance of refunding debt	-	-	2,545,000	8,785,000	-	-	-	-	-	-
Bond premium	404,347	2,689,456	1,067,582	1,138,975	-	-	419,080	-	-	22,008
Payment to refunding escrow	-	-	(2,837,850)	(10,044,139)	-	-	-	-	-	-
Sale of capital assets	-	-	949,986	-	-	1,000,000	-	-	-	-
Issuance of leases	479,151	1,015,000	1,699,383	987,234	683,718	-	261,242	1,621,586	-	-
Issuance of notes	-	-	-	-	-	-	-	1,000,000	5,015,000	-
Transfers in	13,140,055	3,993,825	2,804,088	4,532,340	4,363,550	4,190,396	1,854,249	2,630,787	2,179,272	1,292,498
Transfers out	(5,209,519)	(3,993,825)	(2,804,088)	(4,532,340)	(4,334,629)	(4,287,968)	(1,951,749)	(2,685,515)	(2,174,646)	(1,342,498)
Total Other Financing Sources (Uses)	<u>14,927,693</u>	<u>28,444,003</u>	<u>14,390,461</u>	<u>5,929,153</u>	<u>6,647,446</u>	<u>4,892,395</u>	<u>14,832,822</u>	<u>6,126,858</u>	<u>17,381,617</u>	<u>4,986,093</u>
Special Item	-	-	-	-	-	(16,936,492)	-	-	-	-
Net Change in Fund Balances	<u>\$ 6,695,441</u>	<u>\$ 17,402,556</u>	<u>\$ 10,937,677</u>	<u>\$ 4,616,895</u>	<u>\$ 8,221,964</u>	<u>\$ (9,585,375)</u>	<u>\$ 1,667,054</u>	<u>\$ 10,347,533</u>	<u>\$ 4,372,125</u>	<u>\$ 1,165,423</u>
Debt Service as a Percentage of Noncapital Expenditures⁽³⁾	63.41%	44.81%	63.11%	42.37%	57.29%	94.10%	53.93%	68.08%	33.39%	43.07%

Source: Each respective Annual Financial Report

⁽¹⁾ School District was reclassified to Discretely Presented Component Unit due to change in legal entity structure.

⁽²⁾ Certain capital expenditures from various functions have been capitalized on the Statement of Net Position.

⁽³⁾ Capital outlay purchases from the reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities are used to calculate this ratio.

CITY OF BURLINGTON, VERMONT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value	Estimated Actual Value	Total Direct Tax Rate
2019	\$ 3,837,641,750	\$ 4,770,128,090	\$ 0.8303
2018	3,821,048,690	4,607,608,267	0.7971
2017	3,787,167,109	4,474,474,608	0.7826
2016	3,736,048,309	4,267,608,304	0.7926
2015	3,646,921,910	4,137,177,436	0.7958
2014	3,617,870,130	4,019,395,477	0.7584
2013	3,587,077,000	4,056,808,890	0.7153
2012	3,563,141,000	3,957,600,400	0.7280
2011	3,530,253,980	3,907,269,536	0.7200
2010	3,505,811,750	3,933,636,760	0.7120

Source: Most recent official statement

CITY OF BURLINGTON, VERMONT
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	City of Burlington	After Act 68			
		State-wide Education Taxes		Total Taxes	
		Residential	Nonresidential	Residential	Nonresidential
2019	\$ 0.8303	\$ 1.8498	\$ 1.9765	\$ 2.6801	\$ 2.8068
2018	0.7971	1.7903	1.8624	2.5874	2.6595
2017	0.7826	1.7237	1.8161	2.5063	2.5987
2016	0.7926	1.6544	1.7535	2.4470	2.5461
2015	0.7958	1.6358	1.7187	2.4316	2.5145
2014	0.7584	1.5257	1.6055	2.2841	2.3639
2013	0.7153	1.4302	1.5684	2.1455	2.2837
2012	0.7280	1.3019	1.5441	2.0299	2.2721
2011	0.7200	1.2820	1.5390	2.0020	2.2590
2010	0.7120	1.2394	1.5334	1.9514	2.2454

Notes:

Tax rates are per \$100 of assessed value.

Source: Most recent Official Statement

CITY OF BURLINGTON, VERMONT
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed value
Forfeith Burlington	\$ 26,816,000	1	0.70%	\$ 19,740,000	3	0.56%
Diamondrock Burlington Owner LLC	25,933,400	2	0.68%			
UVM/Redstone Lofts LLC	25,042,600	3	0.65%			
Bayberry LLC	24,183,000	4	0.63%			
Burlington Harbor Hotel Group LLC	16,833,400	5	0.44%			
Burlington Electric Dept/CVPS	14,902,700	6	0.39%	14,902,723	6	0.43%
Antonio B Pormealeu LLC	14,649,300	7	0.38%	17,579,160	5	0.50%
Catamount/Van Ness LLC	14,533,100	8	0.38%		4	
Vermont Gas Systems	14,022,900	9	0.37%	7,546,000	19	0.22%
41 Cherry Street LLC	12,712,200	10	0.33%			
Vermont Electric Power	11,414,200	11	0.30%			
New Northagate Housing LLC	11,089,000	12	0.29%		6	
BTC Mall Associates	10,860,000	13	0.28%		7	
UVM/Catamount Redstone Apts LLC	10,000,000	14	0.26%		8	
Howard Opera House Assoc LLC	9,001,300	15	0.23%	10,801,560	9	0.31%
South Meadow LP	8,728,800	16	0.23%	9,923,300	10	0.28%
100 Bank LLC	7,882,300	17	0.21%			
Lake and College LLC	7,754,500	18	0.20%	9,305,400	12	0.27%
Investors Corporation of Vermont (30 Main St)	7,721,200	19	0.20%	9,265,440	13	0.26%
Investors Corporation of Vermont (95 St. Paul St)	7,649,000	20	0.20%	9,178,800	14	0.26%
	<u>\$ 281,728,900</u>		<u>7.54%</u>	<u>\$ 108,242,383</u>		<u>3.09%</u>

Source: Most recent Official Statement

CITY OF BURLINGTON, VERMONT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2019	\$ 104,952,969	\$ 104,053,074	99.14%	\$ -	\$ 104,053,074	99.14%
2018	99,731,639	98,880,869	99.15%	756,897	99,637,766	99.91%
2017	96,064,036	95,568,777	99.48%	413,903	95,982,680	99.92%
2016	93,015,324	92,467,139	99.41%	523,613	92,990,752	99.97%
2015	89,907,261	89,275,258	99.30%	613,385	89,888,643	99.98%
2014	83,526,157	82,869,824	99.21%	644,617	83,514,441	99.99%
2013	78,862,874	78,330,310	99.32%	509,437	78,839,747	99.97%
2012	76,089,194	75,617,383	99.38%	438,495	76,055,878	99.96%
2011	74,818,352	74,276,290	99.28%	507,874	74,784,164	99.95%
2010	73,213,724	72,730,820	99.34%	456,969	73,187,789	99.96%

Source: Most recent Official Statement for fiscal years 2010 - 2018 and Form 411 Billed Grand List and activity in the City's general ledger for fiscal year 2019.

CITY OF BURLINGTON, VERMONT
RATIOS OF OUSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities*				Business-type Activities*					Total Debt Outstanding	Estimated Population ⁽¹⁾	Debt per Capita	Percentage of Personal Income ⁽²⁾
	Bonds, Loans, and Unamortized Premiums	Revenue Bonds	Notes	Capital Leases	Bonds, Unamortized Premiums, and Unamortized Discounts	Revenue Bonds, Unamortized premiums, unamortized discounts, and SRLs	Notes	Capital Leases					
2019	\$ 77,932,346	\$ -	\$ -	\$ 2,465,159	\$ 51,324,411	\$ 75,375,789	\$ -	\$ 4,650,126	\$ 211,747,831	42,899	\$ 4,936	19.56%	
2018	60,657,254	-	-	2,738,077	50,971,714	78,096,497	-	10,890,570	203,354,112	42,239	4,814	19.08%	
2017	52,906,348	-	-	2,301,048	47,605,714	80,077,692	-	7,319,392	190,210,194	44,020	4,321	17.12%	
2016	45,636,800	-	-	1,206,228	48,880,636	83,191,618	228,006	6,553,118	185,696,406	42,452	4,374	17.33%	
2015	46,423,144	-	-	1,086,318	46,770,713	84,889,798	228,006	6,834,297	186,232,276	42,452	4,387	17.35%	
2014	63,903,739	-	-	1,370,191	45,810,000	85,630,972	-	1,152,142	197,867,044	42,613	4,643	18.38%	
2013	63,358,572	-	-	1,946,424	44,685,000	94,863,085	-	1,714,567	206,567,648	42,738	4,833	19.23%	
2012	51,756,866	-	1,000,000	2,749,589	42,725,908	93,863,525	2,000,000	2,320,054	196,415,942	42,637	4,607	18.37%	
2011	46,000,199	-	5,015,000	2,294,817	42,413,105	93,648,092	900,000	2,866,790	193,138,003	42,450	4,550	18.07%	
2010	36,447,374	-	-	3,251,485	43,948,084	108,637,954	-	1,908,996	194,193,893	42,442	4,576	18.18%	

Source: Each respective Annual Financial Report

⁽¹⁾ United States Census Bureau

⁽²⁾ Personal Income is disclosed in Demographic and Economic Indicators Table

CITY OF BURLINGTON, VERMONT
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	Total Debt	Less: Debt Payable from Enterprise Fund Revenues	Net Governmental Debt	Population ⁽¹⁾	Debt per Capita	Assessed Value	Ratio of Debt to Assessed Value
2019	\$ 211,747,831	\$ 131,350,326	\$ 80,397,505	42,899	\$ 1,874	\$ 3,837,641,750	2.09%
2018	203,354,112	139,958,781	63,395,331	42,239	1,501	3,821,048,690	1.66%
2017	190,210,194	135,002,798	55,207,396	44,020	1,254	3,787,167,109	1.46%
2016	185,696,406	138,853,378	46,843,028	42,452	1,103	3,736,048,309	1.25%
2015	186,232,276	138,722,814	47,509,462	42,452	1,119	3,646,921,910	1.30%
2014	197,867,044	132,593,114	65,273,930	42,613	1,532	3,617,870,130	1.80%
2013	206,567,648	141,262,652	65,304,996	42,738	1,528	3,587,077,000	1.82%
2012	196,415,942	140,909,487	55,506,455	42,637	1,302	3,563,141,000	1.56%
2011	193,138,003	139,827,987	53,310,016	42,450	1,256	3,530,253,980	1.51%
2010	194,193,893	154,495,034	39,698,859	42,442	935	3,505,811,750	1.13%

Sources: Each respective Annual Financial Report and

⁽¹⁾ United States Census Bureau

CITY OF BURLINGTON, VERMONT
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 JUNE 30, 2019

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to the City	Amount Applicable to the City of Burlington
Direct:			
City of Burlington - Bonds	\$ 77,932,346	100.0%	\$ 77,932,346
City of Burlington - Capital Leases	2,465,159	100.0%	2,465,159
Subtotal - Direct Debt			<u>80,397,505</u>
Overlapping:			
Burlington School District			37,427,142
Subtotal - Overlapping Debt			<u>37,427,142</u>
Grand Total Direct and Overlapping Debt			<u><u>\$ 117,824,647</u></u>

Source: June 30, 2019 Annual Financial Reports

CITY OF BURLINGTON, VERMONT
LEGAL DEBT MARGIN INFORMATION
JUNE 30, 2019

Grand List Valuation	\$	38,274,840
Legal Debt Margin:		
Debt Limitation - Ten Times Last Grand List		382,748,400
Debt Applicable to Limitation		64,496,286
Legal Debt Margin	\$	318,252,114
Debt as Percentage of Debt Limit		16.85%

LEGAL DEBT MARGIN
PRECEDING NINE YEARS

Fiscal Year	Debt Limit	Applicable Debt*	Legal Debt Margin	Debt as Percentage of Debt Limit
2018	\$ 382,104,869	\$ 64,496,286	\$ 317,608,583	16.88%
2017	378,715,711	64,496,286	314,219,425	17.03%
2016	377,855,052	55,092,103	322,762,949	14.58%
2015	373,604,831	55,092,130	318,512,701	14.75%
2014	364,692,191	53,150,000	311,542,191	14.57%
2013	361,787,013	51,505,000	310,282,013	14.24%
2012	358,707,700	37,605,000	321,102,700	10.48%
2011	356,314,100	30,753,333	325,560,767	8.63%
2010	353,025,398	20,757,499	332,267,899	5.88%

Source: Most recent Official Statement

CITY OF BURLINGTON, VERMONT
 AIRPORT ENTERPRISE FUND BOND COVERAGE
 LAST TEN FISCAL YEARS
 (In Thousands)

Fiscal Year	Gross Revenues*	Operating Expenses*	Net Revenues (as defined)	PFC Revenues Available for DS	Funds Available for DS	25% PFC Revenue For DS coverage	Adjusted funds Available for DS	Debt Service	Debt Service Coverage	Adjusted Debt Service Coverage
2019	\$ 18,347	\$ 13,838	\$ 4,509	\$ 981	\$ 5,490	\$ 245	\$ 5,735	\$ 3,660	1.50	1.57
2018	17,716	13,404	4,312	1,180	5,492	295	5,787	3,662	1.50	1.58
2017	16,625	12,327	4,298	1,176	5,474	294	5,768	3,650	1.50	1.58
2016	16,677	12,376	4,301	1,087	5,388	272	5,660	3,386	1.59	1.67
2015	16,933	12,347	4,586	1,284	5,870	321	6,191	3,956	1.48	1.56
2014	16,382	12,508	3,874	1,291	5,165	323	5,488	3,402	1.52	1.61
2013	15,890	11,731	4,159	1,938	6,097	485	6,582	4,268	1.43	1.54
2012	15,080	11,259	3,821	1,939	5,760	485	6,245	4,195	1.37	1.49
2011	14,203	10,659	3,544	1,938	5,482	485	5,967	4,366	1.26	1.37
2010	12,431	9,586	2,845	1,939	4,784	485	5,269	4,269	1.12	1.23

*Using Operating Revenue / Expenses only, as calculated in the Airport Audit

Source: Data from each respective Annual Financial Report.

CITY OF BURLINGTON, VERMONT
 DEMOGRAPHIC AND ECONOMIC INDICATORS
 LAST TEN YEARS

Calendar Year	Population ^(1, 2)	Per Capita Income ^{(1, 2)*}	Personal Income	State-wide Per Capita Income ⁽³⁾	State-wide Median Family Income ⁽¹⁾	Unemployment Rate		Enrollment Grades 9-12 ⁽²⁾	High School Graduation Rate ⁽²⁾
						Burlington City ⁽³⁾	State-wide ⁽³⁾		
2019	42,899	\$ 25,231	\$ 1,082,384,669	53,523	(4)	1.90%	2.10%	1,005	84%
2018	42,239	25,234	1,065,858,926	54,173	50,324	1.30%	2.70%	(4)	89%
2017	44,020	25,234	1,110,800,680	52,225	57,513	2.10%	2.70%	1,048	91%
2016	42,452	25,234	1,071,233,768	49,984	(4)	3.10%	3.60%	1,067	88%
2015	42,613	25,188	1,073,336,244	(4)	54,447	3.20%	4.10%	1,070	96%
2014	42,738	25,188	1,076,484,744	45,483	54,267	3.50%	4.40%	1,048	87%
2013	42,637	25,188	1,073,940,756	44,545	54,168	3.80%	5.00%	1,048	83%
2012	42,450	25,188	1,069,230,600	41,572	53,422	4.30%	5.50%	1,086	85%
2011	42,442	25,188	1,069,029,096	40,134	51,841	5.00%	6.10%	1,160	86%
2010	42,417	25,188	1,068,399,396	39,205	51,284	5.80%	6.90%	1,187	85%

Sources:

- ⁽¹⁾ United States Census Bureau
- ⁽²⁾ Vermont Economic-Demographic Profile
*Using MFRA Data
- ⁽³⁾ Vermont Department of Labor, Economic & Labor Market Information
- ⁽⁴⁾ Information not available at the time of publication

CITY OF BURLINGTON, VERMONT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	Calendar Year 2019			Calendar Year 2010		
	Employees ^(1,2)	Rank	Percentage of Total City Employment ⁽³⁾	Employees ⁽²⁾	Rank	Percentage of Total City Employment ⁽³⁾
University of Vermont Medical Center	5,380	1	4.30%	4,835	2	4.18%
Bruegger's	2,400	2	1.92%	6,200		5.35%
Huber & Suhner	1,250	3	1.00%	3,103		2.68%
PC Construction	1,200	4	0.96%	2,650		2.29%
City of Burlington & School	996	5	0.80%	1,467	5	1.27%
Bowl New England	959	6	0.77%	727		0.63%
Burton Snowboards	851	7	0.68%	Less than 400		0.00%
Ben & Jerry's Homemade	841	8	0.67%	735	11	0.63%
Dealer.com	816	9	0.65%	752		0.65%
Northwestern Medical Center	750	10	0.60%	Less than 400		0.00%
	<u>15,443</u>		<u>12.35%</u>	<u>20,469</u>		<u>17.68%</u>

Sources:

- ⁽¹⁾ Chittenden County
- ⁽²⁾ Vermont Business Magazine, Vermont Business Directory
- ⁽³⁾ Vermont Department of Labor

CITY OF BURLINGTON, VERMONT
 FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN YEARS

Function/Program	Full-time Equivalent Employees									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government:										
Mayor's Office	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00
Clerk/Treasurer's Office	18.80	20.00	20.00	26.51	21.00	19.00	20.00	20.00	20.60	19.60
Payroll	3.85	4.00	4.00	4.00	4.00	3.00	3.00	4.00	4.00	4.00
Central Computer	6.00	6.00	6.00	4.00	6.00	3.00	3.00	3.20	4.00	3.00
City Attorney's Office	9.00	8.50	8.00	8.00	8.00	7.00	7.00	7.50	7.50	7.50
Human Resources	7.00	7.00	6.00	6.00	5.50	5.50	5.50	6.00	5.00	5.00
City Assessor	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Planning and Zoning	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Public Safety:										
Fire	85.80	84.80	81.80	80.80	79.80	79.80	79.80	79.80	79.80	79.80
Police	147.70	144.70	141.20	139.20	136.20	137.20	137.20	138.20	137.20	137.70
DPW Inspection	4.00	5.00	5.00	5.00	4.00	4.00	4.00	3.00	3.00	3.00
Code Enforcement	12.00	12.00	12.00	12.00	12.00	11.00	11.00	11.00	11.00	11.00
Public Works:										
Highways	41.35	42.55	43.45	43.45	42.90	42.90	43.60	42.60	41.60	41.60
Public Works Administration	6.00	5.00	4.00	4.00	4.00	6.00	6.00	6.00	6.00	6.00
Culture and Recreation	90.00	90.50	88.00	85.00	81.80	78.80	75.48	71.25	71.72	67.20
General Fund Total	446.50	445.05	434.45	432.96	420.20	412.20	410.58	406.55	405.42	399.40
Community Development*	-	-	-	-	-	-	-	-	-	-
Burlington Electric	118.00	129.00	129.00	131.90	125.00	128.00	125.00	123.00	125.00	125.00
Burlington Telecom	0.00	30.00	24.00	26.00	25.00	21.00	24.50	22.00	30.68	33.00
Burlington International Airport	51.40	51.00	39.50	39.00	42.00	41.00	-	-	-	-
Water**	24.50	24.50	-	-	-	-	-	-	-	-
Stormwater**	2.90	2.50	-	-	-	-	-	-	-	-
Wastewater**	16.25	15.65	-	-	-	-	-	-	-	-
Total Employees	659.55	697.70	626.95	629.86	612.20	602.20	560.08	551.55	561.10	557.40

*Data is not available at the time of publication.

** Separation FTE with carve out of fund

CITY OF BURLINGTON, VERMONT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government:										
Full-time equivalent positions filled	446.50	445.05	434.45	432.96	420.20	412.20	410.58	406.55	405.42	399.40
Tax bills mailed	10,682	10,686	10,670	10,714	10,737	10,685	10,633	11,106	11,112	11,094
Active recreation programs	286	290	283	285	-	-	-	-	-	-
Recreation participants	5,381	2,148	4,863	4,762	-	-	-	-	-	-
Birth certificates recorded	2,328	2,145	2,283	2,177	2,252	2,257	2,207	2,254	2,164	2,204
Marriage licenses recorded	377	360	375	229	401	599	366	362	449	462
Death certificates recorded	943	992	947	489	1,045	965	1,036	931	970	963
Dog licenses issued	946	1,082	1,153	1,175	1,256	1,191	1,234	1,248	1,307	1,367
Public Safety:										
Total cases	28,848	29,684	30,517	28,608	28,243	31,182	31,353	29,978	32,146	33,141
Number of traffic tickets	467	632	803	1,990	1,938	1,793	1,895	1,616	1,949	2,658
Number of traffic warnings	1,703	2,095	2,289	3,507	4,822	4,432	4,524	3,996	3,793	4,220
Fire incident responses	8,229	7,895	7,598	7,305	7,338	7,326	7,241	7,160	6,819	5,633
Water System:										
Average daily consumption (gallons)	3,640,000	3,638,333	3,703,666	3,753,328	3,976,008	3,649,433	3,953,940	4,242,691	4,228,153	4,292,238
Wastewater System:										
Average daily treatment (gallons)	6,153,000	5,288,000	4,722,000	4,917,000	5,132,000	5,692,000	5,677,000	5,736,000	7,132,000	5,884,000
Sludge disposed (tons)	9,928	9,467	8,651	8,633	8,583	8,402	8,287	8,322	8,873	9,809
Burlington International Airport										
Enplanements	693,208	623,489	597,799	595,244	600,402	617,301	605,505	652,793	643,683	677,468
Burlington Electric Department										
Sales to Customers - KWHs	331	330	336.2	338.2	336.2	342.8	341.4	342.5	348.6	343.9

CITY OF BURLINGTON, VERMONT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government:										
Number of general government buildings	3	3	3	3	3	3	3	3	3	3
Public Safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of police vehicles	45	45	45	45	45	44	44	42	42	42
Number of fire stations	5	5	5	5	5	5	5	5	5	5
Number of fire vehicles	20	20	20	28	27	26	26	26	26	26
Public Works:										
Number of public works buildings	2	2	2	2	2	2	2	2	2	2
Miles of streets	95	95	95	95	95	95	95	95	95	95
Miles of sidewalks	130	130	130	130	127	127	127	127	127	127
Culture and Recreation:										
Number of culture and recreation facilities	6	6	6	6	5	5	5	5	5	5
Acres of parks	540	540	540	540	540	540	540	540	540	540
Water:										
Number of water treatment facilities	3	3	3	3	3	3	3	3	3	3
Miles of water mains	110	110	110	110	110	110	110	110	110	110
Wastewater:										
Number of wastewater facilities	3	3	3	3	3	3	3	3	3	3
Miles of sanitary sewers	89	89	89	89	89	89	89	89	89	89
Burlington International Airport:										
Number of facilities	23	23	23	23	23	23	23	23	23	23
Burlington Electric Department:										
Number of facilities	10	10	10	12	12	12	12	12	12	12