CITY OF BURLINGTON, VERMONT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2018

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CITY OF BURLINGTON, VERMONT
Comprehensive Annual Financial Report
For the Year Ended June 30, 2018

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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February 14, 2019

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, 2018, 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 2018 represents the third 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, 2017. 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 statues, 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 the Single Audit Act Amendments of 1996, including requirements relating to preparation of the schedule of expenditures of federal awards, or 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 1, 2018.

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.

Greyhound Lines, Megabus, and Vermont Trans Lines (operated by Vermont Agency of Transportation) provide bus service. Freight service is provided by the Vermont Railway Corporation and Rail America. The 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 providing 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.

Community Amenities

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 which includes 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. Highlights include:

In March 2011, Gallup-Healthways Poll listed the City as #1 of the top 10 small cities for well-being.

In October 2011, Livability.com Magazine listed the City as #3 in its top 10 downtowns ranking.

In 2012, Gallup-Healthways Poll ranked the City #3 of the top 10 cities in the nation for well-being.

Cheapflights.com ranked the Burlington International Airport 4th in the United States for airport affordability based on August 2013 prices

In September 2013, Kiplinger ranked the City #2 on their "Great Places to Live" list.

In August 2014, The SpareFoot Blog ranked the City #10 among top 12 college towns for commuting.

In 2015, Men’s Health Magazine named the City as “Top 10 Places to Live Now.”

In 2016, WalletHub named Burlington among “2017’s Top Safest Cities in America.”

In 2017, moveBuddha ranked Burlington one of the top 100 Most Popular Small Cities to Relocate.

In 2017, and again in 2018, Livability.com named Burlington one of the Top 100 Best Places to Live.

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 major enterprise funds: (1) electric, (2) water, (3) sewage collection and treatment, (4) airport facilities and (5) telecommunication services.

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 nonfarm 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 1.9% in December 2017. The State’s unemployment rate was 2.5% as of December 2017.

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. Employment opportunities in Burlington and Chittenden County have grown to more than match growth in the area’s work force.

Housing Market

Since 2010 and through December 2016, the median sales price of single family homes in Burlington increased 22% to $295,000. During that same period, condominium sales prices have increased 8.2% to $223,950. The City contains approximately 6,546 owner-occupied housing units, accounting for 16% of Chittenden County's 42,076 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 2016 were 217.

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 236 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 the December 2015 Allen & Brooks Report, Burlington's rental vacancy rate is 3.0%. 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; Chittenden County enjoys a slightly lower rate of 1 in every 6,000. Burlington has seen a steady decline in foreclosures since 2009, when 40 homes went into foreclosure in the wake of the economic recession.

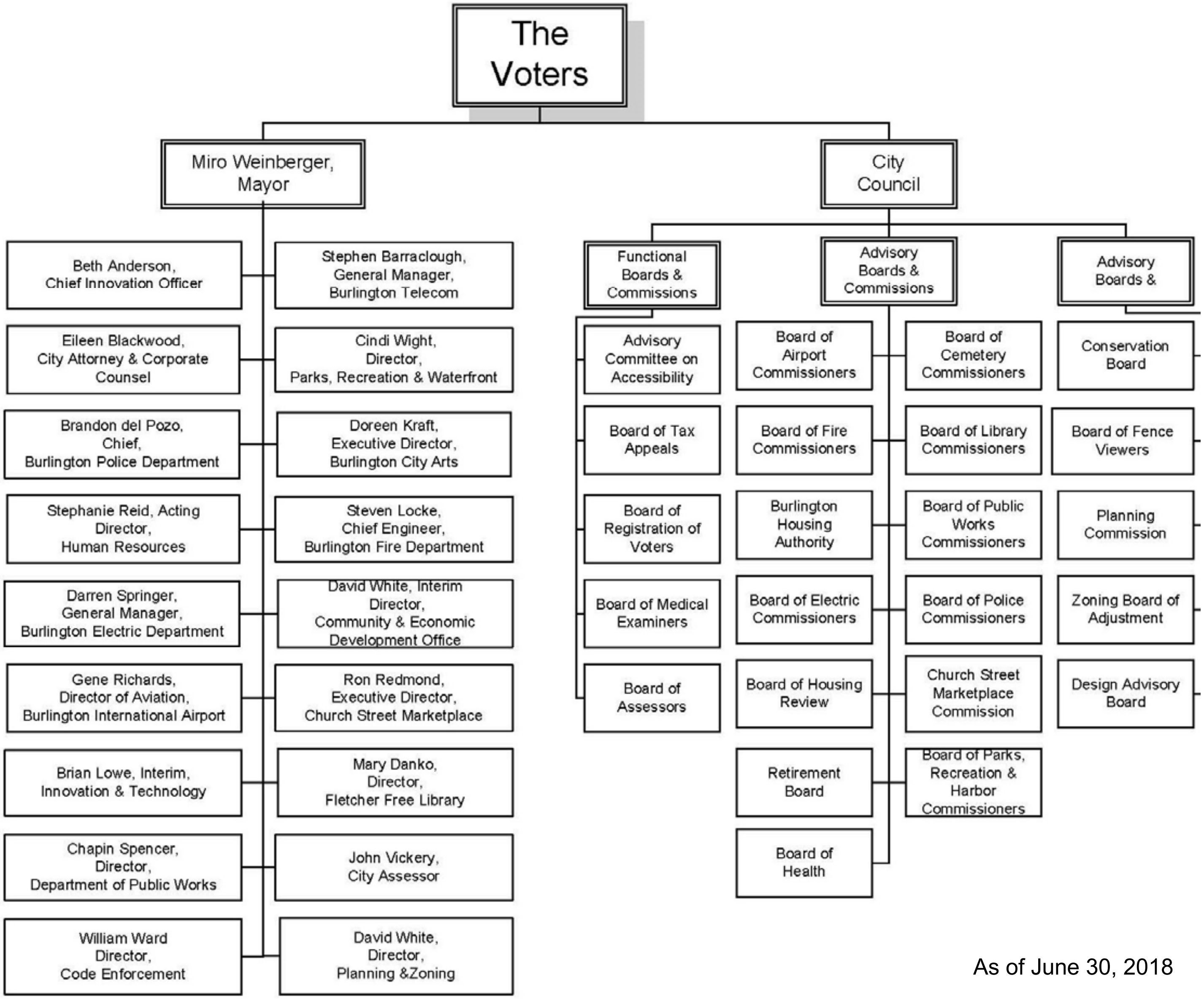
Acknowledgements

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,

Beth Anderson	Rich Goodwin
Chief Administrative Officer	Director Financial Operations

City of Burlington Organizational Chart



As of June 30, 2018

CITY OF BURLINGTON, VERMONT
PRINCIPAL OFFICIALS

		Initial Term Commenced	Current Term Expires
Miro Weinberger	*Mayor*	*2012*	*2018*

City Council

Sharon Foley Bushor	*Ward 1*	*1987*	*2019*
Max Tracy	*Ward 2*	*2012*	*2019*
Brian Pine	*Ward 3*	*2018*	*2019*
Kurt Wright	*Ward 4*	*2013*	*2019*
William "Chip" Mason	*Ward 5*	*2012*	*2019*
Karen Paul	*Ward 6*	*2008*	*2019*
Ali Dieng	*Ward 7*	*2017*	*2019*
Adam Roof	*Ward 8*	*2015*	*2020*
Richard Deane	*East District*	*2017*	*2020*
Jane Knodell, President	*Central District*	*2013*	*2020*
Dave Hartnett	*North District*	*2011*	*2020*
Joan Shannon	*South District*	*2003*	*2020*

Clerk Treasurer Office

Beth Anderson	*Chief Administrative Officer*
Rich Goodwin	*Director Financial Operations*
Ann Barton	*Comptroller*
Jason Gow	*Accounting Control & Analysis Manager*
Darlene Bayko	*Banking and Cash Operations Manager*
Darlene Kehoe	*Accounting & Compliance Manager*
Amy Bovee	*Assistant City Clerk*
Lori Olberg	*License/Voter/Records Coordinator*

CITY OF BURLINGTON, VERMONT
DEPARTMENT AND DIVISION HEADS

OFFICE OF THE MAYOR	
Mayor	Miro Weinberger
CLERK TREASURER'S OFFICE	
Chief Administrative Officer	Beth Anderson
Director of Financial Operations	Rich Goodwin
Comptroller	Ann Barton
LEGAL	
City Attorney & Corporate Counsel	Eileen Blackwood
INNOVATION & TECHNOLOGY	
Interim - Chief Innovation Officer	Brian Lowe
HUMAN RESOURCES	
Acting - Direct of Human Resources	Stephanie Reid
POLICE DEPARTMENT	
Chief of Police	Brandon del Pozo
Deputy Chief	Jannine Wright
Deputy Chief	Shawn Burke
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	Patrick Mulligan
Assistant Director Water Resources	Megan Moir
CODE ENFORCEMENT	
Code Enforcement Director	William Ward
PARKS, RECREATION & WATERFRONT	
Director	Cindi Wight
Waterfront Superintendent & Harbormaster	Erin Moreau
COMMUNITY & ECONOMIC DEVELOPMENT OFFICE	
Interim Director	Neale Lunderville
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	Ron Redmond
BURLINGTON TELECOM	
General Manager	Stephen Barraclough
BURLINGTON CITY ARTS	
Executive Director	Doreen Kraft
BURLINGTON ELECTRIC DEPARTMENT	
General Manager	Nealle Lunderville
PLANNING & ZONING	
Director	David White

As of June 30, 2018

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Burlington

Vermont

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL
SECTION

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MELANSON HEATH
ACCOUNTANTS • AUDITORS

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burlington, Vermont (the City), as of and for the year ended June 30, 2018, 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 38 percent, 25 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, which represents 100 percent of the aggregate discretely presented component units. 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 aggregate discretely presented component units, and the aggregate remaining fund information of the City, as of June 30, 2018, 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 the Pension and OPEB schedules appearing on pages 131 to 135 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 February 14, 2019 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

February 14, 2019

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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, 2018.

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 $341,977,603 (i.e., net position), a change of $14,885,902 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of $52,505,990, a change of $17,402,556 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $9,713,896, a change of $1,304,809 in comparison to the prior year.
- Total net position of the City's component unit, the Burlington School District, amounted to $15,966,272, an increase of $5,319,703 for the year
- The nonspendable portion of the governmental funds balance was $2,387,669 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. $29,439,449 of the governmental funds balance is restricted for specific purposes. In addition, $5,796,567 is committed for purposes funded by dedicated revenue. The City has assigned $6,564,153 for fiscal year 2019. This leaves the City with a total unassigned fund balance of $8,318,152. The City's general fund unassigned fund balance was $9,713,896. See the note to the financial statements for definitions of types of fund balances.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

NET POSITION (000s)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	$ 72,358	$ 55,272	$ 124,323	$ 110,272	$ 196,681	$ 165,544
Capital assets	150,345	140,393	318,885	308,448	469,230	448,841
Total assets	222,703	195,665	443,208	418,720	665,911	614,385
Deferred outflows of resources	27,681	22,935	9,387	10,257	37,068	33,192
Total assets and deferred outflows	$ 250,384	$ 218,600	$ 452,595	$ 428,977	$ 702,979	$ 647,577
Long-term liabilities outstanding	$ 147,346	$ 117,064	$ 169,322	$ 170,337	$ 316,668	$ 287,401
Other liabilities	8,544	9,012	21,784	17,296	30,328	26,308
Total liabilities	155,890	126,076	191,106	187,633	346,996	313,709
Deferred inflows of resources	9,106	3,189	4,898	569	14,004	3,758
Net position:						
Net investment in capital assets	93,012	98,442	203,833	188,464	296,845	286,906
Restricted	14,324	13,086	25,305	22,671	39,629	35,757
Unrestricted	(21,948)	(22,193)	27,453	29,640	5,505	7,447
Total net position	85,388	89,335	256,591	240,775	341,979	330,110
Total liabilities, deferred inflows of resources and net position	$ 250,384	$ 218,600	$ 452,595	$ 428,977	$ 702,979	$ 647,577

CHANGES IN NET POSITION (000s)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	$ 24,079	$ 23,774	$ 104,563	$ 103,395	$ 128,642	$ 127,169
Operating grants and contributions	4,306	4,110	173	218	4,479	4,328
Capital grants and contributions	2,191	3,233	15,035	11,026	17,226	14,259
General revenues:						
Property taxes	33,899	33,253	-	-	33,899	33,253
Rooms and meals tax	4,256	4,034	-	-	4,256	4,034
Local sales option tax	2,537	2,329	-	-	2,537	2,329
Payment in lieu of tax	5,467	5,249	-	-	5,467	5,249
Franchise fees	2,143	2,162	-	-	2,143	2,162
Impact fees	457	346	-	-	457	346
Interest and penalties on delinquent taxes	400	303	-	-	400	303
Investment income	335	249	233	159	568	408
Dividends from associated companies	-	-	4,148	3,517	4,148	3,517
Other revenue	1,139	1,699	109	513	1,248	2,212
Total revenues	81,209	80,741	124,261	118,828	205,470	199,569
Expenses:						
Governmental activities:						
General government	11,769	12,335	-	-	11,769	12,335
Public safety	31,141	29,095	-	-	31,141	29,095
Public works	20,308	20,679	-	-	20,308	20,679
Culture and recreation	12,470	9,636	-	-	12,470	9,636
Community development	4,139	4,941	-	-	4,139	4,941
Interest on long-term debt	3,031	2,148	-	-	3,031	2,148
Business-type activities:						
Electric	-	-	63,111	63,450	63,111	63,450
Airport	-	-	21,861	20,369	21,861	20,369
Non-major	-	-	22,752	22,126	22,752	22,126
Total expenses	82,858	78,834	107,724	105,945	190,582	184,779
Change in net position before transfers, additions to permanent fund principal, and special items	(1,649)	1,907	16,537	12,883	14,888	14,790
Additions to permanent fund principal	-	4	-	-	-	4
Special item	-	(2,154)	-	-	-	(2,154)
Change in net position	(1,649)	(243)	16,537	12,883	14,888	12,640
Net position - beginning of year, as restated	87,037	89,578	240,054	227,892	327,091	317,470
Net position - end of year	$ 85,388	$ 89,335	$ 256,591	$ 240,775	$ 341,979	$ 330,110

Fiscal year 2017 amounts were not restated as the City applied GASB 75 prospectively.

The largest portion of net position $296,844,758 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 $39,628,292 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $5,204,553 represents a combination of our governmental activities and business-type activities or enterprise funds. Our governmental activities unrestricted net position is ($21,948,854). 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 $27,453,407. 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 ($1,650,542). Key elements of this change are as follows:

Capital grants and contributions	$	2,191,005
Change in net pension liability, net of related deferred outflows/inflows		(6,237,210)
General fund revenues over expenditures		2,398,522
Other		(2,859)
Total	$	(1,650,542)

Business-type activities. Business-type activities for the year resulted in a change in net position of $16,536,444. 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 $52,505,990, a change of $17,402,556 in comparison to the prior year. Key elements of this change are as follows:

General fund revenues and other financing sources, in excess of expenditures and other financing uses	$	2,914,079
Special revenue fund revenues, transfers in and issuance of debt in excess of expenditures and transfers out (mostly Traffic and Downtown TIF)		3,692,934
Capital improvement program revenues and other financing sources in excess of expenditures and transfers out		4,596,176
Capital project fund revenues and other financing sources in excess of expenditures and transfers out		6,223,050
Cemetery fund transfers out in excesss of revenues		(23,683)
Total	$	17,402,556

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was $9,713,896, while total fund balance was $18,537,824.

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.

City General Fund	6/30/18	6/30/17	Change	% of Total General Fund Expenditures
Unassigned fund balance	$ 9,713,896	$ 8,409,087	$ 1,304,809	16.4%
Total fund balance	$ 18,537,824	$ 15,623,745	$ 2,914,079	31.2%

The general fund unassigned fund balance positive increase of $1,304,809 results from the positive operating results reported in the budget and actual comparative schedule.

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

Unassigned fund balance, June 30, 2017	$ 8,409,087
Budgeted surplus	69,402
Actual revenues greater than budgeted	223,432
Actual expenditures less than budgeted	2,621,246
Use of surplus for FY 19	(2,435,250)
Other adjustments	144,949
Subtotal	9,032,866
Reduction in non-spendable fund balance	681,030
Unassigned fund balance, June 30, 2018	$ 9,713,896

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

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

	Unrestricted Net Position		
	6/30/18	6/30/17	Change
Electric	$ 14,657,096	$ 17,717,352	$ (3,060,256)
Airport	6,617,748	5,903,887	713,861
Nonmajor funds:			
Telecom	(998,702)	(710,074)	(288,628)
Wastewater	3,671,193	2,906,296	764,897
Water	2,883,473	2,973,129	(89,656)
Stormwater	622,599	848,915	(226,316)
Total	$ 27,453,407	$ 29,639,505	$ (2,186,098)

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

- The Electric Department net position at June 30, 2018 decreased by ($19,522) when compared to net position at June 30, 2017 primarily due to declining prices received for the sale of Renewable Energy Credits (REC). For additional information, please refer the separate financial statements issued for the Electric Enterprise Fund.
- The Burlington International Airport's unrestricted net position increased from the previous year due to a variety of reasons including principal debt service payments being less than asset depreciation (which reduced net investment in capital assets and increased unrestricted net position) and operations. For additional information, please refer the separate financial statements issued for the Airport Enterprise Fund.
- The Burlington Telecom's unrestricted net position decreased during fiscal year 2018 despite an overall increase in net position of $2,157,494. Telecom's cash flows provided by operations were used to 1) acquire additional capital assets resulting in a $1,362,519 increase in net investment in capital assets component of net position, and 2) deposits increase in the Revenue Fund by $506,347, thereby leaving unrestricted net position reduced by ($288,628).
- 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 2018 budget of $73,409,335 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 2018 appropriation with the amounts reported on the General fund budget and actual comparison statement on page 43:

City approved appropriation	$ 73,409,335
Dedicated funding appropriation	82,697
Less dedicated taxes:	
Capital streets program	(2,277,269)
Open space	(199,307)
Housing Trust	(199,307)
Pennies for parks	(369,087)
Downtown improvement district	(313,000)
Less tax increment	(3,661,100)
Less interdepartmental charges	(2,906,979)
Add other	399,943
Appropriation reported	$ 63,965,926

The City's adopted general fund budget for fiscal year 2018 after amendments resulted in a surplus of $69,402. The adjusted actual performance (budgetary basis) resulted in revenues and other sources exceeding expenditures and other uses by $2,844,678. This variance is primarily attributable to:

- Revenue surplus of $223,432 primarily resulting from premium on debt that was assigned for future debt service less use of fund balance.
- Various departments had significant unspent appropriations. Non-departmental expenses were under budget by $1,353,886, primarily due to less than anticipated claims costs. Unspent appropriations were partially offset by a transfer out to capital projects from the prior year assigned fund balance.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental activities at year-end amounted to $150,345,108 (net of accumulated depreciation), a change of $9,952,032 from the prior year. Total investment in capital assets for business-type activities at year-end amounted to $318,884,561 (net of accumulated depreciation), a change of $10,436,405 from the prior year. This investment in capital assets includes land, construction in progress, buildings, improvements, infrastructure, intangible assets, and vehicles, machinery, equipment, and furniture.

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

- Street paving $3,108,155
- Bike Path Rehab Phase 2 $2,596,467
- Sidewalk and curb replacement $2,344,000
- College St. Garage Phase 2 $1,410,669

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 77 to 82 of this report.

Change in credit rating. On November 27, 2017 Moody's Investor Service (Moody's) assigned an A2 rating (from A3) 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		
	6/30/18	6/30/17	Change
Governmental Activities:			
City	$ 73,288,180	$ 52,906,348	$ 20,381,832
Business-Type Activities:			
Electric	73,950,714	74,520,714	(570,000)
Airport	32,915,000	35,025,000	(2,110,000)
Wastewater	13,411,830	14,302,946	(891,116)
Water	5,418,031	3,478,005	1,940,026
Stormwater	337,601	356,741	(19,140)
Subtotal bussiness-type	126,033,176	127,683,406	(1,650,230)
Component Unit:			
School District	30,442,142	29,072,143	1,369,999
Subtotal bussiness-type	30,442,142	29,072,143	1,369,999
Total	$ 229,763,498	$ 209,661,897	$ 20,101,601

Additional information on the City's long-term debt can be found in Note 17 on pages 84 to 92 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		
	6/30/18	6/30/17	Change
Governmental Activities:			
City	$ 59,124,756	$ 53,984,047	$ 5,140,709
Business-Type Activities:			
Electric	16,182,193	16,198,638	(16,445)
Airport	1,630,284	2,631,042	(1,000,758)
Telecom	294,862	1,006,801	(711,939)
Wastewater	664,669	1,256,143	(591,474)
Water	754,288	1,712,439	(958,151)
Subtotal business-type	19,526,296	22,805,063	(3,278,767)
Component Unit:			
School District	8,659,475	12,364,796	(3,705,321)
Total	$ 87,310,527	$ 89,153,906	$ (1,843,379)

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

Mayor's Overview

Management Discussion and FY 19 Budget Summary

This budget builds upon the strong financial foundation re-established over the last six years through the commitment of the Administration, City Council, and Burlington voters. In particular, I would like to recognize the hard work of our Chief Administrative Officer, Beth Anderson, who led the budget process for the first time this year, the members of her team, and the City Department Heads and their teams, who deserve a great deal of credit for our financial progress.

This budget will continue to advance important community goals while also making prudent and strategic investments designed to help reduce future taxpayer costs. The total budget reflects feedback from four work sessions with the City Council in May, and includes over $200 million in total annual expenditures. This memo summarizes the highlights of the FY19 budget.

Summary: The FY19 City Budget continues the City's progress on infrastructure, public safety, and new equity initiatives while also continuing property tax restraint and fiscal improvement.

The goals the Administration set for this year's budget were ambitious: continue the City's momentum investing in infrastructure, public safety, a host of relatively new efforts to protect and support our kids and vulnerable populations (the low-barrier shelter, the Burlington Early Learning initiative, the Street Outreach program) and other emerging needs, while also continuing the half-penny tax cut to the General City Tax rate first made in FY17. Keeping operational taxation at the same level was challenging, as it has now been five years since we increased the property tax rate for municipal operations and, unlike most municipal expenses, this primary municipal funding source does not increase as inflation rises. I am pleased to submit to you a budget that achieves these important goals.

FY19 Budget Is Built on a Strong Municipal Financial Position

In November 2017, Moody's Investors Service upgraded the City's credit rating from A3 to A2, representing an upgrade of four steps in three years. In explaining their decision, Moody's Financial Services (which provides an independent assessment of the creditworthiness of the City) called out the City's improved financial position with sound reserves following four consecutive years of operating surpluses, as well as the City's strength as the economic center of Vermont (Aaa stable). This budget should enable the City to continue to improve its financial position as has been our collective goal for years.

The City continues to make great strides with its other enterprise funds. In March 2018, Moody's upgraded the Burlington International Airport credit rating to Baa2 from Baa3 and revised the Airport's credit outlook from positive to stable. This is the second credit rating upgrade the Airport has earned since 2014 and represents its highest rating since prior to the multiple downgrades of the Airport in 2010. Moody's also affirmed in November

2017 the Burlington Electric Department's "A3" credit rating and affirmed the City's Water Utility "A1."

Further, the Administration continues efforts across City departments to identify opportunities to operate more efficiency and identify potential cost savings. Our work includes consolidated purchasing, process improvements, and expanding data analysis to identify opportunities. The benefits of these efforts can be seen in the reduced operational costs experienced in FY18 and the additional reductions projected for FY19.

Early Achievement of Unassigned Fund Balance Target Creates Investment Opportunity

An exciting element of this year's budget is that we have an opportunity to make important municipal investments to reduce future costs and improve operations with approximately $2 million of Unassigned Fund Balance reserves that exceed the targets that we set several years ago.

In 2015, the Administration and the City Council set 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 percent by FY19. The purpose of the policy is to create a healthy operating reserve for the City that will help insulate it in future years from unpredictable changes in the economy or unexpected events, and the creation of this new policy was specifically cited by Moody's as a major factor in their 2016 credit rating upgrade restoring the City's A rating.

The initial policy envisioned the City reaching the 5 percent threshold by 2019. We outpaced this projection substantially, and ended FY17 with an Unassigned Fund Balance of $8.4 million, a figure representing approximately 14 percent of operating costs. We are proposing opportunities to invest Unassigned Fund Balance dollars in excess of the 10 percent to support a number of projects that we believe would result in benefits to the City, including improved service to residents, operational efficiencies, and cost savings. We have included $848,000 in investments in the budget at this time, and plan on pursuing three separate studies that will likely result in additional recommendations for investment by the end of the calendar year. The largest current proposal is to commit $500,000 for the upcoming reappraisal, which we now have a statutory obligation to pursue in a timely fashion. This commitment, combined with funds we have set aside in past years, should give us approximately sufficient funds to complete that major work without the need to raise taxes for that purpose.

FY19 Budget Continues Investments in Public Safety

Burlington remains one of the safest cities in America, but like every other city across the country, we are facing major law enforcement and public health challenges in the form of a growing opioid crisis, years of increases in the number of requests for service related to mental health issues, and public demands for changes in the way we police.

The FY19 Budget sustains all of the investments in public safety in recent years while making a number of important new investments, including:

- Increasing the Police Department funding to grow the authorized size of the department to 105 sworn officers (from 103.5 in FY18 and 100 in FY17). The impact of this increase on Burlington taxpayers is mitigated by the second year of our three-year federal grant providing matching funds for this additional staffing.
- Funding a new pilot to bring a mental health counselor for the Burlington Fire Department. Our firefighters are on front lines of mental health and opioid crises and often experience very traumatic situations.
- Providing for a pilot expansion of the lifeguard season at North Beach.
- The investment made in a new Computer Assisted Dispatch system in FY18 will result in the launch of this new operational capacity in early FY19 and expenses related to this new system are now part of the Fire Department's operating budget.
- Continuing to grow the capability of the Fire Department's paramedicine capability. By the end of FY19 we project to have 13 paramedics (up from nine currently), nearing the full-staffing goal of 15 that will ensure the City sends a paramedic on all medical calls.

FY19 Budget Includes Important Investments in Kids, Seniors, and the Most Vulnerable

The FY19 budget includes continued support for recent investments to expand opportunity for Burlingtonians of all backgrounds and incomes, including:

- Funding for Early Learning Initiative. The budget includes a second year of funding for the Early Learning Initiative (ELI) focused on Burlington children from birth to age 3.
- Extended Low-barrier Shelter Pilot. Over the past four winters, the City has supported the work of CVOEO, COTS, and most recently the Community Health Centers of Burlington to run a low barrier warming shelter from November to April. The shelter has been successful in reducing the State's motel room cold weather exception program costs, saving taxpayers substantial money each year, and helped some of our most vulnerable residents find jobs and permanent housing. Our focus now is to operate the shelter for as many additional months as possible in 2019 as a pilot effort, and to assess whether such extended operations result in positive outcomes for the users and City operations.
- Expanded Funding of Senior Centers. The FY19 budget will give the City the ability to replace recently lost funding in the upcoming year and to work with the senior centers to ensure long-term financial stability.
- Enhanced Funding of the Housing Trust Fund. The FY19 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.

FY19 Budget Supports Continued Implementation of Sustainable Infrastructure Plan

The FY19 Budget includes continued investments in the City's infrastructure at historically high levels. Highlights of this investment include:

- The funding necessary to complete summer 2018 rebuilding of large stretches of North Avenue, Colchester Avenue, Plattsburgh Avenue, and other roads. Altogether, in 2018 we will approach 300 percent of the typical road paving investment.
- Another fiscal year at nearly triple the historic level of investment in our sidewalks.
- The building of two new Bike Path pause places and design work for additional investment in the southern three miles of the Bike Path in calendar year 2019.

This public infrastructure investment will result in an approximately two-cent increase in FY19 in the dedicated tax related to debt service payments. This is consistent with the multi-year projected tax increases communicated in advance of the November 2016 bond vote supported by approximately three-quarters of Burlington voters.

Continued Investment in Water Infrastructure Enhancements

As in FY18, the FY19 enterprise fund budgets include enhanced capital investment in the City's water, wastewater, and stormwater infrastructure. The budget includes a combined 4.95 percent increase in the City's water/wastewater/stormwater rates to continue addressing deferred capital needs, and to address revenue reductions the water and wastewater funds are receiving as a result of the long-standing but recently discovered billing errors. The average age of the City's water mains is 75 years – and a full quarter of our system is over 100 years old. In 2017, Burlington piloted a water main relining program that is cheaper and causes less disturbance than excavating and replacing pipes. DPW applied lessons learned from that effort to complete substantially more work last summer, and will continue to do that work this summer.

FY19 Budget Continues Fourth Year of Flat Operating Taxes, While Debt + Retirement Tax Rise

The FY19 Budget includes an overall municipal tax rate increase of 4.16 percent. Key information about this increase includes:

- At the new rate of $0.8344, the total rate is just 4.35 percent higher than it was four years ago.
- No new revenue is being raised for general operating costs. The total of the operating-related taxes remains set at a rate approximately 1 percent lower than the assessments four years ago.
- Nearly two-thirds of the tax increase was driven by an increase in the voter-approved debt service tax. As noted above, this increase is consistent with the projections supplied to voters prior to the November 2016 vote on the $27 million Sustainable Infrastructure Bond.

- The remaining increase is the result of a 7.25 percent increase in the Retirement Tax, the first increase since FY15. Some additional notes on this increase:
  - This increase is driven in part by updated actuarial projections which have reallocated some of the City's projected pension liability onto the general fund instead of enterprise funds.
  - The increase is also partially driven by the failure of the fund's high assumed 8 percent rate of return, which has been difficult to meet in recent years (this policy is being reviewed by the Burlington Employee Retirement System).
  - The budget assumes that this year City taxpayers will pay 72 percent and employees will pay 28 percent of the annual actuarially determined contributions required to maintain the BERS, approximately the same percentages paid in the current fiscal year. The actual percentages will be determined as a result of collective bargaining negotiations with the City's unions, which are currently underway. The current 72/28 split represents substantial progress for taxpayers, since prior to the last round of retirement systems reforms when taxpayers were responsible for approximately 80 percent of costs. This split is consistent with the way in which costs in FY18 were shared but has not been fully negotiated with public employees for FY19, as those contracts are in active negotiation.
  - Despite three years of level Retirement Tax payments and the achievement of employee risk-sharing and cost-sharing more consistent with national averages, the Administration remains concerned about the long-term BERS trends. We anticipate continued discussions in FY19 about strengthening the system and controlling its cost impact on the municipal budget.

Conclusion: The FY19 Budget represents the continuation of the financial and programmatic progress we have forged together over the prior six years.

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, 2018

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Current:				
Cash and cash equivalents	$ 49,988,718	$ 30,909,290	$ 80,898,008	$ 19,825,230
Escrows	-	4,033,610	4,033,610	
Investments	4,420,928	1,504,281	5,925,209	196,629
Receivables, net of allowance for uncollectibles:				
Property taxes	2,223,140	-	2,223,140	-
User fees	-	11,662,243	11,662,243	2,827,195
Departmental and other	2,387,302	-	2,387,302	1,496,739
Intergovernmental	1,560,419	7,770,225	9,330,644	-
Passenger facility charges	-	471,696	471,696	-
Loan	85,193	74,330	159,523	-
Capital lease	22,105	-	22,105	-
Due from fiduciary fund	3,100,000	-	3,100,000	-
Inventory	561,263	6,266,268	6,827,531	61,936
Prepaid expenses	214,541	157,798	372,339	37,946
Other assets	84,597	1,461,729	1,546,326	-
Total current assets	64,648,206	64,311,470	128,959,676	24,445,675
Noncurrent:				
Restricted cash	-	15,598,359	15,598,359	-
Restricted investments	-	9,706,436	9,706,436	-
Receivables, net of current portion:				
Loan	3,584,800	587,618	4,172,418	-
Capital lease	690,674		690,674	-
Accrued interest	1,367,700	-	1,367,700	-
Investment in associated companies	-	32,023,326	32,023,326	-
Regulatory assets and other prepaid charges	-	2,095,852	2,095,852	-
Capital assets:				
Land and construction in progress	31,426,123	77,499,539	108,925,662	2,995,988
Intangible asset	-	4,800,000	4,800,000	-
Other capital assets, net of accumulated depreciation	118,918,985	236,585,022	355,504,007	40,006,053
Deposit on capital assets	2,066,194	-	2,066,194	-
Total noncurrent assets	158,054,476	378,896,152	536,950,628	43,002,041
TOTAL ASSETS	222,702,682	443,207,622	665,910,304	67,447,716
DEFERRED OUTFLOWS OF RESOURCES:				
Related to pensions	27,241,606	8,877,010	36,118,616	4,371,888
Related to OPEB	100,098	39,298	139,396	159,485
Deferred amount on refunding	339,158	470,451	809,609	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	27,680,862	9,386,759	37,067,621	4,531,373
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 250,383,544	$ 452,594,381	$ 702,977,925	$ 71,979,089

(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	$ 5,143,615	$ 12,711,678	$ 17,855,293	$ 2,195,163
Accrued payroll and benefits payable	1,228,517	160,937	1,389,454	-
Accrued liabilities	26,092	-	26,092	1,315,843
Accrued interest payable	698,600	756,060	1,454,660	-
Unearned revenue	967,556	1,798,460	2,766,016	-
Note payable	-	1,081,008	1,081,008	-
Line of credit	-	694,582	694,582	-
Other liabilities	479,540	4,074,343	4,553,883	-
Payable from restricted assets	-	506,683	506,683	-
Current portion of long-term liabilities:				
General obligation bonds	2,484,857	2,885,000	5,369,857	1,100,812
Revenue bonds	-	4,877,069	4,877,069	-
State revolving loan	-	168,703	168,703	-
Other debt	3,290,229	-	3,290,229	-
Capital lease	649,257	963,104	1,612,361	-
Compensated absences	226,750	63,733	290,483	429,571
Insurance reserves	854,112	-	854,112	-
Total current liabilities	16,049,125	30,741,360	46,790,485	5,041,389
Noncurrent, net of current portion:				
General obligation bonds	52,587,262	48,086,714	100,673,976	30,519,736
Revenue bonds	-	73,219,428	73,219,428	-
State revolving loan	-	1,694,662	1,694,662	-
Other debt	19,653,808	-	19,653,808	-
Net pension liability	59,124,756	19,526,296	78,651,052	8,659,475
Total OPEB liability	3,580,795	1,405,756	4,986,551	5,242,531
Capital lease	2,088,820	9,927,466	12,016,286	-
Compensated absences	2,040,751	1,206,354	3,247,105	2,434,234
Insurance reserves	765,052	-	765,052	-
Regulatory liabilities	-	4,751,821	4,751,821	-
Other noncurrent liabilities	-	545,614	545,614	417,409
Total noncurrent liabilities	139,841,244	160,364,111	300,205,355	47,273,385
TOTAL LIABILITIES	155,890,369	191,105,471	346,995,840	52,314,774
DEFERRED INFLOWS OF RESOURCES:				
Related to pensions	9,006,699	4,858,954	13,865,653	3,153,076
Related to OPEB	99,691	39,138	138,829	544,967
TOTAL DEFERRED INFLOWS OF RESOURCES	9,106,390	4,898,092	14,004,482	3,698,043
NET POSITION:				
Net investment in capital assets	93,012,142	203,832,616	296,844,758	11,381,493
Restricted externally or constitutionally for:				
Education	-	-	-	6,067,698
Community development	9,263,389	-	9,263,389	-
Debt service/renewal and replacements/capital projects	-	15,089,487	15,089,487	-
Contingency reserve	-	1,456,271	1,456,271	-
Revenue fund	-	2,552,327	2,552,327	-
Deposits with bond trustees	-	6,206,710	6,206,710	-
Permanent funds:				
Nonspendable	909,230	-	909,230	-
Spendable	356,378	-	356,378	-
Restricted by enabling legislation	3,794,500	-	3,794,500	-
Unrestricted	(21,948,854)	27,453,407	5,504,553	(1,482,919)
TOTAL NET POSITION	85,386,785	256,590,818	341,977,603	15,966,272
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 250,383,544	$ 452,594,381	$ 702,977,925	$ 71,979,089

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

CITY OF BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues
Primary Government:					
Governmental Activities:					
General government	$ 11,768,830	$ 4,470,554	$ 236,774	$ -	$ (7,061,502)
Public safety	31,141,584	5,899,089	244,988	5,809	(24,991,698)
Public works	20,307,873	8,830,665	381,594	1,556,443	(9,539,171)
Culture and recreation	12,469,970	4,485,817	231,997	628,753	(7,123,403)
Community development	4,138,818	393,178	3,210,102	-	(535,538)
Interest on long-term debt	3,031,328	-	-	-	(3,031,328)
Total Governmental Activities	82,858,403	24,079,303	4,305,455	2,191,005	(52,282,640)
Business-Type Activities:					
Electric	63,111,205	58,240,571	-	852,308	(4,018,326)
Airport	21,861,382	21,122,992	147,648	14,182,293	13,591,551
Nonmajor	22,752,348	25,199,526	25,000	-	2,472,178
Total Business-Type Activities	107,724,935	104,563,089	172,648	15,034,601	12,045,403
Total Primary Government	$ 190,583,338	$ 128,642,392	$ 4,478,103	$ 17,225,606	$ (40,237,237)
Discretely Presented Component Unit:					
Burlington School District	$ 92,598,520	$ 2,972,347	$ 26,381,159	$ -	$ (63,245,014)
Total Component Units	$ 92,598,520	$ 2,972,347	$ 26,381,159	$ -	$ (63,245,014)

(continued)

CITY OF BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

(continued)

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
Change in Net Position				
Net (expenses) revenues from previous page	$ (52,282,640)	$ 12,045,403	$ (40,237,237)	$ (63,245,014)
General Revenues:				
Property taxes	33,898,685	-	33,898,685	-
Gross receipts taxes	4,256,325	-	4,256,325	-
Local option sales tax	2,537,181	-	2,537,181	-
Payments in lieu of taxes	5,466,512	-	5,466,512	-
Franchise fees	2,142,580	-	2,142,580	-
Impact fees	456,837	-	456,837	-
Interest and penalties on delinquent taxes	400,071	-	400,071	-
General state support	-	-	-	60,572,432
Unrestricted investment earnings	334,817	233,657	568,474	415,788
Dividends from associated companies	-	4,147,819	4,147,819	-
Other revenues	1,138,937	109,565	1,248,502	7,576,497
Additions to permanent funds	153	-	153	-
Total general revenues and additions to permanent funds	50,632,098	4,491,041	55,123,139	68,564,717
Change in Net Position	(1,650,542)	16,536,444	14,885,902	5,319,703
Net Position:				
Beginning of year, as restated	87,037,327	240,054,374	327,091,701	10,646,569
End of year	$ 85,386,785	$ 256,590,818	$ 341,977,603	$ 15,966,272

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

CITY OF BURLINGTON, VERMONT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2018

	General	Capital Improvement Program	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 13,676,090	$ 18,770,597	$ 17,542,031	$ 49,988,718
Investments	3,197,873	-	1,223,055	4,420,928
Receivables, net of allowance for uncollectibles:				
Property and other taxes	2,223,140	-	-	2,223,140
Departmental and other	2,151,491	-	235,811	2,387,302
Intergovernmental	-	74,591	1,485,828	1,560,419
Loans	-	-	3,669,993	3,669,993
Capital lease	-	-	712,779	712,779
Accrued interest	-	-	1,367,700	1,367,700
Due from other funds	4,994	-	-	4,994
Due from fiduciary fund	3,100,000	-	-	3,100,000
Advances to other funds	702,635	-	153,505	856,140
Inventory	197,185	-	364,078	561,263
Prepaid expenditures	214,541	-	-	214,541
Other current assets	84,474	-	123	84,597
TOTAL ASSETS	$ 25,552,423	$ 18,845,188	$ 26,754,903	$ 71,152,514
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 1,629,628	$ 1,851,597	$ 1,662,390	$ 5,143,615
Intergovernmental payable	-	-	41,539	41,539
Accrued payroll and benefits payable	1,142,020	2,750	83,747	1,228,517
Accrued liabilities	-	-	26,092	26,092
Unearned revenue	944,711	-	22,845	967,556
Due to other funds	-	-	4,994	4,994
Advances from other funds	-	-	856,140	856,140
Insurance reserve	854,112	-	-	854,112
Other liabilities	378,659	-	100,882	479,541
TOTAL LIABILITIES	4,949,130	1,854,347	2,798,629	9,602,106
Deferred Inflows of Resources:				
Unavailable revenues	2,065,469	29,462	6,949,487	9,044,418
Fund Balances:				
Nonspendable	1,114,361	-	1,273,308	2,387,669
Restricted	568,007	16,961,379	11,910,063	29,439,449
Committed	577,407	-	5,219,160	5,796,567
Assigned	6,564,153	-	-	6,564,153
Unassigned	9,713,896	-	(1,395,744)	8,318,152
TOTAL FUND BALANCES	18,537,824	16,961,379	17,006,787	52,505,990
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 25,552,423	$ 18,845,188	$ 26,754,903	$ 71,152,514

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, 2018

Total governmental fund balances	$ 52,505,990
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	150,345,108
Deposit on capital assets	2,066,194
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	9,044,419
• 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	27,241,606
Deferred inflows of resources related to pensions	(9,006,699)
Deferred outflows of resources related to OPEB	100,098
Deferred inflows of resources related to OPEB	(99,691)
• 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.	339,158
• 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	(77,974,617)
Capital lease payable	(2,738,077)
Compensated absenses payable	(2,267,501)
Insurance reserves, long-term	(765,052)
Total other post-employment benefits payable	(3,580,795)
Net pension liability	(59,124,756)
Accrued interest on long-term obligations	(698,600)
Net position of governmental activities	$ 85,386,785

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, 2018

	General	Capital Improvement Program	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 34,389,216	$ 2,132,754	$ 4,401,427	$ 40,923,397
Payments in lieu of taxes	5,466,512	-	-	5,466,512
Licenses and permits	4,608,174	-	140,908	4,749,082
Intergovernmental	1,043,711	229,943	5,881,663	7,155,317
Charges for services	15,009,580	349,793	6,628,342	21,987,715
Contributions	603,009	120,512	91,553	815,074
Investment income	330,813	-	9,468	340,281
Loan repayments	-	-	87,177	87,177
Other	335,002	162,411	385,662	883,075
Total Revenues	61,786,017	2,995,413	17,626,200	82,407,630
Expenditures:				
Current:				
General government	11,427,656	-	40,000	11,467,656
Public safety	27,865,336	-	17,129	27,882,465
Public works	3,909,354	-	6,340,044	10,249,398
Culture and recreation	11,401,471	-	774,299	12,175,770
Community development	718,908	-	3,120,633	3,839,541
Capital outlay	-	13,403,660	6,791,092	20,194,752
Debt service:				
Principal	2,291,228	224,715	2,480,904	4,996,847
Interest and bond issue costs	1,773,542	32,312	836,794	2,642,648
Total Expenditures	59,387,495	13,660,687	20,400,895	93,449,077
Excess (deficiency) of revenues over (under) expenditures	2,398,522	(10,665,274)	(2,774,695)	(11,041,447)
Other Financing Sources (Uses):				
Issuance of bonds and loans	249,021	15,380,000	9,110,526	24,739,547
Bond premium	2,182,755	-	506,701	2,689,456
Issuance of capital leases	-	15,000	1,000,000	1,015,000
Transfers in	40,965	1,450,000	2,611,099	4,102,064
Transfers out	(1,957,184)	(1,583,550)	(561,330)	(4,102,064)
Total Other Financing Sources (Uses)	515,557	15,261,450	12,666,996	28,444,003
Net change in fund balances	2,914,079	4,596,176	9,892,301	17,402,556
Fund Balances, at Beginning of Year, as reclassified	15,623,745	12,365,203	7,114,486	35,103,434
Fund Balances, at End of Year	$ 18,537,824	$ 16,961,379	$ 17,006,787	$ 52,505,990

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, 2018

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ 17,402,556
• Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay purchases	17,050,155
Depreciation	(7,035,942)
Loss on disposal of capital assets	(62,181)
Deposit on capital assets	2,066,194
• 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.	(1,450,140)
• The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:	
Issuance of debt	(24,739,547)
Issuance of capital leases	(1,015,000)
Repayments of debt and capital leases	4,935,686
Bond premium activity	(2,438,902)
Deferred amount on refunding activity	(75,911)
• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(388,681)
• 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.	
Change in net pension liability	(5,140,708)
Change in pension related deferred outflows	4,721,575
Change in pension related deferred inflows	(5,818,077)
Change in compensated absences	(33,144)
Change in total OPEB liability	(7,224)
Change in OPEB related deferred outflows	100,098
Change in OPEB related deferred inflows	(99,691)
Change in insurance reserves	378,342
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (1,650,542)

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, 2018

	Budgeted Amounts		Adjusted	
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues and other sources:				
Taxes and special assessments	$ 32,184,245	$ 32,184,245	$ 31,852,035	$ (332,210)
Local option sales tax	2,380,430	2,380,430	2,537,181	156,751
Payments in lieu of taxes	5,456,252	5,456,252	5,466,512	10,260
Licenses and permits	4,441,500	4,441,500	4,608,174	166,674
Intergovernmental	893,994	1,013,074	1,043,711	30,637
Charges for services	15,168,980	15,239,391	15,009,580	(229,811)
Investment income	35,000	35,000	330,813	295,813
Contributions and donations	677,200	677,944	603,009	(74,935)
Transfers in	517,341	477,341	40,965	(436,376)
Other	438,963	455,362	335,004	(120,358)
Sale of land	150,000	150,000	-	(150,000)
Bond premium	-	-	2,182,755	2,182,755
Issuance of debt	-	-	249,021	249,021
Use of fund balance	1,524,789	1,524,789	-	(1,524,789)
Total Revenues and Other Sources	63,868,694	64,035,328	64,258,760	223,432
Expenditures and other uses:				
Nondepartmental	3,299,448	3,299,448	1,945,562	1,353,886
City council	2,650,173	2,610,173	2,562,967	47,206
Mayor	425,669	425,669	410,187	15,482
Clerk treasurer	2,623,463	2,623,463	2,413,818	209,645
City attorney	1,246,776	1,246,776	1,139,430	107,346
Planning and zoning	929,484	929,484	843,368	86,116
City assessor	332,884	332,884	289,252	43,632
Human resources	779,117	779,117	711,725	67,392
Information technology	1,643,122	1,643,122	1,111,348	531,774
Fire	10,361,293	10,399,287	10,313,770	85,517
Police	16,540,090	16,591,296	16,490,779	100,517
Code enforcement	1,113,284	1,113,284	1,060,787	52,497
Public works	3,988,559	3,988,559	3,909,354	79,205
Library	2,172,661	2,237,393	2,215,501	21,892
Parks and recreation	7,374,323	7,409,114	7,270,037	139,077
Burlington city arts	2,019,876	2,038,876	1,915,933	122,943
Community and economic development	1,462,432	1,482,323	718,908	763,415
Debt service	4,186,305	4,142,709	4,064,770	77,939
Transfers	610,084	672,949	1,957,184	(1,284,235)
Total Expenditures and Other Uses	63,759,043	63,965,926	61,344,680	2,621,246
Excess (deficiency) of revenues and other sources over expenditures and other uses	$ 109,651	$ 69,402	$ 2,914,080	$ 2,844,678

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

CITY OF BURLINGTON, VERMONT

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2018

	Business-Type Activities Enterprise Funds			
	Electric	Airport	Nonmajor Enterprise Funds	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Current:				
Cash and cash equivalents	$ 12,120,593	$ 7,754,143	$ 11,034,554	$ 30,909,290
Escrows	-	4,033,610	-	4,033,610
Investments	506,683	-	997,598	1,504,281
Receivables, net of allowance for uncollectibles:				
User fees	6,337,221	1,349,935	3,975,087	11,662,243
Intergovernmental	-	7,100,517	669,708	7,770,225
Passenger facility charges	-	471,696	-	471,696
Loan	-	74,330	-	74,330
Inventory	5,515,816	299,421	451,031	6,266,268
Prepaid expenses	-	22,395	135,403	157,798
Other current assets	1,455,529	-	6,200	1,461,729
Total current assets	25,935,842	21,106,047	17,269,581	64,311,470
Noncurrent:				
Restricted cash	-	10,968,742	4,629,617	15,598,359
Restricted investments	6,206,710	3,499,726	-	9,706,436
Loan receivable, net of current portion	-	587,618	-	587,618
Investment in associated companies	32,023,326	-	-	32,023,326
Regulatory assets and other prepaid charges	2,095,852	-	-	2,095,852
Capital assets:				
Land and construction in progress	3,634,410	72,780,748	1,084,381	77,499,539
Intangible asset	-	-	4,800,000	4,800,000
Capital assets, net of accumulated depreciation	94,375,681	96,589,231	45,620,110	236,585,022
Total noncurrent assets	138,335,979	184,426,065	56,134,108	378,896,152
TOTAL ASSETS	164,271,821	205,532,112	73,403,689	443,207,622
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	6,970,753	823,663	1,082,594	8,877,010
Related to OPEB	32,708	2,927	3,663	39,298
Deferred amount on refunding	470,451	-	-	470,451
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,473,912	826,590	1,086,257	9,386,759
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 171,745,733	$ 206,358,702	$ 74,489,946	$ 452,594,381

(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	$ 3,257,065	$ 6,957,942	$ 2,496,671	$ 12,711,678
Accrued payroll and benefits payable	-	73,931	87,006	160,937
Accrued interest	-	756,060	-	756,060
Unearned revenue	-	1,253,403	545,057	1,798,460
Note payable	-	-	1,081,008	1,081,008
Line of credit	-	694,582	-	694,582
Other current liabilities	2,139,524	4,335	1,930,484	4,074,343
Payable from restricted assets:				
Deposits with bond trustees	506,683	-	-	506,683
Current portion of long-term liabilities:				
General obligation bonds payable	2,885,000	-	-	2,885,000
Revenue bonds payable	1,610,000	2,358,991	908,078	4,877,069
State revolving loan	-	-	168,703	168,703
Capital leases payable	-	733,020	230,084	963,104
Compensated absences payable	-	25,876	37,857	63,733
Total current liabilities	10,398,272	12,858,140	7,484,948	30,741,360
Noncurrent, net of current portion:				
General obligation bonds payable	48,086,714	-	-	48,086,714
Revenue bonds payable	24,403,666	31,716,831	17,098,931	73,219,428
State revolving loan	-	-	1,694,662	1,694,662
Net pension liability	16,182,193	1,630,284	1,713,819	19,526,296
Total OPEB liability	1,170,055	104,692	131,009	1,405,756
Capital leases payable	-	4,526,223	5,401,243	9,927,466
Compensated absences payable	632,804	231,989	341,561	1,206,354
Regulatory liabilities	4,751,821	-	-	4,751,821
Other noncurrent liabilities	545,614	-	-	545,614
Total noncurrent liabilities	95,772,867	38,210,019	26,381,225	160,364,111
TOTAL LIABILITIES	106,171,139	51,068,159	33,866,173	191,105,471
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	2,419,228	827,470	1,612,256	4,858,954
Related to OPEB	32,575	2,915	3,648	39,138
TOTAL DEFERRED INFLOWS OF RESOURCES	2,451,803	830,385	1,615,904	4,898,092
NET POSITION:				
Net investment in capital assets	42,258,985	133,373,942	28,199,689	203,832,616
Restricted:				
For debt service/renewal and replacements/capital projects	-	14,468,468	621,019	15,089,487
For contingency reserve	-	-	1,456,271	1,456,271
For revenue fund	-	-	2,552,327	2,552,327
Deposits with bond trustees	6,206,710	-	-	6,206,710
Unrestricted	14,657,096	6,617,748	6,178,563	27,453,407
TOTAL NET POSITION	63,122,791	154,460,158	39,007,869	256,590,818
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 171,745,733	$ 206,358,702	$ 74,489,946	$ 452,594,381

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, 2018

	Business-Type Activities Enterprise Funds			
	Electric	Airport	Nonmajor Enterprise Funds	Total
Operating Revenues:				
Charges for services	$ 46,581,948	$ 18,588,419	$ 24,834,919	$ 90,005,286
Intergovernmental	-	147,648	25,000	172,648
Miscellaneous	11,658,623	-	364,607	12,023,230
Total Operating Revenues	58,240,571	18,736,067	25,224,526	102,201,164
Operating Expenses:				
Personnel	-	4,548,988	6,213,600	10,762,588
Nonpersonnel	-	9,569,224	9,376,790	18,946,014
Electric department	52,150,292	-	-	52,150,292
Depreciation and amortization	5,870,040	6,149,129	3,531,604	15,550,773
Payments in lieu of taxes	-	-	1,554,854	1,554,854
Total Operating Expenses	58,020,332	20,267,341	20,676,848	98,964,521
Operating Income (Loss)	220,239	(1,531,274)	4,547,678	3,236,643
Nonoperating Revenues (Expenses):				
Dividends from associated companies	4,147,819	-	-	4,147,819
Passenger facility charges	-	2,534,573	-	2,534,573
Investment income	148,986	32,459	52,212	233,657
Stormwater design	-	-	(651,752)	(651,752)
Other income/(expense) - net	111,608	162,034	42,252	315,894
Interest expense	(2,795,980)	(1,594,041)	(1,094,583)	(5,484,604)
Restructuring fees	-	-	(329,165)	(329,165)
Amortization of bond premium	-	173,793	22,582	196,375
Gain/(loss) on disposal of capital assets	(409,639)	6,935	-	(402,704)
Total Nonoperating Revenues (Expenses)	1,202,794	1,315,753	(1,958,454)	560,093
Income Before Contributions and Other	1,423,033	(215,521)	2,589,224	3,796,736
Capital contributions	852,308	14,182,293	-	15,034,601
Payment in lieu of taxes	(2,294,893)	-	-	(2,294,893)
Change in Net Position	(19,552)	13,966,772	2,589,224	16,536,444
Net Position at Beginning of Year, as restated	63,142,343	140,493,386	36,418,645	240,054,374
Net Position at End of Year	$ 63,122,791	$ 154,460,158	$ 39,007,869	$ 256,590,818

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, 2018

	Electric	Airport	Nonmajor Enterprise Funds	Total
Cash Flows From Operating Activities:				
Receipts from customers and users	$ 46,928,824	$ 18,487,213	$ 24,927,195	$ 90,343,232
Receipts of operating grants	-	147,648	25,000	172,648
Payments from electric department	(50,884,893)	-	-	(50,884,893)
Payments to suppliers	-	(6,191,660)	(7,922,921)	(14,114,581)
Payments for wages and benefits	-	(4,239,613)	(7,270,482)	(11,510,095)
Payment in lieu of taxes	-	-	(1,554,854)	(1,554,854)
Payments for other expenses	-	(280,765)	-	(280,765)
Other receipts	11,951,022	291,607	22,666	12,265,295
Net Cash Provided by Operating Activities	7,994,953	8,214,430	8,226,604	24,435,987
Cash Flows From Noncapital Financing Activities:				
Payment in lieu of taxes	(2,328,924)	-	-	(2,328,924)
Receipt from loan receivable	-	72,136	-	72,136
Design costs financed by revolving loan	-	-	(651,752)	(651,752)
Restructuring fees	-	-	(329,165)	(329,165)
Other income	111,608	-	-	111,608
Net Cash Provided/(Used) by Noncapital Financing Activities	(2,217,316)	72,136	(980,917)	(3,126,097)
Cash Flows From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(4,756,826)	(14,821,036)	(5,398,400)	(24,976,262)
Proceeds from bonds and notes payable	12,420,000	-	2,000,000	14,420,000
Proceeds from premium	167,126	-	273,842	440,968
Proceeds from short-term state revolving loans	-	-	468,511	468,511
Proceeds from issuance of capital lease	-	166,390	133,640	300,030
Proceeds from sale of capital assets	92,050	7,134	22,500	121,684
Capital grants/contributions	852,308	11,641,886	-	12,494,194
Passenger facility charges	-	2,465,588	-	2,465,588
Drawdowns on line of credit	-	2,182,430	-	2,182,430
Repayment of line of credit	-	(3,353,039)	-	(3,353,039)
Principal paid on:				
General obligation bonds	(12,990,000)	-	-	(12,990,000)
Revenue bonds	-	(2,110,000)	(751,420)	(2,861,420)
State revolving loans	-	-	(218,811)	(218,811)
Capital lease obligations	-	(554,802)	(271,653)	(826,455)
Interest paid on outstanding debt, including issue costs	(3,289,757)	(1,635,126)	(1,094,583)	(6,019,466)
Net Cash Used by Capital and Related Financing Activities	(7,505,099)	(6,010,575)	(4,836,374)	(18,352,048)
Cash Flows From Investing Activities:				
Purchase of restricted investments	(3,014,399)	-	(8,943)	(3,023,342)
Proceeds from sale of restricted investments	2,662,519	-	-	2,662,519
Purchase of investment in associated companies	(3,020,460)	-	-	(3,020,460)
Sale of investments	-	55,540	-	55,540
Receipt of interest & dividends	4,166,569	32,460	59,498	4,258,527
Net Cash Provided/(Used) by Investing Activities	794,229	88,000	50,555	932,784
Net Increase/(Decrease) in Cash	(933,233)	2,363,991	2,459,868	3,890,626
Cash and cash equivalents at beginning of year	13,053,826	16,358,894	13,204,303	42,617,023
Cash and cash equivalents at end of year	$ 12,120,593	$ 18,722,885	$ 15,664,171	$ 46,507,649

(continued)

(continued)

	Electric	Airport	Nonmajor Enterprise Funds	Total
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by (used for) Operating Activities:				
Operating income/(loss)	$ 220,239	$ (1,531,274)	$ 4,547,678	$ 3,236,643
Depreciation and amortization	6,174,579	6,149,129	3,531,604	15,855,312
Other revenues	-	442,799	22,666	465,465
Other building expenses	-	(280,765)	-	(280,765)
Changes in assets, liabilities, and deferred outflows/inflows:				
(Increase)/decrease in receivables	380,517	(120,577)	(297,717)	(37,777)
(Increase)/decrease in unbilled revenues	101,936	-	-	101,936
(Increase)/decrease in inventory	(747,517)	4,426	41,636	(701,455)
(Increase)/decrease in other deferred charges	119,528	-	29,304	148,832
(Increase)/decrease in prepaids	-	(14,276)	(24,817)	(39,093)
(Increase)/decrease in deferred outflows	1,520,563	653,359	1,104,765	3,278,687
Increase/(decrease) in accounts payable	306,012	3,216,290	820,692	4,342,994
Increase/(decrease) in customer deposits	-	-	(3,918)	(3,918)
Increase/(decrease) in accrued payroll and benefits	-	-	13,895	13,895
Increase/(decrease) in accrued liabilities	-	(4,367)	616,358	611,991
Increase/(decrease) in net pension liability	(16,445)	(1,000,758)	(2,149,827)	(3,167,030)
Increase/(decrease) in net OPEB liability	2,361	211	(111,472)	(108,900)
Increase/(decrease) in compensated absences	-	27,403	20,988	48,391
Increase/(decrease) in unearned revenue	-	(131,821)	-	(131,821)
Increase/(decrease) in retainage payable	-	168,194	-	168,194
Increase/(decrease) in other operating assets/liabilities	(99,395)	2,930	-	(96,465)
Increase/(decrease) in deferred inflows	32,575	633,527	1,243,500	1,909,602
Capitalized labor	-	-	(1,178,731)	(1,178,731)
Net Cash Provided by Operating Activities	$ 7,994,953	$ 8,214,430	$ 8,226,604	$ 24,435,987

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

CITY OF BURLINGTON, VERMONT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

	Pension Trust Fund	Private Purpose Trust Funds
ASSETS		
Current:		
Cash and cash equivalents	$ 3,716,515	$ 37,869
Escrows	95,438	-
Investments:		
Equity	131,874,347	-
Fixed income	37,029,372	-
Real assets	2,913,938	-
Realty investors	16,511,002	-
Accounts receivable	34,460	-
Prepaid expenses	31,127	-
Noncurrent:		
Capital assets, net of accumulated depreciation	385,284	-
Total Assets	192,591,483	37,869
LIABILITIES		
Current:		
Accounts payable	51,691	-
Accrued liabilities	441	-
Due to primary government	3,100,000	-
Capital lease payable	68,611	-
Noncurrent, net of current portion:		
Capital lease payable	360,698	-
Total Liabilities	3,581,441	-
NET POSITION		
Restricted for pensions	189,010,042	-
Restricted for Individuals and organizations	-	37,869
Total Net Position	$ 189,010,042	$ 37,869

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, 2018

	Pension Trust Fund	Private Purpose Trust Funds
Additions:		
Contributions:		
Employer - pension	$ 9,172,822	$ -
Plan members	3,624,939	-
Total Contributions	12,797,761	-
Investment earnings:		
Investment income	3,654,251	-
Net increase in the fair value of investments	13,489,048	12
Total Investment Earnings	17,143,299	12
Less Investment Expenses	(380,539)	-
Net Investment Earnings	16,762,760	12
Total Additions	29,560,521	12
Deductions:		
Benefits - pension	15,616,191	-
Administrative expenses	385,309	-
Depreciation	20,278	-
Total deductions	16,021,778	-
Change in net position	13,538,743	12
Net position restricted for pensions and other purposes:		
Beginning of year	175,471,299	37,857
End of year	$ 189,010,042	$ 37,869

The accompanying notes are an integral part of these 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:

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 funds:

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

Capital Improve Program - This fund is used to account for our capital street program and utilizes dedication tax funding to replace City street infrastructure.

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%
Highgate Station	7.7%

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

I. *Investments in Associated Companies*

The Electric Department follows the cost method of accounting for its 6.38% Class B common stock, 1.97% Class C common stock and 7.69% Class C preferred stock ownership interest in Vermont Electric Power Company, Inc. (VELCO), and its 5.17% 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, 2018, there was no offer of equity investment from VELCO/Transco.

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		13,450,420
VT Transco, LLC, B Units		17,118,710
	$	32,023,326

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:

	Capitalization Threshold	Estimated Service Life
Land	$ -	N/A
Construction in Progress	-	N/A
Land Improvements	25,000	30 years
Intangible asset	-	20 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:

	Estimated Service Life
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:

	Capitalization Threshold	Estimated Service Life
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 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 statues 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 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 Department is entitled to 40% of the output of the 40MW project). During FY2013, commercial operations commenced at the Georgia Mountain Community Wind Farm (the Department has entitlement to the full 10MW of output from the project). Additionally, the Department receives RECs from its entitlement to 13.5MW of the 52MW Hancock Wind Project, which began production in November 2016. The RECs from all of these wind facilities are qualified for participation in moth of the high value New England REC markets, making the sale of these RECs a significant source of revenue.

In February 2015, the Department commissioned a 500 kw AC solar array at the Burlington International Airport. The Department owns 100% of this resource, and leases space on the parking garage roof under a long-term agreement between the Department and the Burlington International Airport. The Airport solar array is designed to help reduce the Department's peak demand and energy needs during high-priced periods. There are several other solar arrays in Burlington that the Department purchases energy from and receives RECs as well.

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 2019 at least.

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 year ended June 30, 2018, REC revenue for McNeil, wind resources, and the Winooksi One hydro facility were $4,328,353, $2,773,764, and $799,997 respectively. For 2018, BED retained the RECs generated from its solar arrays and retired them to cover a portion of BED's Tier 3 obligation Vermont's Renewable Energy Standard.

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, 2018.

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.

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 l, the budget is legally enacted through passage of a resolution of the City Council.
3) The Mayor may propose, with the advice of the Board of Finance, amendments to the budget. Such proposed amendments require a majority approval of the City Council. The amount of such proposed amendments may be decreased by a simple majority vote of the City Council. Such proposed amendments may be increased above the level proposed by the Mayor only with a two-thirds vote of the City Council.
4) The Board of Finance is authorized to transfer budgeted amounts between line items within an appropriation account or within accounts of a department. Any revisions which increase the total expenditures of any department function or fund above the original appropriation must be approved by resolution of the City Council.
5) That portion of the designated fund balance that consists of operating and capital improvement carry-overs, represents unexpended appropriations, which are allowed to be carried over to later years as provided for by City Charter or by resolution of the City Council. All other unexpended appropriations lapse at the close of the fiscal year. The City Charter specifically prohibits expenditures in excess of appropriations, except on an emergency basis for health, police, fire and public welfare.
6) The City of Burlington tax rate can change each year by the cost of CCTA, Retirement, County and Debt Service without voter approval. However, any rate change on the tax rate for other purposes, above the maximum approved tax rate previously approved by voters, must be approved by City voters.
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.

General Fund	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Revenues/expenditures (GAAP Basis)	$ 61,786,017	$ 59,387,495
Other financing sources/uses (GAAP Basis)	2,472,741	1,957,184
Budgetary Basis	$ 64,258,758	$ 61,344,679

D. Budget Over Expenditures

The Transfers line is $1,284,235 over current year budget due to the $1,450,000 transfer to capital projects of prior year's (FY17) assigned fund balance, which included $600,000 for permit reform, $500,000 Green Revolving Loan, and $350,000 for Regional Dispatch.

E. Deficit Fund Equity

Certain individual funds reflected unassigned fund balance deficits as of June 30, 2018. 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, 2018 totaled $46,870,994, of which $41,439,630 were insured or collateralized by the FDIC and the FHLB Pittsburgh letter of credit up to $11,900,000 and FHLB Pittsburg letter of credit up to $20,000,000. At June 30, 2018, $5,431,364 remains uncollateralized and exposed to custodial credit risk.

Discretely Presented Component Unit – School District – At June 30, 2018, the School District's cash balance of $20,118,774 was comprised of bank deposits of $21,074,084. Of these bank deposits $501,571 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk. $20,503,533 of bank deposits was collateralized with an irrevocable standby letter of credit in the District's name. The remaining deposits of $69,700 were uninsured and uncollateralized, and consequently, were exposed to custodial credit risk.

Component Unit Fiduciary in Nature – BERS – At June 30, 2018, 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 $3,941,147 and US Treasury and other US Government obligation securities in the amount of $4,977,105.

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, 2018, 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:

Description		Fair Value Measurements Using: Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:				
Debt securities:				
Federal agency securities	$ 2,497,270	$ -	$ 2,497,270	$ -
US Treasury notes	2,479,835	-	2,479,835	-
Total	$ 4,977,105	$ -	$ 4,977,105	$ -

Burlington Electric Department

A. *Investments*

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

1) Direct obligations of the United States of America or obligations guaranteed by the United States of America.
2) Bonds, notes or other evidence of indebtedness issued or guaranteed by the CoBank, Federal Intermediate Credit Banks, FHLB, FNMA, GNMA, Export-Import Bank of the United States, Federal Land Banks, U.S. Postal Service, Federal Financing Bank, or any agency or instrumentality of or corporation wholly owned by the United States of America.
3) New Housing Authority Bonds issued by public agencies or municipalities and fully secured by a pledge of annual contributions under annual contribution contracts with the United States or America, or Project Notes issued by public agencies or municipalities and fully secured by a requisition or payment agreement with the United States of America.
4) Obligations of any state, commonwealth or territory of the United States of America, or the District of Columbia, or any political subdivision of the foregoing, with an investment grade rating not lower than the three highest categories by at least one nationally recognized debt rating service.
5) Certificates of deposit and bankers acceptances issued by banks which are members of the FDIC and each of which has a combined capital and surplus of not less than ten million dollars, provided that the time deposits in and acceptances of any bank under the Resolution (a) do not exceed at any time

twenty-five percent of the combined capital and surplus of the bank or (b) are fully secured by obligations described in items 1, 2, 3, and 4 of this paragraph.

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

B. *Concentration of Credit Risk*

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 exceed 13% of the total investment balance at June 30, 2018. The invested balance of current money market funds at June 30, 2018 was $1,365,414. The invested balance on noncurrent money market funds at June 30, 2018 was $4,013,502. The invested balance of noncurrent Certificates of Deposit at June 30, 2018 was $2,593,574.

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, 2018 (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:

		6/30/18
Bond funds:		
Renewal and replacement fund	$	1,747,947
Debt service fund		2,265,554
Debt service reserve fund		2,593,574
		6,607,075
Accrued interest receivable		106,318
Total	$	6,713,393

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, 2018, the School District's investments of $196,629 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. <u>*Concentration of Credit Risk*</u>

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	$	57,584,619
EB DL Smid Cap Stock Index Fund	$	34,463,430
EB DV Non-SL International Stock Index Fund	$	18,744,672
EB DV Non-SL Emerging Markets Stock Index Fund	$	19,235,488
EB DV Non-SL Intermediate Govt/Credit Bond Index Fund	$	37,029,372
USB Realty Investors LLC - Trumbull Prop	$	1,651,002

D. <u>*Interest Rate Risk*</u>

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. <u>*Foreign Currency Risk*</u>

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. <u>*Fair Value*</u>

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 and Sustainable Woodlands 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	$ 335,774	$ 417,305	N/A	(a)	N/A
Hamilton Lane Private Equity Offshore Fund VII Series A LP	877,012	195,175	N/A	(a)	N/A
Hamilton Lane Private Equity Offshore Fund VII Series B LP	633,352	174,774	N/A	(a)	N/A
Sustainable Woodlands Fund II LP	2,913,938	-	N/A	(a)	N/A
EB DV Non-SL Stock Index Fund	57,584,619	-	daily		1 day
EB DL Smid Cap Stock Index Fund	34,463,430	-	daily		1 day
EB DV Non-SL International Stock Index Fund	18,744,672	-	daily		1 day
EB DV Non-SL Emerging Markets Stock Index Fund	19,235,488	-	weekly		2 days
EB DV Non-SL Intermediate Govt/Credit Bond Index Fund	37,029,372	-	daily		1 day
USB Realty Investors LLC - Trumbull Prop	16,511,002	-	N/A	(a)	N/A
Total	$ 188,328,659				

(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. Parternship 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, 2018 consist of the following:

Property taxes:	
2018	$ 987,795
2017	113,487
2016	29,919
Prior years	788,843
Gross receipts taxes	515,765
Less: Allowance for doubtful taxes	(212,669)
Total	$ 2,223,140

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 liened in a similar manner as property taxes, described in Note 5.

User fees receivable and related allowance for doubtful accounts at June 30, 2018 consist of the following:

	Billed Service Fees	Estimated Unbilled Fees	Allowance for Doubtful Fees	Total
Electric	$ 4,630,269	$ 1,970,182	$ (263,230)	$ 6,337,221
Airport	1,357,779	-	(7,844)	1,349,935
Nonmajor Enterprise Funds:				
Telecom	1,100,983	4,799	(143,439)	962,343
Wastewater	826,125	553,777	(3,000)	1,376,902
Water	859,931	470,399	(3,000)	1,327,330
Stormwater	184,075	124,437	-	308,512
Total	$ 8,959,162	$ 3,123,594	$ (420,513)	$ 11,662,243

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.

	Gross	Allowance for Doubtful Accounts	Total
Police tickets	$ 1,889,295	$ (1,307,585)	$ 581,710
Local option sales tax	649,321	-	649,321
Ambulance and fire	665,258	(283,674)	381,584
Waterfront access	131,737	-	131,737
Code enforcement	127,386	(51,683)	75,703
Parks	98,867	-	98,867
City Arts	74,650	-	74,650
Equipment maintenance	53,674	-	53,674
Recycling	34,183	-	34,183
Other	305,873	-	305,873
Total	$ 4,030,244	$ (1,642,942)	$ 2,387,302

8. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2018.

	Governmental Activities	Business-Type Activities	Total
Community development grants	$ 1,030,898	$ -	$ 1,030,898
Capital project grants	529,521	-	529,521
Airport improvement program (AIP) grants	-	7,100,517	7,100,517
Stormwater revolving loan	-	669,708	669,708
Total	$ 1,560,419	$ 7,770,225	$ 9,330,644

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, 2018:

Community and Economic Development loans:	Receivable	Less: Discount	Less: Allowance	Total
HODAG loans	$ 7,415,942	$ -	$ (6,949,348)	$ 466,594
Housing and Urban Development Programs:				
HOME loans	8,041,755	(2,869,477)	(4,198,603)	973,675
Lead paint loans	2,700,706	(277,403)	(1,819,872)	603,431
Other loans	1,179,743	(50,342)	(142,806)	986,595
Total CEDO loans	$ 19,338,146	$ (3,197,222)	$ (13,110,629)	$ 3,030,295

The following is a summary of the Primary Government's major components of loans receivable at June 30, 2018:

	Governmental Activities	Business-Type Activities	Total
CEDO loans, from above	$ 3,030,295	$ -	$ 3,030,295
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.	458,010	-	458,010
Multi-generational loan receivable from Champlain Housing Trust Corporation, offset by loan payable. The monthly payment is $1,879, maturing on October 1, 2028.	181,688	-	181,688
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.	-	661,948	661,948
Total loans receivable	3,669,993	661,948	4,331,941
Less: amount due within one year	(85,193)	(74,330)	(159,523)
Loans receivable, net of current portion	$ 3,584,800	$ 587,618	$ 4,172,418

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:

Fiscal Year	Principal	Interest	Total
2019	$ 22,105	$ 49,895	$ 72,000
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
2024-2027	585,656	150,344	736,000
Total	$ 712,779	$ 383,221	$ 1,096,000

11. Interfund Advances and Transfers

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The composition of advances to/from other funds (amounts considered to be long-term) as of June 30, 2018 is as follows:

Fund	Advances to Other Funds	Advances from Other Funds
General fund	$ 702,635	$ -
Other Nonmajor governmental funds:		
Community development corporation	-	153,505
Champlain Parkway	-	70,262
Traffic Capital	-	457,724
Wayfinding	-	10,012
Downtown Westlake	153,505	164,637
Total	$ 856,140	$ 856,140

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 2018:

Governmental Funds:	Transfers In	Transfers Out
Major funds:		
General fund	$ 40,965	$ 1,957,184
Capital improvement program	1,450,000	1,583,550
Nonmajor funds:		
Special Revenue funds:		
Traffic	124,473	-
Community and economic development	301,541	-
TIF downtown	-	366,388
Church street market place	11,000	-
Impact fees	-	141,602
Dedicated taxes	184,543	29,504
Capital Project funds:		
Champlain parkway	44,917	-
Parks	1,414,608	-
Great streets	530,017	-
Permanent funds:		
Cemetery	-	23,836
Subtotal Nonmajor Governmental funds	2,611,099	561,330
Grand Total	$ 4,102,064	$ 4,102,064

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs and accounted for in other funds in accordance with budgetary authorizations. The transfers into the capital project funds from the general fund represent the City's practice of funding certain capital activities from the general fund budget.

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, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 14,710,956	$ -	$ -	$ 14,710,956
Construction in progress	11,605,805	5,057,362	-	16,663,167
Antiques and works of art	52,000	-	-	52,000
Total capital assets, not being depreciated	26,368,761	5,057,362	-	31,426,123
Capital assets, being depreciated:				
Land improvements	12,253,775	95,892	-	12,349,667
Buildings and building improvements	58,790,167	-	-	58,790,167
Vehicles, machinery, equipment and furniture	24,062,662	3,436,068	(1,296,929)	26,201,801
Book collections	2,186,882	183,164	-	2,370,046
Infrastructure	125,778,254	8,277,669	-	134,055,923
Total capital assets, being depreciated	223,071,740	11,992,793	(1,296,929)	233,767,604
Less accumulated depreciation for:				
Land improvements	(1,658,146)	(406,154)	-	(2,064,300)
Buildings and building improvements	(14,310,840)	(860,999)	-	(15,171,839)
Vehicles, machinery, equipment and furniture	(17,743,407)	(1,468,725)	1,234,748	(17,977,384)
Book collections	(1,720,305)	(179,498)	-	(1,899,803)
Infrastructure	(73,614,727)	(4,120,566)	-	(77,735,293)
Total accumulated depreciation	(109,047,425)	(7,035,942)	1,234,748	(114,848,619)
Total capital assets, being depreciated, net	114,024,315	4,956,851	(62,181)	118,918,985
Governmental activities capital assets, net	$ 140,393,076	$ 10,014,213	$ (62,181)	$ 150,345,108

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities-Combined Enterprise Funds:				
Capital assets, not being depreciated:				
Land	$ 50,471,128	$ 8,311,025	$ (3,215,192)	$ 55,566,961
Construction in progress	16,385,349	11,740,311	(6,193,082)	21,932,578
Total capital assets, not being depreciated	66,856,477	20,051,336	(9,408,274)	77,499,539
Capital assets, being depreciated:				
Land improvements	113,083,678	3,703,746	(206)	116,787,218
Buildings and building improvements	86,969,350	331,847	-	87,301,197
Vehicles, machinery, equipment and furniture	31,563,213	2,880,440	(137,589)	34,306,064
Distribution and collection systems	242,041,713	8,949,218	(972,801)	250,018,130
Intangible asset	6,000,000	-	-	6,000,000
Total capital assets, being depreciated	479,657,954	15,865,251	(1,110,596)	494,412,609
Less accumulated depreciation for:				
Land improvements	(55,613,319)	(3,763,909)	-	(59,377,228)
Buildings and building improvements	(37,307,749)	(2,485,663)	-	(39,793,412)
Vehicles, machinery, equipment and furniture	(19,730,319)	(2,062,754)	137,596	(21,655,477)
Distribution and collection systems	(124,514,888)	(7,120,457)	633,875	(131,001,470)
Intangible asset	(900,000)	(300,000)	-	(1,200,000)
Total accumulated depreciation	(238,066,275)	(15,732,783)	771,471	(253,027,587)
Total capital assets, being depreciated, net	241,591,679	132,468	(339,125)	241,385,022
Business-type activities capital assets, net	$ 308,448,156	$ 20,183,804	$ (9,747,399)	$ 318,884,561

	Beginning Balance	Increases	Decreases	Ending Balance
Electric Enterprise Fund:				
Capital assets, not being depreciated:				
Land	$ 1,335,521	$ -	$ -	$ 1,335,521
Construction in progress	2,763,436	3,904,056	(4,368,603)	2,298,889
Total capital assets, not being depreciated	4,098,957	3,904,056	(4,368,603)	3,634,410
Capital assets, being depreciated:				
Distribution and collection systems	186,602,620	5,055,698	(935,409)	190,722,909
Total capital assets, being depreciated	186,602,620	5,055,698	(935,409)	190,722,909
Less accumulated depreciation for:				
Distribution and collection systems	(90,894,571)	(6,052,053)	599,396	(96,347,228)
Total accumulated depreciation	(90,894,571)	(6,052,053)	599,396	(96,347,228)
Total capital assets, being depreciated, net	95,708,049	(996,355)	(336,013)	94,375,681
Electric Enterprise Fund capital assets, net	$ 99,807,006	$ 2,907,701	$ (4,704,616)	$ 98,010,091

	Beginning Balance	Increases	Decreases	Ending Balance
Airport Enterprise Fund:				
Capital assets, not being depreciated:				
Land	$ 48,078,605	$ 8,311,025	$ (3,215,192)	$ 53,174,438
Construction in progress	13,585,913	7,808,876	(1,788,479)	19,606,310
Total capital assets, not being depreciated	61,664,518	16,119,901	(5,003,671)	72,780,748
Capital assets, being depreciated:				
Land improvements	83,164,643	3,703,746	(206)	86,868,183
Buildings and building improvements	85,609,646	200,481	-	85,810,127
Vehicles, machinery, equipment and furniture	12,172,292	255,579	(33,481)	12,394,390
Total capital assets, being depreciated	180,946,581	4,159,806	(33,687)	185,072,700
Less accumulated depreciation for:				
Land improvements	(38,586,119)	(3,031,607)	-	(41,617,726)
Buildings and building improvements	(37,003,545)	(2,448,561)	-	(39,452,106)
Vehicles, machinery, equipment and furniture	(6,778,168)	(668,957)	33,488	(7,413,637)
Total accumulated depreciation	(82,367,832)	(6,149,125)	33,488	(88,483,469)
Total capital assets, being depreciated, net	98,578,749	(1,989,319)	(199)	96,589,231
Airport Enterprise Fund capital assets, net	$ 160,243,267	$ 14,130,582	$ (5,003,870)	$ 169,369,979

	Beginning Balance	Increases	Decreases	Ending Balance
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	1,265,669	22,169	-	1,287,838
Vehicles, machinery, equipment and furniture	5,578,445	2,369,251	-	7,947,696
Intangible asset	6,000,000	-	-	6,000,000
Total capital assets, being depreciated	12,844,114	2,391,420	-	15,235,534
Less accumulated depreciation for:				
Buildings and building improvements	(295,270)	(31,156)	-	(326,426)
Vehicles, machinery, equipment and furniture	(975,854)	(899,806)	-	(1,875,660)
Intangible asset	(900,000)	(300,000)	-	(1,200,000)
Total accumulated depreciation	(2,171,124)	(1,230,962)	-	(3,402,086)
Total capital assets, being depreciated, net	10,672,990	1,160,458	-	11,833,448
Telecom Nonmajor Enterprise Fund capital assets, net	$ 10,830,790	$ 1,160,458	$ -	$ 11,991,248

	Beginning Balance	Increases	Decreases	Ending Balance
Wastewater Nonmajor Enterprise Fund:				
Capital assets, not being depreciated:				
Land	$ 847,952	$ -	$ -	$ 847,952
Construction in Progress	-	5,573	-	5,573
Total capital assets, not being depreciated	847,952	5,573	-	853,525
Capital assets, being depreciated:				
Land improvements	29,919,035	-	-	29,919,035
Buildings and building improvements	94,035	43,916	-	137,951
Vehicles, machinery, equipment and furniture	12,178,831	255,610	(104,108)	12,330,333
Distribution and collection systems	17,732,715	156,213	-	17,888,928
Total capital assets, being depreciated	59,924,616	455,739	(104,108)	60,276,247
Less accumulated depreciation for:				
Land improvements	(17,027,200)	(732,302)	-	(17,759,502)
Buildings and building improvements	(8,934)	(4,640)	-	(13,574)
Vehicles, machinery, equipment and furniture	(10,935,760)	(395,628)	104,108	(11,227,280)
Distribution and collection systems	(8,259,709)	(359,869)	-	(8,619,578)
Total accumulated depreciation	(36,231,603)	(1,492,439)	104,108	(37,619,934)
Total capital assets, being depreciated, net	23,693,013	(1,036,700)	-	22,656,313
Wastewater Nonmajor Enterprise Fund capital assets, net	$ 24,540,965	$ (1,031,127)	$ -	$ 23,509,838

	Beginning Balance	Increases	Decreases	Ending Balance
Water Nonmajor Enterprise Fund:				
Capital assets, not being depreciated:				
Land	$ 51,250	$ -	$ -	$ 51,250
Construction in progress	36,000	-	(36,000)	-
Total capital assets, not being depreciated	87,250	-	(36,000)	51,250
Capital assets, being depreciated:				
Buildings & Building Improvements	-	65,281	-	65,281
Vehicles, machinery, equipment and furniture	1,633,645	-	-	1,633,645
Distribution and collection systems	35,884,717	3,207,687	(37,392)	39,055,012
Total capital assets, being depreciated	37,518,362	3,272,968	(37,392)	40,753,938
Less accumulated depreciation for:				
Buildings & Building Improvements	-	(1,306)	-	(1,306)
Vehicles, machinery, equipment and furniture	(1,040,537)	(98,363)	-	(1,138,900)
Distribution and collection systems	(25,107,771)	(630,327)	34,479	(25,703,619)
Total accumulated depreciation	(26,148,308)	(729,996)	34,479	(26,843,825)
Total capital assets, being depreciated, net	11,370,054	2,542,972	(2,913)	13,910,113
Water Nonmajor Enterprise Fund capital assets, net	$ 11,457,304	$ 2,542,972	$ (38,913)	$ 13,961,363

	Beginning Balance	Increases	Decreases	Ending Balance
Stormwater Nonmajor Enterprise Fund:				
Capital assets, not being depreciated				
Construction in Progress	$ -	$ 21,806	$ -	$ 21,806
Total capital assets, not being depreciated	-	21,806	-	21,806
Capital assets, being depreciated:				
Distribution and collection systems	1,821,661	529,620	-	2,351,281
Total capital assets, being depreciated	1,821,661	529,620	-	2,351,281
Less accumulated depreciation for:				
Distribution and collection systems	(252,837)	(78,208)	-	(331,045)
Total accumulated depreciation	(252,837)	(78,208)	-	(331,045)
Total capital assets, being depreciated, net	1,568,824	451,412	-	2,020,236
Stormwater Nonmajor Enterprise Fund capital assets, net	$ 1,568,824	$ 473,218	$ -	$ 2,042,042

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

Governmental Activities:	
General government	$ 162,090
Public safety	870,246
Public works	4,563,106
Community development	199,585
Culture and recreation	1,240,915
Total depreciation expense - governmental activities	$ 7,035,942

Business-Type Activities:	
Electric	$ 6,052,053 *
Airport	6,149,125
Telecom	1,230,962
Wastewater	1,492,439
Water	729,996
Stormwater	78,208
Total depreciation expense - business-type activities	$ 15,732,783

*Represents depreciation of Electric Capital Assets and not regulatory depreciation 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	-	744,311
Total capital assets, not being depreciated	2,251,677	744,311	-	2,995,988
Capital assets, being depreciated:				
Buildings and building improvements	55,117,867	729,734	-	55,847,601
Vehicles, machinery, equipment and furniture	6,897,501	729,393	(2,328,933)	5,297,961
Total capital assets, being depreciated	62,015,368	1,459,127	(2,328,933)	61,145,562
Less accumulated depreciation for:				
Buildings and building improvements	(15,736,129)	(1,367,397)	-	(17,103,526)
Vehicles, machinery, equipment and furniture	(6,142,930)	(218,352)	2,325,299	(4,035,983)
Total accumulated depreciation	(21,879,059)	(1,585,749)	2,325,299	(21,139,509)
Total capital assets, being depreciated, net	40,136,309	(126,622)	(3,634)	40,006,053
School capital assets, net	$ 42,387,986	$ 617,689	$ (3,634)	$ 43,002,041

13. Regulatory Assets and Other Prepaid Charges

For the Electric Department, regulatory and other prepaid charges at June 30, 2018 comprise the following:

Deferred depreciation expense to be recovered in future years	$ 2,042,280
Retirement of meters	53,572
Total	$ 2,095,852

A. *Deferred Depreciation Expense to be Recovered in Future Years*

Provisions for depreciation of capital assets, with the exception of the Joseph C. McNeil Generating Station (the McNeil Station) and the Highgate Converter Station (the Highgate Station), are reported using the straight-line method at rates based upon the estimated service lives and salvage values of the several classes of property. Depreciation of capital assets for the McNeil Station and the Highgate Station are calculated using the straight-line method. However, a portion of the current depreciation expense is only recoverable through future rates. The difference is included in deferred charges (calculated as the straight-line depreciation expense less the depreciation expense on a sinking fund basis) and will be recovered in future years. The Department recorded straight-line depreciation of $5,587,643 for the year ended June 30, 2018. In 2018 $11,040 of deferred depreciation expense was realized. Unamortized deferred depreciation balance of $2,040,280 remained at June 30, 2018.

B. Deferred-VPSB Accounting Orders

In 2012, the Department obtained an accounting order from the Vermont Public Service Board (VPSB) related to costs for the McNeil Station turbine overhaul. The total deferred cost was $935,044 and will be amortized over seven years (84 months) beginning July 2011. Amortization expense related to the deferred overhaul charges was $133,567 for 2018, and has been reported as a component of production expense. The unamortized balance at June 30, 2018 is $0.

C. 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 $119,528 for 2018. The unamortized balance at June 30, 2018 is $53,572.

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 2018 expenditures paid on or after July 1, 2018.

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 matures 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 25, 2017, this Line of Credit was renewed for a two-year term to May 18, 2019. The Electric Department had the entire Line of Credit balance of $5,000,000 available for use during fiscal year 2018 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. On November 14, 2017, this line of credit was renewed for one year to November 13, 2018. The note was secured by AIP grant reimbursements. During the year drawdowns on the grant amounted to $2,182,430 while repayments were $3,353,039, leaving an outstanding balance at June 30, 2018 of $694,582.

17. Long-Term Obligations – Primary Government

A. *Types of Long-Term Obligations*

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

General obligation bonds are direct obligations and pledge the full faith and credit of the City.

No-Interest Revolving Loans. The State of Vermont offers a number of no-interest revolving loan programs to utilize for predetermined purposes. Two of the five no-interest loans do charge a 2% administration fee. The City has borrowed money from the Vermont Special Environmental Revolving Fund for sewer stormwater projects. These bonds are both general obligation and revenue supported bonds.

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

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 - 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:

Governmental Activities:	Serial Maturities Through	Interest Rate(s) %	Amount Issued	Amount Outstanding as of 6/30/18
General obligation bonds:				
General Improvements 2009 Series C	11/01/2029	2.00 - 4.125%	$ 1,000,000	$ 45,000
General Improvements 2009 Series C	11/01/2029	2.00 - 4.125%	1,000,000	45,000
General Improvements 2009 Series C - Street Impr.	11/01/2029	2.00 - 4.125%	2,250,000	105,000
General Improvements 2011 Series A	11/01/2031	3.00 - 4.75%	1,000,000	780,000
General Improvements 2011 Series A - Fire	11/01/2031	3.00 - 4.75%	1,325,000	1,030,000
General Improvements 2011 Series A - Street Paving	11/01/2031	3.00 - 4.75%	3,250,000	2,525,000
General Improvements 2011 Series B	11/01/2031	2.00 - 4.75%	1,000,000	775,000
Public Improvement Bonds 2012 Series A	11/01/2032	5.00%	1,000,000	835,000
Public Improvement Bonds 2012 Series A	11/01/2032	5.00%	2,000,000	1,670,000
Taxable G.O. Bonds 2013 Series A - Fiscal Stability	11/01/2028	3.50 - 5.25%	9,000,000	6,840,000
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	1,700,000
Public Improvement Bonds 2015 Series A	11/01/2035	5.00%	2,000,000	1,880,000
Refunding Bond Series 2016A	06/30/2030	3.00 - 5.00%	2,195,000	1,675,000
Public Improvement Bonds 2016 Series B	11/01/2036	4.00 - 5.00%	2,000,000	1,940,000
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	5,267,000
Public Improvement Bonds 2017 Series B	11/01/2032	5.00%	2,730,000	2,730,000
Public Improvement Bonds 2018 Series A	11/01/2037	2.00 - 5.00%	2,000,000	2,000,000
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
Total general obligation bonds				50,344,143
Other debt:				
HUD Section 108 - US Guaranteed Notes 2003	08/01/2022	3.25%	3,602,000	250,000
HUD Section 108 - US Guaranteed Notes 2005	08/01/2018	variable	1,827,000	800,000
Special Obligation Tax Increment Financing Bond	11/15/2024	0.51 - 4.28%	7,800,000	4,066,341
HUD Section 108 - US Guaranteed Notes 2014	06/15/2025	5.00%	2,091,000	1,518,000
Refunding COP Series 2016A - Lakeview Garage Project	06/30/2025	3.00-5.00%	5,145,000	3,795,000
Refunding COP Series 2016B - DPW Facility Project	06/30/2021	3.00-5.00%	1,445,000	905,000
General Obligation Tax Increment Bonds, Series 2017D	11/01/2035	2.00-5.00%	3,400,000	3,400,000
Parking Revenue Bonds, Series 2017	05/03/2028	5.30%	4,199,995	4,199,995
Total other debt				18,934,336
BCDC loans:				
Gilbane property	10/30/2025	6.25%	325,571	197,803
Airport support hanger	11/01/2020	4.09%	2,977,500	2,105,289
Refinancing VEDA	11/19/2020	3.75%	560,000	404,963
Relief long term notes	11/15/2024	3.25-4.00%	996,116	458,010
Multigenerational center	10/01/2028	5.00%	302,282	181,688
Aviation support hanger	06/01/2026	3.00%	1,400,000	661,948
Total BCDC loans				4,009,701
Total Governmental Activities:				$ 73,288,180

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

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

Business-Type Activities:	Serial Maturities Through	Interest Rate(s) %	Amount Issued	Amount Outstanding as of 6/30/18
General obligation bonds:				
Electric 2009 Series A Bonds	11/01/2029	2.00 - 4.375%	$ 12,750,000	$ 575,000
Electric 2009 Series B Bonds	11/01/2029	4.00 - 6.00%	8,250,000	350,000
Electric 2009 Series C Bonds	11/01/2029	2.00 - 4.125%	10,985,000	505,000
Electric 2009 Series D Bonds	11/01/2029	1.45 - 5.60%	4,615,000	200,000
Electric 2009 Series C Bonds	11/01/2029	2.00 - 4.125%	1,000,000	45,000
Electric 2009 Series C Bonds	11/01/2029	2.00 - 4.125%	1,000,000	45,000
Electric General Improvements 2011 Series A	11/01/2031	3.00 - 4.75%	1,000,000	780,000
Electric General Improvements 2011 Series B	11/01/2031	2.00 - 4.75%	1,000,000	775,000
Electric Public Improvement 2012 Series A	11/01/2032	5.00%	2,000,000	1,670,000
Electric Public Improvement 2012 Series A	11/01/2032	5.00%	1,750,000	1,460,000
Electric Taxable Public Improvement 2012 Series B	11/01/2032	6.00%	1,250,000	1,060,000
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	2,550,000
Electric G.O. Public Improvement Bonds 2015 Series A	11/01/2035	5.00%	3,000,000	2,820,000
Electric G.O. Refunding Bond 2016 Series A	11/01/2029	2.00-5.00%	10,235,000	9,915,000
Electric G.O. Public Improvement Bonds 2016 Series B	11/01/2036	4.00 - 5.00%	3,000,000	2,910,000
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	6,120,000
Electric Taxable Refunding 2016 Series D	11/01/2029	1.15 - 3.25%	3,460,000	3,405,000
Electric G.O. Public Improvement Bonds 2017 Series C	11/01/2037	2.00-5.00%	3,000,000	3,000,000
Total general obligation bonds				47,930,714
Other debt:				
Electric Revenue Bonds 2011 Series A	07/01/2031	4.25 - 5.75%	8,775,000	1,170,000
Electric Revenue Bonds 2011 Series B	07/01/2031	7.25 - 8.25%	3,135,000	520,000
Electric Revenue Bonds 2014 Series A	07/01/2035	3.78%	12,000,000	10,665,000
Electric Revenue Bonds 2014 Series B	07/01/2035	3.36%	5,820,000	4,245,000
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	5,410,000
Wastewater State of VT-EPA 2006 Series 1 (Siphon)	02/01/2027	0.00%	1,650,000	766,613
Stormwater Revenue Obligation Bond	10/01/2031	0.00%	1,204,000	337,601
Wastewater State of VT-EPA 2009 Series I (Turbo)	10/01/2031	0.00%	120,000	41,618
Wastewater State of VT-EPA 2001 Series 1 (Digester)	08/01/2027	0.00%	2,500,000	887,103
Airport Revenue Refunding 2012 Series A	07/01/2028	4.00 - 5.00%	17,670,000	17,670,000
Airport Revenue Refunding 2012 Series B	07/01/2018	3.50%	7,130,000	1,415,000
Wastewater VT Municpal Bond Bank 2014 Series 1	11/15/2033	0.643 - 4.723%	14,645,620	11,716,496
Water State Revolving Loan RF3-295	11/01/2034	1.00%	253,340	168,031
Airport Revenue Refunding 2014 Series A	07/01/2030	0.67 - 3.59%	15,660,000	13,830,000
Water System Revenue Bonds 2017 Series	11/01/2036	2.00 - 5.00%	3,250,000	3,250,000
Water System Revenue Bonds 2018 Series	11/01/2038	4.00-5.00%	2,000,000	2,000,000
Total other debt				78,102,462
Total Business-Type Activities:				$ 126,033,176

B. *Future Debt Service*

The annual payments to retire all governmental general obligation long-term debt outstanding as of June 30, 2018 are as follows:

Governmental Activities Combined		Principal		Interest		Total
2019	$	5,808,552	$	3,080,617	$	8,889,169
2020		4,954,863		2,934,954		7,889,817
2021		6,621,813		2,729,558		9,351,371
2022		4,618,793		2,532,594		7,151,387
2023		4,794,710		2,332,733		7,127,443
2024 - 2028		22,497,599		8,389,661		30,887,260
2029 - 2033		14,581,850		3,840,904		18,422,754
2034 - 2038		8,950,000		1,046,917		9,996,917
2039		460,000		11,500		471,500
Total	$	73,288,180	$	26,899,438	$	100,187,618

The annual payments to retire all business-type (and each Enterprise fund) long-term debt outstanding as of June 30, 2018 are as follows:

Business-Type Activities Combined All Enterprise Funds		Principal		Interest		Total
2019	$	7,730,506	$	5,031,835	$	12,762,341
2020		7,914,336		4,757,227		12,671,563
2021		8,168,247		4,469,547		12,637,794
2022		8,457,237		4,160,924		12,618,161
2023		8,761,309		3,833,832		12,595,141
2024 - 2028		46,939,553		13,512,187		60,451,740
2029 - 2033		30,801,102		4,416,987		35,218,089
2034 - 2038		7,110,886		586,990		7,697,876
2039		150,000		3,750		153,750
Total	$	126,033,176	$	40,773,279	$	166,806,455

Electric Enterprise Fund		Principal		Interest		Total
2019	$	4,495,000	$	2,899,758	$	7,394,758
2020		4,565,000		2,738,765		7,303,765
2021		4,695,000		2,590,415		7,285,415
2022		4,850,000		2,430,813		7,280,813
2023		5,020,000		2,262,225		7,282,225
2024 - 2028		26,222,857		8,105,707		34,328,564
2029 - 2033		19,367,857		2,858,968		22,226,825
2034 - 2038		4,735,000		349,510		5,084,510
Total	$	73,950,714	$	24,236,161	$	98,186,875

Airport Enterprise Fund	Principal	Interest	Total
2019	$ 2,195,000	$ 1,465,063	$ 3,660,063
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 - 2028	14,915,000	3,110,825	18,025,825
2029 - 2033	6,120,000	349,700	6,469,700
Total	$ 32,915,000	$ 9,670,413	$ 42,585,413

Wastewater Nonmajor Enterprise Fund	Principal	Interest	Total
2019	$ 894,294	$ 424,683	$ 1,318,977
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 - 2028	4,498,354	1,327,701	5,826,055
2029 - 2033	3,676,671	570,023	4,246,694
2034 - 2035	732,281	14,411	746,692
Total	$ 13,411,830	$ 3,852,584	$ 17,264,414

Water Nonmajor Enterprise Fund	Principal	Interest	Total
2019	$ 126,690	$ 242,331	$ 369,021
2020	186,891	244,290	431,181
2021	197,097	238,509	435,606
2022	202,310	231,871	434,181
2023	207,530	224,051	431,581
2024 - 2028	1,191,175	967,954	2,159,129
2029 - 2033	1,512,733	638,296	2,151,029
2034 - 2038	1,643,605	223,069	1,866,674
2039	150,000	3,750	153,750
Total	$ 5,418,031	$ 3,014,121	$ 8,432,152

Stormwater Nonmajor Enterprise Fund	Principal	Interest	Total
2019	$ 19,522	$ -	$ 19,522
2020	19,912	-	19,912
2021	20,311	-	20,311
2022	20,717	-	20,717
2023	21,131	-	21,131
2024 - 2028	112,167	-	112,167
2029 - 2033	123,841	-	123,841
Total	$ 337,601	$ -	$ 337,601

C. *Changes in General Long-Term Liabilities*

During the year ended June 30, 2018, the following changes occurred in long-term liabilities for the City's Governmental and Business-Type Activities, as well as each enterprise fund:

Governmental Activities	Total Balance 7/1/2017	Additions	Reduction	Total Balance 6/30/2018	Less Current Portion	Equal Long Term Portion
General obligation bonds	$ 35,424,143	$ 16,650,000	$ (1,730,000)	$ 50,344,143	$ (2,180,000)	$ 48,164,143
Add unamortized premium	2,289,074	2,689,456	(250,554)	4,727,976	(304,857)	4,423,119
Subtotal	37,713,217	19,339,456	(1,980,554)	55,072,119	(2,484,857)	52,587,262
Other debt	17,482,205	8,089,547	(2,627,715)	22,944,037	(3,290,229)	19,653,808
Net pension liability	53,984,047	5,140,709	-	59,124,756	-	59,124,756
Total OPEB liability	3,573,571	7,224	-	3,580,795	-	3,580,795
Obligations under capital leases	2,301,048	1,015,000	(577,971)	2,738,077	(649,257)	2,088,820
Compensated absences	2,234,357	1,903,459	(1,870,315)	2,267,501	(226,750)	2,040,751
Insurance reserves	2,072,758	-	(453,594)	1,619,164	(854,112)	765,052
Total	$ 119,361,203	$ 35,495,395	$ (7,510,149)	$ 147,346,449	$ (7,505,205)	$ 139,841,244

Business-type Activities - Combined All Enterprise Funds	Total Balance 7/1/2017	Additions	Reduction	Total Balance 6/30/2018	Less Current Portion	Equal Long Term Portion
General obligation bonds	$ 47,605,714	$ 3,000,000	$ (2,675,000)	$ 47,930,714	$ (2,885,000)	$ 45,045,714
Add unamortized premium	3,438,383	473,345	(76,014)	3,835,714	-	3,835,714
Subtract unamortized discount	(808,504)	13,790	-	(794,714)	-	(794,714)
Subtotal	50,235,593	3,487,135	(2,751,014)	50,971,714	(2,885,000)	48,086,714
Revenue bonds payable	77,995,517	11,420,000	(13,176,420)	76,239,097	(4,676,803)	71,562,294
Add unamortized premium	2,464,970	273,843	(377,585)	2,361,228	(200,266)	2,160,962
Deduct unamortized discount	-	(503,828)	-	(503,828)	-	(503,828)
Subtotal	80,460,487	11,190,015	(13,554,005)	78,096,497	(4,877,069)	73,219,428
State revolving loan	2,082,176	-	(218,811)	1,863,365	(168,703)	1,694,662
Net pension liability	22,805,063	-	(3,278,767)	19,526,296	-	19,526,296
Total OPEB liability	499,055	909,318	(2,617)	1,405,756	-	1,405,756
Obligations under capital leases	7,319,392	4,333,639	(762,461)	10,890,570	(963,104)	9,927,466
Compensated absences	1,195,152	426,691	(351,756)	1,270,087	(63,733)	1,206,354
Other noncurrent liabilities	5,556,291	2,401,706	(2,660,562)	5,297,435	-	5,297,435
Total	$ 170,153,209	$ 22,748,504	$ (23,579,993)	$ 169,321,720	$ (8,957,609)	$ 160,364,111

Electric Enterprise Fund		Total Balance 7/1/2017		Additions		Reduction		Total Balance 6/30/2018		Less Current Portion		Equal Long Term Portion
General obligation bonds	$	47,605,714	$	3,000,000	$	(2,675,000)	$	47,930,714	$	(2,885,000)	$	45,045,714
Add unamortized premium		3,438,383		473,345		(76,014)		3,835,714		-		3,835,714
Subtract unamortized discount		(808,504)		13,790		-		(794,714)		-		(794,714)
Subtotal		50,235,593		3,487,135		(2,751,014)		50,971,714		(2,885,000)		48,086,714
Revenue bonds		26,915,000		9,420,000		(10,315,000)		26,020,000		(1,610,000)		24,410,000
Add unamortized premium		678,703		-		(181,209)		497,494		-		497,494
Deduct unamortized discount		-		(503,828)		-		(503,828)		-		(503,828)
Subtotal		27,593,703		8,916,172		(10,496,209)		26,013,666		(1,610,000)		24,403,666
Net pension liability		16,198,638		-		(16,445)		16,182,193		-		16,182,193
Total OPEB liability		261,213		908,842		-		1,170,055		-		1,170,055
Compensated absences		606,260		26,544		-		632,804		-		632,804
Other noncurrent liabilities		5,556,291		2,401,706		(2,660,562)		5,297,435		-		5,297,435
Total	$	100,451,698	$	15,740,399	$	(15,924,230)	$	100,267,867	$	(4,495,000)	$	95,772,867

Airport Enterprise Fund		Total Balance 7/1/2017		Additions		Reduction		Total Balance 6/30/2018		Less Current Portion		Equal Long Term Portion
Revenue bonds	$	35,025,000	$	-	$	(2,110,000)	$	32,915,000	$	(2,195,000)	$	30,720,000
Add unamortized premium		1,334,615		-		(173,793)		1,160,822		(163,991)		996,831
Subtotal		36,359,615		-		(2,283,793)		34,075,822		(2,358,991)		31,716,831
Net pension liability		2,631,042		-		(1,000,758)		1,630,284		-		1,630,284
Total OPEB liability		104,481		211		-		104,692		-		104,692
Obligations under capital leases		1,614,045		4,200,000		(554,802)		5,259,243		(733,020)		4,526,223
Compensated absences		230,462		196,801		(169,398)		257,865		(25,876)		231,989
Total	$	40,939,645	$	4,397,012	$	(4,008,751)	$	41,327,906	$	(3,117,887)	$	38,210,019

Telecom Nonmajor Enterprise Fund		Total Balance 7/1/2017		Additions		Reduction		Total Balance 6/30/2018		Less Current Portion		Equal Long Term Portion
Net pension liability	$	1,006,801	$	-	$	(711,939)	$	294,862	$	-	$	294,862
Total OPEB liability		26,225		53		-		26,278		-		26,278
Obligations under capital leases		5,705,347		-		(202,061)		5,503,286		(212,860)		5,290,426
Compensated absences		120,013		-		(7,594)		112,419		(11,242)		101,177
Total	$	6,858,386	$	53	$	(921,594)	$	5,936,845	$	(224,102)	$	5,712,743

Wastewater Nonmajor Enterprise Fund		Total Balance 7/1/2017		Additions		Reduction		Total Balance 6/30/2018		Less Current Portion		Equal Long Term Portion
Revenue bonds	$	12,448,777	$	-	$	(732,281)	$	11,716,496	$	(732,281)	$	10,984,215
State revolving loans		1,854,170		-		(158,836)		1,695,334		(162,013)		1,533,321
Obligations under capital leases		-		133,639		(5,598)		128,041		(17,224)		110,817
Compensated absences		112,425		65,522		(80,027)		97,920		(8,772)		89,148
Net pension liability		1,256,143		-		(591,474)		664,669		-		664,669
Total OPEB liability		60,039		122		-		60,161		-		60,161
Total	$	15,731,554	$	199,283	$	(1,568,216)	$	14,362,621	$	(920,290)	$	13,442,331

Water Nonmajor Enterprise Fund	Total Balance 7/1/2017	Additions	Reduction	Total Balance 6/30/2018	Less Current Portion	Equal Long Term Portion
Revenue bonds	$ 3,250,000	$ 2,000,000	$ -	$ 5,250,000	$ (120,000)	$ 5,130,000
Add unamortized premium	451,652	273,843	(22,583)	702,912	(36,275)	666,637
Subtotal	3,701,652	2,273,843	(22,583)	5,952,912	(156,275)	5,796,637
State revolving loans	228,006	-	(59,975)	168,031	(6,690)	161,341
Compensated absences	125,992	137,824	(94,737)	169,079	(17,843)	151,236
Net pension liability	1,712,439	-	(958,151)	754,288	-	754,288
Total OPEB liability	44,480	90	-	44,570	-	44,570
Total	$ 5,812,569	$ 2,411,757	$ (1,135,446)	$ 7,088,880	$ (180,808)	$ 6,908,072

Stormwater Nonmajor Enterprise Fund	Total Balance 7/1/2017	Additions	Reduction	Total Balance 6/30/2018	Less Current Portion	Equal Long Term Portion
Revenue bonds	$ 356,740	$ -	$ (19,139)	$ 337,601	$ (19,522)	$ 318,079
Total OPEB liability	2,617	-	(2,617)	-	-	-
Total	$ 359,357	$ -	$ (21,756)	$ 337,601	$ (19,522)	$ 318,079

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.

18. Capital Lease Obligations

Primary Government

The City is the lessee of certain equipment under capital leases expiring in various years through 2034.

	Governmental Activities	Business-Type Activities
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.	$ -	$ 333,420
Capital lease for public works vehicle. The rental payments are to be made in equal annual installments of $7,996 including interest at 5.95% annually, maturing on June 12, 2019.	7,547	-
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.	53,270	-
Capital lease for public works vehicle. The rental payments are to be made in equal annual installments of $38,929 including interest at 3.28% annually, maturing on October 15, 2018.	38,852	-
Capital lease for public works sidewalk tractor. The rental payments are to be made in equal annual installments of $27,540, maturing in fiscal year 2019.	25,640	-
Capital lease for parks and recreation 2015 Ford E350 cut away. The rental payments are to be made in equal annual installments of $10,584 including interest at 5.95% annually, maturing on March 11, 2019.	9,990	-
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.	20,405	-
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.	178,566	-
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.	156,641	-
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.	-	530,812
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.	935,208	1,105,665
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.	-	2,834,969
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.	1,311,958	454,377
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.	-	128,041
Capital lease for telecom bucket truck. The rental payments are to be made in equal monthly installments of $753 including interest at 0.60% annually, maturing on November 1, 2017.	-	-
Capital lease for telecom truck. The rental payments are to be made in equal monthly installments of $1,143 including interest at 0.64% annually, maturing on November 8, 2018.	-	18,368
Capital lease for telecom Ford focus. The rental payments are to be made in equal monthly installments of $346 including interest at 0.61% annually, maturing on September 1, 2019.	-	4,946
Capital lease for telecom Ford E350 bucket van. The rental payments are to be made in equal monthly installments of $1,270 including interest at 19.08% annually, maturing on June 1, 2020.	-	28,188
Capital lease for Burlington Telecom with Blue Water Holdings LLC. The rental payments are to be made in equal monthly installments of $46,544 including interest at 7% annually, maturing on December 30, 2034.	-	5,451,784
Total capital lease obligations	2,738,077	10,890,570
Less: amount due within one year	(649,257)	(963,104)
Capital lease obligation, net of current portion	$ 2,088,820	$ 9,927,466

Future minimum lease payments under the capital and operating leases consisted of the following as of June 30, 2018:

Fiscal Year	Governmental Activities	Business-Type Activities
2019	$ 716,698	$ 1,488,599
2020	632,848	1,524,031
2021	420,135	1,282,036
2022	420,135	1,282,037
2023	407,273	1,266,833
Thereafter	337,428	8,506,119
Total minimum lease payments	2,934,517	15,349,655
Less amounts representing interest	(196,440)	(4,459,085)
Present Value of Minimum Lease Payments	$ 2,738,077	$ 10,890,570

The following is an analysis for the leased assets included in capital assets at June 30, 2018:

	Governmental Activities	Business-Type Activities
Machinery, vehicles and equipment	$ 3,537,177	$ 9,106,733
Less: accumulated depreciation	(840,906)	(1,652,405)
Equipment under capital leases, net	$ 2,696,271	$ 7,454,328

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.

Future minimum lease payments consisted of the following as of June 30, 2018:

Fiscal Year	Pension System
2019	$ 78,533
2020	78,534
2021	78,534
2022	78,535
2023	74,922
Thereafter	74,371
Total minimum lease payments	463,429
Less amounts representing interest	(34,120)
Present Value of Minimum Lease Payments	$ 429,309

The lease payable is offset by a deposit on capital lease, as the assets were not yet placed in service as of June 30, 2018.

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 is expected in early 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):

School District:	Serial Maturities Through	Interest Rate(s) %	Amount Issued	Amount Outstanding as of 6/30/18
General obligation bonds, net of premiums:				
G.O. School 2009 Series C Bonds	11/1/2029	2.00 - 4.125%	$ 750,000	$ 35,000
G.O. School 2009 Series C Bonds	11/1/2029	2.00 - 4.125%	2,000,000	90,000
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	1,545,000
Public Improvement Bonds 2012 Series A	6/30/2033	5.00%	3,250,000	2,715,000
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	1,700,000
G.O. Public Improvement Bonds 2015 Series A	11/1/2035	5.00%	2,000,000	1,880,000
G.O. Public Improvement Bonds 2016 Series A	3/15/2036	2.00 - 5.00%	4,005,000	3,580,000
G.O. Public Improvement Bonds 2016 Series B	11/1/2036	4.00 - 5.00%	2,000,000	1,940,000
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	2,300,000
Subtotal School District				30,442,142
Plus: unamortized premuims				1,178,406
Total School District				$ 31,620,548

B. *Future Debt Service*

The annual payments to retire the Burlington School District's notes payable outstanding as of June 30, 2018 are as follows (amounts include unamortized bond premiums):

School	Principal	Interest	Total
2019	$ 1,100,812	$ 1,599,942	$ 2,700,754
2020	1,126,566	1,564,222	2,690,788
2021	1,191,209	1,524,626	2,715,835
2022	1,221,209	1,480,422	2,701,631
2023	1,286,209	1,431,098	2,717,307
2024 - 2028	18,254,614	5,151,440	23,406,054
2029 - 2033	5,218,032	1,127,235	6,345,267
2034 - 2038	2,221,897	201,998	2,423,895
Total	$ 31,620,548	$ 14,080,983	$ 45,701,531

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, 2018:

Nonspendable - This fund balance classification includes general fund reserves for prepaid 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, 2018:

	General Fund	Capital Improvement Program	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Inventory and prepaid expenditures	$ 411,726	$ -	$ 364,078	$ 775,804
Advances to other funds	702,635	-	-	702,635
Nonexpendable permanent funds	-	-	909,230	909,230
Total Nonspendable	1,114,361	-	1,273,308	2,387,669
Restricted				
Police equitable sharing funds	568,007	-	-	568,007
Community development	-	-	4,007,136	4,007,136
TIF waterfront	-	-	1,802,544	1,802,544
TIF downtown	-	-	1,226,236	1,226,236
Church street marketplace	-	-	247	247
Impact fees	-	-	765,720	765,720
Waterfront access	-	-	395,729	395,729
Capital improvement program	-	16,961,379	-	16,961,379
FEMA	-	-	66,988	66,988
Great streets	-	-	3,289,085	3,289,085
Expendable permanent funds	-	-	356,378	356,378
Total Restricted	568,007	16,961,379	11,910,063	29,439,449
Committed				
Library books and donations	173,467	-	-	173,467
Public records restoration	191,400	-	-	191,400
Compressed natural gas	152,871	-	-	152,871
CCTA and County tax	36,669	-	-	36,669
Parking	23,000	-	-	23,000
Traffic	-	-	3,517,811	3,517,811
Dedicated taxes:				
Pennies for parks	-	-	424,393	424,393
Greenbelt	-	-	219,633	219,633
Conservation legacy	-	-	758,419	758,419
Bike path	-	-	246,064	246,064
Other capital	-	-	52,840	52,840
Total Committed	577,407	-	5,219,160	5,796,567
Assigned for				
Future debt payments	2,610,005	-	-	2,610,005
Reappraisal	820,000	-	-	820,000
Health fund consulting	500,000	-	-	500,000
ELI	460,000	-	-	460,000
Organizational study	275,000	-	-	275,000
Health dental reserve	250,000	-	-	250,000
Public works - snow removal	250,000	-	-	250,000
Workers compensation reserve	250,000	-	-	250,000
Information technology	167,500	-	-	167,500
Community engagement specialist	100,000	-	-	100,000
Retirement class A	100,000	-	-	100,000
District energy system	80,000	-	-	80,000
Attorney policy/compliance officer	78,750	-	-	78,750
Capital project accounting	75,000	-	-	75,000
Other purposes	547,898	-	-	547,898
Total Assigned	6,564,153	-	-	6,564,153
Unassigned	9,713,896	-	(1,395,744)	8,318,152
Total Unassigned	9,713,896	-	(1,395,744)	8,318,152
Total Fund Balance	$ 18,537,824	$ 16,961,379	$ 17,006,787	$ 52,505,990

23. Retirement System

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

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 $45,650,372. 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 854 active members and 660 retirees or beneficiaries currently receiving benefits. Additionally, there are 376 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.

It is the policy of the City for fiscal years 2016-2018 to fund the ADEC based on the open group entry age normal method using a discount of 8%, while the net pension liability is based on the closed method and the discount rate has been revised in FY18 from 8% to 7.625%. The City funded one hundred percent (100%) of the annual required contribution in 2018. Beginning in FY19 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. *Actuarial Assumptions*

The total actuarially determined contribution to the system for 2017 was $9,219,098. A summary of the actuarial assumptions as of the latest actuarial valuation is shown below:

Valuation Date	June 30, 2017
Actuarial cost method	Entry Age Normal - Level Percentage of Pay
Actuarial assumptions:	
Investment rate of return	7.625%
Inflation rate	3.0%
Projected salary increases	3.8 - 8.8%
Post-retirement cost-of-living adjustment	3.0%

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, 2017 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 8% to 7.625% based on the latest draft of the new experience study and advice from our investment advisor.

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.

F. *Net Pension Liability*

The components of the net pension liability (i.e., the retirement system's liability determined in accordance with GASB No. 67 less the fiduciary net position) as of June 30, 2017, is shown below:

Total pension liability	$ 262,781,827
System fiduciary net position	(175,471,299)
Net Pension Liability	$ 87,310,528
Primary government	$ 78,651,052
Discretely presented component unit	8,659,476
Net Pension Liability	$ 87,310,528
System fiduciary net position as a percentage of the total pension liability	66.77%

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 Schedule of Employers' Net Pension Liability presents multi-year end information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. These schedules are presented in the Required Supplementary Information section. The Net Pension Liability as of June 30, 2018, is based on the results of an actuarial valuation date of June 30, 2017, and rolled-forward using generally accepted actuarial procedures.

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:

Asset Class	Target Asset Allocation	Long-term Expected Real rate of Return
Large Cap Core Equity	30.00%	7.70%
SMID Cap Core Equity	18.00%	10.10%
International Equity	10.00%	6.00%
Emerging Markets Equity	10.00%	10.80%
Private Equity	2.00%	10.20%
Real Estate/Timber	10.00%	7.30%
Core Fixed Income	20.00%	4.40%

Discount Rate – The discount rate used to measure the total pension liability was 7.625%. 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 7.625 percent, 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 (6.625%) or 1 percentage-point higher (8.625%) than the current rate:

	1% Decrease (6.625%)	Current Discount Rate (7.625%)	1% Increase (8.625%)
Primary government	$ 107,090,242	$ 78,651,052	$ 54,942,981
Discretely presented component unit	11,611,042	8,659,476	6,165,122
Net Pension Liability	$ 118,701,284	$ 87,310,528	$ 61,108,103

G. *Deferred Outflows and Inflows of Resources*

For the year ended June 30, 2018, the City recognized pension expense of $16,262,480 and the School District recognized pension expense of $1,002,009. 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 2018 deferred pension contributions	$	7,790,201	$	-
Changes in proportional share of contributions		4,299,927		(2,713,809)
Changes in assumptions		7,006,704		-
Difference between expected and actual pension experience		4,054,680		(2,886,614)
Difference between projected and actual investment earnings		12,967,104		(8,265,230)
Total Primary Government[1]		36,118,616		(13,865,653)
Discretely Presented Component Unit:				
Fiscal year 2018 deferred pension contributions		1,387,212		-
Changes in proportional share of contributions		339,141		(1,925,259)
Changes in assumptions		771,438		-
Difference between expected and actual pension experience		446,420		(317,816)
Difference between projected and actual investment earnings		1,427,677		(910,001)
Total Discretely Presented Component Unit		4,371,888		(3,153,076)
Total	$	40,490,504	$	(17,018,729)

[1] Gross amounts are reported in the note. Burlington Electric amounts are netted on the Statements of Net Position.

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, 2019. 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:		
2019	$	6,236,544
2020		6,934,510
2021		2,996,937
2022		(1,705,229)
Total Primary Government		14,462,762
Year ended June 30:		
2019		285,639
2020		116,153
2021		(382,447)
2022		(187,745)
Total Discretely Presented Component Unit		(168,400)
Total	$	14,294,362

H. *Rate of Return*

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 10.25%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

24. 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, 2016 (the most recent period available), the retirement system consisted of 299 participating employers.

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 $4,125,237 or 13.58% of total payroll for employees covered under the plan.

Employee contribution rates by plan group follow:

VSTRS	Group A	Group C - Group 1	Group C - Group 2
Employee Contributions	5.5% of gross salary	5.0% of gross salary with 5 or more 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	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 $30,377,299 for the year ended June 30, 2018.

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		67,400,147
Total	$	67,400,147

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, 2018, 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, 2018, the School District's proportion was 4.54668005% which was a decrease of 0.11085% from its proportion measured as of June 30, 2016.

E. *Pension Expense*

For the year ended June 30, 2018, the School District recognized total pension expense of $7,535,648 and revenue of $7,535,648 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, 2016 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% per annum.

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 7.78%.

Deaths After Retirement – The VSTRS plan used the RP-2014 White Collar Employee with generational improvement Table for pre-retirement, the RP-2014 White Collar Annuitant with generational improvement Table for healthy retirees, and the RP- 2014 Disabled Mortality Table for disabled retirees.

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).

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:

Asset Class	Target Asset Allocation	Long-term Expected Real rate of Return
U.S. equity	16.00%	6.07%
Non-U.S. equity	16.00%	7.42%
Global equity	9.00%	6.85%
Fixed income	24.00%	2.41%
Real estate	8.00%	4.62%
Private markets	15.00%	7.80%
Hedge funds	8.00%	3.95%
Risk parity	4.00%	4.84%

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.

25. 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, 2018.

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 trough he City at the City's group rate. GASB No. 75 recognizes this as an implied subsidy and requires accrual of this liability.

Benefits Provided

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

Plan Membership

At June 30, 2017, the following employees were covered by the benefit terms:

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

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	3.87%
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, 2018.

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, 2018.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. 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 $4,986,511 was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2017.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2017	$ 4,976,490
Changes for the year:	
Service cost	216,056
Interest	179,050
Differences between expected and actual experience	163,021
Changes in assumptions or other inputs	(162,358)
Benefit payments	(385,708)
Net Changes	10,061
Balance as of June 30, 2018	$ 4,986,551

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 (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
$ 5,584,581	$ 4,986,551	$ 4,486,231

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

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease (6.00% decreasing to 3.60%)	Healthcare Cost Trend Rates (7.00% decreasing to 4.60%)	1% Increase (8.00% decreasing to 5.60%)
$ 4,621,505	$ 4,986,551	$ 5,416,832

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

For the year ended June 30, 2018, the City recognized an OPEB expense of $395,202. At June 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 139,396	$ -
Change in assumptions	-	(138,829)
Total	$ 139,396	$ (138,829)

The $139,395 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending June 30, 2019.

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

Year Ended June 30:	
2019	$ 96
2020	96
2021	96
2022	96
2023	96
Thereafter	87
Total	$ 567

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, 2017 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, 2018, the following employees were covered by the benefit terms:

Retirees and spouses	36
Active plan members	664
Total	700

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, 2018, the District reported a liability of $5,242,531 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

For the year ended June 30, 2018, the District recognized OPEB expense of $1,110,410. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (544,967)
Change in assumptions	159,485	-
Total	$ 159,485	$ (544,967)

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:		
2019	$	(77,097)
2020		(77,097)
2021		(77,097)
2022		(77,097)
2023		(77,094)
Total	$	(385,482)

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, 2017. 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 3.87% per annum for June 30, 2018 was based upon a measurement date of June 30, 2017. The sensitivity of total and net OPEB liability to changes in discount rate are as follows:

1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
$ 5,683,642	$ 5,242,531	$ 4,834,634

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:

1% Decrease (6.00% decreasing to 3.60%)	Healthcare Cost Trend Rates (7.00% decreasing to 4.60%)	1% Increase (8.00% decreasing to 5.60%)
$ 4,700,378	$ 5,242,531	$ 5,869,020

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, 2017 based on an actuarial valuation date of June 30, 2016 projected to July 1, 2017 on a "no loss/no gain" basis, using the following methods, inputs and assumptions applied to all periods included in the measurement:

Discount Rate: 3.87%

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

FYE	Rates	FYE	Rates
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-2018 Total Dataset Mortality Table fully generational using scale MP-2018

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 30,2017 for Non-Teachers and Vermont State Teachers Retirement System (VSTRS) OPEB actuarial valuation as of June 30, 2018 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, 2016, 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, 2017 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.

26. 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		36,310,605
Total	$	36,310,605

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, 2017, 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, 2017, the

District's proportion was 3.89477% which was a decrease of 0.03541% from its proportion measured as of June 30, 2016.

E. *OPEB Expense*

For the year ended June 30, 2018, the District recognized total OPEB expense of $1,995,967 and revenue of $1,995,967 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 2018 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, 2016, 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, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Real rate of Return
Large cap equity	20.00%	5.92%
International equity	15.00%	6.71%
Emerging international equity	5.00%	9.70%
Core bonds	60.00%	1.38%
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, 2016 completed by Buck Consulting. As of June 30, 2017, they are as follows:

Discount Rate	3.58%
Salary Increase Rate	Varies by age
Non-Medicare	7.50% graded to 4.50% over 12 years
Medicare	7.75% 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-2017.
Post-retirement Mortality	98% of RP-2014 White Collar Annuitant with generational projection using Scale SSA-2017.

I. Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2018 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, 2017. For the fiscal year ended June 30, 2017, there were no changes in assumptions except for the discount rate being increased from 2.85% to 3.58%.

27. Commitments and Contingencies

A. Burlington International Airport

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

On or around July 29, 2014, Mansfield Heliflight, Inc. ("Mansfield") filed a Part 16 Complaint with the FAA against the City, alleging the City has prevented Mansfield from becoming a Fixed-Base Operator ("FBO") at BTV, and that its efforts in this regard effectively granted an exclusive right to Heritage Aviation, Inc. On September 5, 2017, the FAA dismissed the complaint and found that the Airport had not violated its grant assurances. The FAA did make some recommendations, including that the City issue a request for proposals to select a second qualified FBO. However, Mansfield Heliflight has appealed, and the appeal is being briefed. The City believes that Mansfield's claims are without merit.

Other Claims

The City has been sued along with United Airlines for an injury suffered by a passenger who slipped and fell on ice on the jet bridge. Messier v. United Airlines and City of Burlington. That claim is being defended by insurance defense counsel, and monetary damages are still unspecified.

A claim has been made for a slip and fall on ice in April 2015, but no lawsuit has yet been filed on that claim. Currently, insurance has been handling the claim, and it is expected that insurance defense counsel will be retained if a suit is filed.

The City does not believe that any of the above-referenced matters will have a material, adverse effect upon the financial position of the Fund.

Construction Commitments

The Airport has a number of ongoing Airport Improvement Program (AIP) projects for construction and land acquisition as well as several Passenger Facility Program (PFC) projects for terminal improvements that are funded from restricted assets. AIP projects include taxiway reconstruction, 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.

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.

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, 2018 and 2016, 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). Renewal discussions for the St. Lawrence river contract are underway.
- Vermont Electric Power Producers, Inc. (VEPP) which is agent for 11 hydro facilities located within Vermont (contracts expire between 2018 and 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 2019.

- 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.

- 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.

Payments under these long-term power supply contracts were $14,645,877 and $14,495,724 for the years ended June 30, 2018 and 2017, respectively, with the increase from 2016 being largely due to new wind contract with Hancock Wind. Budgeted commitments under these long-term contracts and long-term contracts approved and executed for future delivery periods total approximately $72,163,336 for the 5-year period from July 1, 2018 to June 30, 2022.

Fiscal Year	Budgeted Commitment
2019	$ 15,206,090
2020	14,441,870
2021	15,324,346
2022	13,791,100
2023	13,399,960
	$ 72,163,366

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:

	2018
McNeil Generating Station and Gas Turbine	37%
Winooski One	8%
New York Power Authority	5%
Vermont Electric Power Producers	2%
Wind Production	28%
Hydro-Quebec	8%
Nextera	6%
Great River Hydro	6%
Total	100%

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, 2018 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.

Refunds

The City has become aware of an error in the installation of a limited number of electronic meter reading devices. The error had an impact on a number of commercial accounts, and may have resulted in inaccurate reporting of actual usage for such meters. The City has implemented steps to correct such error and is continuing, with an outside consultant, to investigate the exact impact on the water and wastewater funds. The estimate of this one-time extraordinary charge to the City's water and wastewater enterprise funds is currently estimated to be approximately $2,000,000, but may be lower or greater depending upon completion of the City's review. The City does not expect such extraordinary expense to adversely impact the City's ability to meet its respective rate covenants for the City's outstanding water and wastewater revenue bonds. The effect of the billing adjustments on the fiscal year 2018 overbilling is reported as refunds payable. The remaining amount will be accrued once the amount is determined.

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:

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

At June 30, 2018, the City has recorded an estimated liability of $854,112 in the General Fund, which represents the short term payable for health claims as of June 30, 2018. A long-term reserve liability of $765,052 is included for claims incurred but not reported on the governmental statement of net position. This consists of $1,130,395 for workers' compensation claims and $13,499 for dental claims incurred on or before June 30, 2018, 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.

28. 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.

29. Subsequent Events

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

		Amount	Approximate Interest Rate	Maturity Date
Governmental Activities:				
G.O. Public Improvement Bond 2018 Series B - City	$	13,000,000	5.0%	11/1/2038
G.O. Waterfront TIF Bond 2018 Series C - City		405,000	5.0%	5/1/2025
G.O. Downtown TIF Bond 2018 Series D - City		1,570,000	5.0%	11/1/2035
G.O. Waterfront TIF Bond 2018 Series E - City		745,000	4.3%	5/1/2025
Business-Type Activities:				
Water System Revenue Bond 2018 Series B - Water		2,000,000	5.0%	11/1/2038
Total	$	17,720,000		

Burlington Electric Department

Sale of Highgate Facility

On December 24, 2018, the Electric 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 Plan and that receiving cash and other compensation for the sale of the facility best serves the Department's current needs. The proceeds from this sale have been deposited in the operating account for the Department.

Investments in Associated Companies

On December 28, 2018, the Electric Department purchased 118,364 Class A units and 150,989 Class B units in VT Transco LLC for a cost of $2,696,230. The Department will receive additional dividend income at 12.5% related to this investment for a partial year in fiscal year 2019 and a full year starting in fiscal year 2020.

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 is equal to the interest rate charged VT Transco LLLC 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. This loan is for one year and will mature December 29, 2019. This bridge loan will be paid back when, in December 2019, the Department will be required to sell for $1,400,000 (net) in specific facility investment that it was allowed to make in 2009 (related to the 34.5 kv line from East Avenue to the McNeil Substation.

Sale of Burlington Telecom

On December 31, 2017, the City sold Burlington Telecom to a third party. The sale is expected to be finalized in 2019. Details of the Sale are outlined in Note 19.

30. Fund Balance Reclassification/Net Position Restatement

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

Fund Financial Statements:

	Governmental Funds: Capital Improvement Program	Governmental Funds: Nonmajor
As previously reported, June 30, 2017	$ -	$ 19,479,689
Reclassification to major fund	12,365,203	(12,365,203)
As restated, July 1, 2017	$ 12,365,203	$ 7,114,486

Government-Wide Financial Statements:

	Governmental Activities	Business-type Activities: Electric	Business-type Activities: Airport	Business-type Activities: Nonmajor Enterprise Funds	Discretely Presented Component Units
As previously reported, June 30, 2017	$ 89,334,951	$ 64,048,824	$ 140,458,783	$ 36,266,851	$ 14,008,647
Implementation of GASB 75 OPEB	(2,297,624)	(906,481)	34,603	151,794	(3,362,078)
As restated, July 1, 2017	$ 87,037,327	$ 63,142,343	$ 140,493,386	$ 36,418,645	$ 10,646,569

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF BURLINGTON, VERMONT
PENSION LIABILITY

SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

REQUIRED SUPPLEMENTAL INFORMATION

JUNE 30, 2018
(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, 2018	June 30, 2017	100.00%	$87,310,528	$ 54,282,231	160.85%	69.52%
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, 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

REQUIRED SUPPLEMENTAL INFORMATION

JUNE 30, 2018
(Unaudited)

Fiscal Year	Contractually Determined Contribution	Contributions in Relation to the Contractually Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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

REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2018
(Unaudited)

	2018	2017	2016	2015
Total Pension Liability				
Service	$ 5,939,730	$ 5,327,448	$ 5,915,439	$ 5,314,021
Interest on unfunded liability - time value of $	19,571,180	18,268,523	17,419,148	16,598,877
Changes of benefit terms	-	(414,295)	(3,167,853)	-
Differences between expected and actual experience	(4,272,574)	6,852,487	4,312,195	-
Changes of assumptions	10,370,856	-	-	-
Benefit payments, including refunds of member contributions	(14,770,644)	(13,971,175)	(12,602,652)	(11,932,108)
Net change in total pension liability	16,838,548	16,062,988	11,876,277	9,980,790
Total pension liability - beginning	245,943,279	229,880,291	218,004,014	208,023,224
Total pension liability - ending (a)	262,781,827	245,943,279	229,880,291	218,004,014
Plan Fiduciary Net Position				
Contributions - employer	9,219,098	9,149,159	8,840,768	8,920,879
Contributions - member	2,712,823	2,304,971	2,167,652	2,148,842
Net investment income	21,882,460	(2,088,531)	(557,357)	19,625,825
Benefit payments, including refunds of member contributions	(14,770,644)	(13,971,175)	(12,602,652)	(11,932,108)
Administrative expense	(361,811)	(320,908)	(306,795)	(253,796)
Other	-	-	-	5,927
Net change in plan fiduciary net position	18,681,926	(4,926,484)	(2,458,384)	18,515,569
Plan fiduciary net position - beginning	156,789,373	161,715,857	164,174,241	145,658,672
Plan fiduciary net position - ending (b)	175,471,299	156,789,373	161,715,857	164,174,241
Net pension liability (asset) - ending (a-b)	$ 87,310,528	$ 89,153,906	$ 68,164,434	$ 53,829,773

Schedule of Investment Returns

	2018	2017	2016	2015
Annual money weighted rate of return, net of investment expense	10.25%	-1.30%	-0.15%	13.62%

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
OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

(Unaudited)

Changes in Total OPEB Liability

		2018
Total OPEB liability		
Service cost	$	216,056
Interest on unfunded liability - time value of money		179,050
Changes of benefit terms		-
Differences between expected and actual experience		163,021
Changes of assumptions		(162,358)
Benefit payments, including refunds of member contributions		(385,708)
Net change in total OPEB liability		10,061
Total OPEB liability - beginning		4,976,490
Total OPEB liability - ending	$	4,986,551
Covered payroll	$	39,205,153
Contributions as a percentage of covered payroll		12.72%

Schedule of Contributions

		2018
Actuarially determined contribution	$	385,708
Contributions in relation to the actuarially determined contribution		385,708
Contribution deficiency (excess)	$	-
Contributions as a percentage of covered payroll		0.98%

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

	2018
Total OPEB liability	
Service cost	$ 491,916
Interest on unfunded liability - time value of money	240,585
Changes of benefit terms	(1,128,881)
Differences between expected and actual experience	(653,961)
Changes of assumptions	191,382
Benefit payments	(251,451)
Net change in total OPEB liability	(1,110,410)
Total OPEB liability - beginning	6,352,941
Total OPEB liability - ending	$ 5,242,531
Covered payroll	$ 35,931,858
Contributions as a percentage of covered payroll	14.60%

Schedule of Contributions

	2018
Actuarially determined contribution	$ 251,451
Contributions in relation to the actuarially determined contribution	(251,451)
Contribution deficiency (excess)	$ 502,902
Contributions as a percentage of covered payroll	0.70%

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. Traffic also owns and operates 1,612 public parking spaces in three parking structures downtown; 1,080 on street parking meters; and 176 metered parking spaces in six surface lots.

- 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".

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.
- 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, 2018

	Special Revenue Funds			
	Traffic	Community and Economic Development	TIF Waterfront	TIF Downtown
ASSETS				
Cash and short-term investments	$ 3,914,520	$ 4,033,998	$ 1,844,083	$ 1,226,236
Investments	-	-	-	-
Receivables, net of allowance:				
Departmental and other	73,968	-	-	-
Intergovernmental	-	1,030,898	-	-
Loans	-	3,030,295	-	-
Capital lease	-	-	-	-
Accrued interest	-	1,367,700	-	-
Advances to other funds	-	-	-	-
Inventory	364,078	-	-	-
Other current assets	123	-	-	-
Total Assets	$ 4,352,689	$ 9,462,891	$ 1,844,083	$ 1,226,236
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 421,597	$ 151,579	$ -	$ -
Intergovernmental payable	-	-	41,539	-
Accrued payroll and benefits payable	23,788	28,780	-	-
Accrued liabilities	-	4,362	-	-
Unearned revenue	-	14,781	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	445,385	199,502	41,539	-
Deferred Inflows of Resources:				
Unavailable revenues	25,415	5,256,253	-	-
Fund Balances:				
Nonspendable	364,078	-	-	-
Restricted	-	4,007,136	1,802,544	1,226,236
Committed	3,517,811	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	3,881,889	4,007,136	1,802,544	1,226,236
Total Liabilities. Deferred Inflows of Resources and Fund Balances	$ 4,352,689	$ 9,462,891	$ 1,844,083	$ 1,226,236

Church Street Marketplace	Impact Fees	Dedicated Taxes	Community Development Corporation	Subtotals
	Special Revenue Funds			
$ 9,517	$ 770,149	$ 1,648,508	$ -	$ 13,447,011
-	-	-	-	-
30,106	-	-	-	104,074
-	-	-	-	1,030,898
-	-	-	639,698	3,669,993
-	-	-	712,779	712,779
-	-	-	-	1,367,700
-	-	-	-	-
-	-	-	-	364,078
-	-	-	-	123
$ 39,623	$ 770,149	$ 1,648,508	$ 1,352,477	$ 20,696,656
$ 16,519	$ 3,500	$ -	$ -	$ 593,195
-	-	-	-	41,539
14,793	-	-	-	67,361
-	929	-	-	5,291
8,064	-	-	-	22,845
-	-	-	4,994	4,994
-	-	-	153,505	153,505
-	-	-	-	-
39,376	4,429	-	158,499	888,730
-	-	-	1,198,973	6,480,641
-	-	-	-	364,078
247	765,720	-	-	7,801,883
-	-	1,648,508	-	5,166,319
-	-	-	(4,995)	(4,995)
247	765,720	1,648,508	(4,995)	13,327,285
$ 39,623	$ 770,149	$ 1,648,508	$ 1,352,477	$ 20,696,656

(continued)

(continued)

	Capital Project Funds				
	Champlain Parkway	Waterfront Access	Traffic Capital	Wayfinding	FEMA
ASSETS					
Cash and short-term investments	$ -	$ 402,207	$ -	$ -	$ 66,988
Investments	-	-	-	-	-
Receivables, net of allowance:					
Departmental and other	-	131,737	-	-	-
Intergovernmental	452,001	-	-	2,929	-
Loans	-	-	-	-	-
Capital lease	-	-	-	-	-
Accrued interest	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Inventory	-	-	-	-	-
Other current assets	-	-	-	-	-
Total Assets	$ 452,001	$ 533,944	$ -	$ 2,929	$ 66,988
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 277,288	$ 6,478	$ 32,218	$ 1,741	$ -
Intergovernmental payable	-	-	-	-	-
Accrued payroll and benefits payable	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	70,262	-	457,724	10,012	-
Other liabilities	-	-	-	-	-
Total Liabilities	347,550	6,478	489,942	11,753	-
Deferred Inflows of Resources:					
Unavailable revenues	333,656	131,737	-	3,453	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	395,729	-	-	66,988
Committed	-	-	-	-	-
Unassigned	(229,205)	-	(489,942)	(12,277)	-
Total Fund Balances	(229,205)	395,729	(489,942)	(12,277)	66,988
Total Liabilities. Deferred Inflows of Resources and Fund Balances	$ 452,001	$ 533,944	$ -	$ 2,929	$ 66,988

(continued

Capital Project Funds						Permanent Funds		
Parks	Downtown Westlake	Great Streets	Burlington Town Center	Other	Subtotals	Cemetery	Loomis Library	Lolita Deming Estate
$ -	$ -	$ 3,383,748	$ -	$ 199,524	$ 4,052,467	$ 4,241	$ 10,948	$ 11,242
-	-	-	-	-	-	1,223,055	-	-
-	-	-	-	-	131,737	-	-	-
-	-	-	-	-	454,930	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	153,505	-	-	-	153,505	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
$ -	$ 153,505	$ 3,383,748	$ -	$ 199,524	$ 4,792,639	$ 1,227,296	$ 10,948	$ 11,242
$ 403,914	$ -	$ 94,663	$ 227,893	$ 25,000	$ 1,069,195	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-
16,386	-	-	-	-	16,386	-	-	-
-	-	-	-	20,801	20,801	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	164,637	-	-	-	702,635	-	-	-
-	-	-	-	100,882	100,882	-	-	-
420,300	164,637	94,663	227,893	146,683	1,909,899	-	-	-
-	-	-	-	-	468,846	-	-	-
-	-	-	-	-	-	894,796	10,948	2,486
-	-	3,289,085	-	-	3,751,802	332,500	-	8,756
-	-	-	-	52,841	52,841	-	-	-
(420,300)	(11,132)	-	(227,893)	-	(1,390,749)	-	-	-
(420,300)	(11,132)	3,289,085	(227,893)	52,841	2,413,894	1,227,296	10,948	11,242
$ -	$ 153,505	$ 3,383,748	$ -	$ 199,524	$ 4,792,639	$ 1,227,296	$ 10,948	$ 11,242

(continued)

(continued)

	Permanent Funds			
	Mary E. Waddell	WEZF 93 FM DARE	Subtotals	Nonmajor Governmental Funds
ASSETS				
Cash and short-term investments	$ 13,886	$ 2,236	$ 42,553	$ 17,542,031
Investments	-	-	1,223,055	1,223,055
Receivables, net of allowance:				
Departmental and other	-	-	-	235,811
Intergovernmental	-	-	-	1,485,828
Loans	-	-	-	3,669,993
Capital lease	-	-	-	712,779
Accrued interest	-	-	-	1,367,700
Advances to other funds	-	-	-	153,505
Inventory	-	-	-	364,078
Other current assets	-	-	-	123
Total Assets	$ 13,886	$ 2,236	$ 1,265,608	$ 26,754,903
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ 1,662,390
Intergovernmental payable	-	-	-	41,539
Accrued payroll and benefits payable	-	-	-	83,747
Accrued liabilities	-	-	-	26,092
Unearned revenue	-	-	-	22,845
Due to other funds	-	-	-	4,994
Advances from other funds	-	-	-	856,140
Other liabilities	-	-	-	100,882
Total Liabilities	-	-	-	2,798,629
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	6,949,487
Fund Balances:				
Nonspendable	-	1,000	909,230	1,273,308
Restricted	13,886	1,236	356,378	11,910,063
Committed	-	-	-	5,219,160
Unassigned	-	-	-	(1,395,744)
Total Fund Balances	13,886	2,236	1,265,608	17,006,787
Total Liabilities. Deferred Inflows of Resources and Fund Balances	$ 13,886	$ 2,236	$ 1,265,608	$ 26,754,903

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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, 2018

	Special Revenue Funds			
	Traffic	Community and Economic Development	TIF Waterfront	TIF Downtown
Revenues:				
Taxes	$ 309,783	$ 199,603	$ 2,445,457	$ 729,444
Licenses and permits	-	-	-	-
Intergovernmental	-	4,282,123	-	260,000
Charges for services	5,101,374	(33,416)	-	-
Contributions	-	31,553	-	-
Investment income	266	4,569	-	-
Loan repayments	-	87,177	-	-
Other	1,566	165,659	-	-
Total Revenues	5,412,989	4,737,268	2,445,457	989,444
Expenditures:				
Current:				
General government	-	-	40,000	-
Public safety	-	-	-	-
Public works	4,015,509	-	-	-
Culture and recreation	-	-	-	-
Community development	-	3,094,345	-	-
Capital outlay	1,582,901	-	-	-
Debt service:				
Principal	79,184	-	2,053,308	-
Interest and bond issue costs	149,950	-	451,295	-
Total Expenditures	5,827,544	3,094,345	2,544,603	-
Excess (deficiency) of revenues over (under) expenditures	(414,555)	1,642,923	(99,146)	989,444
Other Financing Sources (Uses):				
Issuance of bonds and loans	-	-	-	-
Bond premium	-	-	-	-
Issuance of capital lease	1,000,000	-	-	-
Transfers in	124,473	301,541	-	-
Transfers out	-	-	-	(366,388)
Total Other Financing Sources (Uses)	1,124,473	301,541	-	(366,388)
Net change in fund balances	709,918	1,944,464	(99,146)	623,056
Fund Balances, beginning of year	3,171,971	2,062,672	1,901,690	603,180
Fund Balances, end of year	$ 3,881,889	$ 4,007,136	$ 1,802,544	$ 1,226,236

Special Revenue Funds					
Church Street Marketplace	Impact Fees	Dedicated Taxes	Community Development Corporation	Subtotals
$ -	$ -	$ 717,140	$ -	$ 4,401,427
140,908	-	-	-	140,908
90,065	-	-	-	4,632,188
739,547	456,837	-	364,000	6,628,342
-	-	-	-	31,553
178	2,994	-	-	8,007
-	-	-	-	87,177
-	-	14,160	204,052	385,437
970,698	459,831	731,300	568,052	16,315,039
-	-	-	-	40,000
-	17,129	-	-	17,129
955,871	-	-	-	4,971,380
-	-	666,060	-	666,060
-	-	-	26,288	3,120,633
-	51,367	-	-	1,634,268
21,697	-	-	326,715	2,480,904
294	-	-	174,255	775,794
977,862	68,496	666,060	527,258	13,706,168
(7,164)	391,335	65,240	40,794	2,608,871
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,000,000
11,000	-	184,543	-	621,557
-	(141,602)	(29,504)	-	(537,494)
11,000	(141,602)	155,039	-	1,084,063
3,836	249,733	220,279	40,794	3,692,934
(3,589)	515,987	1,428,229	(45,789)	9,634,351
$ 247	$ 765,720	$ 1,648,508	$ (4,995)	$ 13,327,285

(continued)

(continued)

	Capital Project Funds				
	Champlain Parkway	Waterfront Access	Traffic Capital	Wayfinding	FEMA
Revenues:					
Taxes	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	1,239,400	-	-	10,075	-
Charges for services	-	-	-	-	-
Contributions	-	-	-	-	-
Investment income	-	-	1,404	-	-
Loan repayments	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	1,239,400	-	1,404	10,075	-
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	1,368,664	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	86,428	1,604,704	9,435	-
Debt service:					
Principal	-	-	-	-	-
Interest and bond issue costs	-	-	-	-	-
Total Expenditures	1,368,664	86,428	1,604,704	9,435	-
Excess (deficiency) of revenues over (under) expenditures	(129,264)	(86,428)	(1,603,300)	640	-
Other Financing Sources (Uses):					
Issuance of bonds and loans	-	410,137	4,199,995	-	-
Bond premium	-	-	-	-	-
Issuance of capital lease	-	-	-	-	-
Transfers in	44,917	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	44,917	410,137	4,199,995	-	-
Net change in fund balances	(84,347)	323,709	2,596,695	640	-
Fund Balances, beginning of year	(144,858)	72,020	(3,086,637)	(12,917)	66,988
Fund Balances, end of year	$ (229,205)	$ 395,729	$ (489,942)	$ (12,277)	$ 66,988

Capital Project Funds						Permanent Funds		
Parks	Downtown Westlake	Great Streets	Burlington Town Center	Other	Subtotals	Cemetery	Loomis Library	Lolita Deming Estate
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	1,249,475	-	-	-
-	-	-	-	-	-	-	-	-
60,000	-	-	-	-	60,000	-	-	-
-	-	-	-	57	1,461	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	72	72	153	-	-
60,000	-	-	-	129	1,311,008	153	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	1,368,664	-	-	-
108,239	-	-	-	-	108,239	-	-	-
-	-	-	-	-	-	-	-	-
2,687,299	-	540,765	227,893	300	5,156,824	-	-	-
-	-	-	-	-	-	-	-	-
-	-	61,000	-	-	61,000	-	-	-
2,795,538	-	601,765	227,893	300	6,694,727	-	-	-
(2,735,538)	-	(601,765)	(227,893)	(171)	(5,383,719)	153	-	-
1,349,415	-	3,150,979	-	-	9,110,526	-	-	-
-	-	506,701	-	-	506,701	-	-	-
-	-	-	-	-	-	-	-	-
1,414,608	-	530,017	-	-	1,989,542	-	-	-
-	-	-	-	-	-	(23,836)	-	-
2,764,023	-	4,187,697	-	-	11,606,769	(23,836)	-	-
28,485	-	3,585,932	(227,893)	(171)	6,223,050	(23,683)	-	-
(448,785)	(11,132)	(296,847)	-	53,012	(3,809,156)	1,250,979	10,948	11,242
$ (420,300)	$ (11,132)	$ 3,289,085	$ (227,893)	$ 52,841	$ 2,413,894	$ 1,227,296	$ 10,948	$ 11,242

(continued)

(continued)

	Permanent Funds			
	Mary E. Waddell	WEZF 93 FM DARE	Subtotals	Nonmajor Governmental Funds
Revenues:				
Taxes	$ -	$ -	$ -	$ 4,401,427
Licenses and permits	-	-	-	140,908
Intergovernmental	-	-	-	5,881,663
Charges for services	-	-	-	6,628,342
Contributions	-	-	-	91,553
Investment income	-	-	-	9,468
Loan repayments	-	-	-	87,177
Other	-	-	153	385,662
Total Revenues	-	-	153	17,626,200
Expenditures:				
Current:				
General government	-	-	-	40,000
Public safety	-	-	-	17,129
Public works	-	-	-	6,340,044
Culture and recreation	-	-	-	774,299
Community development	-	-	-	3,120,633
Capital outlay	-	-	-	6,791,092
Debt service:				
Principal	-	-	-	2,480,904
Interest and bond issue costs	-	-	-	836,794
Total Expenditures	-	-	-	20,400,895
Excess (deficiency) of revenues over (under) expenditures	-	-	153	(2,774,695)
Other Financing Sources (Uses):				
Issuance of bonds and loans	-	-	-	9,110,526
Bond premium	-	-	-	506,701
Issuance of capital lease	-	-	-	1,000,000
Transfers in	-	-	-	2,611,099
Transfers out	-	-	(23,836)	(561,330)
Total Other Financing Sources (Uses)	-	-	(23,836)	12,666,996
Net change in fund balances	-	-	(23,683)	9,892,301
Fund Balances, beginning of year	13,886	2,236	1,289,291	7,114,486
Fund Balances, end of year	$ 13,886	$ 2,236	$ 1,265,608	$ 17,006,787

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, 2018

	Nonmajor Enterprise Funds				
	Telecom	Wastewater	Water	Stormwater	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
Current:					
Cash and cash equivalents	$ 1,435,562	$ 3,089,029	$ 5,839,723	$ 670,240	$ 11,034,554
Investments	-	-	997,598	-	997,598
Receivables, net of allowance for uncollectibles:					
User fees	962,343	1,376,902	1,327,330	308,512	3,975,087
Intergovernmental	-	334,854	-	334,854	669,708
Inventory	81,823	110,124	259,084	-	451,031
Prepaid expenses	131,263	2,476	1,664	-	135,403
Other current assets	6,200	-	-	-	6,200
Total current assets	2,617,191	4,913,385	8,425,399	1,313,606	17,269,581
Noncurrent:					
Restricted cash	2,552,327	1,456,271	621,019	-	4,629,617
Capital assets:					
Land and construction in progress	157,800	853,525	51,250	21,806	1,084,381
Intangible asset	4,800,000	-	-	-	4,800,000
Capital assets, net of accumulated depreciation	7,033,448	22,656,313	13,910,113	2,020,236	45,620,110
Total noncurrent assets	14,543,575	24,966,109	14,582,382	2,042,042	56,134,108
TOTAL ASSETS	17,160,766	29,879,494	23,007,781	3,355,648	73,403,689
Deferred Outflows of Resources:					
Pension related	220,759	386,857	474,978	-	1,082,594
OPEB related	735	1,682	1,246	-	3,663
TOTAL DEFERRED OUTFLOWS OF RESOURCES	221,494	388,539	476,224	-	1,086,257
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 17,382,260	$ 30,268,033	$ 23,484,005	$ 3,355,648	$ 74,489,946

(continued)

(continued)

	Nonmajor Enterprise Funds				
	Telecom	Wastewater	Water	Stormwater	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
Liabilities:					
Current:					
Accounts payable	$ 385,564	$ 693,406	$ 1,290,077	$ 127,624	$ 2,496,671
Accrued payroll	-	25,964	38,163	22,879	87,006
Unearned revenue	545,057	-			545,057
Note payable		540,504	-	540,504	1,081,008
Other current liabilities	1,892,004	-	38,480	-	1,930,484
Current portion of long-term liabilities:					
Revenue bonds payable	-	732,281	156,275	19,522	908,078
State revolving loans	-	162,013	6,690	-	168,703
Capital leases payable	212,860	17,224	-	-	230,084
Compensated absences payable	11,242	8,772	17,843	-	37,857
Total current liabilities	3,046,727	2,180,164	1,547,528	710,529	7,484,948
Noncurrent:					
Revenue bonds payablee, net of current portion	-	10,984,215	5,796,637	318,079	17,098,931
State revolving loanse, net of current portion	-	1,533,321	161,341	-	1,694,662
Net pension liability	294,862	664,669	754,288	-	1,713,819
Total OPEB liability	26,278	60,161	44,570	-	131,009
Capital leases payable, net of current portion	5,290,426	110,817	-	-	5,401,243
Compensated absences payable	101,177	89,148	151,236	-	341,561
Total noncurrent liabilities	5,712,743	13,442,331	6,908,072	318,079	26,381,225
TOTAL LIABILITIES	8,759,470	15,622,495	8,455,600	1,028,608	33,866,173
Deferred Inflows of Resources:					
Pension related	580,471	409,850	621,935	-	1,612,256
OPEB related	732	1,675	1,241	-	3,648
TOTAL DEFERRED INFLOWS OF RESOURCES	581,203	411,525	623,176	-	1,615,904
NET POSITION					
Net investment in capital assets	6,487,962	9,106,549	10,900,737	1,704,441	28,199,689
Restricted for:					
Debt service/renewal and replacements	-	-	621,019	-	621,019
Contingency reserve	-	1,456,271	-	-	1,456,271
Revenue fund	2,552,327	-	-	-	2,552,327
Unrestricted	(998,702)	3,671,193	2,883,473	622,599	6,178,563
TOTAL NET POSITION	8,041,587	14,234,013	14,405,229	2,327,040	39,007,869
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 17,382,260	$ 30,268,033	$ 23,484,005	$ 3,355,648	$ 74,489,946

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, 2018

	Nonmajor Enterprise Funds				
	Telecom	Wastewater	Water	Stormwater	Total
Operating Revenues:					
Charges for services	$ 9,664,839	$ 7,430,870	$ 6,118,527	$ 1,620,683	$ 24,834,919
Intergovernmental	-	-	-	25,000	25,000
Miscellaneous	87,032	-	277,575	-	364,607
Total Operating Revenues	9,751,871	7,430,870	6,396,102	1,645,683	25,224,526
Operating Expenses:					
Personnel	1,834,813	1,612,332	2,495,764	270,691	6,213,600
Nonpersonnel	3,730,736	2,831,279	2,124,974	689,801	9,376,790
Depreciation and amortization	1,230,962	1,492,438	729,996	78,208	3,531,604
Payments in lieu of taxes	76,081	1,086,643	375,018	17,112	1,554,854
Total Operating Expenses	6,872,592	7,022,692	5,725,752	1,055,812	20,676,848
Operating Income	2,879,279	408,178	670,350	589,871	4,547,678
Nonoperating Revenues (Expenses):					
Investment income	718	21,142	30,338	14	52,212
Stormwater design	-	(325,876)	-	(325,876)	(651,752)
Interest expense	(393,338)	(477,366)	(216,744)	(7,135)	(1,094,583)
Restructuring fees	(329,165)	-	-	-	(329,165)
Other income	-	-	16,114	6,550	22,664
Amortization of bond premium	-	-	22,582	-	22,582
Gain/loss on disposal of capital assets	-	22,500	(2,912)	-	19,588
Total Nonoperating Revenues (Expenses)	(721,785)	(759,600)	(150,622)	(326,447)	(1,958,454)
Income Before Contributions	2,157,494	(351,422)	519,728	263,424	2,589,224
Capital contributions	-	-	-	-	-
Change in Net Position	2,157,494	(351,422)	519,728	263,424	2,589,224
Net Position at Beginning of Year, as restated	5,884,093	14,585,435	13,885,501	2,063,616	36,418,645
Net Position at End of Year	$ 8,041,587	$ 14,234,013	$ 14,405,229	$ 2,327,040	$ 39,007,869

See notes to financial statements.

CITY OF BURLINGTON, VERMONT
NONMAJOR PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Telecom Fund	Wastewater Fund	Water Fund	Stormwater Fund	Total
Cash Flows From Operating Activities:					
Receipts from customers and users	$ 9,731,989	$ 7,389,013	$ 6,206,043	$ 1,600,150	$ 24,927,195
Receipts of operating grants	-	-	-	25,000	25,000
Payments to suppliers	(3,121,147)	(2,880,862)	(1,223,331)	(697,581)	(7,922,921)
Payments for wages and benefits	(3,089,981)	(1,539,215)	(2,374,507)	(266,779)	(7,270,482)
Payments in lieu of taxes	(76,081)	(1,086,643)	(375,018)	(17,112)	(1,554,854)
Other receipts	-	-	16,116	6,550	22,666
Net Cash Provided by Operating Activities	3,444,780	1,882,293	2,249,303	650,228	8,226,604
Cash Flows From Noncapital Financing Activities:					
Design costs financed by revolving loan	-	(325,876)	-	(325,876)	(651,752)
Restructuring fees	(329,165)	-	-	-	(329,165)
Cash Provided/(Used) by Noncapital Financing Activities	(329,165)	(325,876)	-	(325,876)	(980,917)
Cash Flows From Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(1,148,696)	(461,311)	(3,236,967)	(551,426)	(5,398,400)
Proceeds from revenue bonds	-	-	2,000,000	-	2,000,000
Proceeds from short term state revolving loans	-	205,650	57,211	205,650	468,511
Proceeds from issuance of capital lease	-	133,640	-	-	133,640
Proceeds from premium	-	-	273,842	-	273,842
Proceeds from sale of capital assets	-	22,500	-	-	22,500
Principal paid on:					
Revenue bonds	-	(732,281)	-	(19,139)	(751,420)
State revolving loans	-	(158,836)	(59,975)	-	(218,811)
Capital lease obligations	(266,054)	(5,599)	-	-	(271,653)
Interest paid on outstanding debt, including issue costs	(393,338)	(477,366)	(216,744)	(7,135)	(1,094,583)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(1,808,088)	(1,473,603)	(1,182,633)	(372,050)	(4,836,374)
Cash Flows From Investing Activities:					
Increase in restricted cash and investments	-	-	(8,943)	-	(8,943)
Receipt of interest & dividends	718	21,143	37,622	15	59,498
Net Cash Provided/(Used) by Investing Activities	718	21,143	28,679	15	50,555
Net Increase/(Decrease) in Cash	1,308,245	103,957	1,095,349	(47,683)	2,459,868
Cash and cash equivalents at beginning of year	2,679,644	4,441,343	5,365,393	717,923	13,204,303
Cash and cash equivalents at end of year	$ 3,987,889	$ 4,545,300	$ 6,460,742	$ 670,240	$ 15,664,171
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	$ 2,879,279	$ 408,178	$ 670,350	$ 589,871	$ 4,547,678
Depreciation and amortization	1,230,962	1,492,438	729,996	78,208	3,531,604
Other revenues	-	-	16,116	6,550	22,666
Changes in assets, liabilities, and deferred outflows/inflows					
(Increase)/Decrease in receivables	(49,186)	(41,857)	(186,141)	(20,533)	(297,717)
(Increase)/Decrease in inventory	64,976	(8,563)	(14,777)	-	41,636
(Increase)/Decrease in prepaid expenses	(21,262)	(2,394)	(1,161)	-	(24,817)
(Increase)/Decrease in deferred outflows - related to pensions	328,205	310,639	469,584	-	1,108,428
(Increase)/Decrease in deferred outflows - related to OPEB	(735)	(1,682)	(1,246)	-	(3,663)
Increase/(Decrease) in accounts payable	(50,483)	(38,626)	917,581	(7,780)	820,692
Increase/(Decrease) in customer deposits	-	-	(3,918)	-	(3,918)
Increase/(Decrease) in accrued payroll and benefits	-	3,673	6,310	3,912	13,895
Increase/(Decrease) in accrued liabilities	616,358	-	-	-	616,358
Increase/(Decrease) in deferred charges	29,304	-	-	-	29,304
Increase/(Decrease) in total pension liability	(600,202)	(591,474)	(958,151)	-	(2,149,827)
Increase/(Decrease) in other post employment benefits liability	(111,684)	122	90	-	(111,472)
Increase/(Decrease) in compensated absences	(7,594)	(14,505)	43,087	-	20,988
Increase/(Decrease) in deferred inflows - related to pensions	314,841	364,669	560,342	-	1,239,852
Increase/(Decrease) in deferred inflows - related to OPEB	732	1,675	1,241	-	3,648
Capitalized labor	(1,178,731)	-	-	-	(1,178,731)
Net Cash Provided by Operating Activities	$ 3,444,780	$ 1,882,293	$ 2,249,303	$ 650,228	$ 8,226,604

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 oversees.

CITY OF BURLINGTON, VERMONT

Combining Statement of Fiduciary Net Position

Private Purpose Trust Funds

June 30, 2018

	Louisa Howard	Walter Carpenter	Fireman's Relief	Christmas Gift	Total
ASSETS					
Cash and short-term investments	$ 28,088	$ 7,533	$ 628	$ 1,620	$ 37,869
Total Assets	28,088	7,533	628	1,620	37,869
NET POSITION					
Net position held in trust	$ 28,088	$ 7,533	$ 628	$ 1,620	$ 37,869

CITY OF BURLINGTON, VERMONT

Combining Statement of Changes in Fiduciary Net Position

Private Purpose Trust Funds

For the Year Ended June 30, 2018

	Louisa Howard	Walter Carpenter	Fireman's Relief	Christmas Gift	Total
ADDITIONS					
Investment income	$ -	$ 12	$ -	$ -	$ 12
Total Additions	-	12	-	-	12
Net increase	-	12	-	-	12
NET POSITION					
Beginning of year	28,088	7,521	628	1,620	37,857
End of year	$ 28,088	$ 7,533	$ 628	$ 1,620	$ 37,869

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.

	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	164 - 168
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	169 – 172
Debt Capacity 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.	173 - 177
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	178 - 179
Operating Information 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.	180 - 182

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

	2018	2017	2016	2015 [1]	2014	2013	2012	2011	2010	2009
Governmental Activities										
Net Investment in Capital Assets	$ 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	$ 135,869,663
Restricted	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	9,784,253
Unrestricted	(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)	(10,766,232)
Total Governmental Activities Net Position	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	134,887,684
Business-type Activities										
Net Investment in Capital Assets	203,377,616	188,464,010	179,096,254	172,629,734	156,804,042	149,806,307	139,041,152	134,805,081	98,953,992	77,968,937
Restricted	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	31,366,671
Unrestricted	27,498,768	29,639,505	27,982,661	22,266,988	28,692,499	12,449,872	3,526,400	4,799,188	1,160,504	12,444,615
Total Business-type Activities Net Position	256,181,179	240,774,458	227,891,805	214,216,232	217,514,215	194,255,224	181,587,575	172,548,979	134,293,570	121,780,223
Primary Government										
Net Investment in Capital Assets	296,389,758	286,905,700	271,332,722	255,616,622	261,193,348	251,798,093	250,414,630	275,236,534	240,279,955	213,838,600
Restricted	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	41,150,924
Unrestricted	5,549,914	7,446,071	6,248,345	(3,182,510)	23,385,979	20,377,075	6,485,084	736,372	(5,315,744)	1,678,383
Total Primary Government Net Position	$ 341,567,964	$ 330,109,409	$ 316,119,289	$ 288,553,559	$ 331,882,120	$ 318,123,456	$ 306,692,946	$ 318,193,116	$ 277,074,413	$ 256,667,907

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)

	2018	2017	2016	2015 [1]	2014	2013	2012	2011	2010	2009
Expenses										
Governmental Activities:										
General Government	$ 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	$ 7,833,861
Public Safety	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	20,708,638
Education	-	-	-	-	77,470,770	77,438,762	70,038,411	66,901,788	62,376,087	57,639,807
Public Works	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	12,111,622
Culture and Recreation	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	10,069,342
Community Development	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	4,149,542
Interest on Long-term Debt	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	1,520,465
Total Governmental Activities	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	114,033,277
Business-type Activities:										
Electric	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	54,915,355
Airport	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	16,562,164
Telecom	-	-	-	-	6,791,829	6,118,395	6,109,867	7,107,667	10,579,222	10,480,260
Wastewater	-	-	-	-	7,289,587	6,648,603	6,863,244	6,522,461	5,655,138	5,447,686
Nonmajor	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	6,791,139
Total Business-Type Activities	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	94,196,604
Total Expenses	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	208,229,881
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	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	965,261
Public Safety	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	6,309,231
Education	-	-	-	-	1,036,876	4,575,124	3,112,442	3,110,746	5,946,825	1,210,392
Public Works	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	4,993,790
Culture and Recreation	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	3,128,842
Community Development	393,178	315,042	221,533	714,715	250,361	214,897	131,415	158,512	1,423,809	403,704
Capital Outlay	-	-	-							302,592
Operating Grants and Contributions	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	59,707,134
Capital Grants and Contributions	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	4,978,575
Total Governmental Activities	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	81,999,521
Business-type Activities:										
Charges for Services										
Electric	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	50,010,832
Airport	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	12,023,774
Telecom	-	-	-	-	7,246,329	6,959,342	6,701,375	7,199,476	7,052,969	6,284,633
Wastewater	-	-	-	-	7,726,659	7,751,070	7,588,128	7,176,316	6,680,437	6,024,216
Nonmajor	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	6,987,959
Operating Grants and Contributions	172,648	218,384	205,387	-	-	-	-	-	429,477	386,202
Capital Grants and Contributions	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	11,741,445
Total Business-type Activities	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	93,459,061
Total Program Revenues	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	175,458,582
Net (Expense)/Revenue										
Governmental Activities	(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)	(32,033,756)
Business-type Activities	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	(737,543)
Total Net Expense	$ (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)	$ (32,771,299)

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

(continued)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Revenues										
Governmental Activities:										
Property Taxes	$ 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	$ 25,649,929
Gross Receipts Taxes	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	2,184,515
Local Option Sales Tax	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	1,885,141
Payments in Lieu of Taxes	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	970,324
Franchise Fees	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	2,727,631
Impact Fees	456,837	346,411	138,723	349,714	82,262	272,852	385,702	118,207	268,019	91,956
Interest and Penalties on Deliquent Taxes	400,071	303,370	339,034	356,550	368,602	278,419	331,971	319,667	318,881	288,033
Unrestricted Investment Earnings	334,817	249,012	193,991	100,725	634,071	52,148	27,695	714,974	435,179	651,377
Other Revenues	1,138,937	1,698,196	642,968	1,175,521	1,048,832	296,973	-	-	76,337	1,220
Additions to permanent Funds	153	3,846	3,968	67,115	25,715	20,005	34,565	-	25,145	36,874
Special item	-	(2,154,349)	-	-	(16,936,492)	-	(29,251,302)	-	-	-
Transfers	-	-	-	28,921	(97,572)	(97,500)	(54,728)	4,626	2,930,921	2,609,579
Total Governmental Activities	50,632,098	47,473,951	46,330,569	45,501,709	24,386,428	39,815,860	9,845,737	38,315,691	39,846,346	37,096,579
Business-type Activities:										
Unrestricted Investment Earnings	233,657	158,415	184,630	127,214	291,397	269,758	271,471	391,421	607,153	571,356
Dividends from associated companies	4,147,819	3,516,718	3,236,147	3,128,753	2,907,831	2,619,286	-	-	-	
Other Revenues	109,565	513,337	273,598	429,794	(368,970)	370,226	185,004	177,868	1,972,526	1,460,158
Special item	-	-	-	-	16,936,492	-	-	6,722,163	-	-
Transfers	-	-	-	(28,921)	97,572	97,500	54,728	(4,626)	(2,930,921)	(2,609,579)
Total Business-type Activities	4,491,041	4,188,470	3,694,375	3,656,840	19,864,322	3,356,770	511,203	7,286,826	(351,242)	(578,065)
Total Primary Government	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	36,518,514
Change in Net Position										
Governmental Activities	(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	5,062,823
Business-type Activities	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	(1,315,608)
Total Change in Net Position	$ 14,885,902	$ 12,639,991	$ 27,565,730	$ 17,658,730	$ 16,693,092	$ 10,480,617	$ (11,500,170)	$ 41,118,703	$ 20,406,506	$ 3,747,215

Source: Each respective Annual Financial Report

(1) School District was reclassified to Discretly 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)

	2018	2017	2016	2015[2]	2014	2013	2012	2011[1]	2010	2009
All Governmental Funds										
Nonspendable	$ 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	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	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	6,564,153	3,619,252	-	-	-	208,962	262,810	438,727	-	-
Unassigned	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	6,278,556
Unreserved	-	-	-	-	-	-	-	-	1,155,138	(1,468,566)
Total All Other Governmental Funds	$ 52,505,990	$ 35,103,434	$ 24,148,458	$ 19,531,563	$ 14,217,622	$ 23,802,999	$ 20,695,071	$ 10,347,538	$ 5,975,413	$ 4,809,990
General Fund										
Nonspendable	$ 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	568,007	560,372	38,500	17,265	17,265	17,261	3,867,936	1,794,807	-	-
Committed	577,407	1,209,754	2,779,209	1,624,950	2,058,049	1,041,535	3,345,215	2,332,434	-	-
Assigned	6,564,153	3,619,252	-	-	-	208,962	262,810	438,727	-	-
Unassigned	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	4,013,988
Unreserved	-	-	-	-	-	-	-	-	7,238,591	4,839,768
Total General Fund	$ 18,537,824	$ 15,623,745	$ 12,000,078	$ 8,251,497	$ 4,992,623	$ 19,424,103	$ 15,625,780	$ 13,304,810	$ 9,915,766	$ 8,853,756
All Other Governmental Funds										
Nonspendable	$ 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	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	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	(1,395,744)	(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	2,264,568
Unreserved	-	-	-	-	-	-	-	-	(6,083,453)	(6,308,334)
Total All Other Governmental Funds	$ 33,968,166	$ 19,479,689	$ 12,148,380	$ 11,280,066	$ 9,224,999	$ 4,378,896	$ 5,069,291	$ (2,957,272)	$ (3,940,353)	$ (4,043,766)

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 Discretly 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)

	2018	2017	2016	2015[(1)]	2014	2013	2012	2011	2010	2009
Revenues										
Taxes	$ 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	$ 29,760,367
Payments in lieu of taxes	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	3,665,263
Licenses and permits	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	5,323,127
Intergovernmental	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	60,727,565
Charges for services	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	15,164,771
Contributions	815,074	1,373,500	538,878	-	-	-	-	-	-	-
Investment income	340,281	249,013	193,993	100,725	634,070	52,148	675,834	955,816	418,298	638,530
Fines and forfeits	-	-	-	-	-	-	1,572,016	1,609,974	1,736,306	1,812,353
Loan repayments	87,177	57,357	104,033	122,544	245,074	46,741	4,873,509	74,160	233,006	280,222
Other revenue	883,075	585,799	601,849	1,230,412	1,160,440	415,290	5,536,858	4,654,385	3,568,399	2,650,227
Total Revenues	82,407,630	80,815,327	80,766,786	76,986,576	152,477,930	143,400,835	146,545,281	135,275,455	132,153,026	120,022,425
Expenditures										
Current:										
General government	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	9,487,847
Public safety	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	20,740,944
Education	-	-	-	-	76,037,906	81,284,025	70,399,945	66,139,968	60,669,307	56,147,563
Public works	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	8,575,237
Culture and Recreation	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	9,031,010
Community development	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	5,822,484
Capital Outlay[(2)]	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	10,199,057
Debt Service:										
Principal	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	4,374,613
Interest and bond issue costs	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	1,505,013
Total Expenditures	93,449,077	84,268,111	82,079,044	75,412,058	150,019,208	156,566,603	142,324,606	148,284,947	135,973,696	125,883,768
Excess (Deficiency) of Revenues over Expenditures	(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)	(5,861,343)
Other Financing Sources (Uses)										
Issuance of bonds and loans	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	6,142,128
Issuance of refunding debt	-	2,545,000	8,785,000	-	-	-	-	-	-	-
Issuance of leases	1,015,000	1,699,383	987,234	683,718	-	261,242	1,621,586	-	-	-
Payment to refunding escrow	-	(2,837,850)	(10,044,139)	-	-	-	-	-	-	-
Sale of capital assets	-	949,986	-	-	1,000,000	-	-	-	-	-
Bond premium	2,689,456	1,067,582	1,138,975	-	-	419,080	-	-	22,008	19,881
Issuance of notes	-	-	-	-	-	-	1,000,000	5,015,000	-	-
Transfers in	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	1,943,194
Transfers out	(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)	(2,029,194)
Total Other Financing Sources (Uses)	28,444,003	14,390,461	5,929,153	6,647,446	4,892,395	14,832,822	6,126,858	17,381,617	4,986,093	6,076,009
Special Item	-	-	-	-	(16,936,492)	-	-	-	-	-
Net Change in Fund Balances	$ 17,402,556	$ 10,937,677	$ 4,616,895	$ 8,221,964	$ (9,585,375)	$ 1,667,054	$ 10,347,533	$ 4,372,125	$ 1,165,423	$ 214,666
Debt Service as a Percentage of Noncapital Expenditures [(3)]	10.43%	9.07%	8.60%	7.50%	5.40%	4.48%	4.53%	5.28%	5.01%	5.08%

Source: Each respective Annual Financial Report

[(1)] School District was reclassified to Discretly 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
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
2009	3,472,718,196	3,925,485,365	0.6700

Source: Most recent official statement

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

		After Act 68			
		State-wide Education Taxes		Total Taxes	
Fiscal Year	City of Burlington	Residential	Nonresidential	Residential	Nonresidential
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
2009	0.6700	1.1090	1.4560	1.7790	2.1260

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	2018 Taxable Assessed Value	2018 Rank	2018 Percentage of Total Assessed Value	2009 Taxable Assessed Value	2009 Rank	2009 Percentage of Total Assessed value
Forfeith Burlington	$ 29,120,000	1	0.78%	$ 30,000,000	1	0.86%
Diamondrock Burlington Owner LLC	25,933,400	2	0.69%	31,120,080		0.90%
UVM/Redstone Lofts LLC	24,820,000	3	0.66%	24,820,000		0.71%
Burlington Town Center LLC	20,837,900	4	0.56%	25,005,480	3	0.72%
Burlington Harbor Hotel Group LLC	16,833,400	5	0.45%	20,200,080		0.58%
Burlington Electric Dept/CVPS	14,902,723	6	0.40%	17,883,268	4	0.51%
Antonio B Pormeleau LLC	14,649,300	7	0.39%	17,579,160	5	0.51%
Vermont Electric Power	12,033,450	8	0.32%	12,033,450		0.35%
May Department Stores Co	11,123,400	9	0.30%	13,348,080	6	0.38%
New Northagate Housing LLC	11,089,000	10	0.30%	11,089,000	7	0.32%
Howard Opera	9,001,300		0.24%	10,801,560	8	0.31%
Lake and College LLC	7,754,500		0.21%	9,305,400	10	0.27%
	$ 198,098,373		5.30%	$ 223,185,558		6.43%

Source: Most recent Official Statement

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

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Amount Collected	Percentage of Levy	Collections in Subsequent Years	Amount Collected	Percentage of Levy
2018	$ 99,731,639	$ 98,880,869	99.15%	$ -	$ 99,210,544	99.48%
2017	96,064,036	95,568,777	99.48%	425,984	95,994,761	99.93%
2016	93,015,324	92,467,139	99.41%	412,445	92,879,584	99.85%
2015	89,907,261	89,275,258	99.30%	563,500	89,838,758	99.92%
2014	83,526,157	82,869,824	99.21%	622,807	83,492,631	99.96%
2013	78,862,874	78,330,310	99.32%	519,269	78,849,579	99.98%
2012	76,089,194	75,617,383	99.38%	455,171	76,072,554	99.98%
2011	74,818,352	74,276,290	99.28%	521,367	74,797,657	99.97%
2010	73,213,724	72,730,820	99.34%	471,147	73,201,967	99.98%
2009	67,656,483	67,163,625	99.27%	483,558	67,647,183	99.99%

Source: Most recent Official Statement for fiscal years 2009 - 2017 and Form 411 Billed Grand List and activity in the City's general ledger for fiscal year 2018.

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

	Governmental Activities*				Business-type Activities*							
Fiscal Year	Bonds and Loans	Revenue Bonds	Notes	Capital Leases	Bonds	Revenue Bonds and SRLs	Notes	Capital Leases	Total Debt Outstanding	Estimated Population (1)	Debt per Capita	Percentage of Personal Income (2)
2018	$ 73,288,180	$ -	$ -	$ 2,738,077	$ 47,930,714	$ 78,102,462	$ -	$ 10,890,570	$ 212,950,003	42,239	$ 5,042	19.98%
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%
2009	32,680,809	-	4,000,000	2,289,762	49,820,834	96,125,000	1,000,000	33,878,667	219,795,072	42,417	5,182	20.57%

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
2018	$ 212,950,003	$ 136,923,746	$ 76,026,257	42,239	$ 1,800	$ 3,821,048,690	1.99%
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%
2009	219,795,072	180,824,501	38,970,571	42,417	919	3,472,718,196	1.12%

Sources: Each respective Annual Financial Report and

[1] United States Census Bureau

CITY OF BURLINGTON, VERMONT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2018

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to the City	Amount Applicable to the City of Burlington
Direct:			
City of Burlington - Bonds	$ 50,344,143	100.0%	$ 50,344,143
City of Burlington - Capital Leases	2,738,077	100.0%	2,738,077
Subtotal - Direct Debt			53,082,220
Overlapping:			
Burlington School District			30,442,142
Subtotal - Overlapping Debt			30,442,142
Grand Total Direct and Overlapping Debt			$ 83,524,362

Source: June 30, 2018 Annual Financial Reports

CITY OF BURLINGTON, VERMONT
LEGAL DEBT MARGIN INFORMATION
JUNE 30, 2018

Grand List Valuation	$ 3,821,048,690
Legal Debt Margin:	
Debt Limitation - Ten Times Last Grant List	382,104,869
Debt Applicable to Limitation	64,496,286
Legal Debt Margin	$ 317,608,583
Debt as Percentage of Debt Limit	16.88%

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%
2009	350,581,175	15,897,809	334,683,366	4.53%

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
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
2009	12,706	10,456	2,250	1,965	4,215	491	4,706	4,273	0.99	1.10

*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: Burlington City (3)	Unemployment Rate: State-wide (3)	Enrollment Grades 9-12 (2)	High School Graduation Rate (2)
2018	42,239	$ 25,234	$ 1,065,858,926	(4)	(4)	(4)	(4)	(4)	(4)
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	-	-	3.10%	3.60%	1,067	88%
2015	42,613	25,188	1,073,336,244	-	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%
2009	42,417	25,188	1,068,399,396	36,185	51,704	4.20%	4.50%	1,172	93%

Sources:

(1) United States Census Bureau

(2) Vermont Economic-Demographic Profile

(3) Vermont Department of Labor, Economic & Labor Market Information

*Using MFRA Data

(4) Information not available at the time of publication

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

	Calendar Year 2018			Calendar Year 2009		
Employer	Employees [1, 2]	Rank	Percentage of Total City Employment [3]	Employees [2]	Rank	Percentage of Total City Employment [3]
University of Vermont Medical Center	4,374	1	3.50%	4,709	2	4.07%
International Business Machines	4,000	2	3.20%	6,200	1	5.35%
University of Vermont	3,200	3	2.56%	3,103	3	2.68%
City of Burlington/Burlington School District	1,457	4	1.17%	2,650	4	2.29%
People's United Bank	917	5	0.73%	1,208	5	1.04%
Howard Center for Human Services	1,015	6	0.81%	727	9	0.63%
Adecco Staffing	775	7	0.62%	Less than 400		0.00%
Ben & Jerry's Homemade	735	8	0.59%	735	8	0.63%
GE Healthcare	700	9	0.56%	752	7	0.65%
Dealer. Com	675	10	0.54%	Less than 400		0.00%
	17,848		14.27%	20,084		17.34%

Sources:

[1] Chittenden County
[2] Vermont Business Magazine, Vermont Business Directory
[3] Vermont Department of Labor
*Some data is not available at the time of publication.

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

	Full-time Equivalent Employees									
Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government:										
Mayor's Office	4.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00
Clerk/Treasurer's Office	20.00	20.00	26.51	21.00	19.00	20.00	20.00	20.60	19.60	20.10
Payroll	4.00	4.00	4.00	4.00	3.00	3.00	4.00	4.00	4.00	4.00
Central Computer	6.00	6.00	4.00	6.00	3.00	3.00	3.20	4.00	3.00	2.50
City Attorney's Office	8.50	8.00	8.00	8.00	7.00	7.00	7.50	7.50	7.50	6.00
Human Resources	7.00	6.00	6.00	5.50	5.50	5.50	6.00	5.00	5.00	6.00
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	84.80	81.80	80.80	79.80	79.80	79.80	79.80	79.80	79.80	79.80
Police	144.70	141.20	139.20	136.20	137.20	137.20	138.20	137.20	137.70	134.20
DPW Inspection	5.00	5.00	5.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00
Code Enforcement	12.00	12.00	12.00	12.00	11.00	11.00	11.00	11.00	11.00	11.00
Public Works:										
Highways	42.55	43.45	43.45	42.90	42.90	43.60	42.60	41.60	41.60	38.60
Public Works Administration	5.00	4.00	4.00	4.00	6.00	6.00	6.00	6.00	6.00	6.00
Culture and Recreation	90.50	88.00	85.00	81.80	78.80	75.48	71.25	71.72	67.20	67.80
General Fund Total	**445.05**	**434.45**	**432.96**	**420.20**	**412.20**	**410.58**	**406.55**	**405.42**	**399.40**	**393.00**
Community Development*										
Burlington Electric	129.00	129.00	131.90	125.00	128.00	125.00	123.00	125.00	125.00	126.00
Burlington Telecom	30.00	24.00	26.00	25.00	21.00	24.50	22.00	30.68	33.00	32.50
Burlington International Airport	51.00	39.50	39.00	42.00	41.00					
Water**	24.50									
Stormwater**	2.50									
Wastewater**	15.65									
Total Employees	697.70	626.95	629.86	612.20	602.20	560.08	551.55	561.10	557.40	551.50

*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

	Fiscal Year									
Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government:										
Full-time equivalent positions filled	445.05	434.45	432.96	420.20	412.20	410.58	406.55	405.42	399.40	393.00
Tax bills mailed		10,670	10,714	10,737	10,685	10,633	11,106	11,112	11,094	11,116
Active recreation programs		283	285							
Recreation participants	2,148	4,863	4,762							
Birth certificates recorded		2,283	2,177	2,252	2,257	2,207	2,254	2,164	2,204	2,184
Marriage licenses recorded	360	375	229	401	599	366	362	449	462	346
Death certificates recorded	992	947	489	1,045	965	1,036	931	970	963	961
Dog licenses issued	1,082	1,153	1,175	1,256	1,191	1,234	1,248	1,307	1,367	1,446
Public Safety:										
Total cases	29,684	30,517	28,608	28,243	31,182	31,353	29,978	32,146	33,141	35,040
Number of traffic tickets	632	803	1,990	1,938	1,793	1,895	1,616	1,949	2,658	2,431
Number of traffic warnings	2,095	2,289	3,507	4,822	4,432	4,524	3,996	3,793	4,220	3,758
Fire incident responses		7,598	7,305	7,338	7,326	7,241	7,160	6,819	5,633	6,157
Water System:										
Average daily consumption (gallons)	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	4,163,753
Wastewater System:										
Average daily treatment (gallons)		4,722,000	4,917,000	5,132,000	5,692,000	5,677,000	5,736,000	7,132,000	5,884,000	5,932,000
Sludge disposed (tons)		8,651	8,633	8,583	8,402	8,287	8,322	8,873	9,809	9,058
Burlington International Airport										
Enplanements	623,489	597,799	595,244	600,402	617,301	605,505	652,793	643,683	677,468	743,248
Burlington Electric Department										
Sales to Customers - KWHs	330	336.2	338.2	336.2	342.8	341.4	342.5	348.6	343.9	355.6

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

	Fiscal Year									
Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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	44	44	42	42	42	42
Number of fire stations	5	5	5	5	5	5	5	5	5	5
Number of fire vehicles	20	20	28	27	26	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	127	127	127	127	127	127	127
Culture and Recreation:										
Number of culture and recreation facilities	6	6	6	5	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	12	12	12	12	12	12	12	12