CITY OF BURLINGTON, VERMONT

AUDIT REPORT

JUNE 30, 2008

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Sullivan,Powers&Co.
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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Burlington, Vermont as of and for the year ended June 30, 2008, which collectively comprise the City of Burlington, Vermont's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City of Burlington, Vermont's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Electric Department Fund which is a major fund and thirty-eight percent (38%), forty-two percent (42%), and sixty percent (60%), respectively, of the assets, net assets and revenues of the Business-type Activities. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Electric Department Fund, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Burlington, Vermont, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and School General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Notes I.D. and V.G., the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statements No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*

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

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

Sullivan, Powers & Company

June 26, 2009
Montpelier, Vermont
Vt Lic. #92-000180

Management's Discussion and Analysis

As management of the City of Burlington, Vermont (The City), we offer readers of the City's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found at the beginning of this report.

Financial Highlights

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

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $252,920,692 (total net assets). Of this amount, $13,054,467 (unrestricted net assets) may be used by the various funds of the City to meet the ongoing obligations to its citizens and creditors
- The City's total net assets decreased over what we reported last year by $1,649,791. The Governmental activities increased by $1,239,407 and can be attributed in part to the local sales tax option and collections in gross receipts. The decrease of $2,889,198 in the Business type activities can be attributed to operating losses in the Airport, Telecom and Wastewater funds, however, these losses were partially offset by profits in the Burlington Electric Department.
- The total net assets of a component unit of the City, the Burlington Community Development Corporation amounted to $1,706,122 an increase of $218,813 for the year. This was mainly attributed to a gain on sale of the Westlake Parking Garage.

Fund Financial Statements (refer to Exhibit C and Footnote IVK.)

- As of the close of the fiscal year ending June 30, 2008, the City's governmental funds reported combined ending fund balances of $4,595,324. This consists of a fund balance in the General Fund of $7,134,197 and deficits of $360,998 in the School fund and $2,177,875 in all other governmental funds.
- The reserve portion of the governmental fund balance includes $773,432 for inventories and prepaid expenditures and $2,813,111 set aside for other restricted purposes.
- The undesignated fund balance of the General Fund component of the governmental funds had a positive ending fund balance of $3,998,688, an increase of $1,541,831 from the previous fiscal year. Most of the increase came from additional income from local sales option tax and gross receipts.
- Management has designated $1,551,328 of the General Fund balance for various purposes. An additional $488,865 has been designated in the General Fund for various items pending the receipt of uncollected taxes, penalties and interest. These are discussed in detail later in this report called financial analysis of the Government's Funds.

- The undesignated fund balance of the other governmental funds reported as a group amounted to a shortfall of ($3,690,140), a decrease of $838,868. This was due primarily to the timing of the receipt of state grants, federal grants, tax increments, and reimbursements for capital projects and development projects. Simply stated, revenues for grant funds received 60 days or more after the end of the fiscal year are deferred and counted in the period they are received as required by GASB Statement #33.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

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

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

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

Fund Financial Statements

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

Governmental funds

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

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

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

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

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

Proprietary Funds

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

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

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

Fiduciary Funds

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

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

Notes to the Financial Statements

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

Government-Wide Financial Analysis

CITY OF BURLINGTON NET ASSETS
(Refer to Exhibit A)

	Governmental Activities	Governmental Activities	Business- Type Activities	Business- Type Activities	Total	Total	% Change
	2008	2007	2008	2007	2008	2007	
Current and other assets	$ 22,228,246	$ 25,850,658	$ 67,115,784	$ 77,807,256	$ 89,344,030	$ 103,657,914	16%
Capital assets	$ 165,002,611	$ 164,781,053	$ 222,290,830	$ 209,199,162	$ 387,293,441	$ 373,980,215	-3%
Total Assets	$ 187,230,857	$ 190,631,711	$ 289,406,614	$ 287,006,418	$ 476,637,471	$ 477,638,129	0%
Current Liabilities	$ 10,435,295	$ 10,443,604	$ 11,317,779	$ 10,000,284	$ 21,753,074	$ 20,443,888	-6%
Noncurrent Liabilities	$ 46,970,701	$ 51,602,653	$ 154,993,004	$ 151,021,105	$ 201,963,705	$ 202,623,758	0%
Total Liabilities	$ 57,405,996	$ 62,046,257	$ 166,310,783	$ 161,021,389	$ 223,716,779	$ 223,067,646	0%
Net Assets							
Investment in capital assets, net of related debt	$ 131,531,661	$ 127,785,651	$ 72,812,022	$ 68,493,396	$ 204,343,683	$ 196,279,047	-4%
Restricted	$ 6,318,445	$ 9,735,281	$ 29,204,097	$ 28,310,340	$ 35,522,542	$ 38,045,621	7%
Unrestricted	$ (8,025,245)	$ (8,935,478)	$ 21,079,712	$ 29,181,293	$ 13,054,467	$ 20,245,815	55%
Total Net Assets	$ 129,824,861	$ 128,585,454	$ 123,095,831	$ 125,985,029	$ 252,920,692	$ 254,570,483	1%

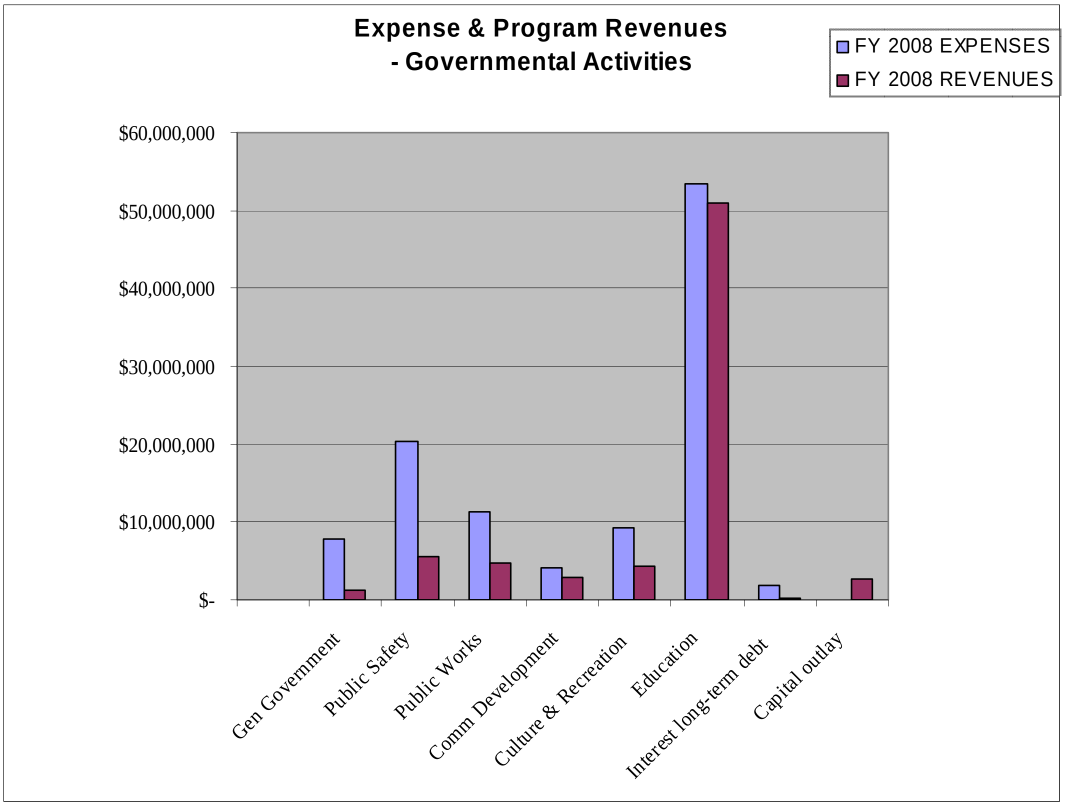
As noted earlier, net assets may serve over time to be a useful indicator of a government's financial position. In the case of the City of Burlington, assets exceeded liabilities by $252,920,692 at the close of fiscal year 2008. This is a decrease of $1,649,791 over the amount reported at June 30, 2007.
.
By far, the largest portion of the City's net assets (81% or $204,343,683) reflects its investments in capital assets (e.g., land buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (14% or $35,522,542) represents resources that are subject to external restriction as to how they may be used. The remaining balance of unrestricted net assets (5% or $13,054,467) is to be used to meet the government's ongoing obligations to citizens and creditors. Included in unrestricted net assets are amounts that management has designated for particular purposes, such as capital reserve funds, reserves for encumbrances, and reserves for expenditures in subsequent fiscal years.

At the end of fiscal year 2008, the City is able to report positive balances in two of the three categories of net assets for the government activities, and for all of its separate business-type activities. The governmental activities report indicates a positive balance of $131,531,661 of investments in capital assets, net of related debt and a positive balance $6,318,445 in net assets that are subject to external restriction. However, there is a negative balance of $8,025,245 in the Governmental activities unrestricted net assets section. This is primarily due to reporting liabilities such as insurance reserves, compensated absences, landfill post-closure costs and early retirement costs in the City's School Department that have not been funded.

The negative unrestricted net assets from Governmental Activities includes major items such as $2,717,000 of insurance reserves that are funded annually as incurred; about $4,680,000 in compensated absences for the City and Schools, $2,600,000 in debt which was not offset by a physical asset, $1,850,000 of unfunded City obligation to the Retirement Fund known as the Net Pension Obligation, $83,000 for outstanding landfill closure costs, and $362,000 of school liabilities for post retirement benefits.

Governmental Activities The net assets resulting from Government activities amounted to $129,824,861 at year end. The major factor contributing to this increase capital was received during the year and excess gross receipts and local option taxes. Please refer to Exhibits D and E for a list of other changes in net assets of governmental activities.



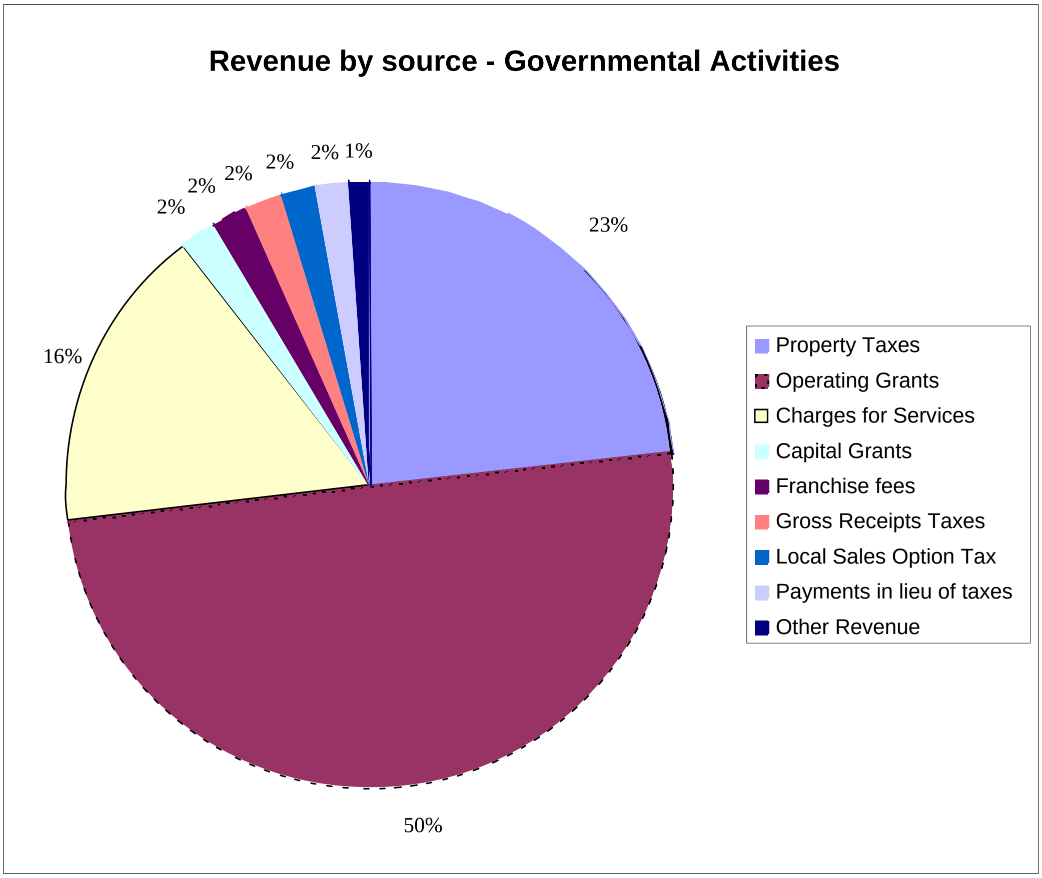
The above graph illustrates the expenses associated with the various functions of governmental activities and the revenues that are directly associated with or generated by these functions. The expenses of these functions are also funded with general revenues, such as property taxes, gross receipts taxes,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

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

CITY OF BURLINGTON REVENUE AND EXPENSES

	Governmental Activities 2008	Governmental Activities 2007	Business-Type Activities 2008	Business-Type Activities 2007	Total 2008	Total 2007
Revenues						
Program revenues						
Charges for services	17,196,083	17,322,158	76,323,117	73,287,011	93,519,200	90,609,169
Operating Grans and Contributions	53,039,312	49,344,678	145,587	57,344	53,184,899	49,402,022
Capital Grants and Contributions	2,161,602	5,599,034	6,374,448	10,421,524	8,536,050	16,020,558
General revenues						0
Property Taxes	24,870,758	24,620,306	0	0	24,870,758	24,620,306
Rooms and Meals Taxes	2,199,949	2,077,741	0	0	2,199,949	2,077,741
Local Sales Option Tax	2,158,372	1,785,068	0	0	2,158,372	1,785,068
Payments in lieu of Taxes	1,681,879	1,682,472	0	0	1,681,879	1,682,472
Franchise Fees	1,938,684	1,906,418	0	0	1,938,684	1,906,418
Impact Fees	198,144	457,645	0	0	198,144	457,645
Interest & Penalties on Delinquent Taxes	311,708	363,515	0	0	311,708	363,515
Addition to Permanent Funds	56,641	23,050	0	0	56,641	23,050
Unrestricted Investment Earnings	635,693	695,021	1,698,032	2,497,135	2,333,725	3,192,156
Other Revenues	0	1,800	212,795	425,468	212,795	427,268
Total Revenues	**106,448,825**	**105,878,906**	**84,753,979**	**86,688,482**	**191,202,804**	**192,567,388**
Expenses						
Government Activities						
General Government	7,731,527	7,545,288	0	0	7,731,527	7,545,288
Public Safety	20,262,074	19,894,557	0	0	20,262,074	19,894,557
Public Works	11,375,602	10,673,896	0	0	11,375,602	10,673,896
Community Development	4,104,701	4,820,282	0	0	4,104,701	4,820,282
Culture and Recreation	9,247,568	8,529,244	0	0	9,247,568	8,529,244
Education	53,322,002	48,509,636	0	0	53,322,002	48,509,636
Interest on long-term debt	1,796,364	1,900,299	0	0	1,796,364	1,900,299
Business Type Activities						0
Electric Utility	0	0	50,408,203	46,479,941	50,408,203	46,479,941
Airport	0	0	15,071,525	13,791,063	15,071,525	13,791,063
Water	0	0	4,573,814	4,396,235	4,573,814	4,396,235
Wastewater	0	0	5,100,231	5,061,186	5,100,231	5,061,186
Telecom	0	0	7,848,863	5,290,332	7,848,863	5,290,332
School Enterprise	0	0	2,021,573	1,860,469	2,021,573	1,860,469
Total Expenses	**107,839,838**	**101,873,202**	**85,024,209**	**76,879,226**	**192,864,047**	**178,752,428**
Changes in net assets before transfers	(1,391,013)	4,005,704	(270,230)	9,809,256	(1,661,243)	13,814,960
Transfers	2,630,420	2,066,217	(2,618,968)	(2,066,217)	11,452	0
Change in net assets	1,239,407	6,071,921	(2,889,198)	7,743,039	(1,649,791)	13,814,960
Net Assets - Beginning of Year	128,585,454	122,513,533	125,985,029	118,241,990	254,570,483	240,755,523
Net Assets - End of Year	**129,824,861**	**128,585,454**	**123,095,831**	**125,985,029**	**252,920,692**	**254,570,483**

The table below shows the percentages of revenue by each type of revenue of governmental activities. The largest sources are property taxes (23% of total), operating grants (50%), and charges for services (16%).

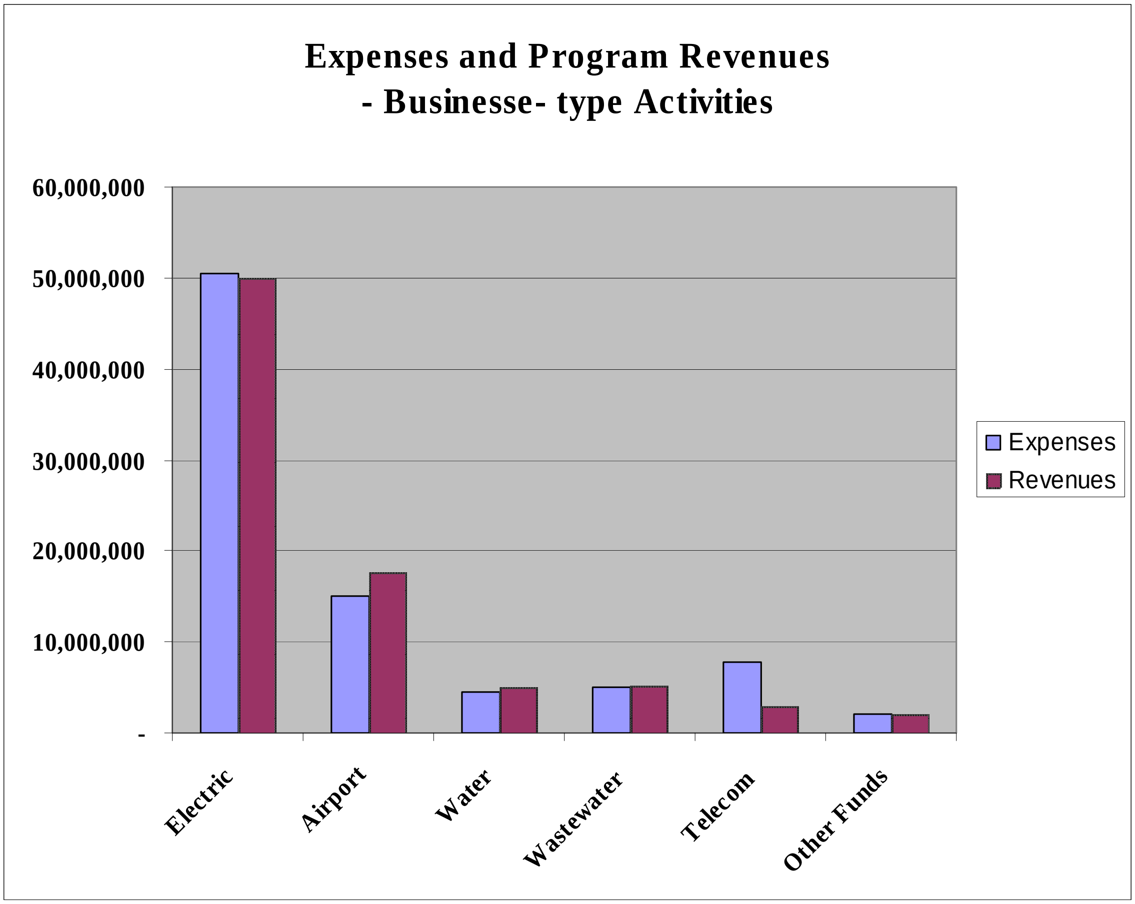


Business-type activities Net assets for business-type activities amounted to $123,095,831. Key factors which contribute to this amount are as follows:

- Total Operating Income/(Loss) for Business-type activities amounted to ($2,238,041) with the major operating revenue source being charges for services at $71,982,940. Operating expenses amounted to $78,561,158. Burlington Electric produced operating income of $2,725,266, but the Airport, Telecom, and Wastewater produced losses of $1,265,377, $3,758,594, and $625,093 respectively. All other proprietary funds, consisting of Water Resources and School funds, generated operating income of $685,757. Costs at the Airport associated with the opening of a new section of the terminal, and the continuing capital cost to Burlington Telecom contributed to losses in each of those funds.
- Included in the operating expenses is depreciation and amortization in the amount of $11,733,882 for all business-type activities.

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

Fund	**Change in Net Assets**
Electric Utility	(511,513)
Airport	2,824,806
Telecom	(4,874,753)
Wastewater	(664,110)
Other Proprietary Funds	336,372
Total	$(2,889,198)



Program revenues for business-type activities amounted to $82,843,152 for the year. A large share (92%) of the program revenues for business-type activities comes from charges for services. $6,520,035 comes from capital grants and contributions for the business activities.

Financial Analysis of the Government's Funds

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

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

- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $4,595,324 a decrease of $1,340,626 from the previous fiscal year.
- The reserved portion of the governmental fund balance includes $773,432 for inventories and prepaid expenditures and $2,813,111 set aside for other restricted purposes such as capital and grant-funded projects, as well as Cemetery endowments.
- The City has designated $1,551,328 of the General Fund balance for various purposes after subtracting $755,000 of uncollected taxes. The General Fund designated portion of the governmental fund balance include Gosse Court/Leddy Park Capital Funds of $724,698, Conservation Legacy Tax of $167,329, Parks and Capital Street Program dedicated tax of $270,748, Insurance reserve of $76,997, and several others amounting to $792,421.
- The undesignated, unreserved fund balance of all governmental funds amounts to $308,548. The General Fund balance component had a positive undesignated fund balance of $3,998,688, an increase of 62.8% from the previous fiscal year.
- The undesignated balance in the other governmental funds reported as a group amounted to ($3,690,140). As stated previously in the Financial Highlights, this was due primarily to the timing of the receipt of state grants, federal grants, tax increments, and reimbursements for capital projects and development projects. Simply put, revenues for grants funds received 60 days or more after the end of the fiscal year are deferred and counted in the period they are received as required by GASB Statement #33. Another factor that contributed to this negative fund balance was that capital financing for the City's master lease was not obtained until after year end.

The fund balance of the City's General Fund was $7,134,197, an increase of $1,032,769 or 16.9% during this reporting period. Reasons for this increase are further discussed in the budgetary highlights of this discussion.

The School's Fund balance decreased $966,271 this year to a negative $360,998 from $605,273 in the prior year. Total actual revenues are $52,822,892. The positive revenue variance was primarily due to an increase in tuition, interest, and special education intensive and extraordinary reimbursement revenues. Total actual expenditures are $53,843,989 which resulted in increased spending of 8.5% in various functional areas in the budget with major increases in the special education and facilities maintenance categories.

Proprietary Funds

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

Net assets for the Electric Utility fund amounted to $51,384,027, those for the Airport fund amounted to $62,121,761, those for the Wastewater fund amounted to $11,824,961, those for the School Enterprise Funds and Water amounted to $10,136,665, and those for the Telecom Fund amounted to a deficit of $12,371,583. The Telecom deficit is due to costs associated with the start-up and operation of the municipal network. Costs associated with Phase III, the City-wide service for cable television, internet, and telephone service for the citizens within Burlington which began in FY 2005, will be offset as customers come on line and purchase these services in the periods to follow. The first customers came on line in February, 2006. The net assets of the Electric Utility Fund decreased by $511,513, the Airport increased by $2,824,806, School and Water Resources increased by $336,372, the net assets of the Telecom Fund decreased by $4,874,753 and Wastewater decreased by $664,110. The Airport increase is again due to grants for construction projects and the Water Resources increase is due to a reduction in debt service expense. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

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

Revenues:

Fiscal year 2008 revenues were generally consistent with the budget, but there were several sources that exceed expectations this year. Permit fees collected by the Planning and Zoning Department exceeded budget by $252,000; rooms and meals taxes exceeded budget by $338,000; the local sales option tax generated more than budgeted by $458,372; and the Parks Department generated $260,200 more than expected. In addition, the City collected $597,518 from Fletcher Allen for a new fee for services.

Expenditures:

FY 2008 expenditures were generally within budget for the year. The only departments which deviated significantly from budget were the Fire Department which exceeded its budget by about $232,520 due to negotiated salaries and benefits, and the Public Works Department which exceeded its budget by $205,650, all of which can be attributed to snow removal and related expenditures.

Fiduciary Funds

The net assets of the Retirement Fund declined $9,316,161 to $118,474,648 primarily due to unfavorable outcomes from the stock market. At June 30, 2008, the actuarial value of accrued assets are $129,101,729, the accrued liabilities were $156,313,830. Thus, the unfunded liability as of June 30, 2008 was $27,212,101. This represented a decrease in unfunded liability of $3,004,592 compared to the unfunded liability on June 30, 2007 of $30,216,693.

The City recorded a Net Pension Obligation of $1,596,290 in fiscal year 2005 and another Net Pension Obligation in fiscal year 2006 of $756,403, however, reduced it to a cumulative amount of $2,010,707 due to excess contributions in 2007.

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

Capital Assets and Debt Administration

Capital assets. The City of Burlington's investment in capital assets for its governmental and business-type activities as of June 30, 2008 amounted to $204,343,683 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, water and wastewater distribution systems, electric generating and transmissions capital assets and land, land improvements and buildings at the Burlington International Airport.

In the governmental area, the total amounted to $131,531,661 and the capital assets of the City's business-type activities netted to $72,812,022.

Expenditures in the Capital Projects funds were as follows:

SOUTHERN CONNECTOR	$	151,329
SOUTH END & DOWNTOWN TRANSIT CENTER		68,024
FUEL DEPOT		708,821
STREET IMPROVEMENT PROJECTS		750,859
RIVERSIDE AVE & NORTH ST PROJECTS		90,678
DPW FACILITY, MORAN BLDG & HEATING UPGRADS		31,726
DOWNTOWN PLANNING & QUEEN CITY BRIDGE		32,097
ENGLESBY BROOK & BARGE CANAL		340
N WINOOSKI STREETSCAPE & BATTERY ST		378,373
FIREHOUSE CENTER		10,434
OTHER CAPITAL PROJECTS		115,524
2008 MASTER LEASE		1,269,354
LAKEVIEW & COLLEGE ST GARAGES & WESTLAKE PROJECT		180,800
SCHOOL BOND CAPITAL PROJECTS		802,138
TOTAL		**4,590,497**

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

Police Department purchased five vehicles at a cost of $139,838

Fire Department purchased two vehicles at a cost of $48,631

Church Street Marketplace purchased a vehicle and equipment at a cost of $38,093

Memorial Auditorium made improvements totaling $122,002

Department of Public Works purchased heavy equipment and vehicles for the Street Division at a cost of $272,470

Clerk & Treasurer’s Office purchased postage machine in the amount of $16,028

Payroll Department: Front End Time System, Kronos in the amount of $6,900

Downtown Parking Garage purchased revenue control equipment of $430,887

Parks Department purchased three trucks and accessories in the amount of $93,477 and playground equipment totaling $63,653

Parks Department purchased a steel dock system for Perkins Pier in the amount of $287,692 and moorings of $43,985

School Department spent $924,949 on school building projects including the Vocational Center. They also purchased two vehicles for $43,334 and purchased computer and other equipment totaling $421,655
General Street and sidewalk repaving and reconstruction, including curbs, catch basins and median upgrades in the amount of $2,334,101 funded primarily with the dedicated Street property tax.

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

	Governmental Activities		Business Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	$ 15,653,889	$ 15,653,889	$ 18,806,731	$ 18,823,666	$ 34,460,620	$ 34,477,555
Construction in Progress	30,423,514	32,336,349	13,608,976	5,178,586	44,032,490	37,514,935
Antiques and Works of Art	52,000	52,000	-	-	52,000	52,000
Land Impovements	2,371,585	2,304,844	26,547,903	26,517,628	28,919,488	28,822,472
Buildings and Building Improvements	72,406,484	68,327,594	75,590,301	75,047,697	147,996,785	143,375,291
Vehicles, Machiner, Equipment and Furniture	21,018,752	19,861,032	18,358,200	18,031,230	39,376,952	37,892,262
Book Collections	3,770,127	3,932,030	-	-	3,770,127	3,932,030
Infrastructure	91,623,674	89,674,198	-	-	91,623,674	89,674,198
Distribution and collection systems	-	-	221,983,809	207,222,732	221,983,809	207,222,732
	$ 237,320,025	**$ 232,141,936**	**$ 374,895,920**	**$ 350,821,539**	**$ 612,215,945**	**$ 582,963,475**

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

Long-term Debt

At the end of the current fiscal year, the City of Burlington had total bonds, notes, and capital leases payable of $206,324,425. Of this, $37,203,056 applies to governmental activities and $169,121,369 (prior to unamortized premiums, discounts, and deferred loss on refunding) applies to business-type activities. The table below presents the components of this category for the current and past fiscal years:

	Governmental Activities		Business Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
General Obligation Bonds	$ 18,067,174	$ 18,762,305	$ 29,907,220	$ 29,798,954	$ 47,974,394	$ 48,561,259
Revenue Bonds	-	-	105,440,000	114,315,000	105,440,000	114,315,000
Bond/Revenue anticipation & Notes Payable	17,248,782	20,343,259	-	-	17,248,782	20,343,259
Obligations Under Capital Leases	1,887,100	2,806,290	33,774,149	22,034,599	35,661,249	24,840,889
Totals	**37,203,056**	**41,911,854**	**169,121,369**	**166,148,553**	**206,324,425**	**208,060,407**

The City's total bonds, notes, and capital leases decreased by $1,735,982 during the year. Outstanding General Obligation bonds had a net decrease of $586,865 to $47,974,394. There were also several new General Obligation bonds issued, including a $1,000,000 General Obligation Bond for small capital and working capital for the City, a $750,000 small capital and working capital bond for Schools, and a $1,000,000 General Obligation Bond for Burlington Electric. The predominant use of the City funds was $145,000 for the Parks Department, $55,000 for the Zoning Ordinance Rewrite program, $98,000 for Firehouse building improvements, $156,000 for City Hall improvements, $42,000 for Library building repairs and various other projects. The School used their proceeds for building improvements. Moody's Investor Services provides a bond rating each time a bond issue is offered to the investing public. The City's Aa3 rating was reconfirmed in April, 2009.

There were no new revenue bonds issued during the year. However, the outstanding amount of revenue bonds decreased by $8,875,000 to $105,440,000 for repayments of principal.

The balances due for the various revenue bonds at June 30, 2008 (exclusive of unamortized discounts, premiums, and deferred losses on refunding) were as follows:

Electric Department	$ 55,550,000
Water Resources	6,020,000
Airport	43,870,000
Total Revenue Bonds	$105,440,000

The School Department entered into two capital leases for vehicles totaling $43,374. The Telecom Fund refinanced older capital leases and borrowed an additional $11,500,000 in the form of a capital lease.

Annually, the City issues a master lease that combines the needs of the various departments into one borrowing. This year's lease was not received until October of 2008 in the amount of $1,500,000 and funded some heavy equipment for Public Works, five Police vehicles, Parks vehicles and dock repair equipment, as well as the Payroll Department's front end timekeeper Kronos and a postage machine for the Clerk/ Treasurer's office.

The City issued $12,000,000 in tax anticipation notes during the year, all of which were paid in full by June 30, 2008. The Burlington Electric Department issued $2,500,000 in revenue anticipation notes during the year, all of which was paid in full by June 30, 2008.

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

Economic Factors Future Budgets and Rates

Listed below are some of the factors involved in formulating the budget for fiscal year 2008:

- The City Tax Rate was set at 67 cents per hundred dollars of value in FY 2008.
- Once again, wage increases are a major driver of the City's overall FY 08 Budget as $402,100 has been set aside for this purpose. The contracts for both the AFSCME and Police Unions, and Fire Union were settled by June 30, 2007. The negotiations with the Electrical Worker's Union (IBEW) were settled in FY 2008.
- Employee Benefit costs increased in FY 2008 by about 10% from its FY 2007 budget, primarily due to the addition of Burlington Telecom employees and increases in worker's compensation claims.
- In January 2006, the City Council also created a "Super Committee" to study the City's financial needs and problems. The Committee recommendations were adopted by the City Council and include the following policy goals for future budgets:

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

  The achievement of these goals was a predominant theme of the FY 2008 budget.

Fiscal Year 2009 City Budget

The City of Burlington approved a General Fund Budget for fiscal year 2009 with an increase of 2.8% over the amended budget of the previous fiscal year. In the fall of 2005, Mayor Clavelle advised citizens that Burlington faced a shortfall for the FY 2007 budget unless the City generated a significant new source of revenue. In response to this problem, the Mayor and City Council proposed the adoption of a 1% sales and use tax for the City which was approved by the voters in March 2006. In FY 2008, this 1% generated over $2,158,372 in additional revenue.

The FY 2009 Budget again reflected the City Council goals adopted in 2006 including the following policy goals for future budgets:

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

The budget for FY 2009 provided for full funding of the annual contribution to the Burlington Employees Retirement System. With the implementation of the sales and use tax, half the projected new revenue was set aside to strengthen the City's reserves. The changes in the tax rates are shown in the table below:

Tax Rate Item	FY08 Tax Rate per $100	FY09 Approved Tax Rate	Change
Revenue Neutral Rates:			
General City	0.2329	0.2329	0.0000
Police/Fire	0.0807	0.0807	0.0000
Housing Trust	0.0054	0.0054	0.0000
Open Space	0.0054	0.0054	0.0000
Streets	0.0417	0.0417	0.0000
Fixed Rates:			
Parks	0.0250	0.0250	0.0000
Highway	0.0312	0.0312	0.0000
Library	0.0050	0.0050	0.0000
Budget Driven Rates:			
CCTA	0.0325	0.0361	-0.0036
County Tax	0.0050	0.0054	-0.0004
Retirement	0.1431	0.1487	-0.0056
Debt Service	0.0621	0.0525	0.0096
Total	0.6700	0.6700	0.0000

2009 School Budget

The budgeting process for FY 2009 led to the adoption of a budget of $45,724,107 which represents an increase of $4,149,541 or 9.99% over the FY 2008 budget of $41,574,566. The same level of services is being provided for in the FY 2009 budget and also includes additional funding to cover some of the reductions in federal grant appropriations. The actual homestead tax rate changed from $1.0217 in FY 2008 to $1.1094 in FY 2009 or a 0.0877 cent increase over the previous year. The income cap percentage for education property tax if eligible changed from 2.09% in FY 2008 to 2.14% in FY 2009 or an increase of 0.05%. The district spending adjustment which is a key factor in determining the property tax rate increased from 115.851% in FY 2008 to 119.086% in FY 2009 and is the amount per equalized pupil percentage spending over the state-wide base education rate for education of $7,736 in FY 2008 and $8,210 in FY 2009.

2009 Budget for Utility Funds

The Water and Wastewater Utility rates were constant in FY 2008. Effective April 1, 2006, the Electric Department rates were increased by 22.3% primarily to cover the increased costs of purchased power and overhead. There were no other significant increases in charges and fees this year. A budget has been included in FY 2009 for the operation of Burlington Telecom. The budget provides for operating costs of the municipal network, as well as the build-up and initial operation of the cable, telephone and internet services to customers in Burlington. Further information regarding the budget and operations for Burlington Electric can be found in the Management's Discussion and Analysis section of the Department's separate audit report. Questions concerning any information of the Electric Department may be directed to Daryl J. Santerre, Chief Financial Officer at 585 Pine Street, Burlington, Vermont, 05401.

Requests for Information

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

CITY OF BURLINGTON, VERMONT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Burlington Community Development Corporation
ASSETS				
Cash and Cash Equivalents	$ 1,215,618	$ 1,043,556	$ 2,259,174	$ 162,621
Investments	941,333	20,000	961,333	0
Receivables (Net of Allowance for Uncollectibles):	6,938,098	13,160,728	20,098,826	8,167
Estimated Unbilled Revenues	0	3,198,409	3,198,409	0
Notes, Loans and Capital Lease Receivable	2,521,863	1,490,000	4,011,863	2,226,113
Accrued Interest Receivable	555,467	0	555,467	7,664
Inventories	309,374	4,437,761	4,747,135	0
Other Current Assets	612,436	356,508	968,944	0
Interfund Loans Receivable/Payable	7,407,583	(7,060,824)	346,759	0
Due from Component Unit	810,000	1,294,658	2,104,658	0
Restricted Investments	0	24,800,457	24,800,457	0
Investments in Associated Companies	0	6,921,856	6,921,856	0
Assets Held for Resale	549,352	0	549,352	0
Other Long-Term Assets, Net of Accumulated Amortization	367,122	17,452,675	17,819,797	0
Capital Assets				
Land	15,653,889	18,806,731	34,460,620	1,155,249
Construction in Progress	30,423,514	13,608,976	44,032,490	1,256
Antiques and Works of Art	52,000	0	52,000	0
Other Capital Assets, (Net of Accumulated Depreciation)	118,873,208	189,875,123	308,748,331	5,363,892
Total Assets	187,230,857	289,406,614	476,637,471	8,924,962
LIABILITIES				
Accounts Payable	3,105,212	7,541,574	10,646,786	462
Accrued Payroll and Benefits Payable	5,075,971	558,378	5,634,349	0
Due to Fiduciary Funds	10,949	20,645	31,594	0
Accrued Interest Payable	216,721	257,001	473,722	7,664
Deferred Revenue	2,026,442	231,850	2,258,292	0
Payable from Restricted Assets	0	2,708,331	2,708,331	0
Due to Primary Government	0	0	0	2,104,658
Noncurrent Liabilities:				
Due within One Year	5,428,218	10,556,249	15,984,467	527,403
Due in More than One Year	41,542,483	144,436,755	185,979,238	4,578,653
Total Liabilities	57,405,996	166,310,783	223,716,779	7,218,840
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	131,531,661	72,812,022	204,343,683	1,442,461
Restricted for:				
Education	490,097	0	490,097	0
Traffic	218,056	0	218,056	0
Community Development	3,425,006	0	3,425,006	0
Debt Service/Renewal and Replacements/Capital Projects	164,321	29,204,097	29,368,418	0
Perpetual Care	1,040,069	0	1,040,069	0
Other Purposes	980,896	0	980,896	0
Unrestricted/(Deficit):	(8,025,245)	21,079,712	13,054,467	263,661
Total Net Assets	$ 129,824,861	$ 123,095,831	$ 252,920,692	$ 1,706,122

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

CITY OF BURLINGTON, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Burlington Community Development Corporation
Functions/Programs:								
Primary Government:								
Governmental Activities:								
General Government	$ 7,731,527	$ 1,105,956	$ 108,564	$ 0	$ (6,517,007)	$ 0	$ (6,517,007)	$ 0
Public Safety	20,262,074	5,227,594	357,813	0	(14,676,667)	0	(14,676,667)	0
Public Works	11,375,602	4,294,457	381,887	0	(6,699,258)	0	(6,699,258)	0
Community Development	4,104,701	1,388,507	1,386,321	0	(1,329,873)	0	(1,329,873)	0
Culture and Recreation	9,247,568	3,435,507	887,026	0	(4,925,035)	0	(4,925,035)	0
Education	53,322,002	1,314,480	49,667,701	0	(2,339,821)	0	(2,339,821)	0
Interest on Long-Term Debt	1,796,364	0	250,000	0	(1,546,364)	0	(1,546,364)	0
Capital Outlay	0	429,582	0	2,161,602	2,591,184	0	2,591,184	0
Total Governmental Activities	107,839,838	17,196,083	53,039,312	2,161,602	(35,442,841)	0	(35,442,841)	0
Business-Type Activities:								
Electric	50,408,203	49,624,179	0	269,831	0	(514,193)	(514,193)	0
Airport	15,071,525	11,384,027	145,587	6,104,617	0	2,562,706	2,562,706	0
Telecom	7,848,863	2,984,347	0	0	0	(4,864,516)	(4,864,516)	0
Wastewater	5,100,231	5,201,648	0	0	0	101,417	101,417	0
Water	4,573,814	5,004,775	0	0	0	430,961	430,961	0
School	2,021,573	2,124,141	0	0	0	102,568	102,568	0
Total Business-Type Activities	85,024,209	76,323,117	145,587	6,374,448	0	(2,181,057)	(2,181,057)	0
Total Primary Government	$ 192,864,047	$ 93,519,200	$ 53,184,899	$ 8,536,050	(35,442,841)	(2,181,057)	(37,623,898)	0
Component Unit:								
Burlington Community Development Corporation	$ 519,080	$ 544,766	$ 32,660	$ 0	0	0	0	58,346
General Revenues:								
Property Taxes					24,870,758	0	24,870,758	0
Gross Receipts Taxes					2,199,949	0	2,199,949	0
Local Option Sales Taxes					2,158,372	0	2,158,372	0
Payment in Lieu of Taxes					1,681,879	0	1,681,879	0
Franchise Fees					1,938,684	0	1,938,684	0
Impact Fees					198,144	0	198,144	0
Interest and Penalties on Delinquent Taxes					311,708	0	311,708	0
Addition to Permanent Funds					56,641	0	56,641	0
Unrestricted Investment Earnings					635,693	1,698,032	2,333,725	39,696
Other Revenues					0	212,795	212,795	0
Gain on Sale of Equipment/Property					0	0	0	120,771
Transfers					2,630,420	(2,618,968)	11,452	0
Total General Revenues and Transfers					36,682,248	(708,141)	35,974,107	160,467
Change in Net Assets					1,239,407	(2,889,198)	(1,649,791)	218,813
Net Assets, July 1, 2007					128,585,454	125,985,029	254,570,483	1,487,309
Net Assets, June 30, 2008					$ 129,824,861	$ 123,095,831	$ 252,920,692	$ 1,706,122

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

CITY OF BURLINGTON, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ (326,239)	$ 4,869,167	$ (3,327,310)	$ 1,215,618
Investments	723,873	23,985	193,475	941,333
Receivables (Net of Allowance for Uncollectibles)	3,441,196	836,657	2,660,245	6,938,098
Loans Receivable	0	0	2,521,863	2,521,863
Accrued Interest Receivable	0	0	555,467	555,467
Interfund Loan Receivable	7,460,500	0	0	7,460,500
Inventories	155,179	0	154,195	309,374
Prepaid Expenses	461,786	0	2,272	464,058
Other Current Assets	148,378	0	0	148,378
Due From Component Unit	0	0	810,000	810,000
Land Held for Resale	0	0	549,352	549,352
Total Assets	$ 12,064,673	$ 5,729,809	$ 4,119,559	$ 21,914,041
LIABILITIES				
Liabilities:				
Accounts Payable	$ 1,890,770	$ 458,023	$ 756,419	$ 3,105,212
Accrued Payroll and Benefits Payable	735,127	4,262,358	78,486	5,075,971
Due to Other Funds	0	0	10,949	10,949
Interfund Loans Payable	0	0	52,917	52,917
Deferred Revenue	2,156,201	1,370,426	5,398,663	8,925,290
Insurance Reserves - Funded	148,378	0	0	148,378
Total Liabilities	4,930,476	6,090,807	6,297,434	17,318,717
Fund Balances/(Deficit):				
Reserved for				
Inventories and Prepaid Expenses	616,965	0	156,467	773,432
Other Purposes	967,216	490,097	1,355,798	2,813,111
Unreserved, Reported In				
General Fund	5,550,016	0	0	5,550,016
Special Revenue Funds	0	(851,095)	(306,466)	(1,157,561)
Capital Project Funds	0	0	(3,383,674)	(3,383,674)
Total Fund Balances/(Deficit)	7,134,197	(360,998)	(2,177,875)	4,595,324
Total Liabilities and Fund Balances	$ 12,064,673	$ 5,729,809	$ 4,119,559	

Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.	165,002,611
Other Long-Term Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are not Recognized in the Funds.	7,265,970
Long-Term and Accrued Liabilities, Including Bonds Payable, are not Due or Payable in the Current Period and, Therefore, are Not Reported in the Funds.	(47,039,044)
Net Assets of Governmental Activities	$ 129,824,861

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

CITY OF BURLINGTON, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	$ 28,260,608	$ 0	$ 1,221,466	$ 29,482,074
Payments in Lieu of Taxes	3,054,912	1,459,794	0	4,514,706
Intergovernmental Revenues	1,209,696	49,118,725	5,152,060	55,480,481
Charges for Services	8,525,897	1,314,480	3,858,701	13,699,078
Fines and Forfeits	1,693,492	0	0	1,693,492
Licenses and Permits	4,571,887	0	660,104	5,231,991
Loan Repayments	0	0	1,236,092	1,236,092
Investment Income	355,771	139,885	134,571	630,227
Other Revenue	736,519	790,008	602,307	2,128,834
Total Revenues	48,408,782	52,822,892	12,865,301	114,096,975
EXPENDITURES:				
General Government	8,780,560	0	3,195	8,783,755
Public Safety	20,432,704	0	0	20,432,704
Public Works	3,524,683	0	4,643,415	8,168,098
Community Development	0	0	4,193,431	4,193,431
Culture & Recreation	8,287,390	0	0	8,287,390
Education	0	51,976,129	4,146	51,980,275
Capital Outlay	2,463,751	670,623	3,681,710	6,816,084
Debt Service -				
Bond and Note Principal Retirement	2,099,023	833,992	2,606,593	5,539,608
Lease Principal Retirement	906,062	15,273	41,229	962,564
Interest Charges	717,230	347,972	766,728	1,831,930
Bond Issue Costs	18,632	0	18,638	37,270
Total Expenditures	47,230,035	53,843,989	15,959,085	117,033,109
Excess/(Deficiency) of Revenues Over Expenditures	1,178,747	(1,021,097)	(3,093,784)	(2,936,134)
OTHER FINANCING SOURCES/(USES):				
Transfers In	94,872	11,452	1,281,798	1,388,122
Transfers Out	(1,243,859)	0	(347,311)	(1,591,170)
Proceeds of Long-Term Debt	1,000,000	43,374	750,000	1,793,374
Net Premium on Debt	3,009	0	2,173	5,182
Total Other Financing Sources/(Uses)	(145,978)	54,826	1,686,660	1,595,508
Net Change in Fund Balances	1,032,769	(966,271)	(1,407,124)	(1,340,626)
Fund Balances/(Deficit), July 1, 2007	6,101,428	605,273	(770,751)	5,935,950
Fund Balances/(Deficit), June 30, 2008	$ 7,134,197	$ (360,998)	$ (2,177,875)	$ 4,595,324

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

Exhibit E

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, 2008

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

Net change in fund balances - total government funds (Exhibit D)	$	(1,340,626)
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. This is the amount by which capital outlays exceeded depreciation in the current period.		304,419
In the Statement of Activities, the gain/loss on the disposition/sale of capital assets is reported, whereas, in the Governmental Funds, the disposition of capital assets is not reflected and the proceeds of assets sold increases other financial resources. Thus, the change in net assets differs from the changes in fund balances by the gain/loss on the disposition of capital assets		(82,861)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(2,162,253)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, Governmental Funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount, is the net effect of these differences in the treatment of long-term debt and related items.		4,709,675
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(188,947)
Change in net assets of governmental activities (Exhibit B)	$	1,239,407

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

Exhibit F

CITY OF BURLINGTON, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND SCHOOL GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund				School "General Fund"		
	Budget						
	Original	Final	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
Revenues:							
Taxes and Special Assessments	$ 25,608,112	$ 25,608,112	$ 26,102,236	$ 494,124	$ 0	$ 0	$ 0
Local Option Sales Tax	1,700,000	1,700,000	2,158,372	458,372	0	0	0
Payments in Lieu of Taxes	2,222,460	2,222,460	2,373,789	151,329	1,301,817	1,459,794	157,977
Permits and Licenses	3,879,083	3,890,257	4,571,887	681,630	0	0	0
Intergovernmental Revenues	796,274	1,208,800	1,209,696	896	39,167,209	39,785,167	617,958
Charges for Services	7,818,985	7,858,686	8,537,698	679,012	625,540	820,425	194,885
Fines and Forfeits	1,644,000	1,649,000	1,693,492	44,492	0	0	0
Investment Income	5,000	5,000	355,771	350,771	80,000	139,885	59,885
Miscellaneous Revenues	791,990	792,990	742,048	(50,942)	0	54,823	54,823
Total Revenues	44,465,904	44,935,305	47,744,989	2,809,684	41,174,566	42,260,094	1,085,528
Expenditures:							
Current:							
General Administration	11,457,067	11,100,254	10,668,667	431,587	0	0	0
Safety Services	14,839,721	15,472,974	15,390,107	82,867	0	0	0
Public Works	2,265,008	2,373,852	2,657,711	(283,859)	0	0	0
Cultural and Recreation	6,025,229	6,296,565	6,333,933	(37,368)	0	0	0
Education	0	0	0	0	40,360,003	42,035,077	(1,675,074)
Debt Service	2,181,157	2,181,157	2,108,224	72,933	1,214,563	1,167,628	(46,935)
Capital Outlay	3,150,312	4,832,105	4,235,767	596,338	0	0	0
Total Expenditures	39,918,494	42,256,907	41,394,409	862,498	41,574,566	43,202,705	(1,628,139)
Excess/(Deficiency) of Revenues Over Expenditures	4,547,410	2,678,398	6,350,580	3,672,182	(400,000)	(942,611)	(542,611)
Other Financing Sources/(Uses):							0
Proceeds of Long-Term Debt	1,000,000	1,000,000	1,000,000	0	0	0	0
Transfers In	119,400	119,400	94,873	(24,527)	0	0	0
Transfers Out	(5,666,810)	(5,666,810)	(6,412,684)	(745,874)	0	0	0
Total Other Financing Sources/(Uses)	(4,547,410)	(4,547,410)	(5,317,811)	(770,401)	0	0	0
Net Change in Fund Balances	$ 0	$ (1,869,012)	$ 1,032,769	$ 2,901,781	$ (400,000)	$ (942,611)	$ (542,611)

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

CITY OF BURLINGTON, VERMONT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Electric Utility Fund	Airport Fund	Telecom Fund	Wastewater Fund	Other Proprietary Funds	Total
ASSETS						
Current Assets:						
Cash	$ 2,106,811	$ 7,825,298	$ (8,654,981)	$ (246,498)	$ 12,926	$ 1,043,556
Investments	0	20,000	0	0	0	20,000
Restricted Investments	1,476,576	3,237,917	0	0	1,238,838	5,953,331
Receivables (Net of Allowance for Uncollectible Accounts)	4,225,902	7,203,585	491,222	493,275	746,744	13,160,728
Notes Receivable - Current	60,000	0	0	0	0	60,000
Due From Burlington Community Development Corporation - Current	0	55,086	0	0	0	55,086
Interfund Receivables - Current	51,272	0	0	0	0	51,272
Estimated Unbilled Revenues	2,142,321	338,495	0	375,319	342,274	3,198,409
Inventories	3,907,205	189,411	0	110,755	230,390	4,437,761
Other Current Assets	348,683	0	5,297	2,014	514	356,508
Total Current Assets	14,318,770	18,869,792	(8,158,462)	734,865	2,571,686	28,336,651
Noncurrent Assets:						
Restricted Investments	16,391,076	1,148,874	1,147,176	0	160,000	18,847,126
Due From Burlington Community Development Corporation	0	1,239,572	0	0	0	1,239,572
Notes Receivable - Long Term	1,430,000	0	0	0	0	1,430,000
Interfund Receivables - Long Term	348,404	0	0	0	0	348,404
Investment in Associated Companies	6,921,856	0	0	0	0	6,921,856
Other Long Term-Assets, Net of Accumulated Amortization	15,883,480	1,380,338	110,454	0	78,403	17,452,675
Capital Assets						
Land	560,522	17,189,207	157,800	847,952	51,250	18,806,731
Construction in Progress	5,983,372	7,120,075	505,529	0	0	13,608,976
Land Improvements	0	26,547,903	0	0	0	26,547,903
Buildings and Building Improvements	0	72,533,068	3,057,233	0	0	75,590,301
Vehicles, Machinery and Equipment	0	4,507,940	666,936	11,653,212	1,530,112	18,358,200
Production, General and Other Plant	59,401,827	0	0	0	0	59,401,827
Transmission and Distribution Plant	52,756,392	0	28,745,616	47,147,840	33,932,134	162,581,982
Less Accumulated Depreciation	(61,983,058)	(42,185,440)	(3,885,198)	(22,779,696)	(21,771,698)	(152,605,090)
Total Noncurrent Assets	97,693,871	89,481,537	30,505,546	36,869,308	13,980,201	268,530,463
Total Assets	$ 112,012,641	$ 108,351,329	$ 22,347,084	$ 37,604,173	$ 16,551,887	$ 296,867,114

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

CITY OF BURLINGTON, VERMONT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Electric Utility Fund	Airport Fund	Telecom Fund	Wastewater Fund	Other Proprietary Funds	Total
LIABILITIES						
Current Liabilities:						
Accounts and Contracts Payable	$ 5,085,330	$ 843,270	$ 1,445,362	$ 138,841	$ 28,771	$ 7,541,574
Accrued Payroll and Benefits Payable	448,091	34,030	33,737	18,643	23,877	558,378
Interfund Payables	7,460,500	0	0	0	0	7,460,500
Accrued Interest Payable	63,664	0	193,337		0	257,001
Due to Other Funds	0	6,905	6,763	3,744	3,233	20,645
Deferred Revenue	0	0	213,419	0	18,431	231,850
Payable from Restricted Assets - Accrued Interest Payable	1,476,576	1,082,917	0	0	148,838	2,708,331
General Obligation Bonds Payable - Current Portion	255,635	0	0	831,151	0	1,086,786
Revenue Notes and Bonds Payable - Current Portion	6,070,000	2,155,000	0	0	1,090,000	9,315,000
Capital Leases Payable - Current Portion	24,417	0	17,132	0	112,914	154,463
Total Current Liabilities	20,884,213	4,122,122	1,909,750	992,379	1,426,064	29,334,528
Noncurrent Liabilities:						
General Obligation Bonds Payable	4,100,300	0	0	24,713,244	0	28,813,544
Revenue Bonds Payable	34,573,809	41,943,372	0	0	4,764,202	81,281,383
Capital Leases Payable	28,757	0	32,771,485	0	90,929	32,891,171
Accrued Compensated Absences Payable	868,580	164,074	37,432	73,589	134,027	1,277,702
Other Noncurrent Liabilities	13,340	0	0	0	0	13,340
Net Pension Obligation	156,316	0	0	0	0	156,316
Deferred Credit	3,299	0	0	0	0	3,299
Total Noncurrent Liabilities	39,744,401	42,107,446	32,808,917	24,786,833	4,989,158	144,436,755
Total Liabilities	60,628,614	46,229,568	34,718,667	25,779,212	6,415,222	173,771,283
NET ASSETS						
Investment in Capital Assets, Net of Related Debt	10,483,666	43,241,289	0	11,324,913	7,762,156	72,812,024
Restricted - Debt Service/Renewal and Replacements/Capital Projects	16,391,076	11,563,021	0	0	1,250,000	29,204,097
Unrestricted/(Deficit)	24,509,285	7,317,451	(12,371,583)	500,048	1,124,509	21,079,710
Total Net Assets/(Deficit)	51,384,027	62,121,761	(12,371,583)	11,824,961	10,136,665	123,095,831
Total Liabilities and Net Assets	$ 112,012,641	$ 108,351,329	$ 22,347,084	$ 37,604,173	$ 16,551,887	$ 296,867,114

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

Exhibit H

CITY OF BURLINGTON, VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Electric Utility Fund	Airport Fund	Telecom Fund	Wastewater Fund	Other Proprietary Funds	Total
OPERATING REVENUES:						
Charges for Services	$ 45,663,477	$ 11,100,282	$ 2,984,347	$ 5,201,648	$ 7,033,186	$ 71,982,940
Miscellaneous	3,960,702	283,745	0	0	95,730	4,340,177
Total Operating Revenues	49,624,179	11,384,027	2,984,347	5,201,648	7,128,916	76,323,117
OPERATING EXPENSES:						
Operating, Maintenance, and General and Administrative Expenses	41,812,331	8,880,425	4,286,698	3,535,510	5,478,844	63,993,808
Depreciation and Amortization	3,679,464	3,768,979	2,015,433	1,525,704	744,302	11,733,882
Payments in Lieu of Taxes	1,407,118	0	440,810	765,527	220,013	2,833,468
Total Operating Expenses	46,898,913	12,649,404	6,742,941	5,826,741	6,443,159	78,561,158
Operating Income/(Loss)	2,725,266	(1,265,377)	(3,758,594)	(625,093)	685,757	(2,238,041)
NONOPERATING REVENUES (EXPENSES):						
Other Income/(Expense) - Net	195,873	(50,677)	67,599	0	0	212,795
Dividends from Associated Companies	735,252	0	0	0	0	735,252
Grant Income	0	145,587	0	0	0	145,587
Passenger Facility Charges	0	3,087,492	0	0	0	3,087,492
Investment Income	478,673	312,777	148,474	0	22,856	962,780
Interest Expense	(3,165,832)	(2,175,812)	(1,543,794)	(39,017)	(352,641)	(7,277,096)
Amortization of Bond Issue Costs	(1,656,072)	(97,751)	(2,938)	0	(19,600)	(1,776,361)
Gain/(Loss) on Sale/Disposal of Capital Assets	(94,504)	0	0	0	0	(94,504)
Grant Expense	0	(148,558)	0	0	0	(148,558)
Total Nonoperating Revenues (Expenses)	(3,506,610)	1,073,058	(1,330,659)	(39,017)	(349,385)	(4,152,613)
Income (Loss) Before Contributions and Transfers	(781,344)	(192,319)	(5,089,253)	(664,110)	336,372	(6,390,654)
Capital Contributions	269,831	3,017,125	0	0	0	3,286,956
Transfers In	0	0	214,500	0	0	214,500
Change in Net Assets	(511,513)	2,824,806	(4,874,753)	(664,110)	336,372	(2,889,198)
Net Assets/(Deficit), July 1, 2007	51,895,540	59,296,955	(7,496,830)	12,489,071	9,800,293	125,985,029
Net Assets/(Deficit), June 30, 2008	$ 51,384,027	$ 62,121,761	$ (12,371,583)	$ 11,824,961	$ 10,136,665	$ 123,095,831

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

CITY OF BURLINGTON, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Electric Utility Fund	Airport Fund	Telecom Fund	Wastewater Fund	Other Proprietary Funds	Total
Cash Flows From Operating Activities:						
Receipts from Customers and Users	$ 45,910,124	$ 11,439,086	$ 2,755,329	$ 5,274,459	$ 7,058,606	$ 72,437,604
Receipts for Interfund Services	0	0	0	0	130,257	130,257
Other Receipts	4,498,858	150,984	0	0	0	4,649,842
Payments to Suppliers	(36,307,465)	(5,373,269)	(2,515,353)	(1,735,094)	(2,652,752)	(48,583,933)
Payment in Lieu of Taxes	(1,407,118)	0	(440,810)	(765,527)	(220,013)	(2,833,468)
Payments for Wages and Benefits	(2,371,736)	(2,360,246)	(1,723,618)	(1,072,600)	(2,274,443)	(9,802,643)
Payments for Interfund Services	0	(971,729)	(148,708)	(611,684)	(561,344)	(2,293,465)
Net Cash Provided/(Used) by Operating Activities	10,322,663	2,884,826	(2,073,160)	1,089,554	1,480,311	13,704,194
Cash Flows From Noncapital Financing Activities:						
Operating Grant Income	0	145,587	0	0	0	145,587
Operating Grant Expenses	0	(148,558)	0	0	0	(148,558)
Other Income/Deductions, Net	195,874	(50,677)	67,599	0	0	212,796
Payments from BCDC on Loan Receivable	0	53,460	0	0	0	53,460
Receipt of Interfund Transfer	0	0	214,500	0	0	214,500
Interest Paid on Cash Deficit to General Fund	0	0	(233,729)	(8,302)	(4,959)	(246,990)
Net Cash Provided/(Used) by Noncapital Financing Activities	195,874	(188)	48,370	(8,302)	(4,959)	230,795
Cash Flows From Capital and Related Financing Activities:						
Proceeds from Bonds, Notes & Leases Payable	8,463,509	0	11,531,514	57,653	0	20,052,676
Proceeds from Sale of Equipment	215,807	0	0	0	0	215,807
Acquisition and Construction of Capital Assets	(9,981,561)	(3,841,903)	(10,437,785)	(74,310)	(522,855)	(24,858,414)
Capital Grants/Contributions	269,831	4,406,052	0		0	4,675,883
Passenger Facility Charges	0	3,097,039	0	0	0	3,097,039
Increase in Deferred Charges/Loss on Refunding	(18,632)	0	(58,750)	0	0	(77,382)
Principal Paid on:						
General Obligation Bonds	(309,870)	0	0	(639,517)	0	(949,387)
Revenue Bonds	(5,765,000)	(2,065,000)	0	0	(1,045,000)	(8,875,000)
Capital Lease Obligations	(22,771)	0	(300,266)	0	(108,786)	(431,823)
Interest Paid on :						
General Obligation Bonds	(170,540)	0	0	(30,715)	0	(201,255)
Revenue Bonds	(3,108,696)	(2,209,898)	0	0	(322,494)	(5,641,088)
Capital Lease Obligations	0	0	(1,206,549)	0	(8,557)	(1,215,106)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(10,427,923)	(613,710)	(471,836)	(686,889)	(2,007,692)	(14,208,050)
Cash Flows From Investing Activities:						
Net (Additions)/Reductions to Restricted Investments	(538,771)	(3,275,564)	(1,147,176)	0	(20,182)	(4,981,693)
Increase in Investment in Associated Companies	(1,851,330)	0	0	0	0	(1,851,330)
Receipt of Interest & Dividends	1,201,237	287,946	148,474	0	26,466	1,664,123
Net Cash Provided by Investing Activities	(1,188,864)	(2,987,618)	(998,702)	0	6,284	(5,168,900)
Net Increase/(Decrease) in Cash	(1,098,250)	(716,690)	(3,495,328)	394,363	(526,056)	(5,441,961)
Cash - July 1, 2007	3,205,061	8,541,988	(5,159,653)	(640,861)	538,982	6,485,517
Cash - June 30, 2008	$ 2,106,811	$ 7,825,298	$ (8,654,981)	$ (246,498)	$ 12,926	$ 1,043,556

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

CITY OF BURLINGTON, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Electric Utility Fund	Airport Fund	Telecom Fund	Wastewater Fund	Other Proprietary Funds	Total
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:						
Operating Income/(Loss)	$ 2,725,266	$ (1,265,377)	$ (3,758,594)	$ (625,093)	$ 685,757	$ (2,238,041)
Depreciation and Amortization	5,269,588	3,768,979	2,015,433	1,525,704	744,302	13,324,006
(Increase)/Decrease in Other Receivables	249,926	226,082	(240,787)	72,438	10,080	317,739
(Increase)/Decrease in Unbilled Revenues	(67,178)	(52,155)	0	373	89,399	(29,561)
(Increase)/Decrease in Inventory	27,276	56,068	0	10,706	(53,999)	40,051
Increase/(Decrease) in Accounts Payable	1,881,621	52,351	(277,916)	53,799	(4,546)	1,705,309
Increase/(Decrease) in Net Pension Obligation/Prepaid Pension	(74,814)	69,187	38,380	41,604	40,927	115,284
Increase/(Decrease) in Accrued Payroll And Benefits	0	11,965	10,559	9,215	5,040	36,779
Increase/(Decrease) in Other Operating Assets/Liabilities	310,978	17,726	139,765	808	(36,649)	432,628
Net Cash Provided/(Used) by Operating Activities	$ 10,322,663	$ 2,884,826	$ (2,073,160)	$ 1,089,554	$ 1,480,311	$ 13,704,194

Non-Cash Financing Activities:

The Electric Department disposed of property, plant and equipment costing $1,745,589 with accumulated depreciation of $1,226,793.

The Water Department disposed of/traded property, plant and equipment costing $44,348 with accumulated depreciation of $40,348.

The Wastewater Department disposed of fully depreciated property, plant and equipment costing $15,039

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

CITY OF BURLINGTON, VERMONT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	Pension Trust Fund	Private Purpose Trust Funds	Agency Fund - Student Activities
ASSETS			
Cash	$ 1,039,064	$ 31,678	$ 276,778
Investments	117,750,452	176,849	0
Reimbursement Receivable	52,572	0	0
Due from Other Funds	31,594	0	0
Total Assets	118,873,682	208,527	276,778
LIABILITIES			
Accounts Payable	130,161	0	0
Accrued Liabilities	260,610	0	0
Compensated Absences	8,263	0	0
Due to Student Organizations	0	0	276,778
Total Liabilities	399,034	0	276,778
NET ASSETS			
Held in Trust For:			
Employees' Pension Benefits	118,474,648	0	0
Individuals and Organizations	0	208,527	0
Total Net Assets	$ 118,474,648	$ 208,527	$ 0

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

CITY OF BURLINGTON, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Pension Trust Fund	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer - Pension	$ 5,744,395	$ 0
Employer - FICA	2,539,395	0
Plan Members	1,722,568	0
Total Contributions	10,006,358	0
Investment Earnings/(Loss):		
Interest and Dividends	6,301,660	7,033
Net Decrease in the Fair Value of Investments	(15,581,076)	0
Total Investment Earnings/(Loss)	(9,279,416)	7,033
Less Investment Expenses	(568,738)	0
Net Investment Earnings/(Loss)	(9,848,154)	7,033
Total Additions	158,204	7,033
DEDUCTIONS:		
Benefits - Pension	6,577,402	0
Benefits - FICA	2,539,395	0
Benefits - Post Employment Health	67,851	0
Refunds of Contributions	89,081	0
Administrative Expenses	200,636	0
Other	0	2,779
Total Deductions	9,474,365	2,779
Net Income/(Loss) before Transfers	(9,316,161)	4,254
Transfer Out	0	(11,452)
Change in Net Assets	(9,316,161)	(7,198)
Net Assets - July 1, 2007	127,790,809	215,725
Net Assets- June 30, 2008	$ 118,474,648	$ 208,527

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

This report includes all of the funds of the City of Burlington, Vermont. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The Burlington Community Development Corporation is the only entity that meets this definition and, as a discretely presented component unit, is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. Excluded are organizations such as the Chittenden County Transportation Authority, Burlington Housing Authority, Chittenden County Government, the Winooski Valley Park District, the Burlington City Arts Foundation, Burlington Schools Foundation, and the Chittenden Solid Waste District, since after considering all factors related to oversight responsibility, the City has concluded they are not part of the reporting entity.

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

B. Basis of Presentation

The accounts of the City are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

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

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each segment of the City's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating revenues consists of sales of electricity, rents of electric property, fees to transmit electricity of others, rent of airport terminal space and buildings, concessions, commissions, parking garage receipts, sales of water, wastewater user charges, telephone, cable and internet access, hot lunch sales and other miscellaneous fees for service. Nonoperating revenues result from certain nonexchange transactions or ancillary activities. Non-operating revenues consist of investment earnings, passenger facility charges, grant income, building rents from buildings purchased for future expansion and rockledge income.

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

The City reports on the following major governmental funds:

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

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

The City reports on the following major Enterprise funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net assets). Equity (i.e., net total assets) is segregated into invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets and current liabilities are generally reported on their balance sheets. Their reported fund balances (net current assets) are considered a measure of available spendable resources, and are segregated into reserved and unreserved fund balances. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

D. Basis of Accounting

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

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

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues reported in governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences, self-insured health and dental benefits, reserves for property and casualty and workers’ compensation claims, landfill post-closure costs, net pension obligation, and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City’s policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

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

The government-wide and proprietary fund financial statements follow Financial Accounting Standards Board (FASB) Statements and Interpretations Accounting Principles Board (APB) Opinions; and Accounting Research Bulletins, and issued on or before November 30, 1989; unless those pronouncements conflict with GASB pronouncements. As permitted under Statement of Governmental Accounting Standards No. 20, the City has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

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

Statement of Financial Accounting Standards No. 107 "Disclosure about the Fair Value of Financial Instruments," requires disclosure of the fair value of certain financial instruments. Recorded amounts for cash, accounts receivable, accounts payable, and investments approximate fair value.

E. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Assets, Liabilities and Equity

1. Cash

Cash balances of most City funds are pooled and invested by the City Treasurer. Excess cash withdrawals of individual funds are shown as negative cash balances. The City considers all short-term investments of ninety (90) days or less to be cash equivalents.

2. Investments

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

3. Receivables

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

Transactions between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as either “interfund receivables/payables” (for the current portion of the interfund loans) or “advances to/from other funds” (for the non-current portion of interfund loans. All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

4. Inventories and Prepaid Expenses

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

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid expenses.

Inventories and prepaid expenses of governmental funds in the fund financial statements are offset by a fund balance reserve which indicates that they do not constitute “available expendable resources” even though they are a component of net assets.

5. Restricted Assets

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

6. Capital Assets

Capital assets acquired are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest incurred during the construction phase for proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets’ lives are not capitalized.

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

Capital assets reported in the government-wide and proprietary fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight line method of calculating depreciation. The Electric Department depreciates the McNeil & Highgate Converter Stations using the straight-line method. However, only a portion of the current depreciation is recoverable through future rates. The difference is included in deferred depreciation and will be recovered through future rates. The amount of deferred depreciation expense recognized during the year was $1,267,697. The total deferred depreciation at June 30, 2008 was $7,273,369.

The City’s capitalization policy considers two factors. The unit has an estimated useful life greater than one year and the unit cost is more than the threshold listed below. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Estimated Service Life
Land	$ 25,000	N/A
Antiques and Works of Art	5,000	N/A
Land Improvements	25,000	5-30 Years
Buildings and Building Improvements	20,000	25-150 Years
Vehicles, Machinery, Equipment and Furniture	5,000*	5 -15 Years
Book Collections	1,000	5 Years
Infrastructure	25,000	10-40 Years
Distribution, Production and Collection Systems	10,000	10-100 Years

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

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

7. Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation and comp time pay and vested unpaid sick time. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide and proprietary fund financial statements. The liability for unused compensated absences time is not reported in the governmental fund financial statements as payments for unused compensated absences time are recorded as expenditures in the year they are paid.

8. Accrued Landfill Closure/Postclosure Costs

The City of Burlington has closed two landfills in prior years. The City's landfill at Manhattan Drive was closed on December 31, 1989. At that time, the City opened a lined landfill on property owned by the Rathe family in Colchester, Vermont. This landfill was considered to be full and was closed in 1992. At that time, the City's landfill needs were taken over by the Chittenden Solid Waste District. Funds held in reserve to cover closure costs have been expended but certain post closure costs and commitments remain. The amount needed to fund all future post closure costs as of today is estimated to be $83,000. Actual payments will take place through the year 2012.

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

9. Liabilities to be Paid from Restricted Assets

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

10. Long-term Liabilities

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

11. Fund Equity

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

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

Governmental Fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, while government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas government-wide statements report revenues when they occur. Long-term expense differences arise because governmental funds report expenditures (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds from the sale of capital assets as an other financing source, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue.

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

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

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

	Balance Sheet	Long-term Revenues/ Expenses	Capital Related Items	Long-term Debt Transactions	Reclassifications and Elimination of Interfund Balances	Statement of Net Assets
ASSETS						
Cash	$ 1,215,618	$ 0	$ 0	$ 0	$ 0	$ 1,215,618
Investments	941,333	0	0	0	0	941,333
Receivables	6,938,098	0	0	0	0	6,938,098
Loans Receivable	2,521,863	0	0	0	0	2,521,863
Accrued Interest Receivable	555,467	0	0	0	0	555,467
Interfund Loan Receivable	7,460,500	0	0	0	(52,917)	7,407,583
Inventories	309,374	0	0	0	0	309,374
Other Current Assets	612,436	0	0	0	0	612,436
Interfund Loan Payable	0	0	0	0	0	0
Due From Component Unit	810,000	0	0	0	0	810,000
Land Held For Resale	549,352	0	0	0	0	549,352
Other Long-Term Assets	0	0	0	0	0	0
Capital Assets	0	0	165,369,733	0	0	165,369,733
Total Assets	21,914,041	0	165,369,733	0	(52,917)	187,230,857
LIABILITIES						
Accounts Payable	3,105,212	0	0	0	0	3,105,212
Accrued Payroll and Benefits Payable	5,075,971	0	0	0	0	5,075,971
Due to Other Funds	10,949	0	0	0	0	10,949
Interfund Loan Payable	52,917	0	0	0	(52,917)	0
Accrued Interest Payable	0	216,721	0	0	0	216,721
Deferred Revenue	8,925,290	(6,898,848)	0	0	0	2,026,442
Insurance Reserves	148,378	2,568,622	0	0	0	2,717,000
Noncurrent Liabilities	0	6,983,426	0	37,270,275	0	44,253,701
Total Liabilities	17,318,717	2,869,921	0	37,270,275	(52,917)	57,405,996
NET ASSETS						
Invested in Capital Assets	0	0	165,369,733	(33,838,072)	0	131,531,661
Other	4,595,324	(2,869,921)	0	(3,432,203)	0	(1,706,800)
Total Net Assets	$ 4,595,324	$ (2,869,921)	$ 165,369,733	$ (37,270,275)	$ 0	$ 129,824,861

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

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

	Statement of Revenue, Expenditures and Changes in Fund Balances	Long-term Revenues/ Expenses	Capital Related Items	Long-term Debt Transactions	Reclassifications and Elimination of Interfund Activity	Statement of Activites
REVENUES						
Taxes	$ 29,482,074	$ (252,995)	$ 0	$ 0	$ 0	$ 29,229,079
PILOT	4,514,706	0	0	0	(2,832,827)	1,681,879
Intergovernmental Revenues	55,480,481	(1,855,755)	71,696	0	(53,696,422)	0
Charges for Services	13,699,078	(53,503)		0	3,550,508	17,196,083
Operating Grants and Contributions	0	0	0	0	53,039,312	53,039,312
Capital Grants and Contributions	0	0	0	0	2,161,602	2,161,602
Fines and Forfeits	1,693,492	0	0	0	(1,693,492)	0
Licenses and Permits	5,231,991	0	0	0	(5,231,991)	0
Loan Repayments	1,236,092	0	0	0	(1,236,092)	0
Investment Income	630,227	0	0	15,631	(10,165)	635,693
Other Revenues	2,128,834	0	(346,759)	0	723,102	2,505,177
Other Sources:						
Proceeds of Debt and Lease Financing	1,793,374	0	0	(1,793,374)	0	0
Bond Premium	5,182	0	0	(5,182)	0	0
Transfers from Other Funds	1,388,122	0	0	0	1,242,298	2,630,420
Total Revenues	117,283,653	(2,162,253)	(275,063)	(1,782,925)	(3,984,167)	109,079,245
EXPENDITURES						
General Government	8,783,755	(35,271)	195,717	19,878	(1,232,552)	7,731,527
Public Safety	20,432,704	(23,991)	797,544	5,392	(949,575)	20,262,074
Public Works	8,168,098	(83,052)	3,407,788	0	(117,232)	11,375,602
Community Development	4,193,431	(6,326)	11,234	0	(93,638)	4,104,701
Culture and Recreation	8,287,390	(1,802)	961,980	0	0	9,247,568
Education	51,980,275	384,157	945,200	12,370	0	53,322,002
Capital Expenditures	6,816,084	0	(6,816,084)	0	0	0
Debt Service:						
Principal	6,502,172			(6,502,172)	0	0
Interest	1,831,930	(44,768)		9,202	0	1,796,364
Bond Issue Costs	37,270	0	0	(37,270)	0	0
Other Uses:						
Transfers to Other Funds	1,591,170	0	0	0	(1,591,170)	0
Total Expenditures	118,624,279	188,947	(496,621)	(6,492,600)	(3,984,167)	107,839,838
Net Change for the Year	$ (1,340,626)	$ (2,351,200)	$ 221,558	$ 4,709,675	$ 0	$ 1,239,407

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

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

6. The City elected to budget expenditures in excess of revenues by $1,869,012 in order to utilize the prior year’s surplus. This is reflected as a current year’s budgeted deficiency of revenue over expenditures in Exhibit F for the General Fund.

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

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

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

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

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

5. The budget that is adopted is only for the School's "General Fund". Budgets for the School's other funds were not formally adopted for the year ended June 30, 2008.

6. The School elected to budget expenditures in excess of revenues by $400,000 in order to utilize the prior year's surplus. This is reflected as current year's budgeted deficiency of revenue over expenditures in Exhibit F for the School General Fund.

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

B. Excess of Expenditures Over Appropriations

For the year-ended June 30, 2008, expenditures in the School "General" Fund exceeded appropriations by $1,628,139. The School Fund over-expenditures were partially funded by unanticipated revenues.

C. Other Financial Statements

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

D. Budgetary/GAAP Reconciliation

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

Changes in Fund Balances – Budgetary Basis – Exhibit F	$(942,611)
Excess(Deficiency) of Revenues Over Expenditures in Other School Special Revenue Funds	(23,660)
Change in Fund Balances – GAAP Basis – Exhibit D	$(966,271)

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Investment Policy Statement – Electric Utility Department

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

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

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

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

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

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

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

Investment Policy Statement-Pension Fund

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

The following policy was in effect during the year and through September, 2007, at which time the Retirement Board elected to adopt the policies and strategies of the Vermont Pension Investment Committee (VPIC) which oversees the Vermont State Retirement System, the Vermont State Teachers Retirement System and the Vermont Municipal Retirement System. Specifically, the City has opted to follow the Vermont State Teachers Retirement System's asset allocation. See the State of Vermont's financial statements which are available on the State's website for a description of the investment policy.

Capital Structure Targets

The overall capital structure targets and permissible ranges for eligible asset classes are detailed below:

Asset Class	Target	Permissible % Range
Equity	60%	40-70%
Domestic-Large Cap	35%	25-45%
Domestic-Mid Cap		10-15%
Growth	5%	
Value	5%	
International	15%	10-20%
Fixed Income	35%	35-45%
Domestic	35%	20-35%
International	0%	0-10%
Cash Equivalents	1%	0-10%
Other/Venture Capital	4%	0-5%

Equity Investments – Domestic Large Capitalization

Equity investments, i.e., common stock and convertibles, are permitted. The portfolio should reflect in general the characteristics of large capitalization companies. Foreign securities including American Depository Receipts will not be permitted in this portfolio.

Equity Investments – Domestic Mid Capitalization

Equity investments, i.e., common stock and convertibles, are permitted. The portfolio should reflect in general the characteristics of mid capitalization companies. Foreign securities including American Depository Receipts will not be permitted in this portfolio.

Equity Investments – International

Ordinary shares and American Depository Receipts are permitted.

Fixed Income Investments

- Domestic fixed income investments are permitted, subject to the guidelines reflected above, and may include U.S. Government and agency obligations, corporate bonds, debentures, commercial paper, CD's, bonds and other instruments as deemed prudent by the investment managers.
- Foreign fixed income securities are permitted, subject to the percentage guidelines previously reflected. The portfolio should be restricted to U.S. Dollar denominated securities only, thereby eliminating currency risk.
- Fixed income securities are to be selected and managed to ensure appropriate balances in qualities and maturities consistent with current market and economic conditions. "Active" bond management is encouraged, and deemed appropriate by the investment managers.
- Up to 20% of the bond portfolio may be invested in bonds rated B or BB; however, no more than 3% of the bond portfolio may be invested in any one such rated security. The balance shall be invested in BBB rated or better securities. The overall quality rating of the bond portfolio shall be A or better.
- Non-rated issues may be purchased but should be limited to 5% of the fixed income portfolio, measured at market value.
- The average duration of the fixed income portfolio shall not exceed 7 years, and no issue longer then 30 years may be purchased.

Real Estate

Real estate investments are permitted subject to the guidelines previously reflected. Pooled, closed-end investments are preferred.

Venture Capital

Venture capital investments are permitted up to 4% of total assets, measured at cost.

Concentration

- No security, except issues of the U.S. Government or its Agencies, shall comprise more than 5% of total Plan assets, measured at market. Further, no individual portfolio shall hold more than 7% of its assets in the securities of any single entity, except issues of the U.S. Government or its Agencies.
- Fully covered, or protected investments using options, futures and short sales are permitted in the interest of reducing price volatility and preserving capital.

Restrictions

- Certain securities, strategies, and investments are ineligible for inclusion within this Plan's asset base. Among these are:
  - A. Privately placed or other non-marketable debt.
  - B. Lettered, legend or other so-called restricted stock.
  - C. Uncovered, or naked, short positions for securities, futures or options.
  - D. Commodities.
  - E. Securities lending.
  - F. Any prohibited transactions as defined by ERISA.
- Investment managers are prohibited from holding or purchasing tobacco stocks & bonds.

Investment Policy – Other Funds

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

Cash deposits and investments as June 30, 2008 consist of the following:

Deposit and Investment Type		Amount
Cash and Cash Equivalents:		
Demand Deposits with Financial Institutions	$	3,605,853
Certificates of Deposit - Cash		64,560
Cash on Hand		98,902
Total Cash and Cash Equivalents		3,769,315
Investments:		
Certificates of Deposits - Investments		909,132
Money Market Accounts - Investments		1,269,554
Cash Equivalents Invested in U.S. Government Obligations		23,759,953
Investments with Vermont Pension Investment Committee (VPIC)		117,750,452
Total Investments		143,689,091
Total Deposits and Investments	$	147,458,406

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The City's cash equivalent mutual funds are open-ended and therefore not exposed to custodial credit risk. The City does not have any policy to limit the exposure to custodial credit risk. The custodial credit risk for deposits is presented in the table below.

Deposits with Financial Institutions		Book Balance		Bank Balance
Insured - FDIC/NCUA	$	1,607,833	$	1,621,572
Uninsured, Uncollateralized - Secured by Treasury Note Repurchase Agreements Held in the Bank's Name		494,902		1,933,704
Secured by Irrevocable Standby Letter of Credit Issued by Federal Home Loan Bank of Pittsburgh		0		1,566,611
Uninsured, Collateralized by U.S. Government Agencies Securities		317,384		317,410
Uninsured, Uncollateralized		3,428,980		2,573,671
Total Deposits	$	5,849,099	$	8,012,968

Deposits is comprised of the following:		
Cash and Cash Equivalents with Financial Institutions	$	3,670,413
Money Market Accounts - Investments		1,269,554
Certificates of Deposit - Investments		909,132
Total Deposits	$	5,849,099

The difference between the book and the bank balance is due to reconciling items such as deposits in transit and outstanding checks. Due to higher cash flows at certain times during the year, the amounts of uninsured, uncollateralized cash was much higher than at year end. Subsequent to year end, the FDIC increased the insured limits from $100,000 to $250,000.

A portion of Burlington Community Development Corporation's cash, in the amount of $119,474 is included with the City's pooled cash. The remaining $43,147 was fully insured by the FDIC. These amounts are included in the above table. There were no reconciling items.

The City engages in repurchase agreement transactions as part of its cash management programs. Under the terms of a typical repurchase agreement, the City takes possession of an underlying debt obligation, subject to an obligation of the seller to repurchase, and the City to resell the obligation at an agreed-upon price and time, thereby determining the yield during the City's holding period. The value of the collateral is at least equal at all times to the total amount of the repurchase obligations, including interest. In the event of counter-party default, the City has the right to use the collateral to offset losses incurred. There is potential loss to the City in the event the City is delayed or prevented from exercising its rights to dispose of the collateral securities, including the risk of a possible decline in the value of the underlying securities during the period the City seeks to assert its rights.

Credit Risk

Generally, credit risk is the risk than an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization such as standard and Poor's or Moody's rating services. These organizations look at a number of factors in order to evaluate the risk of an obligation and rate the risk. The rating allows investments to make informed buying and selling decisions. The City's certificates of deposit and money market accounts are exempt from the credit risk analysis. The City's cash equivalent mutual funds are open-ended and, therefore are also excluded from the credit risk analysis.

Concentration of Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type		Remaining Maturity (In Years) 0 - 1		Total
Certificates of Deposit	$	973,692		973,692
Money Market Accounts		1,269,554		1,269,554
Cash Equivalent Mutual Funds		23,759,953		23,759,953
	$	26,003,199	$	26,003,199

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

Investments-Pension Fund

The total amount of investments held by the Vermont Pension Investment Committee (VPIC) are $117,750,452. See the State of Vermont's financial statements which are available on the State's website for all applicable disclosures related to these investments.

Subsequent to year end, there has been significant volubility in the stock market. As a result, the value of the portfolio has changed significantly since June 30, 2008.

B. Restricted Investments

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

A summary of the restricted investments is as follows:

Category	Electric Utility	Airport	Telecom	Water Resources	Total
Debt Service Reserve Fund	$ 9,327,520	$ 0	$ 0	$ 0	$ 9,327,520
Renewal and Replacement Funds	867,879	0	0	160,000	1,027,879
Construction Funds	0	1,148,874	1,147,176	0	2,296,050
Debt Service Funds	7,651,369	3,237,917	0	1,238,838	12,128,124
Accrued Interest Receivable	20,884	0	0	0	20,884
Total	$ 17,867,652	$ 4,386,791	$ 1,147,176	$ 1,398,838	$ 24,800,457

C. Receivables

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

	Governmental Activities	Business-Type Activities	Total	Component Unit - BCDC
Taxes Receivable	$ 3,064,736	$ 0	$ 3,064,736	0
PILOT	62,143	0	62,143	0
Billed User Charges	0	6,528,534	6,528,534	0
Unbilled User Charges	0	3,192,230	3,192,230	0
Billed Service Fees	97,102	347,901	445,003	0
Unbilled Service Fees	0	6,179	6,179	0
Allowance for Doubtful Taxes/Fees	(1,170,000)	(524,502)	(1,694,502)	0
Police, Fire and Ambulance Fees	1,686,306	0	1,686,306	0
Allowance for Doubtful Accounts - Police, Fire and Ambulance Fees	(1,291,300)	0	(1,291,300)	0
Franchise Fees	130,018	0	130,018	0
Other General Fund Reimbursements	338,360	0	338,360	0
School Tuition	107,003	0	107,003	0
Public Works Receivables	156,106	0	156,106	0
Recreation Fees Receivable	139,799	0	139,799	0
Traffic Fees Receivable	9,874	0	9,874	0
Marketplace Fees Receivable	30,459	0	30,459	0
Grants Receivable	3,450,885	6,397,597	9,848,482	0
Passenger Facility Charges	0	406,898	406,898	0
Interest Receivable on Deposits/Loans	40,963	4,300	45,263	0
Other Receivables	85,644	0	85,644	8,167
Total Receivables	$ 6,938,098	$ 16,359,137	$ 23,297,235	$ 8,167

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

Taxes receivable consisted of the following at June 30, 2008:

Year Ended	Balance 06/30/07	Additions	Adjustments/ Abatements	Collections	Balance 06/30/08
1985-1996	$ 115,588	$ 0	$ (2,123)	$ 7,377	$ 106,088
1997	23,706	0	0	976	22,730
1998	29,193	0	0	1,331	27,862
1999	30,244	0	0	1,419	28,825
2000	29,689	0	0	1,170	28,519
2001	35,307	0	(280)	15,178	19,849
2002	57,928	0	0	3,819	54,109
2003	82,894	0	(318)	1,731	80,845
2004	99,525	0	(916)	1,646	96,963
2005	156,942	0	(1,018)	24,229	131,695
2006	167,172	0	(518)	79,279	87,375
2007	862,679	0	(3,164)	690,306	169,209
2008	0	686,051	0	61,275	624,776
Total	$ 1,690,867	$ 686,051	$ (8,337)	$ 889,736	$ 1,478,845

Also included in taxes receivable are $316,216 in gross receipts taxes, $758,781 of delinquent tax penalties and interest, $505,479 of local option sales taxes and $5,415 of Downtown Improvement District Taxes.

D. Notes, Loans and Capital Lease Receivables

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

The Electric Department has notes receivable totaling $1,490,000 which are due from the Winooski One Partnership for engineering and from a credit union for demand side management projects.

Burlington Community Development Corporation has loaned funds to the Champlain Housing Trust Corporation. The balance of the loans at June 30, 2008 is $1,322,778 and will be repaid at the same terms as the offsetting notes payable.

Burlington Community Development Corporation also has a capital lease receivable for the Westlake Parking Garage from Westlake Parking, LLC. The lease requires annual payments of $72,000 for twenty (20) years and then a lump sum payment of $448,000. The lease also requires annual contribution of $6,000 to a Capital Reserve Fund. The present value of the lease utilizing a 7% interest rate is $903,335.

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

	Governmental Activities	Business-Type Activities	Total	Component Unit - BCDC
Notes, Loans and Capital Lease Receivable	$ 14,558,145	$ 1,490,000	$ 16,048,145	$ 2,226,113
Loan Discounts	(2,770,982)	0	(2,770,982)	0
Allowance for Doubtful Loans	(9,265,300)	0	(9,265,300)	0
Accrued Interest Receivable - Loans	6,741,652	0	6,741,652	7,664
Allowance for Doubtful Accrued Interest	(6,186,185)	0	(6,186,185)	0
Net Notes and Loans Receivable	$ 3,077,330	$ 1,490,000	$ 4,567,330	$ 2,233,777

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

E. Investments in Associated Companies

The Electric Department follows the cost method of accounting for its 6.38% class B common stock, 1.97% class C common stock and 7.69% class C preferred stock ownership interest in Vermont Electric Power Company, Inc. ("VELCO"); and its 2.84% ownership interest in Vermont Transco LLC, which is an affiliated entity of VELCO.

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

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

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

F. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 15,653,889	$ 0	$ 0	$ 15,653,889
Construction in Progress	32,336,349	2,275,479	4,188,314	30,423,514
Antiques and Works of Art	52,000	0	0	52,000
Total Capital Assets, Not Being Depreciated	48,042,238	2,275,479	4,188,314	46,129,403
Capital Assets, Being Depreciated:				
Land Improvements	2,304,844	66,741	0	2,371,585
Buildings and Building Improvements	68,327,594	4,078,890	0	72,406,484
Vehicles, Machinery, Equipment and Furniture	19,861,032	2,053,045	895,325	21,018,752
Book Collections	3,932,030	253,752	415,655	3,770,127
Infrastructure	89,674,198	2,001,428	51,952	91,623,674
Totals	184,099,698	8,453,856	1,362,932	191,190,622
Less accumulated depreciation for:				
Land improvements	588,710	72,662	0	661,372
Buildings and Building Improvements	13,709,016	1,097,751	0	14,806,767
Vehicles, Machinery, Equipment and Furniture	11,091,050	1,654,945	812,464	11,933,531
Book Collections	3,164,333	224,442	415,655	2,973,120
Infrastructure	38,807,774	3,186,802	51,952	41,942,624
Totals	67,360,883	6,236,602	1,280,071	72,317,414
Total Capital Assets, Being Depreciated	116,738,815	2,217,254	82,861	118,873,208
Governmental Activities Capital Assets, Net	$ 164,781,053	$ 4,492,733	$ 4,271,175	$ 165,002,611

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 18,823,666	$ 6,127	$ 23,062	$ 18,806,731
Construction in Progress	5,178,586	11,909,341	3,478,951	13,608,976
Total Capital Assets, Not Being Depreciated	24,002,252	11,915,468	3,502,013	32,415,707
Capital Assets, Being Depreciated:				
Land Improvements	26,517,628	30,275	0	26,547,903
Buildings and Building Improvements	75,047,697	542,604	0	75,590,301
Vehicles, Machinery, Equipment and Furniture	18,031,230	386,357	59,387	18,358,200
Distribution and Collection Systems	207,222,732	15,181,241	420,164	221,983,809
Totals	326,819,287	16,140,477	479,551	342,480,213
Less Accumulated Depreciation for:				
Land Improvements	16,177,100	1,242,473	0	17,419,573
Buildings and Building Improvements	19,736,431	2,334,042	0	22,070,473
Vehicles, Machinery, Equipment and Furniture	10,339,748	792,934	59,375	11,073,307
Distribution and Collection Systems	95,369,098	6,885,432	212,793	102,041,737
Totals	141,622,377	11,254,881	272,168	152,605,090
Total Capital Assets, Being Depreciated	185,196,910	4,885,596	207,383	189,875,123
Business-Type Activities Capital Assets, Net	$ 209,199,162	$ 16,801,064	$ 3,709,396	$ 222,290,830

Certain amounts in the beginning balance columns have been reclassified.

At June 30, 2008, approximately $3,600,000 and $34,200,000 in assets were acquired through existing capital leases for governmental and business type activities, respectively. These assets are included in vehicles, machinery, equipment and furniture and distribution and collection systems. The amortization on these assets is included with depreciation.

Depreciation was charged to programs as follows:

Governmental Activities:		Business - Type Activites:	
General Government	$ 195,717	Electric	$ 3,233,699
Public Safety	749,766	Airport	3,768,979
Public Works	3,402,705	Wastewater	1,525,704
Community Development	11,234	Telecom	1,982,197
Culture and Recreation	931,980	Water	726,355
Education	945,200	School	17,947
Total Depreciation Expense - Governmental Activites	$ 6,236,602	Total Depreciation Expense - Business-Type Activities	$ 11,254,881

The jointly-owned generating facility, the Joseph C. McNeil Generating Station, is included in the business type capital assets. Under the Agreement for Joint Ownership, Construction and Operation of the Joseph C. McNeil Generating Station dated May 14, 1982, as amended, the owners are tenants in common with undivided interests in the Station. Ownership percentages of the Station as of June 30, 2008 are as follows:

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

Under the Agreement for Joint Ownership, Construction and Operation of the Highgate Transmission Interconnection dated August 1, 1984, as amended, the owners of the Highgate Converter and the Highgate-Canada Transmission Line are tenants in common with undivided interests in the converter. Ownership percentages of the converter as of December 31, 2006 are as follows:

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

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

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

A summary of the McNeil Generating Station financial statements as of and for the year ended June 30, 2008 and the Highgate Converter as of and for the year ended December 31, 2007 are as follows:

Category	**McNeil Generating Station**	**Highgate Converter**
Total Assets	$ 90,251,628	$ 29,423,978
Liabilities	3,058,547	0
Owners' Equity	87,193,081	29,423,978
Total Liabilities & Owners' Equity	$ 90,251,628	$ 29,423,978
Contribution by Joint Owners	$ 32,182,224	$ 1,008,921
Station Operating Expenses	22,776,065	1,195,648
Increase/(Decrease) in Owners' Equity	9,406,159	(186,727)
Owners' Equity - Beginning of Year	77,786,922	29,610,705
Owners' Equity - End of Year	$ 87,193,081	$ 29,423,978

Burlington Community Development Corporation owns two buildings at the Burlington Airport with a cost of $5,340,385 and accumulated depreciation of $284,787. It also owns the land on Winooski Avenue at the site of the Onion River Food Co-Operative with a cost of $662,604 and land known as the Gilbane lot that was purchased in 2006 for $372,645. The Corporation was donated a small parcel of land adjacent to the Gilbane lot known as the Morton Parcel. The value of this donation was $120,000. The Corporation has land improvements at the site of the Onion River Co-Operative with a cost of $342,548 with accumulated depreciation of $34,254. The corporation also has $1,256 of work in progress related to a future project. The net carrying value of the Corporation’s properties are $6,520,397. The buildings are being depreciated over seventy-five (75) years and the land improvements over sixty (60) years.

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

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit				
Capital Assets, Not Being Depreciated:				
Land	$ 1,155,249	$ 0	$ 0	$ 1,155,249
Construction in Progress	0	1,256	0	1,256
Total Capital Assets, Not Being Depreciated	1,155,249	1,256	0	1,156,505
Capital Assets, Being Depreciated:				
Buildings	5,340,385	0	0	5,340,385
Land Improvements	342,548	0	0	342,548
Totals	5,682,933	0	0	5,682,933
Less accumulated depreciation for:				
Buildings	214,460	70,327	0	284,787
Land Improvements	28,545	5,709	0	34,254
Totals	243,005	76,036	0	319,041
Total Capital Assets, Being Depreciated	5,439,928	(76,036)	0	5,363,892
Component Unit Capital Assets, Net	$ 6,595,177	$ (74,780)	$ 0	$ 6,520,397

G. Interfund Balances and Activity

The composition of interfund balances at June 30, 2008, is as follows:

Fund	Due From Other Funds	Due To Other Funds
Airport	0	6,905
Telecom	0	6,763
Wastewater	0	3,744
Pension	31,594	0
Other Non-Major Funds:		
Traffic	0	7,783
CEDO	0	2,009
Marketplace	0	1,157
Water	0	3,233
Total	31,594	31,594

Interfund transfers for the year ended June 30, 2008, were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Southern Connector Fund	$ 3,116	Fund Capital Outlay
General Fund	Fuel Depot Fund	13,981	Fund Capital Outlay
General Fund	Street Improvement Projects Funds	52,614	Fund Capital Outlay
General Fund	Riverside Avenue Project Fund	38,515	Fund Capital Outlay
General Fund	North Street Project Fund	52,163	Fund Local Share
General Fund	Moran Building and Heating Upgrade Fund	78,355	Fund Interfund Loans
General Fund	DPW New Facility	28,120	Fund Capital Outlay
General Fund	Queen City Bridge Fund	3,147	Fund Local Share
General Fund	N. Winooski Streetscape & Battery Street Project Funds	75,565	Fund Capital Outlay
General Fund	Other Capital Projects	3,244	Fund Local Share
General Fund	Telecom Fund	214,500	Cost Allocation
General Fund	Traffic Fund	285,896	Fund Free Parking
General Fund	Traffic Fund	40,000	Meter Replacement
General Fund	CEDO Fund	153,891	Subsidy
General Fund	Housing Trust Fund	190,044	Tax Transfer
General Fund	Marketplace Fund	10,708	Subsidy
Traffic Fund	General Fund	64,400	Subsidy
Traffic Fund	CEDO Fund	30,000	Subsidy
Traffic Fund	Downtown Transit Center Fund	13,477	Fund Local Share
Traffic Fund	Street Improvement Projects Funds	89,818	Fund Local Share
Traffic Fund	Downtown Planning Fund	6,197	Fund Local Share
Traffic Fund	College Street Parking Deck Fund	28,750	Fund Deficit
Traffic Fund	Other Capital Projects	8,351	Fund Local Share
CEDO Fund	Street Improvement Projects Fund	5,871	Fund Local Share
Marketplace Fund	Street Improvement Projects Fund	4,435	Fund Local Share
Vondry Trust Fund	School General Fund	11,452	Released Restrictions/Subsidy
2008 Master Lease Purchase Fund	Traffic Fund	65,540	Finance Purchases
Cemetery Fund	General Fund	30,131	Fund Cemetery Operations
Loomis Library Fund	General Fund	341	Fund Library Operations
	Total	$ 1,602,622	

Interfund Loans

There are two (2) Interfund Loans Receivable/Payable that are owed to the Electric Department Fund. The Moran Building and Heating Upgrade Fund owes $14,336 for the purchase of the Moran Building and $38,581 for electrical upgrades to the heating system at the Library. The total interfund loans are $52,917. The City paid off the Moran building loan in 2009. Due to timing differences in recording an adjustment to the purchase price and debt, the Moran Building and Heating Upgrade Fund and Electric Department are carrying amounts that are different by $346,759. The Library Department pays $1,710 monthly until June, 2010 with interest at 6%.

During 2008, the Electric Department borrowed $7,460,500 from the City's General Fund in lieu of obtaining outside financing. This was to fund capital projects. The loan was paid back in April, 2009 from proceeds of long-term debt. Interest was assessed at 2.94%.

The Burlington Community Development Corporation, a component unit of the City, owes two (2) separate City funds a total of $2,104,658 related to properties held for resale and for other pieces of property, plant and equipment. $810,000 of debt related to the Westlake Parking garage will be repaid during 2009 without interest and the remaining $1,294,658 of debt relates to a loan from the Airport Fund for financing of the Aviation Support Hanger. This note will be repaid over twenty (20) years with interest at 3%.

H. Other Long-Term Assets

The governmental activities other long-term assets, net of accumulated amortization, consist of deferred debt issuance costs of $367,122 as of June 30, 2008.

The Proprietary Funds' other long-term assets, net of accumulated amortization, consists of the following as of June 30, 2008:

Category	Electric Utility	Airport	Telecom Fund	Water Resources	Total
Deferred Debt Issuance Costs	$ 1,137,953	$ 1,380,338	$ 55,813	$ 78,403	$ 2,652,507
Deferred Depreciation Expense	7,273,369	0	0	0	7,273,369
Unamortized Demand Side Side Mgt (DSM)	2,834,185	0	0	0	2,834,185
Other Unamortized Charges	3,340,474	0	0	0	3,340,474
Non-Utility Property	775,600	0	0	0	775,600
Deferred PSB Accounting Orders	521,899	0	0	0	521,899
Franchise Costs	0	0	54,641	0	54,641
Total	$ 15,883,480	$ 1,380,338	$ 110,454	$ 78,403	$ 17,452,675

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

In March 1990, the voters of the City of Burlington approved an $11,300,000 bond issue to fund Demand Side Management (DSM) programs. In October 1992, the Electric Department issued revenue bonds of $40,900,000 of which $11,300,000 was designated to finance the costs of these programs. The costs of these programs have been deferred. Consistent with rate making treatment, the Electric Department is recovering these costs over the life of the long-term bonds and the related debt service. Other Unamortized charges at June 30, 2008 are as follows:

Category	**Amount**
Loss on Transfer of Moran Station	$1,959,204
Costs Associated with Chase Hydro	1,365,286
Deferred Prepayment	15,984
Total	$3,340,474

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

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

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

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

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

I. Deferred Revenue

Deferred Revenue in the Governmental Funds consists of:

General Fund:		
Unavailable Property Taxes, Interest, and Penalties	$	755,000
Unavailable Gross Receipts, Taxes, Interest and Penalties		49,868
Unavailable Public Safety Non-Exchange Transaction Fees		302,075
Other Unavailable Receivables		39,530
Prepaid Recreation Fees		112,888
Prepaid Public Safety Assessments		896,840
Total General Fund	$	2,156,201
School Fund:		
Unavailable Grant Receivables	$	598,483
Grants Received in Advance		771,943
Total School Fund	$	1,370,426

Traffic Fund:		
Parking Fees Received in Advance	$	240
Unavailable Traffic Receivables		2,650
Total Traffic Fund		2,890
CEDO Fund:		
Unavailable Loans Receivable		2,521,863
Unavailable Accrued Interest Receivable		555,467
Unavailable Land Held For Resale		549,352
Unavailable Grant Receivables		132,091
Grants Received in Advance		55,696
Total CEDO Fund		3,814,469
Marketplace Fund:		
Vendor Assessments Received in Advance		35,519
Unavailable Vendor Assessment Receivables		21,486
Total Marketplace		57,005
Capital Projects Funds:		
Unavailable Grant Receivables		1,370,983
Grants Received in Advance		153,316
Total Capital Projects Funds		1,524,299
Total Other Governmental Funds	$	5,398,663

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

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

J. Long-term Liabilities

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 issues. General obligation bonds have been issued for both governmental and proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from governmental fund revenues and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. New bonds generally are issued as 10 to 20 year bonds. Refunding bond are issued for various terms based on the debt service of the debt refunded.

No-Interest Revolving Loans. The State of Vermont offers a number of no-interest revolving loan programs to utilize for predetermined purposes. The City has borrowed money from the Vermont Special Environmental Revolving Fund for sewer projects.

Capital Lease Obligations. The City enters into lease agreements as the lessee for the purpose of financing the acquisition of major pieces of equipment. These lease agreements qualify as capital lease obligations for accounting purposes (even though they include clauses that allow for cancellation of the lease in the event the City does not appropriate funds in future years) and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date of the leases. Leases are reported in governmental activities if the debt is expected to be repaid from general governmental revenue and in business–type activities if the debt is expected to be repaid from proprietary fund revenues.

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

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

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

Compensated Absences – It is the policy of the City of Burlington, Vermont to permit employees to accumulate earned but unused benefits. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements and proprietary fund financial statements.

Unamortized Premium

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

Unamortized Discount

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

Deferred Loss on Refunding Bonds and Capital Leases

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds Payable	$ 18,762,305	$ 1,750,000	$ 2,445,131	$ 18,067,174	$ 2,169,365
Other Debt	20,343,259	0	3,094,477	17,248,782	1,265,782
Obligations Under Capital Leases	2,806,290	43,374	962,564	1,887,100	647,300
Insurance Reserves	2,988,000	0	271,000	2,717,000	1,301,000
City Compensated Absences	2,113,943	0	36,839	2,077,104	0
School Compensated Absences	2,483,843	122,582	0	2,606,425	18,771
Landfill Post-Closure	108,000	0	25,000	83,000	26,000
School - Post Employment Benefits	100,931	362,506	100,931	362,506	0
Net Pension Obligation	1,827,616	26,775	0	1,854,391	0
Total Governmental Activities Long-term Liabilities	$ 51,534,187	$ 2,305,237	$ 6,935,942	46,903,482	$ 5,428,218
Add Unamortized Premium				150,031	
Subtract Deferred Loss on Refunding				(82,812)	
Total				$ 46,970,701	

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
General Obligation Bonds Payable	$ 29,798,954	$ 1,057,653	$ 949,387	$ 29,907,220	$ 1,086,786
Revenue Bonds	114,315,000	0	8,875,000	105,440,000	9,315,000
Obligations Under Capital Leases	22,034,599	12,171,373	431,823	33,774,149	154,463
Other Electric Department Long-Term Debt	39,860	0	26,520	13,340	0
Compensated Absences	1,173,391	104,311	0	1,277,702	0
Net Pension Obligation	159,241	0	2,925	156,316	0
Deferred Electric Credit	8,346	0	5,047	3,299	0
Total Business-type Activities Long-Term Liabilities	$ 167,529,391	$ 13,333,337	$ 10,290,702	170,572,026	$ 10,556,249
Add Unamortized Premium				1,663,486	
Subtract Unamortized Discount				(111,760)	
Subtract Deferred Loss on Refunding Bonds				(16,402,233)	
Subtract Deferred Loss on Refunding Capital Leases				(728,515)	
Total				$ 154,993,004	

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

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

		Issue Date	Interest Rate %	Maturity Date	Original Issue	Outstanding 6/30/2007	New Issues	Principal Reduction	Outstanding 6/30/2008
Governmental Activities:									
General Obligation Bonds:									
87	Urban Renewal 1998 Refunding Bonds	08/03/98	4.25-4.55	12/01/2011	835,000	370,000	0	70,000	300,000
90	G.O. 1998 Series B Refunding Bonds	08/03/98	4.25-4.55	12/01/2011	174,167	76,666	0	14,167	62,499
91	General Improvements 1998 Series A	08/03/98	4.20-4.30	12/01/2008	750,000	175,000	0	85,000	90,000
100	General Improvements 1999 Series B	07/20/99	4.25-4.80	12/01/2009	750,000	260,000	0	85,000	175,000
105	General Improvements 2000 Series A	10/12/00	4.25-4.75	12/01/2010	750,000	345,000	0	80,000	265,000
107	General Improvements 2001 Series A	10/01/01	3.00-4.00	11/01/2011	750,000	410,000	0	75,000	335,000
115	General Improvements 2002 Series A	07/30/02	3.00-4.00	09/01/2012	750,000	480,000	0	70,000	410,000
118	Fire Equipment Bond 2003A	05/01/03	3.50-4.00	11/01/2018	2,500,000	2,100,000	0	140,000	1,960,000
129	General Improvements 2003 Series B	10/15/03	2.00-3.75	11/01/2013	750,000	550,000	0	70,000	480,000
136	General Improvements 2004 Refunding Series B	07/15/04	2.00-3.80	12/01/2016	530,000	420,000	0	60,000	360,000
138	General Improvements 2004 Series A	07/15/04	2.25-3.75	05/01/2015	750,000	620,000	0	70,000	550,000
139	General Improvements 2005 Series A	06/28/05	3.50-3.60	11/01/2015	250,000	230,000	0	20,000	210,000
143	General Improvements 2005 Series B	07/06/05	3.25-3.50	11/1/2015	1,000,000	925,000	0	90,000	835,000
148	General Improvements 2006 Refunding Series B	10/10/06	3.75	12/1/2009	1,454,867	1,454,867	0	651,973	802,894
150	General Improvements 2006 Series B	10/10/06	3.50-4.00	11/1/2026	1,000,000	1,000,000	0	30,000	970,000
154	General Improvements 2007 Series A	12/10/07	3.50-4.25	11/1/2027	1,000,000	0	1,000,000	0	1,000,000
88	G.O. School 1998 Series C Refunding Bonds	08/03/98	4.25-4.55	12/01/2011	696,667	306,667	0	56,667	250,000
112	G.O. School 2002 Series Refunding Bonds	07/30/02	2.50-4.00	09/01/2013	1,070,000	730,000	0	90,000	640,000
114	G.O. School 2002 Series A Bonds	07/30/02	3.00-4.375	03/01/2018	860,000	740,000	0	35,000	705,000
137	G.O. School 2004 Refunding Series B Bonds	07/15/04	2.00-3.80	12/01/2016	2,370,000	1,855,000	0	270,000	1,585,000
145	G.O. School 2005 Series B Bonds	07/06/05	3.25-4.2	11/1/2025	750,000	735,000	0	25,000	710,000
147	G.O. School 2006 Refunding Series B Bonds	10/10/06	3.75	12/1/2006	614,105	614,105	0	217,324	396,781
152	G.O. School 2006 Series A Bonds	10/10/06	3.50-4.00	11/1/2026	750,000	750,000	0	25,000	725,000
153	G.O. School 2006 Series A Bonds - Athletic Field	10/10/06	3.50-4.00	11/1/2026	3,615,000	3,615,000	0	115,000	3,500,000
156	G.O. School 2007 Series A Bonds	12/10/07	3.50-4.25	11/1/2027	750,000	0	750,000	0	750,000
	General Obligation Bonds Subtotal				25,469,806	18,762,305	1,750,000	2,445,131	18,067,174
Other Debt:									
94	Downtown Parking - Certificate of Participation	06/01/99	4.30-4.80	12/01/2018	5,500,000	3,190,000	0	415,000	2,775,000
95	Waterfront Refunding - Certificate of Participation	06/01/99	4.30-4.80	12/01/2018	1,390,000	980,000	0	60,000	920,000
103	Capital Projects - Certificate of Participation	06/27/00	5.375-5.75	12/01/2020	4,100,000	3,280,000	0	155,000	3,125,000
116	Police Facility - Certificate of Participation Refunding	07/30/02	3.00-4.25	05/01/2015	2,075,000	1,385,000	0	150,000	1,235,000
140	Downtown Parking - Certificate of Participation	06/07/05	4.0-4.375	05/01/2025	7,870,000	7,870,000	0	305,000	7,565,000
96	Pease Grain Lot & Central Garage Mortgage	05/10/98	7.20	05/15/2008	840,000	462,000	0	462,000	0
97	Winooski Main Street Lot Mortgage	05/10/98	5.00	05/15/2008	260,000	143,000	0	143,000	0
98	HUD Section 108 - US Guaranteed Notes 1999	04/28/99	5.40-6.20	08/01/2017	1,930,000	1,165,000	0	255,000	910,000
128	HUD Section 108 - US Guaranteed Notes 2003	02/12/03	3.25	08/01/2022	3,602,000	1,802,000	0	1,104,000	698,000
142	VEDA/State Infrastructure loan	03/08/05	2.50	03/08/2012	304,531	66,259	0	45,477	20,782
	Other Debt Subtotal				27,871,531	20,343,259	0	3,094,477	17,248,782
	Total Governmental Activities Bonds & Other Debt				53,341,337	39,105,564	1,750,000	5,539,608	35,315,956

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

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

	Original Issue	Outstanding 6/30/07	New Issue	Principal Reduction	Outstanding 6/30/08
Tax and Bond Anticipation & Other Notes Payable					
Tax Anticipation Note - General Fund	6,000,000	0	6,000,000	6,000,000	0
Tax Anticipation Note - General Fund	6,000,000	0	6,000,000	6,000,000	0
Revenue Anticipation Note - BED	2,500,000	0	2,500,000	2,500,000	0
	14,500,000	0	14,500,000	14,500,000	0

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

		Issue Date	Interest Rate %	Maturity Date	Original Issue	Outstanding 6/30/2007	New Issues	Principal Reduction	Outstanding 6/30/2008
Business-type Activities:									
General Obligation Bonds:									
23	Nuclear Units #3	06/01/79	5.75	05/01/2008	1,200,000	50,000	0	50,000	0
89	Electric 1998 Series C Refunding Bonds	08/03/98	4.25-4.55	12/01/2011	174,167	76,667	0	14,167	62,500
113	Electric 2002 Series A Refunding Bonds	07/30/02	2.50-3.50	09/01/2008	120,000	45,000	0	20,000	25,000
135	Electric 2004 Series B Refunding Bonds	07/15/04	2.00-3.80	12/01/2016	510,002	400,000	0	60,000	340,000
141	Electric 2005 Series A Bonds	06/28/05	3.50-4.20	11/01/2025	1,000,000	980,000	0	35,000	945,000
144	Electric 2005 Series B Bonds	07/06/05	3.25-4.20	11/01/2025	1,000,000	975,000	0	35,000	940,000
149	Electric 2006 Series B Refunding Bonds	10/10/06	3.75	12/1/2009	146,028	146,028	0	65,703	80,325
151	Electric 2006 Series A Bonds	10/10/06	3.50-4.00	11/1/2026	1,000,000	1,000,000	0	30,000	970,000
157	Electric 2007 Series A Bonds	12/20/07	3.50-4.30	11/1/2027	1,000,000	0	1,000,000	0	1,000,000
102	State of VT-EPA 1990 Series 1	12/06/90	0.00	12/01/2010	5,378,105	4,678,955	0	188,234	4,490,721
101	State of VT-EPA 1991 Series 1	02/12/92	0.00	12/01/2014	19,403,807	18,354,361	0	388,076	17,966,285
103	State of VT-EPA 2006 Series 1 (Siphon)	09/06/06	2.00	02/01/2027	1,650,000	1,535,760	0	63,207	1,472,553
108	State of VT-EPA 2001 Series 1 (Digester)	07/01/00	2.00	10/01/2026	2,500,000	1,557,183	57,653	0	1,614,836
	General Obligation Bonds Subtotal				35,082,109	29,798,954	1,057,653	949,387	29,907,220
Revenue Obligation Bonds:									
77	Revenue Bonds 1996 Series A	04/01/96	3.80-6.38	12/01/2012	54,475,000	25,765,000	0	3,695,000	22,070,000
126	Revenue Bonds 2001 Series A	12/01/01	2.30-4.60	07/01/2014	11,115,000	8,995,000	0	610,000	8,385,000
127	Revenue Bonds 2002 Series A	04/01/02	5.00-5.375	07/01/2014	20,875,000	17,265,000	0	1,085,000	16,180,000
130	Revenue Bonds 2004 Series A	04/15/04	4.27	07/01/2024	10,000,000	9,290,000	0	375,000	8,915,000
82	Revenue Bonds 1997 Series A	07/10/97	4.10-5.00	12/01/2012	13,925,000	7,065,000	0	1,045,000	6,020,000
78	Revenue Bonds 1997 Series A	05/01/97	3.85-5.60	07/01/2017	12,380,000	8,390,000	0	575,000	7,815,000
79	Revenue Bonds 1997 Series B	05/01/97	4.00-5.75	07/01/2017	7,450,000	5,080,000	0	345,000	4,735,000
104	Revenue Bonds 2000 Series A	05/17/00	4.80-6.20	07/01/2020	10,435,000	8,390,000	0	410,000	7,980,000
119	Revenue Bonds 2003 Series A and B	06/11/03	2.00-5.00	07/01/2028	24,800,000	24,075,000	0	735,000	23,340,000
	Revenue Obligation Bond Subtotal				165,455,000	114,315,000	0	8,875,000	105,440,000
	Total Business-Type Activities Bonds				200,537,109	144,113,954	1,057,653	9,824,387	135,347,220

Revenue Bonds have been issued pursuant to General Bond Resolutions and are collateralized by a pledge of revenues. Pursuant to the General Bond Resolutions, revenues (as defined) means all rates, fees, charges or other income and includes rentals, proceeds of insurance or condemnation or other disposition of assets, proceeds of bonds or notes and earnings from the investment of revenues. On an annual basis, revenues must be sufficient after deducting operating expenses (as defined) to meet minimum debt service coverage requirements (as defined). If minimum debt service coverage requirements are not met, the City must take timely corrective action. For the year ended June 30, 2008, the City has not met the debt service coverage requirements. As a result, the Airport will be required to perform and implement a study to meet this ratio requirement. The Water Department has increased water rates in fiscal year 2010 to meet this ratio requirement.

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

Anticipated maturities of the bonds and notes are as follows:

Year Ending	Governmental Activities		Business-Type Activities	
June 30	Principal	Interest	Principal	Interest
2009	$ 3,435,147	$ 1,388,472	$ 10,401,786	$ 5,455,903
2010	3,205,310	1,277,457	10,962,374	4,959,447
2011	2,692,166	1,162,297	15,354,769	4,408,962
2012	2,538,333	1,062,681	11,976,765	3,824,886
2013	2,375,000	965,911	12,669,895	3,207,936
2014-2018	10,820,000	3,426,742	48,722,915	9,351,626
2019-2023	6,855,000	1,405,502	13,110,595	4,293,096
2024-2028	3,395,000	271,703	10,478,121	1,558,008
2029	0	0	1,670,000	41,750
Total	$ 35,315,956	$ 10,960,765	$ 135,347,220	$ 37,101,614

The City is the lessee of various equipment under capital leases expiring in various years through 2028. Future minimum payments under the capital leases consisted of the following as of June 30, 2008.

Year Ending 6/30	Governmental Activities	Business-type Activities
2009	$ 721,080	$ 1,726,024
2010	594,898	1,638,516
2011	384,948	2,853,027
2012	248,032	2,846,691
2013	43,113	2,827,577
2014-2018	105,865	14,137,886
2019-2023	0	14,137,886
2024-2028	0	12,017,203
Total Minimum Lease Payments	2,097,936	52,184,810
Less Amounts Representing Interest	(210,836)	(18,410,661)
Net Present Value of Future Payments	1,887,100	33,774,149
Deferred Loss on Lease Refunding	0	(728,515)
Net Capital Leases Payable	$ 1,887,100	$ 33,045,634

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

Burlington Community Development Corporation has two (2) notes payable with TD Banknorth, N.A. on the buildings it owns at the Airport and the Gilbane property totaling $623,189 which are secured by mortgages. The loans are for ten years and one (1) loan has a variable interest rate currently at 6.0% and one (1) loan has a fixed rate of 7.66%.

The Corporation also has four (4) notes payable with Chittenden Investment Services, Inc. with a balance of $1,322,778 which are offset by notes receivable from Champlain Housing Trust Corporation and will be repaid as the notes receivable are collected. Interest rates are between 5% and 6%.

The Corporation also has borrowed $3,320,000 from the Vermont Economic Development Authority to construct an Aviation Support Hanger. The loan is for twenty (20) years and interest is at 7.15%. The balance as of June 30, 2008 is $3,160,089.

The Corporation also borrowed $1,400,000 from the Airport Fund to assist in financing the construction of the above mentioned Aviation Support Hanger. The terms of the note require monthly payments for twenty (20) years with interest at 3%. The note is due in June, 2026. This is reported as due to primary government. The balance as of June 30, 2008 is $1,294,658.

The Corporation also owes a City Capital Project Fund $810,000 for its share of the Westlake Parking Garage. The amount will be paid in 2009 when the Corporation secures permanent financing from a bank. This liability is reported as due to primary government.

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

Year Ending June 30		Principal		Interest
2009	$	527,403	$	335,655
2010		202,048		301,626
2011		215,579		288,096
2012		230,023		273,651
2013		235,470		258,227
2014-2018		1,102,867		1,077,884
2019-2023		1,541,896		638,853
2024-2028		1,044,969		114,803
2029		5,801		44
Total	$	5,106,056	$	3,288,839

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

Year Ending June 30		Principal		Interest
2009	$	55,086	$	38,086
2010		56,761		36,411
2011		58,488		34,684
2012		60,267		32,905
2013		62,100		31,075
2014-2018		340,008		125,852
2019-2023		394,958		70,902
2024-2026		266,990		12,526
Total	$	1,294,658	$	382,441

K. Restricted Net Assets

The restricted net assets of the City's Governmental Activities as of June 30, 2008 are as follows:

Restricted for Specific General Fund Purposes By Various Instruments	$ 967,216
Restricted for Education by Grant Agreements	490,097
Restricted for Traffic Activities by Charter	218,056
Restricted for Community Development by Grant Agreement	3,425,006
Restricted for Wadell Fund by Donations	13,680
Restricted for Capital Construction by Donations and Debt Agreement	164,321
Restricted for Perpetual Care by Trust Agreements	1,040,069
Total Restricted Governmental Activities Net Assets	$6,318,445

The restricted net assets of the City's Business-type Activities as of June 30, 2008 are as follows:

Restricted for Debt Service by Revenue Bond	$17,515,501
Restricted for Renewal & Replacement Projects by Revenue Bond	1,027,879
Restricted for Capital Projects by PFC Regulations	10,660,717
Total Restricted Business-type Activities Net Assets	$29,204,097

The deficit in the Telecom Fund will be funded with future revenues.

The City also has eight Private Purpose Trust Funds that are restricted by trust agreements and donations totaling $208,527.

L. Reserved Fund Balances

The reserved fund balances of the City's Governmental Funds as of June 30, 2008 are as follows:

General Fund:	
Reserved for Inventories and Prepaid Expenses	$ 616,965
Reserved for Parking Fund by Charter	23,000
Reserved for Library Books by Grants and Donations	153,845
Reserved for Public Record Restoration by Grants	53,238
Reserved for Capital Construction by Impact Fees	351,283
Reserved for Public Safety Expenditures by Police Equitable Sharing Funds	385,850
Total General Fund	1,584,181

School Fund:	
Reserved for Education Expenditures by Donations and Grants	$ 490,097
Total School Fund	490,097
Other Governmental Funds:	
Reserved for Traffic Fund Prepaid Expenses and Inventories	155,817
Reserved for Traffic Fund Expenditures by City Charter	218,056
Reserved for Community Development Fund Prepaid Expenses	650
Reserved for Mary E. Waddell Fund by Trust Agreement	13,680
Reserved for Capital Construction by Donations	69,691
Reserved for Lakeview & College Street Garages and Westlake Projects by Debt Proceeds	14,302
Reserved for Cemetery Endowments by Trust Agreements	1,004,613
Reserved for Other Permanent Funds by Donations	35,456
Total Other Governmental Funds	1,512,265
Total Reserved Fund Balances	$3,586,543

M. Designated Fund Balances

The designated fund balances of the City's Governmental Funds as of June 30, 2008 are as follows:

General Fund:	
Designated for CCTA & County Tax – Dedicated Tax	$ 42,788
Designated for Conservation Legacy - DedicatedTax	167,329
Designated for Parks – Greenbelt - Dedicated Tax	85,095
Designated for Street Repaving – Dedicated Tax	185,653
Total Tax Items	480,865
Less: Uncollected Property Taxes, Penalties and Interest	(755,000)
Designated Tax Items	0

Designated for Insurance Reserves	$ 76,997
Designated for Cemetery Capital	15,526
Designated for Capital and Working Capital Funds	633,261
Designated for Gosse Court & Leddy Park Capital	724,698
Designated for Recycling	100,846
Total Designated Fund Balance	$1,551,328

The City's General Fund designated tax items were reduced by the $755,000 revenue deferral for uncollected property taxes, penalties and interest. The expending of funds for the designated tax items is contingent upon the receipt of these monies.

The remaining unreserved and undesignated fund balance of the City's General Fund as of June 30, 2008 was $3,998,688.

The unreserved, undesignated fund balances/(deficits) in the Other Governmental Funds as of June 30, 2008 are as follows:

Special Revenue Funds:	
Community and Economic Development Fund	$ (258,022)
Tax Increment Financing Fund	(37,425)
Housing Trust Fund	42,127
Church Street Marketplace Fund	(53,146)
Total Special Revenue Funds	(306,466)
Capital Projects Funds:	
Southern Connector	(552,819)
South End and Downtown Transit Centers	(85,404)
Fuel Depot	(9,423)
Street Improvement Projects	(256,371)
Riverside and North Street Projects	(405,378)
Heating Upgrades and Moran Building	(52,917)
Downtown Planning	(3,416)
Englesby Brook Project	(33,708)
North Winooski Streetscape and Battery Street Projects	(155,771)
Firehouse Center	(195,473)
Other Capital Project	(22,008)
2008 Master Lease Purchases	(1,334,894)
School Capital Projects	(276,092)
Total Capital Projects Funds	(3,383,674)
Total Unreserved, Undesignated Fund Balances/(Deficits)	$(3,690,140)

The deficit in the Church Street Marketplace Fund will be funded in 2009 with increased revenue collection efforts and decreased expenses. The Heating Upgrades and Moran Building and deficit will be funded annually by transfers from the General Fund. The Riverside Avenue Project deficit will be funded through reimbursement from utility companies if possible or transfers from the General Fund. The 2008 Master Lease Purchase Fund and School bond Capital Funds were funded in 2009 with proceeds of long-term debt. All other City funds with deficits will be funded as Grant Receivables are collected in Fiscal Year 2009 or with a transfer from the General Fund.

V. OTHER INFORMATION

A. Property Taxes

The City is responsible for assessing and collecting its own property taxes as well as education property taxes for the State. Property taxes are assessed based on property valuations as of April 1 annually. Taxes are collected four (4) times per year. During the tax year ended June 30, 2008, taxes became due and payable on August 12, 2007, November 12, 2007, March 12, 2008 and June 12, 2008. Taxes unpaid after each due date are considered to be late and are subject to 1% interest added on the next day, an additional 4% interest added after the tenth (10th) day late and an additional 1% per month thereafter. Taxes unpaid ten (10) days after the June due date are delinquent and are subject to an 8% penalty and interest calculated at twelve percent (12%). Unpaid taxes become an enforceable lien on the property and such properties are subject to tax sale.

The amount of taxes the City may levy is subject to charter limitations. These limits and the rates assessed for 2007-2008 are as follows:

Category	**Charter Limits**	**Rate per $100 of Assessed Value Residential**	**Rate per $100 of Assessed Value Non-Residential**
General City	$0.2329	$0.2329	$0.2329
Highways (charter-prescribed minimum)	0.0312	0.0312	0.0312
Police/Fire	0.0807	0.0807	0.0807
Parks (charter-prescribed minimum)	0.0250	0.0250	0.0250
County Tax	Actual	0.0050	0.0050
General Long-Term Debt Retirement & Interest	Actual	0.0621	0.0621
Retirement Contribution	Actual	0.1431	0.1431
Chittenden County Transportation Authority	Actual	0.0325	0.0325
Streets-Special	0.0417	0.0417	0.0417
Housing Trust Fund	0.0100	0.0054	0.0054
Library Tax	0.0050	0.0050	0.0050
Open Space	0.0100	0.0054	0.0054
Total City Tax Rate		0.6700	0.6700
Total School Tax Rate	Actual	1.0217	1.3786
Total Tax Rate		$1.6917	$ 2.0486

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

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

Total Property Taxes Assessed		
School (Homestead)	$	15,911,325
School (Non-Residential)		23,968,750
City Real		23,006,266
City Personal		1,041,091
Total Taxes Assessed		63,927,432
Less: Current Year Collections and Adjustments		63,302,656
Delinquent Taxes	$	624,776
Percentage of Current Tax Collections to Total Levies		99.00%

The City had to send $38,910,167 in tax revenues to the School District and State of Vermont for education purposes based on the State's funding formula.

The City also assessed an $ .08 tax levy on the commercial values of properties within the "Downtown Improvement District" to assist in funding two hours of free parking in the downtown garages. The City assessed $245,250 in taxes and collected $243,886.

B. Commitments and Contingencies

ELECTRIC DEPARTMENT

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

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

McNeil Generating Station and Gas Turbine	38.0%
Northeast Utilities	9.0%
NYPA	4.0%
NYSEG	16.0%
VEPPI	6.0%
Other	27.0%
Total	100.0%

The Department purchases a portion of its electricity requirements pursuant to long-term contracts. Payments under long-term power supply contracts were $8,872,336 for the year ended June 30, 2008. Future commitments under these contracts totaled approximately $11 million at June 30, 2008. The remainder of energy requirements are satisfied through short-term purchases, generation at the McNeil Station, which the Department is a 50% owner, and the gas turbine, which the Department wholly owns.

2. The joint owners of the McNeil Station have entered into a contract with New England Central Railway (NECR) for the transportation of wood chips to the McNeil Station. The contract expires in June, 2009, and, under terms of the contract, minimum payments of $387,648 are required to be made in fiscal year 2009. During 2008, the Department paid $680,917 under this contract. In addition, a Fuel Equalization Adjustment will apply for the term of this contract. For every $0.15 increase or decrease in NECR's average quarterly diesel fuel price paid by NECR at St. Albans, Vermont, NECR will add or subtract a one (1) percent Fuel Equalization Adjustment to the Department per train rate. The Fuel Equalization Adjustment will stay in place until another $0.15 per gallon change has occurred. The base rate is $1.78 per gallon, based on the June 2008 average fuel price.

3. The joint owners of the McNeil Station have also entered into a contract for the operation of a wood chip receiving yard in Swanton, Vermont. The contract expires in December, 2009. Under the terms of that contract, minimum payments of $192,000 and $196,000 are required to be made by the Department in fiscal year 2009 and 2010, respectively. During 2008, the Department paid $392,986 under this contract.

4. The Department faces possible liability as a potentially responsible party ("PRP") with respect to the cleanup of certain hazardous waste sites. The City is currently a PRP as a landowner of a hazardous waste superfund site in Burlington, Vermont which is the subject of a remediation investigation by the Environmental Protection Agency. The Department has agreed to share on an equal basis in all past and future costs incurred in connection with any and all settlements or actions resulting from the designation of the City as a PRP at this site. In light of a recent agreement between the City and the E.P.A. concerning the remediation plan at the site, the City believes that the likelihood of any liability material to the financial position of the City is remote and, as such, no liability has been accrued as of June 30, 2008.

In November, 2006, the GASB issued GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. Under GASB Statement No. 49, the Department will be required to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired. GASB Statement No. 49 is effective for fiscal years beginning after December 15, 2007. The Department has not determined the effect, if any, the adoption of GASB Statement No. 49 will have on the financial statements.

OTHER FUNDS

CONTINGENT LIABILITY

The City has received notice from the State of Vermont Environmental Enforcement Division ("EED") of the possibility of bringing enforcement action against the City for alleged unlawful discharges to state waters at the Burlington International Airport. The City is presently working with the EED in an attempt to reach a negotiated settlement of these matters and is reasonably optimistic such a settlement will be achieved. It appears that the City acted responsibly in reporting the discharge and taking remedial action in response. It also appears that third parties are responsible for some of the alleged violations. While the applicable statute provides for penalties of up to $100,000 for each continuing violation, penalties approaching that level are not anticipated. The City's actions taken to date are being considered mitigating factors in the assessment of the appropriate penalty. The City intends to minimize its exposure by continuing to work with the EED to arrive at an acceptable settlement.

LAKE CHAMPLAIN BARGE CANAL

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

NORTH/SOUTH CONNECTOR PROJECT

In the 1980's, the City undertook a major project to construct connector highways on the north and south boundaries of the City. The northern part was completed in 1987. However, due to the fact that the southern route was to go through a hazardous waste "superfund" site known as the Barge Canal, construction in the south side has been delayed. The scope and route for the road has changed much over the years. The City, working with the State of Vermont, has redesigned the route of the highway and a plan is under consideration. Engineering and administrative fees in the amount of $151,329 were expended in FY 2008. Federal and State permitting and final design are ongoing and construction will not begin until at least 2010/2011.

CHITTENDEN SOLID WASTE DISTRICT

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

GRANT PROGRAMS

The City participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for, or including, the year ended June 30, 2008, have not yet been conducted. Accordingly, the City's compliance with application grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

CONSTRUCTION COMMITMENTS

The Airport has commitments for ongoing Airport Improvement Projects as well as the completion of construction in progress funded from the restricted assets. Airport Improvement Projects in progress include runway construction and improvement, land acquisition and mitigation and security enhancement.

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

On May 19, 2003, the City entered into a development agreement with Westlake Development to provide for the construction of a hotel and parking facility on the southeast corner of Battery and Cherry Streets. The City exercised its right to purchase land and completed construction of a parking garage containing 200 public spaces known as the Westlake Garage. As part of the agreement, the City financed and added two decks to the existing Lakeview Parking Garage adjacent to the hotel site in 2005. This was financed by funding in the form of $7,870,000 of Certificates of Participation (COP's). It is anticipated that repayment will come from additional property taxes that will accrue to the City within its tax increment financing (TIF) district. The developer recently completed construction of a hotel on this site and residential condominiums on the land adjacent to the Lakeview Garage. The final phase of the project provided for the construction of a project with affordable housing on City property known as "site A". The developer has not initiated construction of this phase and notified the City that the planned housing project was not viable. At the close of fiscal year 2008, the City and developer were in negotiations regarding resolution of this issue. Subsequently the City entered into an agreement effective December, 2008, with the hotel developer to lease the land and build a new hotel on "Site A."

TRANSPORTATION CENTER

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

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

At the close of fiscal year 2008, the City was in negotiations with the Chittenden County Transportation Authority (CCTA) to transfer the project authority, grant funding and liability from the City to the CCTA.

BURLINGTON TELECOM

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

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

This Phase III service was initiated in a defined area in the south end of the City in February, 2006. Construction and expansion of the system continued through FY 2006 and FY 2007. The original $2,600,000 was refinanced at a lower interest rate at this time also. During this time period, the City received Certificates of Public Good (CPG's) to operate cable television and telephone operations within the City. In June, 2005, the City purchased a building on 200 Church Street to house the equipment and administration for this service. In January, 2006 an additional $10,000,000 in financing was secured to cover construction and hookup costs to expand Phase III of the system. Subsequently, additional funding required for this project led to authorization by the City Council for a refinancing of the Koch financing and an additional lease/purchase financing for a total of $33 million with CitiCapital. This refinancing was completed in August 2007. The City anticipates a future financing to complete the build out of the network.

Burlington Telecom has negative pooled cash in the amount of $8,654,981 at June 30, 2008. Subsequent to year-end, that negative balance has increased substantially. The City intends to refinance its debt to include paying back the other City funds. The City believes it has the ability to do this, however, if this does not happen, it could have an adverse impact on the City's cash flow and on the classification of the negative cash resulting in a significant reduction in the City's General Fund fund balance.

MORAN PROJECT

The Moran Generating Plant located on Lake Champlain has been vacant since a decommissioning in 1986 by the Burlington Electric Department. The building was then turned over to the City and in 1993 the Public Service Board directed the City to repay Burlington Electric $375,000 for the property. As of June 30, 2008, the outstanding balance owed to BED on this note was $14,336.

In March, 2005, voters rejected a proposal on an advisory referendum which could have allowed the YMCA to locate on this site. Subsequently, the Community and Economic Development Office surveyed citizens regarding potential uses of the site. The survey was intended to help determine whether the building should be removed or repaired and, if repaired, which use is more preferred.

The public process on the future of Moran held in 2005 provided a shortlist of potential uses that were voted on in the March 2006 Moran Ballot Survey, now shown in concept drawings. On September 30, 2006, over 130 people came to the Moran Plant to view these concept drawings based on the list of potential uses. Many ideas were received and discussed. The City Council Park Arts and Culture Committee facilitated the public process and oversaw the completion of the concept drawings and comparative estimates for each use listed on the ballot. The concept drawings and estimates stimulated public interest in the future of Moran and assisted in providing information to the City Council and the public.

The Mayor and City Council, with the support of the CEDO staff, continued the planning and evaluation of redevelopment options. This effort led to a proposed project to renovate the Center to provide for an indoor ice climbing facility and related restaurant, a permanent home for a sailing center and a children's museum. These amenities would be provided by a private for profit company, the Ice Factor, and two non-profit entities, the Sailing Center and Green Mountain Children's Museum.

This proposed reuse of the Moran Center received voter approval in March 2008. Subsequently, the City, in conjunction with the three private sector partners, initiated more detailed design and engineering work.

C. Insurance Reserves

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City manages these risks through a combination of commercial insurance packages purchased in the name of the Electric, Airport and School Departments, and through the City's risk management program.

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

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

On January 1, 2007 the City purchased commercial insurance to manage all their risks except for workers' compensation claims. The City is self-insuring worker's compensation claims up to $250,000 per occurrence and with a $2,204,000 aggregate limit for calendar year 2007 and a $2,590,000 aggregate limit for calendar year 2008. The City has hired a third party administrator, the Travelers Indemnity Company, to process, pay and administer the claims after which they bill the City for reimbursement. The City has an irrevocable standby letter of credit with the Travelers Indemnity Company as beneficiary in the amount of $1,300,000 to secure the payment of claims.

The liability recorded at June 30, 2008 is based on the ultimate liability as determined by VLCT's and the City's actuaries. Claim liabilities are estimated based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The City self-insures for health insurance. The Plan is administered by a third party administrator that is responsible for approval, processing and payment of claims, after which they bill the City for reimbursement. The City has reinsurance for individual claims in excess of $125,000 for the 2008 policy year. The School is a member of Vermont Educational Health Initiative (VEHI). VEHI is a nonprofit corporation formed to provide health insurance and wellness programs for Vermont school districts and is owned by the participating members. The agreement does not permit VEHI to make additional assessments to its members.

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

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

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

At June 30, 2008, the City has recorded a liability of $480,395 included in accounts payable which represents reported health, dental, property, liability and worker's compensation claims incurred on or before June 30, 2008, but were not paid by the City as of that date. A reserve of $2,717,000 is included for claims incurred but not reported. This consists of $2,464,000 for property, liability and workers' compensation claims, $240,000 for health claims and $13,000 for dental claims. $148,378 of this reserve is carried in the General Fund as it is funded by a working fund deposit. This amount was determined by the third party administrators as described above for property, liability and workers' compensation and based on subsequent claims with a completion factor for health and dental.

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

The City has elected to pay actual unemployment claims instead of enrolling in an unemployment insurance program. No liabilities have been accrued as the City is not able to make an estimate as to any future costs. The City and School paid $58,112 and $19,956, respectively, in unemployment claims during fiscal year 2008.

D. Bonds/Debt Issued

1. On December 10, 2007, the City issued $2,750,000 General Obligations Bonds for the purpose of financing various capital improvements and for working capital for the General Fund, School Fund and Electric Fund.

2. At various points during the year, the City received a total of $57,653 from the State of Vermont Special Environmental Revolving Fund for the purpose of financing various Wastewater Plant and Line upgrades.

3. At various points during the year, the City issued and repaid $14,500,000 of tax and revenue anticipation notes.

E. Related Party Transactions

Burlington Community Development Corporation (BCDC) is a related non-profit corporation that was organized to carry out the industrial and economic development of the City of Burlington. The Board of Directors of the Corporation must all be members of the City of Burlington's Board of Finance. The City's Treasurer's Office prepares all accounting data for BCDC. BCDC also owns two (2) buildings on Airport property. BCDC owes the Airport $1,294,658 as of June 30, 2008 for financing of the recently constructed Aviation Support Hanger. BCDC also owes a City Capital Project Fund $810,000 for financing of its share of the new Westlake Parking Garage until permanent financing can be obtained.

The Retirement Fund utilized Chittenden Investment Services as the custodian of their retirement assets until September, 2007 The investment representative for Chittenden Investment Services is also the Chairman of the Retirement Board. The amount paid for custodial fees on the investment accounts to Chittenden Investment Services for the year ending June 30, 2008 was $27,949.

The City of Burlington Art's Department head is also the Executive Director of the Burlington City Arts Foundation, Inc. The Foundation has been the main funding source for the Firehouse Center Capital Project. As of June 30, 2008, the Burlington City Arts Foundation, Inc. owed the City Capital Project Funds $195,473 and the City's CEDO Fund $203,000 for capital expenditures on the Firehouse Center Project. The $203,000 owed to CEDO is recorded as a note receivable. $100,000 of this note receivable was repaid in 2009.

A City Councilor rented office space from the Telecom Fund for eight months during the year. The amount paid to the City was $3,600.

F. Lease Revenue

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

Lease revenue for the year ended June 30, 2008 was $5,791,090 which includes contingent rentals approximating $2,330,927. Minimum future lease revenue estimated to be received in each of the next five years under these agreements are as follows:

Year ending June 30,	
2009	$5,821,000
2010	$5,908,000
2011	$5,997,000
2012	$6,087,000
2013	$6,178,000

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

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

The City then subleased the same land to Donohoe O'Brien Burlington Square Limited Partnership (DOBBSLP) on the same date, under the same terms, whereas Donohoe O'Brien had to pay the City $80,000 per year There is a sublease agreement of option to purchase between the City and DOBBSLP.

The original loan amount dated February 1, 1993 showed a loan balance of $837,884 with interest at 4.7739%.

The City paid off the lease on August 1, 2008 in the amount of $347,845.

G. Defined Benefit Pension Plan and Other Benefits

CITY OF BURLINGTON
<u>Plan Description</u>

The City maintains a single employer defined benefit pension plan covering substantially all of its employees except elective officials, other than the mayor, and the majority of the public school teachers, who are eligible for the Vermont State Teacher's Retirement System. The plan is broken down into Class A participants and Class B participants. Class A participants are composed of firemen and policemen. Class B participants include all other covered City employees. The payroll for Class A and B employees covered by the system for the year ended June 30, 2008 was $8,818,170 and $27,659,957 respectively. The City's total payroll, except for school teachers, was $47,002,056.

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

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

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

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

There are 179 active members and 119 retirees and beneficiaries in Class A and 632 active members and 289 retirees and beneficiaries in Class B.

Actuarially Determined Contribution Requirements and Contribution Made

It is the policy of the City of Burlington to fund, by actuarially determined periodic contributions, the normal cost of the Plan plus a provision for amortization of past service cost over a thirty (30) year period from date of establishment. The contribution rate for normal cost is determined using the projected unit credit cost method with costs allocated based on earnings of plan members. For 2005, the City did not fund the total annual required contribution creating a net pension obligation of $1,596,290. For 2006, the City did not fund the total annual required contribution creating a current year net pension obligation of $756,403. In 2007, the City contributed more than the annual required contribution by $471,643. The City funded ninety-nine percent (99%) of the annual required contribution in 2008. The cumulative net pension obligation for the City is $2,010,707 which is being amortized over thirty (30) years with interest at eight percent (8%).

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

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

The total annual required contribution (ARC) to the system for 2008 was $6,044,832 which was computed through an actuarial valuation performed as of June 30, 2006. All funds, contributed approximately 11.03% percent of current covered payroll. The Electric Department also pays additional amounts based on exposure and past service. Class A and B employees contributed $1,722,568 (10.8% and 3% percent respectively of current covered payroll). The total required system contributions include past service cost amortization of the unfunded past service cost of $2,929,190.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess/ (Deficiency) of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess/ (Deficiency) as a Percentage of Covered Payroll (a-b/c)
6/30/2003	109,525,953	117,047,718	(7,521,765)	93.57%	27,776,329	-27.08%
6/30/2004	107,648,941	117,669,439	(10,020,498)	91.48%	29,369,106	-34.12%
6/30/2005	105,424,671	129,033,794	(23,609,123)	81.70%	30,575,851	-77.21%
6/30/2006	108,343,798	140,615,645	(32,271,847)	77.05%	30,954,711	-104.26%
6/30/2007	119,785,835	150,002,528	(30,216,693)	79.86%	34,256,676	-88.21%

SCHEDULE OF EMPLOYER CONTRIBUTION

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/2004	2,461,840	2,523,928	103%
6/30/2005	4,563,111	2,966,821	65%
6/30/2006	4,688,149	3,931,746	84%
6/30/2007	5,279,934	5,751,577	109%
6/30/2008	6,044,832	5,999,870	99%

SCHEDULE OF ANNUAL PENSION COST

	2008	2007	2006
Annual Required Contribution (ARC)	6,044,832	5,279,934	4,688,149
Interest on NPO	158,949	187,088	127,704
Adjustment to ARC	(180,061)	(208,985)	0
Annual Pension Cost (APC)	6,023,720	5,258,037	4,815,853
Employer Contributions Made	(5,999,870)	(5,751,577)	(3,931,746)
Increase/(Decrease) in NPO	23,850	(493,540)	884,107
NPO - Beginning of Year	1,986,857	2,480,397	1,596,290
NPO - End of Year	2,010,707	1,986,857	2,480,397
Percentage of APC Contributed	99.60%	109.39%	81.64%

SCHOOL DEPARTMENT PENSION

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

The State makes retirement contributions of approximately 6.62% of all eligible covered salaries on-behalf of the School District. The Schools' total payroll was $33,615,777, while its eligible covered payroll was $23,724,647 resulting in an estimated $1,570,572 of on-behalf payments. This amount is included as a Revenue and an Expense. Additional information regarding the Vermont State Teacher’s Retirement system can be obtained from the State of Vermont.

DEFERRED COMPENSATION

The City's also offers its employees two deferred compensation plans in accordance with Internal Revenue Code Section 457 through the International City/County Management Association's (ICMA) Retirement Corporation and the 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 investor.

POST EMPLOYMENT HEALTH BENEFITS

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

<u>Plan Descriptions</u>

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

In addition, the City allows certain retired employees to purchase health insurance through the City at the City's group rates. GASB No. 45 recognizes this as an implied subsidy and requires accrual of this liability. The City has approved charging their retirees an age adjusted premium. Therefore, the City has not accrued a liability at this time.

<u>Funding Policy</u>

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

Annual OPEB cost and Net OPEB Obligation

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

Annual Required Contributions	$362,506
Contributions Made	0
Increase in Net OPEB Obligation	362,506
Net OPEB Obligation, Beginning of Year	0
Net OPEB Obligation, End of Year	$362,506

Trend Information:

The School Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 3008 were as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	$362,506	0%	$362,506

Funded Status and Funding Progress:

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

Actuarial valuation of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employers are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, which is required supplementary information presents trend information that will show whether the actual value of plan asset is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2008 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions include a 4.0 percent investment rate of return (net of investment expenses) and an annual healthcare cost trend rate of nine (9%) percent initially, reduced by decrements to an ultimate rate of 5.0 percent after nine years. A 30 year amortization period is being used. The remaining amortization period at June 30, 2008 was 29 years.

SCHEDULE OF FUNDING PROGRESS

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

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

The City also provides post-employment health benefits to all eligible unionized Class A employees. This amount is funded monthly by the Retirement Fund and is equal to 1% of each employee's gross pay. The expense for the year ended June 30, 2008 was $67,851. Contributions prior to 1998 for current employees are being held in the Retirement Fund and shown as a liability. All other contributions after 1998 are being sent to and administered by Nationwide Retirement Solutions. As employees leave employment with the City, the Retirement Fund forwards the money to Nationwide Retirement Solutions. The Retirement Fund has guaranteed an earnings rate of 8% but assumes no other liability. The amount recorded as a liability in the Retirement Fund as of June 30, 2008 is $259,460.

H. Subsequent Events

1. On July 1, 2008, the City issued an $8,000,000 tax anticipation note payable to TD Banknorth, N.A. The note was repaid August 15, 2008.

2. On July 1, 2008, the Electric Department issued a $2,500,000 revenue anticipation note payable to TD Banknorth, N.A. The note was repaid August 15, 2008.

3. On August 16, 2008, the City issued a $10,000,000 tax anticipation note payable to TD Banknorth, N.A. The note was repaid March 15, 2009.

4. On August 19, 2008, the City issued a $6,000,000 revenue anticipation note payable to TD Banknorth, N.A. The note was repaid March 15, 2009.

5. On October 23, 2008, the City entered into a capital lease agreement with Sun Trust Leasing for $1,500,000. These proceeds were used to finance fiscal year 2008 capital purchases.

6. On December 18, 2008, the City issued a $6,000,000 tax anticipation note payable to TD Banknorth, N.A. The note was repaid June 16, 2009.

7. On December 26, 2008, the Burlington Electric Department issued an $8,000,000 revenue bond anticipation note (tax exempt series) and a $6,000,000 revenue bond anticipation note (taxable series) to TD Banknorth, N.A. Both notes were repaid April 20, 2009.

8. On February 24, 2009, the City issued $5,000,000 General Obligation Bond Anticipation Notes for the purpose of financing various capital improvements and for working capital for the General Fund ($1,000,000, School Fund ($750,000), Electric Fund ($1,000,000) and General Fund Street Repaving ($2,250,000). The note is due August 24, 2009.

9. On March 31, 2009, the City issued a $5,000,000 tax anticipation note payable to TD Banknorth, N.A. The note was repaid June 20, 2009.

10. On April 16, 2009, the City issued a $5,000,000 tax anticipation note payable to TD Banknorth, N.A. The note was repaid June 20, 2009.

11. On April 13, 2009, the Burlington Electric Department issued $21,000,000 General Obligation Public Improvement Bonds for the purpose financing improvements to electric facilities and distribution lines.

12. On June 8, 2009, the City Board of Finance approved the City to enter into a capital lease agreement with Municipal Leasing Consultants for $1,500,000. These proceeds are to be used to finance fiscal year 2009 capital purchases.

13. On March 3, 2009, the Burlington voters approved the following long term debt authority for the City to issue School General Obligation Bonds for capital improvements in the amount of $9,700,000; authority for Electric Department to issue up to $36,600,000 of revenue Supported General Obligation Bonds for capital additions and improvements and a charter change to increase School Department's annual borrowing for working capital and capital improvements from $750,000 to $2,000,000.

I. Operating Leases

The General Fund and CEDO Fund have operating leases for office space and land rent which end at various dates. The Electric Department has several operating leases for the rental of equipment and vehicles. Future minimum lease payments are as follows:

Year Ended	General and CEDO Funds	Electric Fund
2009	$ 150,570	$ 12,544
2010	145,203	0
2011	119,679	0
2012	90,363	0
Total	$ 505,815	$ 12,544

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

J. Segment Information

The City issued a revenue bond to finance its water system upgrade. Investors in the bond rely solely on the revenue generated by the Water Fund for repayment. Summary financial information for the Water Fund is presented below. The City also leases office space for the Marketplace Fund for $12,000 per year, which is an annual lease.

CONDENSED STATEMENT OF NET ASSETS

Assets:

Current Assets	$ 586,667
Restricted Assets	1,398,838
Other Non-Current Assets	78,403
Capital Assets	13,639,808
Total Assets	15,703,716

Liabilities:	
Current Liabilities	$ 1,411,095
Noncurrent Liabilities	4,989,158
Total Liabilities	6,400,253
Net Assets:	$ 9,303,463

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Water Charges (Pledged Against Bonds)	$ 5,004,775
Depreciation Expense	(726,355)
Other Operating Expenses	(3,695,231)
Operating Income	583,189
Nonoperating Revenues/(Expenses):	
Investment Earnings	22,856
Interest Expense	(352,641)
Amortization of Bond Issue Costs	(19,600)
Total Nonoperating Revenues/(Expenses)	(349,385)
Change in Net Assets	233,804
Beginning Net Assets	9,069,659
Ending Net Assets	$ 9,303,463

CONDENSED STATEMENT OF CASH FLOWS

Net Cash Provided by:	
Operating Activities	$ 1,260,924
Noncapital Financing Activities	(4,959)
Capital and Related Financing Activities	(1,993,896)
Investing Activities	6,284
Net Increase (Decrease) in Cash	(731,647)
Beginning Cash and Cash Equivalents	181,179
Ending Cash and Cash Equivalents	$ (550,468)

CITY OF BURLINGTON, VERMONT
COMBINING BALANCE SHEET
SCHOOL FUND
JUNE 30, 2008

	General	Title I, II, III,IV,V Grants	Other Grant Special Revenue	Vocational Center	Other Special Revenue	Total
ASSETS						
Cash	$ 2,889,477	$ 583,855	$ 665,709	$ 261,366	$ 468,760	$ 4,869,167
Investments	0	0	0	0	23,985	23,985
Receivables	611,071	3,289	222,297	0	0	836,657
Total Assets	$ 3,500,548	$ 587,144	$ 888,006	$ 261,366	$ 492,745	$ 5,729,809
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts Payable	$ 350,479	$ 86,714	$ 20,783	$ 0	$ 47	$ 458,023
Accrued Payroll and Benefits	3,402,682	367,481	297,574	192,020	2,601	4,262,358
Deferred Revenue	513,693	132,949	654,438	69,346	0	1,370,426
Total Liabilities	4,266,854	587,144	972,795	261,366	2,648	6,090,807
Fund Balance/(Deficit):						
Reserved for:						
Other Purposes	0	0	0	0	490,097	490,097
Unreserved:						
Undesignated	(766,306)	0	(84,789)	0	0	(851,095)
Total Fund Balance/(Deficit)	(766,306)	0	(84,789)	0	490,097	(360,998)
Total Liabilities and Fund Balance	$ 3,500,548	$ 587,144	$ 888,006	$ 261,366	$ 492,745	$ 5,729,809

CITY OF BURLINGTON, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
SCHOOL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	General	Title I, II, III, IV, V Grants	Other Grant Special Revenue	Vocational Center	Other Special Revenue	Total
Revenues:						
Payments in Lieu of Taxes	$ 1,459,794	$ 0	$ 0	$ 0	$ 0	$ 1,459,794
Intergovernmental	40,069,634	3,568,587	3,664,159	1,684,534	131,811	49,118,725
Charges for Services	295,087	0	388,240	483,057	148,096	1,314,480
Other	392,115	0	0	0	397,893	790,008
Investment Income	139,885	0		0	0	139,885
Total Revenues	42,356,515	3,568,587	4,052,399	2,167,591	677,800	52,822,892
Expenditures:						
Education	41,122,589	3,568,587	4,761,946	2,519,255	674,375	52,646,752
Debt Service:						
Bond and Note Principal Retirement	821,257	0	0	12,735	0	833,992
Lease Principal Retirement	15,273	0	0	0	0	15,273
Interest Charges	346,371	0	0	1,601	0	347,972
Total Expenditures	42,305,490	3,568,587	4,761,946	2,533,591	674,375	53,843,989
Excess/(Deficiency) of Revenues Over Expenditures	51,025	0	(709,547)	(366,000)	3,425	(1,021,097)
Other Financing Sources/(Uses):						
Transfer In	33,428	0	704,438	366,000	0	1,103,866
Transfer Out	(1,070,438)	0		0	(21,976)	(1,092,414)
Proceeds of Long-Term Debt	43,374	0	0	0	0	43,374
Total Other Financing Sources/(Uses)	(993,636)	0	704,438	366,000	(21,976)	54,826
Net Change in Fund Balance	(942,611)	0	(5,109)	0	(18,551)	(966,271)
Fund Balance/(Deficit) - July 1, 2007	176,305	0	(79,680)	0	508,648	605,273
Fund Balance/(Deficit) - June 30, 2008	$ (766,306)	$ 0	$ (84,789)	$ 0	$ 490,097	$ (360,998)

CITY OF BURLINGTON, VERMONT
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2008

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
ASSETS:				
Cash	$ (466,807)	$ (3,792,149)	$ 931,646	$ (3,327,310)
Investments	0	85,177	108,298	193,475
Receivables (Net of Allowance for Doubtful Accounts)	940,577	1,719,543	125	2,660,245
Loans Receivable	2,521,863	0	0	2,521,863
Accrued Interest Receivable	555,467	0	0	555,467
Inventories	154,195	0	0	154,195
Prepaid Expenses	2,272	0	0	2,272
Due From Component Unit	0	810,000	0	810,000
Land Held for Resale	549,352	0	0	549,352
Total Assets	$ 4,256,919	$ (1,177,429)	$ 1,040,069	$ 4,119,559
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts and Contracts Payable	$ 211,383	$ 545,036	$ 0	$ 756,419
Accrued Liabilities	78,486	0	0	78,486
Due to Other Funds	10,949	0	0	10,949
Interfund Loan Payable	0	52,917	0	52,917
Deferred Revenue	3,874,364	1,524,299	0	5,398,663
Total Liabilities	4,175,182	2,122,252	0	6,297,434
Fund Balances/(Deficit):				
Reserved for:				
Inventory and Prepaid Expenses	156,467	0	0	156,467
Reserved for Restricted Purposes	231,736	83,993	1,040,069	1,355,798
Unreserved	(306,466)	(3,383,674)	0	(3,690,140)
Total Fund Balances/(Deficit)	81,737	(3,299,681)	1,040,069	(2,177,875)
Total Liabilities and Fund Balances	$ 4,256,919	$ (1,177,429)	$ 1,040,069	$ 4,119,559

CITY OF BURLINGTON, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
REVENUES:				
Intergovernmental Revenues	$ 2,922,738	$ 2,229,322	$ 0	$ 5,152,060
Taxes	1,221,466	0	0	1,221,466
Charges for Services	3,858,701	0	0	3,858,701
Licenses and Permits	660,104	0	0	660,104
Loan Repayments	1,236,092	0	0	1,236,092
Interest	90,955	12,800	30,816	134,571
Other Revenues	119,960	425,706	56,641	602,307
Total Revenues	10,110,016	2,667,828	87,457	12,865,301
EXPENDITURES:				
Current expenditures				
General Government	3,195	0	0	3,195
Public works	4,468,924	174,491	0	4,643,415
Community Development	3,561,477	631,954	0	4,193,431
Education	0	0	4,146	4,146
Capital expenditures	0	3,681,710	0	3,681,710
Debt service expenditures				
Bond and Note Principal	2,561,116	45,477	0	2,606,593
Lease Principal	41,229	0	0	41,229
Interest	723,840	42,888	0	766,728
Bond Issue Costs	4,661	13,977	0	18,638
Total Expenditures	11,364,442	4,590,497	4,146	15,959,085
Excess/(Deficiency) of Revenues Over Expenditures	(1,254,426)	(1,922,669)	83,311	(3,093,784)
OTHER FINANCING SOURCES/(USES):				
Proceeds of Long-term Debt	0	750,000	0	750,000
Net Premium on Debt	0	2,173	0	2,173
Transfers in	776,079	505,719	0	1,281,798
Transfers out	(251,299)	(65,540)	(30,472)	(347,311)
Total Other Financing Sources/(Uses)	524,780	1,192,352	(30,472)	1,686,660
Net Change in Fund Balances	(729,646)	(730,317)	52,839	(1,407,124)
Fund Balances/(Deficit) - July 1, 2007	811,383	(2,569,364)	987,230	(770,751)
Fund Balances/(Deficit) - June 30, 2008	$ 81,737	$ (3,299,681)	$ 1,040,069	$ (2,177,875)

CITY OF BURLINGTON, VERMONT
COMBINING BALANCE SHEET
CITY SPECIAL REVENUE FUNDS
JUNE 30, 2008

	Traffic Commission Fund	Community and Economic Development Fund	Housing Trust Fund	Tax Increment Financing Fund	Church Street Marketplace Fund	Mary E. Wadell Fund	Total
ASSETS:							
Cash	$ 295,122	$ (800,801)	$ 66,703	$ (37,425)	$ (4,086)	$ 13,680	$ (466,807)
Receivables (Net of Allowance for Doubtful Accounts)	9,874	900,244	0	0	30,459	0	940,577
Loans Receivable	0	2,521,863	0	0	0	0	2,521,863
Interest Receivable	0	555,467	0	0	0	0	555,467
Land Held For Resale	0	549,352	0	0	0	0	549,352
Inventories	154,195	0	0	0	0	0	154,195
Prepaid Expense	1,622	650	0	0	0	0	2,272
Total Assets	$ 460,813	$ 3,726,775	$ 66,703	$ (37,425)	$ 26,373	$ 13,680	$ 4,256,919
LIABILITIES AND FUND BALANCES:							
Liabilities:							
Accounts and Contracts Payable	$ 36,196	$ 140,388	$ 20,000	$ 0	$ 14,799	$ 0	$ 211,383
Accrued Liabilities	40,071	27,281	4,576	0	6,558	0	78,486
Due to Other Funds	7,783	2,009	0	0	1,157	0	10,949
Deferred Revenue	2,890	3,814,469	0	0	57,005	0	3,874,364
Total Liabilities	86,940	3,984,147	24,576	0	79,519	0	4,175,182
Fund Balances/(Deficit):							
Reserved for:							
Inventory and Prepaid Expenses	155,817	650	0	0	0	0	156,467
Reserved for Restricted Purposes	218,056	0	0	0	0	13,680	231,736
Unreserved	0	(258,022)	42,127	(37,425)	(53,146)	0	(306,466)
Total Fund Balances/(Deficit)	373,873	(257,372)	42,127	(37,425)	(53,146)	13,680	81,737
Total Liabilities and Fund Balances	$ 460,813	$ 3,726,775	$ 66,703	$ (37,425)	$ 26,373	$ 13,680	$ 4,256,919

CITY OF BURLINGTON, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CITY SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Traffic Commission Fund	Community and Economic Development Fund	Housing Trust Fund	Tax Increment Financing Fund	Church Street Marketplace Fund	Mary E. Wadell Fund	Total
Revenues:							
Intergovernmental	$ 0	$ 2,672,738	$ 0	$ 250,000	$ 0	$ 0	$ 2,922,738
Taxes	0	0	0	1,221,466	0	0	1,221,466
Charges for Services	3,629,352	164,983	33,320	4,698	26,348	0	3,858,701
Licenses and Permits	0	0	0	0	660,104	0	660,104
Loan Repayments	0	1,236,092	0	0	0	0	1,236,092
Interest Income	19,812	70,729	0	0	0	414	90,955
Other Revenues	0	47,750	0	0	72,210	0	119,960
Total Revenues	3,649,164	4,192,292	33,320	1,476,164	758,662	414	10,110,016
Expenditures:							
Current:							
General Government	0	0	0	3,195	0	0	3,195
Public Works	3,699,977	0	0	0	768,947	0	4,468,924
Community Development	0	3,379,631	181,846	0	0	0	3,561,477
Debt Service:							
Bond and Note Principal Retirement	406,724	1,259,000	0	895,392	0	0	2,561,116
Lease Principal Retirement	31,595	3,553	0	0	6,081	0	41,229
Interest Charges	38,867	69,649	0	615,002	322	0	723,840
Bond Issue Costs	0	4,661	0	0	0	0	4,661
Total Expenditures	4,177,163	4,716,494	181,846	1,513,589	775,350	0	11,364,442
Excess/(Deficiency) of Revenue Over Expenditures	(527,999)	(524,202)	(148,526)	(37,425)	(16,688)	414	(1,254,426)
Other Financing Sources/(Uses):							
Transfers In	391,436	183,891	190,044	0	10,708	0	776,079
Transfers Out	(240,993)	(5,871)	0	0	(4,435)	0	(251,299)
Total Other Financing Sources	150,443	178,020	190,044	0	6,273	0	524,780
Net Change in Fund Balance	(377,556)	(346,182)	41,518	(37,425)	(10,415)	414	(729,646)
Fund Balances/(Deficit) - July 1, 2007	751,429	88,810	609	0	(42,731)	13,266	811,383
Fund Balances/(Deficit) - June 30, 2008	$ 373,873	$ (257,372)	$ 42,127	$ (37,425)	$ (53,146)	$ 13,680	$ 81,737

CITY OF BURLINGTON, VERMONT
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2008

	City Capital Projects						
	Southern Connector	South End & Downtown Transit Centers	Fuel Depot	Street Improve- ment Projects	Riverside Ave. & North Street Projects	DPW New Facility, Moran Building & Heating Upgrades	Downtown Planning & Queen City Bridge
ASSETS:							
Cash	$ (552,819)	$ (76,066)	$ (5,303)	$ (371,999)	$ (380,378)	$ 0	$ (3,416)
Investments	0	0	0	0	0	0	0
Due from Component Unit	0	0	0	0	0	0	0
Receivables	633,149	85,404	9,423	442,823	23,069	0	0
Total Assets	$ 80,330	$ 9,338	$ 4,120	$ 70,824	$ (357,309)	$ 0	$ (3,416)
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable	$ 0	$ 9,338	$ 4,120	$ 70,824	$ 25,000	$ 0	$ 0
Interfund Loan Payable	0	0	0	0	0	52,917	0
Deferred Revenue	633,149	85,404	9,423	256,371	23,069	0	0
Total Liabilities	633,149	94,742	13,543	327,195	48,069	52,917	0
Fund Balance/(Deficit):							
Reserved for Restricted Purposes	0	0	0	0	0	0	0
Unreserved	(552,819)	(85,404)	(9,423)	(256,371)	(405,378)	(52,917)	(3,416)
Total Fund Balance/(Deficit)	(552,819)	(85,404)	(9,423)	(256,371)	(405,378)	(52,917)	(3,416)
Total Liabilities and Fund Balance	$ 80,330	$ 9,338	$ 4,120	$ 70,824	$ (357,309)	$ 0	$ (3,416)

						School Capital Projects	
Engelsby Brook & Barge Canal Pond	N. Winooski Streetscape & Battery St. Projects	Firehouse Center	Other Capital Projects	2008 Master Lease Purchase Funds	Lakeview and College St. Garages & Westlake Projects	School Bond Capital Projects	Total
$ 119,701	$ (259,397)	$ (195,473)	$ 51,172	$ (1,334,894)	$ (807,182)	$ 23,905	$ (3,792,149)
0	0	0	0	0	85,177	0	85,177
0	0	0	0	0	810,000	0	810,000
0	302,698	0	37,187	0	0	185,790	1,719,543
$ 119,701	$ 43,301	$ (195,473)	$ 88,359	$ (1,334,894)	$ 87,995	$ 209,695	$ (1,177,429)
$ 93	$ 43,301	$ 0	$ 18,670	$ 0	$ 73,693	$ 299,997	$ 545,036
0	0	0	0	0	0	0	52,917
153,316	155,771	0	22,006	0	0	185,790	1,524,299
153,409	199,072	0	40,676	0	73,693	485,787	2,122,252
0	0	0	69,691	0	14,302	0	83,993
(33,708)	(155,771)	(195,473)	(22,008)	(1,334,894)	0	(276,092)	(3,383,674)
(33,708)	(155,771)	(195,473)	47,683	(1,334,894)	14,302	(276,092)	(3,299,681)
$ 119,701	$ 43,301	$ (195,473)	$ 88,359	$ (1,334,894)	$ 87,995	$ 209,695	$ (1,177,429)

CITY OF BURLINGTON, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	City Capital Projects						
	Southern Connector	South End & Downtown Transit Centers	Fuel Depot	Street Improve-ment Projects	Riverside Ave. & North Street Projects	DPW New Facility, Moran Building & Heating Upgrades	Downtown Planning & Queen City Bridge
Revenues:							
Intergovernmental Revenue	$ 0	$ 57,636	$ 685,417	$ 504,016	$ 0	$ 0	$ 100,165
Investment Income	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	346,759	0
Total Revenues	0	57,636	685,417	504,016	0	346,759	100,165
Expenditures:							
Construction/Purchases	148,463	67,385	76,803	750,854	0	0	0
Engineering and Administrative Fees	0	0	0	5	28,710	0	32,097
Legal and Miscellaneous Expenses	2,866	639	64	0	15,393	0	0
Sub-Grant Expense	0	0	631,954	0	0	0	0
Debt Service:							
Principal	0	0	0	0	45,477	0	0
Interest	0	0	0	0	1,098	31,726	0
Bond Issue Costs	0	0	0	0	0	0	0
Total Expenditures	151,329	68,024	708,821	750,859	90,678	31,726	32,097
Excess/(Deficiency) of Revenues Over Expenditures	(151,329)	(10,388)	(23,404)	(246,843)	(90,678)	315,033	68,068
Other Financing Sources:							
Proceeds of Long-Term Debt	0	0	0	0	0	0	0
Net Premium on Debt	0	0	0	0	0	0	0
Transfers In	3,116	13,477	13,981	152,738	90,678	106,475	9,344
Transfers Out	0	0	0	0	0	0	0
Total Other Financing Sources	3,116	13,477	13,981	152,738	90,678	106,475	9,344
Net Changes in Fund Balance	(148,213)	3,089	(9,423)	(94,105)	0	421,508	77,412
Fund Balance/(Deficit) - - July 1, 2007	(404,606)	(88,493)	0	(162,266)	(405,378)	(474,425)	(80,828)
Fund Balance/(Deficit) - - June 30, 2008	$ (552,819)	$ (85,404)	$ (9,423)	$ (256,371)	$ (405,378)	$ (52,917)	$ (3,416)

						School Capital Projects	
Engelsby Brook & Barge Canal Pond	N. Winooski Streetscape & Battery St. Projects	Firehouse Center	Other Capital Projects	2008 Master Lease Purchase Funds	Lakeview and College St. Garages & Westlake Projects	School Bond Capital Projects	Total
$ 28,865	$ 306,717	$ 0	$ 15,181	$ 0	$ 0	$ 531,325	$ 2,229,322
0	0	0	0	0	12,800	0	12,800
0	0	0	78,947	0	0	0	425,706
28,865	306,717	0	94,128	0	12,800	531,325	2,667,828
0	373,963	0	98,413	1,262,458	115,210	788,161	3,681,710
340	4,410	0	17,111	6,896	10,690	0	100,259
0	0	370	0	0	54,900	0	74,232
0	0	0	0	0	0	0	631,954
0	0	0	0	0	0	0	45,477
0	0	10,064	0	0	0	0	42,888
0	0	0	0	0	0	13,977	13,977
340	378,373	10,434	115,524	1,269,354	180,800	802,138	4,590,497
28,525	(71,656)	(10,434)	(21,396)	(1,269,354)	(168,000)	(270,813)	(1,922,669)
0	0	0	0	0	0	750,000	750,000
0	0	0	0	0	0	2,173	2,173
0	75,565	0	40,345	0	0	0	505,719
0	0	0	0	(65,540)	0	0	(65,540)
0	75,565	0	40,345	(65,540)	0	752,173	1,192,352
28,525	3,909	(10,434)	18,949	(1,334,894)	(168,000)	481,360	(730,317)
(62,233)	(159,680)	(185,039)	28,734	0	182,302	(757,452)	(2,569,364)
$ (33,708)	$ (155,771)	$ (195,473)	$ 47,683	$ (1,334,894)	$ 14,302	$ (276,092)	$ (3,299,681)

CITY OF BURLINGTON, VERMONT
COMBINING SCHEDULE OF NET ASSETS
OTHER PROPRIETARY FUNDS
JUNE 30, 2008

	Water Fund	School Food Service Enterprise Fund	School Other Enterprise Funds	Total
ASSETS				
Current Assets:				
Cash	$ (550,468)	$ 549,653	$ 13,741	$ 12,926
Restricted Investments	1,238,838	0	0	1,238,838
Receivables (Net of Allowance for Uncollectible Accounts)	565,374	179,817	0	745,191
Unbilled Receivables	342,274	0	0	342,274
Accrued Interest Receivables	1,553	0	0	1,553
Inventory	227,420	2,970	0	230,390
Other Current Assets	514	0	0	514
Total Current Assets	1,825,505	732,440	13,741	2,571,686
Noncurrent Assets:				
Restricted Investments	160,000	0	0	160,000
Deferred Charges	78,403	0	0	78,403
Capital Assets				
Land	51,250	0	0	51,250
Vehicles, Machinery and Equipment	1,195,969	334,143	0	1,530,112
Transmission and Distribution Plant	33,932,134	0	0	33,932,134
Less Accumulated Depreciation	(21,539,545)	(232,153)	0	(21,771,698)
Total Noncurrent Assets	13,878,211	101,990	0	13,980,201
Total Assets	$ 15,703,716	$ 834,430	$ 13,741	$ 16,551,887
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 28,536	$ 235	$ 0	$ 28,771
Accrued Payroll and Benefits	23,877	0	0	23,877
Due to Other Funds	3,233	0	0	3,233
Deferred Revenue	18,431	0	0	18,431
Payable From Restricted Assets:				
Accrued Interest Payable	148,838	0	0	148,838
Revenue Bonds Payable - Current Portion	1,090,000	0	0	1,090,000
Capital Leases Payable - Current Portion	98,180	14,734	0	112,914
Total Current Liabilities	1,411,095	14,969	0	1,426,064
Noncurrent Liabilities:				
Accrued Compensated Absences Payable	134,027	0	0	134,027
Revenue Bonds Payable	4,764,202	0	0	4,764,202
Capital Leases Payable	90,929	0	0	90,929
Total Noncurrent Liabilities	4,989,158	0	0	4,989,158
Total Liabilities	6,400,253	14,969	0	6,415,222
NET ASSETS				
Investment in Capital Assets, Net of Related Debt	7,674,900	87,256	0	7,762,156
Restricted	1,250,000	0	0	1,250,000
Unrestricted	378,563	732,205	13,741	1,124,509
Total Net Assets	9,303,463	819,461	13,741	10,136,665
Total Liabilities and Net Assets	$ 15,703,716	$ 834,430	$ 13,741	$ 16,551,887

CITY OF BURLINGTON, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
OTHER PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Water Fund	School Food Service Enterprise Fund	School Other Enterprise Funds	Total
OPERATING REVENUES:				
Charges for Services	$ 4,909,045	$ 2,035,325	$ 88,816	$ 7,033,186
Miscellaneous	95,730	0	0	95,730
Total Operating Revenues	5,004,775	2,035,325	88,816	7,128,916
OPERATING EXPENSES:				
Operating, Maintenance, and General and Administrative Expenses	3,475,218	1,913,210	90,416	5,478,844
Depreciation	726,355	17,947	0	744,302
Payments in Lieu of Taxes	220,013	0	0	220,013
Total Operating Expenses	4,421,586	1,931,157	90,416	6,443,159
Operating Income /(Loss)	583,189	104,168	(1,600)	685,757
NONOPERATING REVENUES (EXPENSES):				
Investment Income	22,856	0	0	22,856
Interest Expense	(352,641)	0	0	(352,641)
Amortization of Debt Issue Costs	(19,600)	0	0	(19,600)
Total Nonoperating Revenues (Expenses)	(349,385)	0	0	(349,385)
Change in Net Assets	233,804	104,168	(1,600)	336,372
Net Assets - July 1, 2007	9,069,659	715,293	15,341	9,800,293
Net Assets - June 30, 2008	$ 9,303,463	$ 819,461	$ 13,741	$ 10,136,665

CITY OF BURLINGTON, VERMONT
COMBINING SCHEDULE OF CASH FLOWS
OTHER PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Water Fund	School Food Service Enterprise Fund	School Other Enterprise Funds	Total
Cash Flows From Operating Activities:				
Receipts from Customers and Users	$ 4,839,856	$ 2,129,934	$ 88,816	$ 7,058,606
Receipts for Interfund Services	130,257	0	0	130,257
Payments to Suppliers	(1,371,366)	(1,190,970)	(90,416)	(2,652,752)
Payments for Wages and Benefits	(1,556,466)	(717,977)	0	(2,274,443)
Payments for Interfund Services	(561,344)	0	0	(561,344)
Payments in Lieu of Taxes	(220,013)	0	0	(220,013)
Net Cash Provided/(Used) by Operating Activities	1,260,924	220,987	(1,600)	1,480,311
Cash Flows From Noncapital Financing Activities:				
Net change in cash Deposited with city Treasurer	0	0	0	0
Interest Paid on Cash Deficit to General Fund	(4,959)	0	0	(4,959)
Cash Provided by Noncapital Financing Activities	(4,959)	0	0	(4,959)
Cash Flows From Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(522,855)	0	0	(522,855)
Principal Paid on:				
Revenue Bonds	(1,045,000)	0	0	(1,045,000)
Capital Lease Obligations	(94,990)	(13,796)	0	(108,786)
Interest Paid on :				
Revenue Bonds	(322,494)	0	0	(322,494)
Capital Lease Obligations	(8,557)	0	0	(8,557)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(1,993,896)	(13,796)	0	(2,007,692)
Cash Flows From Investing Activities:				
Net (Additions)/Reductions to Restricted Cash and Investments	(20,182)	0	0	(20,182)
Receipt of Interest & Dividends	26,466	0	0	26,466
Net Cash Provided by Investing Activities	6,284	0	0	6,284
Net Increase/(Decrease) in Cash	(731,647)	207,191	(1,600)	(526,056)
Cash - July 1, 2007	181,179	342,462	15,341	538,982
Cash - June 30, 2008	$ (550,468)	$ 549,653	$ 13,741	$ 12,926
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Operating Income/(Loss)	$ 583,189	$ 104,168	$ (1,600)	$ 685,757
Depreciation	726,355	17,947	0	744,302
(Increase)/Decrease in Receivables	(84,529)	94,609	0	10,080
(Increase)/Decrease in Unbilled Revenues	89,399	0	0	89,399
(Increase)/Decrease in Inventory	(58,654)	4,655	0	(53,999)
Increase/(Decrease) in Accounts Payable	(4,154)	(392)	0	(4,546)
Increase/(Decrease) in Prepaid Pension/Net Pension Obligation	40,927	0	0	40,927
Increase/(Decrease) in Accrued Payroll And Benefits	5,040	0	0	5,040
Increase/(Decrease) in Other Operating Assets/Liabilities	(36,649)	0	0	(36,649)
Net Cash Provided/(Used) by Operating Activities	$ 1,260,924	$ 220,987	$ (1,600)	$ 1,480,311

CITY OF BURLINGTON, VERMONT
COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2008

	Cemetery Fund	Loomis Library Fund	Lolita Deming Estate Fund	School Land Rent Fund	Westford Scholarship Fund	WEZF 93 FM DARE Fund	Total
ASSETS:							
Cash	$ 904,488	$ 10,948	$ 10,498	$ 3,509	$ 0	$ 2,203	$ 931,646
Investments	100,000	0	0	8,298	0	0	108,298
Accrued Interest Receivable	125	0	0	0	0	0	125
TOTAL ASSETS	$ 1,004,613	$ 10,948	$ 10,498	$ 11,807	$ 0	$ 2,203	$ 1,040,069
LIABILITIES AND FUND BALANCE							
LIABILITIES:	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Total Liabilities	0	0	0	0	0	0	0
FUND BALANCE:							
Reserved for Endowments	1,004,613	10,948	2,486	1,603	0	1,000	1,020,650
Reserved for Restricted Purposes	0	0	8,012	10,204	0	1,203	19,419
Total Fund Balance	1,004,613	10,948	10,498	11,807	0	2,203	1,040,069
Total Liabilities and Fund Balance	$ 1,004,613	$ 10,948	$ 10,498	$ 11,807	$ 0	$ 2,203	$ 1,040,069

CITY OF BURLINGTON, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Cemetery Fund	Loomis Library Fund	Lolita Deming Estate Fund	School Land Rent Fund	Westford Scholarship Fund	WEZF 93 FM DARE Fund	Total
REVENUES:							
Investment Income	$ 30,132	$ 341	$ 111	$ 165	$ 0	$ 67	$ 30,816
Sale of Endowments	56,641	0	0	0	0	0	56,641
Total Revenues	86,773	341	111	165	0	67	87,457
EXPENDITURES:							
Education	0	0	0	0	4,146	0	4,146
Total Expenditures	0	0	0	0	4,146	0	4,146
Excess of Revenues Over Expenditures	86,773	341	111	165	(4,146)	67	83,311
OTHER FINANCING SOURCES/(USES):							
Transfers to Cemetery Department	(30,131)	0	0	0	0	0	(30,131)
Transfers to Library Department	0	(341)	0	0	0	0	(341)
Total Other Financing Sources/(Uses)	(30,131)	(341)	0	0	0	0	(30,472)
Net Change in Fund Balances	56,642	0	111	165	(4,146)	67	52,839
Fund Balances, July 1, 2007	947,971	10,948	10,387	11,642	4,146	2,136	987,230
Fund Balances, June 30, 2008	$ 1,004,613	$ 10,948	$ 10,498	$ 11,807	$ 0	$ 2,203	$ 1,040,069

CITY OF BURLINGTON, VERMONT
COMBINING BALANCE SHEET
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2008

	Louisa Howard Fund	Walter Carpenter Fund	Vondry Trust Fund	Raymond Tracy Estate Fund	Scholarship Trust Fund	Reed Estate Fund	Fireman's Relief Fund	Christmas Gift Fund	Total
ASSETS									
Cash	$ 27,678	$ 1,785	$ 0	$ 0	$ 0	$ 0	$ 619	$ 1,596	$ 31,678
Investments	0	5,532	0	18,542	148,300	4,475	0	0	176,849
Interest Receivable	0	0	0	0	0	0	0	0	0
Total Assets	$ 27,678	$ 7,317	$ 0	$ 18,542	$ 148,300	$ 4,475	$ 619	$ 1,596	$ 208,527
LIABILITIES AND FUND BALANCE									
LIABILITIES:	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Total Liabilities	0	0	0	0	0	0	0	0	0
FUND BALANCE:									
Reserved for endowments	500	2,000	0	0	0	3,434	0	0	5,934
Reserved for restricted purposes	27,178	5,317	0	18,542	148,300	1,041	619	1,596	202,593
Total Fund Balance	27,678	7,317	0	18,542	148,300	4,475	619	1,596	208,527
Total Liabilities and Fund Balance	$ 27,678	$ 7,317	$ 0	$ 18,542	$ 148,300	$ 4,475	$ 619	$ 1,596	$ 208,527

CITY OF BURLINGTON, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Louisa Howard Fund	Walter Carpenter Fund	Vondry Trust Fund	Raymond Tracy Estate Fund	Scholarship Trust Fund	Reed Estate Fund	Fireman's Relief Fund	Christmas Gift Fund	Total
OPERATING REVENUES:									
Investment income	$ 276	$ 51	$ 261	$ 480	$ 5,794	$ 149	$ 6	$ 16	$ 7,033
Total Operating Revenues	276	51	261	480	5,794	149	6	16	7,033
OPERATING EXPENSES:									
Education	0	0	0	0	2,779	0	0	0	2,779
Total Operating Expenses	0	0	0	0	2,779	0	0	0	2,779
Net Income before transfers	276	51	261	480	3,015	149	6	16	4,254
OTHER FINANCING SOURCES/(USES):									
Transfer Out	0	0	(11,452)	0	0	0	0	0	(11,452)
Total Other Financing Sources/(Uses)	0	0	(11,452)	0	0	0	0	0	(11,452)
Net Income	276	51	(11,191)	480	3,015	149	6	16	(7,198)
Fund Balance - July 1, 2007	27,402	7,266	11,191	18,061	145,285	4,327	613	1,580	215,725
Fund Balance - June 30, 2008	$ 27,678	$ 7,317	$ 0	$ 18,541	$ 148,300	$ 4,476	$ 619	$ 1,596	$ 208,527