
CITY OF BURLINGTON VERMONT



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2016



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CITY OF BURLINGTON, VERMONT

Comprehensive Annual Financial Report

For the Year Ended June 30, 2016



Prepared by:
The Clerk Treasurer Office

Bob Rusten
Chief Administrative Officer

Rich Goodwin
Director of Financial Operations

Ann Barton
Comptroller

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CITY OF BURLINGTON, VERMONT

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**INTRODUCTORY
SECTION**

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January 24, 2017

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

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

The Comprehensive Annual Financial Report of the City of Burlington for the Fiscal Year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the following data, including financial statements, supporting schedules and statistical tables, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. To provide a reasonable basis for making representations, management has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and compile sufficient reliable information to the preparation of the financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Fiscal year 2016 represents the first year that the City of Burlington has compiled a Comprehensive Annual Financial Report (CAFR). The compilation of this report required a substantial time investment by the Clerk/Treasurer's Office, but we are proud to continue our commitment to expanded disclosures of our financial position and results of operations.

City Charter, as well as State statutes, requires an annual audit by independent certified public accounts. The City's audit firm is Melanson Heath. The independent auditors' report is located at the front of the financial section of this report. In addition, the audit was designed to meet the requirements of the Single Audit Act Amendments of 1996, including requirements relating to preparation of the schedule of expenditures of federal awards, or Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (the Uniform Guidance), as applicable. Information related to the Single Audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, is not included in this year's CAFR but is available in a separate report.

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

THE CITY OF BURLINGTON

The source for this section is the *Introduction to Official Statement*, dated November 1, 2016.

Description of the City

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

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

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

Bus service is provided by Greyhound Lines, Megabus, and Vermont Trans Lines (operated by Vermont Agency of Transportation). Freight service is provided by the Vermont Railway Corporation and Rail America. The Chittenden County Transportation Authority, which represents Burlington, Essex Junction, South Burlington, Shelburne, Charlotte and Winooski, provides local bus service.

Form of Government

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

City Services

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

Community Amenities

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

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

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

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

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

In 2008 a U.S. Centers for Disease Control and Prevention named the City America's healthiest city.

In May 2010, Forbes.com named the City "prettiest town in America" and "one of the best cities for new jobs this spring".

In June 2010, Kiplinger's recognized Burlington as "one of the 10 best cities in the United States for the decade."

In December 2010, the City received a Home Depot Foundation Award of "Excellence for Sustainable Community Development."

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

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

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

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

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

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

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

Economic Activity

The Greater Burlington area, which includes the City of Burlington and all of Chittenden County, is Vermont’s major economic area. Most of the County’s nonfarm employment lies within the three-community region of Burlington, Essex and South Burlington. Manufacturing employment represents approximately 10% of the nonagricultural employment in the Burlington area labor market. Non-manufacturing employment accounts for approximately 90% of employment. Education and health services, government and trade are principal areas of non-manufacturing employment in the Greater Burlington area.

Chittenden County has provided the bulk of the State’s economic growth over the past ten years, which is reflected in the area’s employment statistics. The Burlington Labor Market Area had an annual unemployment rate of 2.9% in June 2015. The State’s unemployment rate was 3.6% as of June 2015.

Employment Data

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

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

Housing Market

Since 2010 and through December 2015, the median sales price of single family homes in Burlington increased 12.9% to \$310,000. During that same period, condominium sales prices have increased 6.7% to \$230,000. The City contains approximately 6,675 owner-occupied

housing units, accounting for 16% of Chittenden County's 42,085 owner-occupied units. The number of single family primary residences sold in Burlington has remained relatively stable since tracking data began in 1988, though 2015 showed a 25% increase against the average. Single family home sales in 2015 were 229.

A number of homes sold in Burlington that fall below the median sale price are purchased through Champlain Housing Trust (CHT) or Green Mountain Habitat for Humanity. CHT and Green Mountain Habitat for Humanity have placed resale restriction covenants on over 236 homes in Burlington. These organizations receive operating or development grants from the City in order to ensure an adequate supply of homes for low and moderate income residents.

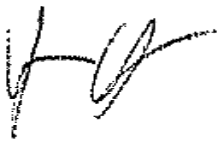
The rental housing market in Burlington remains very strong, though low vacancy rates pose a challenge for prospective renters. According to the December 2015 Allen & Brooks Report, Burlington's rental vacancy rate is 3.0%. The low vacancy rate pushes demand for rental housing up which results in increased rental rates. Various forms of rental housing assistance for low to moderate-income households are provided by the Burlington Housing Authority, Champlain Housing Trust, and several other nonprofit housing corporations.

Vermont enjoys a low foreclosure rate relative to the national average, but saw an increase in foreclosures throughout the summer of 2015 for a foreclosure rate of 1 in every 4,363 homes; Chittenden County enjoys a slightly lower rate of 1 in every 6,000. Burlington has seen a steady decline in foreclosures since 2009, when 40 homes went into foreclosure in the wake of the economic recession. In 2014, eight Burlington homes went into foreclosure, the lowest number in 11 years.

Acknowledgements

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

Respectfully submitted,

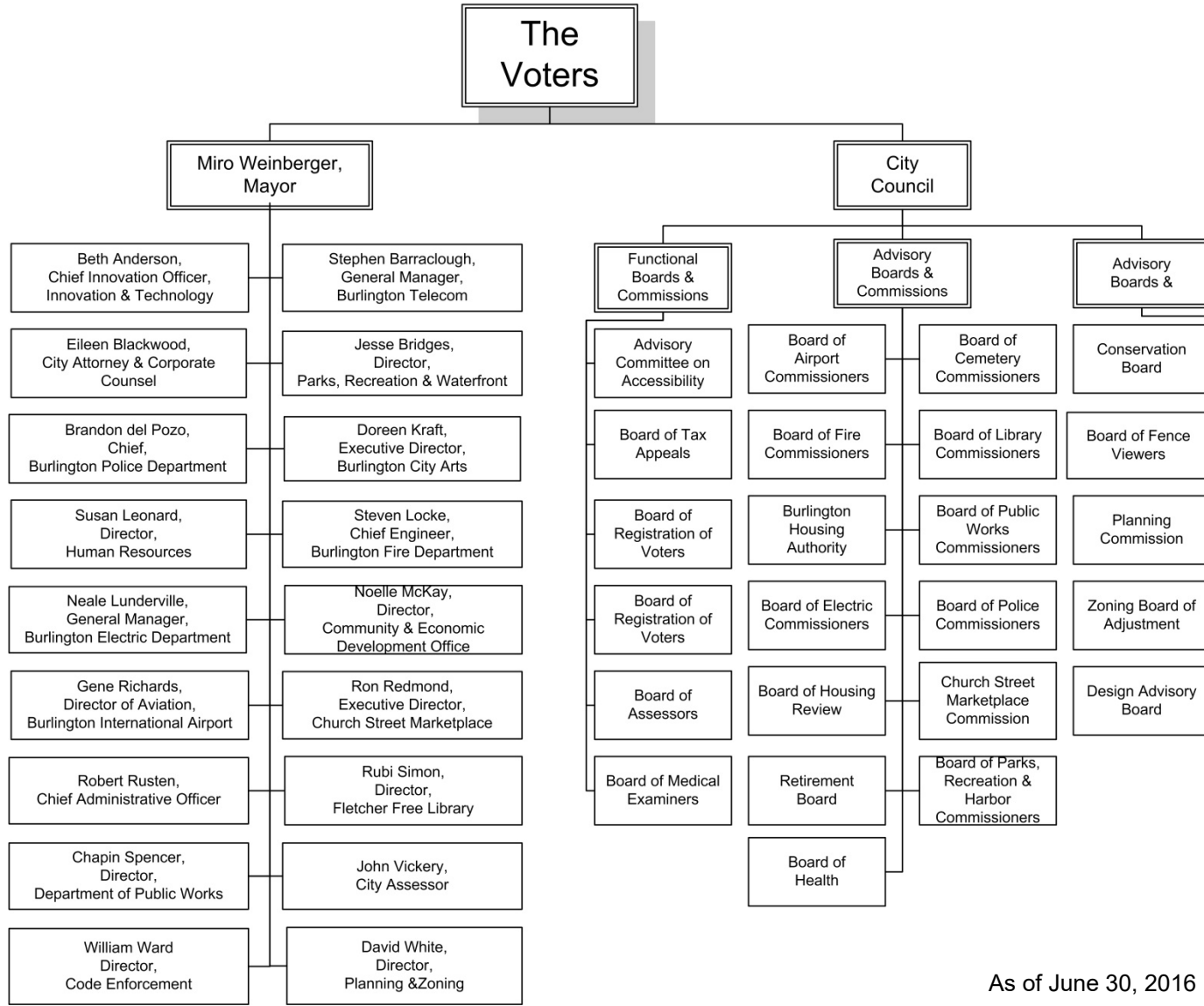


Bob Rusten
Chief Administrative Officer



Rich Goodwin
Director of Financial Operations

City of Burlington Organizational Chart



As of June 30, 2016

**CITY OF BURLINGTON, VERMONT
PRINCIPAL OFFICIALS**

		<u>Initial Term Commenced</u>	<u>Current Term Expires</u>
<i>Miro Weinberger</i>	<i>Mayor</i>	2012	2018

City Council

<i>Sharon Foley Bushor</i>	<i>Ward 1</i>	1987	2018
<i>Max Tracy</i>	<i>Ward 2</i>	2012	2018
<i>Sara Giannoni</i>	<i>Ward 3</i>	2015	2018
<i>Kurt Wright</i>	<i>Ward 4</i>	2013	2018
<i>William “Chip” Mason</i>	<i>Ward 5</i>	2012	2018
<i>Karen Paul</i>	<i>Ward 6</i>	2008	2018
<i>Tom Ayres</i>	<i>Ward 7</i>	2013	2018
<i>Adam Roof</i>	<i>Ward 8</i>	2015	2018
<i>Selene Colburn</i>	<i>East District</i>	2014	2017
<i>Jane Knodell, President</i>	<i>Central District</i>	2013	2017
<i>Dave Hartnett</i>	<i>North District</i>	2011	2017
<i>Joan Shannon</i>	<i>South District</i>	2003	2017

Clerk Treasurer Office

<i>Bob Rusten</i>	<i>Chief Administrative Officer</i>
<i>Rich Goodwin</i>	<i>Director of Financial Operations</i>
<i>Ann Barton</i>	<i>Comptroller</i>
<i>Amy Bovee</i>	<i>Assistant City Clerk</i>
<i>Lori Olberg</i>	<i>License / Voter/ Records Coordinator</i>

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

OFFICE OF THE MAYOR	
Mayor	Miro Weinberger
CLERK TREASURER'S OFFICE	
Chief Administrative Officer	Robert Rusten
Director of Financial Operations	Richard Goodwin
Comptroller	Ann Barton
LEGAL	
City Attorney & Corporate Counsel	Eileen Blackwood
INNOVATION & TECHNOLOGY	
Chief Innovation Officer	Beth Anderson
HUMAN RESOURCES	
Direct of Human Resources	Susan Leonard
POLICE DEPARTMENT	
Chief of Police	Brandon del Pozo
Deputy Chief	Jannine Wright
Deputy Chief	Shawn Burke
FIRE DEPARTMENT	
Chief Engineer	Steven Locke
DEPARTMENT OF PUBLIC WORKS	
Director	Chapin Spencer
City Engineer	Norman Baldwin
CODE ENFORCEMENT	
Code Enforcement Director	William Ward
PARKS, RECREATION & WATERFRONT	
Director & Harbormaster	Jesse Bridges
COMMUNITY & ECONOMIC DEVELOPMENT OFFICE	
Director	Noelle MacKay
FLETCHER FREE LIBRARY	
Director	Rubi Simon
SCHOOL DEPARTMENT	
Superintendent	Yaw Obeng
ASSESSOR'S OFFICE	
City Assessor	John Vickery
BURLINGTON INTERNATIONAL AIRPORT	
Director of Aviation	Eugene Richards
CHURCH STREET MARKETPLACE	
Executive Director	Ron Redmond
BURLINGTON TELECOM	
General Manager	Stephen Barraclough
BURLINGTON CITY ARTS	
Executive Director	Doreen Kraft
BURLINGTON ELECTRIC DEPARTMENT	
General Manager	Nealle Lunderville
PLANNING & ZONING	
Director	David White

As of June 30, 2016

**FINANCIAL
SECTION**

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INDEPENDENT AUDITORS' REPORT

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burlington, Vermont (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Burlington Electric Enterprise Fund which represents 41 percent, 28 percent, and 60 percent, of the assets and deferred outflows, net position and revenues of the business-type activities respectively. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Burlington Electric Enterprise Fund and its effects on the business-type activities, is based solely on the report of the other auditors. Also, we did not audit the financial statements of the Burlington School District, which represents 91 percent, 91 percent and 99 percent, of the assets and deferred outflows, net position and revenues of the aggregate discretely presented component units. The financial statements of Burlington School District were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School District is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the

financial statements are free from material misstatement. The financial statements of the Burlington Electric Department, a major proprietary fund, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the City, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 24, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Melanson Heath

January 24, 2017

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BASIC FINANCIAL STATEMENTS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Burlington (the City), we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. **Unless otherwise noted, all amounts are expressed in thousands.**

A. OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, public works, culture and recreation, and community development. The business-type activities include the operation of the Airport, Electric, Water, Wastewater, and Stormwater Utilities, Telecommunications (including cable television, internet access, and telephone service).

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial state-

ments. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources measurable and available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

Proprietary funds. Proprietary funds are maintained as follows:

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

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

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

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

B. FINANCIAL HIGHLIGHTS (in thousands)

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$316,119 (i.e., net position), a change of \$27,566 in comparison to the prior year.

- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$24,148, a change of \$4,617 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,520, a change of \$2,233 in comparison to the prior year.
- Total long-term liabilities at the close of the current fiscal year were \$257,783, a change of \$6,365 in comparison to the prior year.
- Total net position of the City's component units, the Burlington Community Development Corporation and the Burlington School District, amounted to \$14,981, an increase of \$2,800 for the year
- The nonspendable portion of the governmental funds balance was \$3,856 which consists of inventories, prepaid assets, and permanent funds, as well as general fund advances to other funds not expected to be repaid within a short period of time. \$10,330 of the governmental funds balance is restricted for specific purposes. In addition, \$5,916 is committed for purposes funded by dedicated revenue. This leaves the City with an unassigned fund balance of \$4,047.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	<u>NET POSITION (000s)</u>					
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 47,197	\$ 44,199	\$ 97,796	\$ 91,045	\$ 144,993	\$ 135,244
Capital assets	134,091	126,353	299,941	297,193	434,032	423,546
Total assets	181,288	170,552	397,737	388,238	579,025	558,790
Deferred outflows of resources	11,476	5,485	7,070	3,504	18,546	8,989
Total assets and deferred outflows	\$ 192,764	\$ 176,037	\$ 404,807	\$ 391,742	\$ 597,571	\$ 567,779
Long-term liabilities outstanding	\$ 93,519	\$ 89,212	\$ 164,264	\$ 162,206	\$ 257,783	\$ 251,418
Other liabilities	9,248	8,366	12,651	13,529	21,899	21,895
Total liabilities	102,767	97,578	176,915	175,735	279,682	273,313
Deferred inflows of resources	1,770	4,122	-	1,791	1,770	5,913
Net position:						
Net investment in capital assets	92,236	82,986	179,096	172,630	271,332	255,616
Restricted	17,725	16,800	20,813	19,319	38,538	36,119
Unrestricted	(21,734)	(25,449)	27,983	22,267	6,249	(3,182)
Total net position	88,227	74,337	227,892	214,216	316,119	288,553
Total liabilities, deferred inflows of resources and net position	\$ 192,764	\$ 176,037	\$ 404,807	\$ 391,742	\$ 597,571	\$ 567,779

CHANGES IN NET POSITION (000s)

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Program revenues:						
Charges for services	\$ 25,439	\$ 23,141	\$ 105,128	\$ 103,117	\$ 130,567	\$ 126,258
Operating grants and contributions	4,516	5,922	205	-	4,721	5,922
Capital grants and contributions	4,688	3,113	9,119	7,432	13,807	10,545
General revenues:						
Property taxes	31,409	33,054	-	-	31,409	33,054
Rooms and meals tax	3,907	3,665	-	-	3,907	3,665
Local sales option tax	2,240	2,180	-	-	2,240	2,180
Payment in lieu of tax	5,079	2,396	-	-	5,079	2,396
Franchise fees	2,377	2,128	-	-	2,377	2,128
Impact fees	139	350	-	-	139	350
Interest and penalties on delinquent taxes	339	356	-	-	339	356
Investment income	194	101	185	127	379	228
Dividends from associated companies	-	-	3,236	3,129	3,236	3,129
Other revenue	642	1,175	274	429	916	1,604
Total revenues	<u>80,969</u>	<u>77,581</u>	<u>118,147</u>	<u>114,234</u>	<u>199,116</u>	<u>191,815</u>
Expenses:						
Governmental activities:						
General government	11,354	12,393	-	-	11,354	12,393
Public safety	23,501	24,915	-	-	23,501	24,915
Public works	15,484	17,038	-	-	15,484	17,038
Culture and recreation	10,067	10,736	-	-	10,067	10,736
Community development	4,895	4,931	-	-	4,895	4,931
Interest on long-term debt	1,782	1,582	-	-	1,782	1,582
Business-type activities:						
Electric	-	-	63,913	62,409	63,913	62,409
Airport	-	-	19,754	20,289	19,754	20,289
Non-major	-	-	20,804	19,931	20,804	19,931
Total expenses	<u>67,083</u>	<u>71,595</u>	<u>104,471</u>	<u>102,629</u>	<u>171,554</u>	<u>174,224</u>
Change in net position before transfers, additions to permanent fund principal, and special items	13,886	5,986	13,676	11,605	27,562	17,591
Additions to permanent fund principal	4	67	-	-	4	67
Transfers in (out)	-	29	-	(29)	-	-
Change in net position	<u>13,890</u>	<u>6,082</u>	<u>13,676</u>	<u>11,576</u>	<u>27,566</u>	<u>17,658</u>
Net position - beginning of year	<u>74,337</u>	<u>68,255</u>	<u>214,216</u>	<u>202,640</u>	<u>288,553</u>	<u>270,895</u>
Net position - end of year	<u>\$ 88,227</u>	<u>\$ 74,337</u>	<u>\$ 227,892</u>	<u>\$ 214,216</u>	<u>\$ 316,119</u>	<u>\$ 288,553</u>

The largest portion of net position \$271,333 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position of \$38,538 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$6,248 represents a combination of our governmental activities and business-type activities or enterprise funds. Our governmental activities unrestricted net position is \$(21,734). The negative balance primarily results from recognizing our Net Pension Liability in accordance with Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions*. See financial statement notes for additional information. Our business-type activities unrestricted net position is \$27,819. The majority of this balance is derived from our Electric Enterprise Fund.

Governmental activities. Governmental activities for the year resulted in a change in net position of \$13,890. Key elements of this change are as follows:

General fund revenues over expenditures	\$ 5,082
Change in net pension liability, net of related deferred outflows/inflows	1,631
Capital assets acquired with property tax revenue, grants, and contributions	7,310
Depreciation in excess of principal debt service expense	(2,083)
Other	<u>1,950</u>
Total	<u>\$ 13,890</u>

Our net pension liability (Governmental Activities only) increased by \$(6,391) over the prior year primarily resulting from actual investment earnings being less than expected. In accordance with GASB 68, the difference between expected and actual results was reported as deferred outflow of \$3,657 in FY16 as compared to deferred inflow of \$4,122, a change of \$7,779. The deferred outflow will be amortized over the next 4 years, resulting in future increases to pension expenses as disclosed in Note 25.

Business-type activities. Business-type activities for the year resulted in a change in net position of \$13,676. Key elements of this change are discussed in Section D of the Management’s Discussion and Analysis.

D. FINANCIAL ANALYSIS OF THE CITY’S FUNDS

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$24,148, a change of \$4,617 in comparison to the prior year. Key elements of this change are as follows:

General fund revenues and transfers in, in excess of expenditures and other financing uses	\$ 3,749
Special revenue fund revenues, transfers in and issuance of debt in excess of expenditures and transfers out (mostly Traffic and CEDO)	923
Capital project fund expenditures and transfers out in excess of revenues and other financing sources	<u>(55)</u>
Total	<u>\$ 4,617</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,520, while total fund balance was \$12,000.

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

<u>City General Fund</u>	<u>6/30/16</u>	<u>6/30/15</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 6,520	\$ 4,287	\$ 2,233	11.7%
Total fund balance	\$ 12,000	\$ 8,251	\$ 3,749	21.5%

The general fund unassigned fund balance positive increase of \$2,233 results from the positive operating results reported in the budget and actual comparative schedule.

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

Unassigned fund balance, June 30, 2015	\$ 4,287
Budgetary use of fund balance	(1,577)
Actual revenues greater than budgeted	1,088
Actual expenditures less than budgeted	2,928
Other	<u>(206)</u>
Unassigned fund balance, June 30, 2016	<u>\$ 6,520</u>

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

Without the issues of the stability bonds, the City's unassigned fund balance would have been \$(2,480). In accordance with the bond resolution, as stated by Bond Council; the City can use the proceeds for working capital, and cash flow needs.

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

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

	<u>Unrestricted Net Position</u>		
	<u>6/30/16</u>	<u>6/30/15</u>	<u>Change</u>
Electric	\$ 17,766	\$ 15,918	\$ 1,848
Airport	4,063	2,805	1,258
Nonmajor funds:			
Telecom	96	(48)	144
Wastewater	3,016	1,929	1,087
Water	2,418	1,102	1,316
Stormwater	<u>624</u>	<u>560</u>	<u>64</u>
Total	<u>\$ 27,983</u>	<u>\$ 22,266</u>	<u>\$ 5,717</u>

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

- The Electric Department reported an increase in net position of \$3,508 due to lower personnel costs in 2016 associated with the reduction and replacement of positions related to the voluntary buyout and increased capital contributions offsetting certain capital projects. For additional information, please refer the separate financial statements issued for the Electric Department.
- The Burlington International Airport's unrestricted net position increased from the previous year due to a variety of reasons including principal debt service payments being less than asset depreciation (which reduced net investment in capital assets and increased unrestricted net position) and operations. For additional information, please refer the separate financial statements issued for the Airport Enterprise Fund.
- The Burlington Telecom's unrestricted net position increased slightly during fiscal year 2016 despite an overall increase in net position of \$1,558. Telecom's cash flows

provided by operations were used to acquire additional capital assets resulting in a \$1.5 million increase in net investment in capital assets component of net position, thereby leaving unrestricted net position essentially unchanged.

- The net increase in the Wastewater, Water and Stormwater Funds (which are managed on a combined basis) is primarily the result of operations due to increased user fees.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

The City approved a fiscal year 2016 budget of \$68,551 including dedicated taxes, tax increment financing and interdepartmental charges that were netted against appropriations for the presentation on the budget and actual statement in the financial statements. The following is a reconciliation of the approved fiscal year 2016 appropriation with the amounts reported on the General fund budget and actual comparison statement on page 39:

City approved appropriation	\$ 68,551
Less dedicated taxes:	
Capital streets program	(2,243)
Open space	(196)
Housing Trust	
Pennies for parks	(364)
Less tax increment	(2,415)
Less interdepartmental charges	(2,507)
Less other charges	<u>(341)</u>
Appropriation reported	<u>\$ 60,485</u>

The City’s adopted general fund budget for fiscal year 2016 after amendments resulted in a surplus of \$1,309. The adjusted actual performance (budgetary basis) resulted in revenues and other sources exceeding expenditures and other uses by \$2,439. This variance is primarily attributable to:

- Revenue from housing and development licenses and certificates exceeded budget expectations by \$640 due to several large projects requiring additional permitting including, but not limited to, the Hospital, Grove Street and University Place. This revenue is included in charges for services category.
- Revenue from building permits exceeded expectations by \$775.
- Various departments had significant unspent appropriations in the General Administration and Public Works functions. The lighter than normal snow fall contributed to these positive operating results.
- The City encumbered approximately \$1,200 of the unspent appropriations.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental activities at year-end amounted to \$134,091 (net of accumulated depreciation), a change of \$7,738 from the prior year. Total investment in capital assets for business-type activities at year-end amounted to \$299,942 (net of accumulated depreciation), a change of \$2,749 from the prior year. This investment in capital assets includes land, construction in progress, buildings, improvements, infrastructure, intangible assets, and vehicles, machinery, equipment, and furniture.

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

• Burlington College, 12 acres	\$500
• Bike path rehabilitation	706
• Champlain parkway construction	816
• Cliff St. sidewalk repairs	309
• Manhattan Dr. west slope repair	671
• Pine & Lakeside traffic signal	379
• Waterfront access north construction	3,243
• Wayfinding construction	340
• College St. garage, phase 1	1,150
• Various street paving	1,513
• Public works vehicles	662
• CNG fueling facility upgrade	302

Major capital asset events during the current fiscal year for Business-Type Activities included the following:

• Electric major fund:	
○ Distribution plant construction	\$2,700
○ Production plant construction	1,023
• Airport major fund:	
○ Security update	1,055
○ Land acquisition, and demolition	3,169
○ Air carrier apron, phase 2	2,064
○ Taxiway K construction	1,833
• Nonmajor Enterprise funds:	
○ Telecom - fiber electronics	497
○ Water – south reservoir reline	218
○ Water – filter plant rebuilt	217

Additional information on capital assets can be found in the Notes to the Financial Statements.

Change in credit rating. On March 2, 2016 Moody’s Investor Service (Moody’s) assigned an A3 rating to the City’s general obligation debt with a stable outlook. Moody’s rated the certificates of participation at Baa1 and Baa2, with a stable outlook. These ratings were maintained subsequent to year end, on October 4, 2016. Moody’s maintained Burlington International Airport’s rating of Baa3 on December 11, 2015 with stable outlook. Moody’s upgraded BED credit rating from Baa2 to Baa1 with stable outlook on November 9, 2015.

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

	<u>6/30/16</u>	<u>6/30/15</u>	<u>Change</u>
Governmental Activities:			
City	\$ 44,244	\$ 46,423	\$ (2,179)
Business-Type Activities:			
Electric	74,720	76,501	(1,781)
Airport	37,040	38,690	(1,650)
Wastewater	15,191	16,076	(885)
Water	228	228	-
Stormwater	<u>376</u>	<u>394</u>	<u>(18)</u>
Subtotal bussiness-type	127,555	131,889	(4,334)
Component Units:			
School District	28,653	28,010	643
Burlington Community Development Corporation	<u>3,846</u>	<u>4,081</u>	<u>(235)</u>
Subtotal bussiness-type	<u>32,499</u>	<u>32,091</u>	<u>408</u>
Total	<u>\$ 204,298</u>	<u>\$ 210,403</u>	<u>\$ (6,105)</u>

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

Net pension liability. The following is an analysis of the City’s and our component units’ net pension liability at the end of the current and prior fiscal years. The majority (approximately \$11,276) of this increase will increase pension expense and therefore reduce unrestricted net position over the next four years.

	Net Pension Liability		Change
	6/30/16	6/30/15	
Governmental Activities:			
City	\$ 40,989	\$ 34,597	\$ 6,392
Business-Type Activities:			
Electric	12,674	9,427	3,247
Airport	2,169	1,278	891
Telecom	1,124	746	378
Wastewater	856	533	323
Water	1,170	790	380
Subtotal bussiness-type	17,993	12,774	5,219
Component Unit:			
School District	9,182	6,458	2,724
Total	\$ 68,164	\$ 53,829	\$ 14,335

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

Mayor’s Overview

Summary: the FY17 budget represents progress and good news on many fronts

The City’s FY17 Budget builds on the financial progress we have made together over the past four years and projects to achieve more of the City’s goals than any of our prior budget submissions. The budget continues to strengthen the City’s fiscal position while also including critical new investments in public safety, infrastructure, and City service quality. It continues to expand opportunities for all Burlingtonians through investment in the Housing Trust Fund at nearly double its historic rate and through new services at the Library and in an Old North End community center.

As a result of hard and disciplined work by Department Heads, the City Council, and the CAO’s office, progress on some of structural financial challenges, as well as a strong and growing economy, the FY17 budget achieves all of this and more while *also* responding to the concerns of Burlingtonians about rising property tax rates by slightly lowering taxes for the second year in a row.

FY17 budget reduces municipal tax rate for second year in a row

For the second year in a row, the municipal tax rate will be slightly lower than the preceding year. The FY17 decrease will be about a penny per hundred dollars of property

value. The two years of modest tax rate decreases together represent progress restraining the property tax growth, a major constituent priority.

The largest factor in the tax rate reduction is the refinancing of the City's General Fund debt, made possible by the restoration of the City's "A" credit rating in March 2016 and resulting in a decrease in the portion of the municipal tax rate related to debt service. In explaining their decision to upgrade the City's rating, Moody's Financial Services (which evaluates the risk associated with Burlington's debt) called out the City's improved liquidity, conservative budgeting, prudent expenditure management, and commitment to addressing financial pressures in a responsible manner.

Budget again includes substantial new investment in public safety

These new efforts include:

- Becoming one of the first agencies in New England to deploy body cameras for all of our sworn officers.
- Increasing substantially the number of foot patrols and bike patrols in the City.
- Creating new community engagement and domestic violence officer positions to build trust and communication with the community and respond to one of our largest public safety concerns.
- Organizing the new CommunityStat initiative that will attempt to effectively help coordinate the many agencies that are working on some element of opiate challenge.

The FY17 budget continues expanded infrastructure investment

Last year, the FY16 budget funded the first year of the 10-year Capital Plan using a number of secured and anticipated one-time sources to increase capital investment by \$2.3 million. This additional investment focused on three areas: Enhanced sidewalk funding; \$1 million for continuing the expansion and rebuilding of the Bike Path from the Urban Reserve to North Beach; and Substantial investments in City facilities, especially in critical deferred maintenance items identified in our recent independent study of City facilities.

The FY17 General Fund Budget includes significant new investments intended to save money and continue to strengthen the City's finances

In recent years we have pursued numerous strategies that required up-front investment to achieve medium and long-term financial progress. These strategies have included:

- An agency-wide re-organization and early retirement initiative at BED.
- Creation of a centralized purchasing position.
- Replacement of short-term debt with the Fiscal Stability Bond.
- Creation of new Assistant City Attorney positions to take legal work in house.
- Energy-efficiency investments in City facilities.

Cumulatively, these and other efforts have saved the City millions of dollars and played a significant role in the tax rate decreases of the last two years and our success at maintaining energy rates at their 2009 levels for another year. The FY17 budget also includes a number of new investments similarly designed to build on this track record and achieve sustained savings over time, including:

- The creation of a new municipal risk management position that will assess liabilities in the City's operations and direct efforts to improve workplace safety and reduce claims against the City.
- Additional investment in information technology modernization, and the creation of new network and data positions.
- Retention of a management consultant to evaluate efficiency opportunities in some major General Fund departments.

FY17 Budget Expands Opportunity for Burlingtonians

The FY17 budget includes important new or recent investments in expanded opportunity for Burlingtonians of all backgrounds, including:

- Continued funding of the Housing Trust Fund at historically high levels.
- Funding for a new community center in the Old North End.
- Continued investment in the expansion of Library Services youth services.

Conclusion: the FY17 Budget represents the institutionalizing of important steps toward greater municipal financial health and improved operations.

REQUESTS FOR INFORMATION

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

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

CITY OF BURLINGTON, VERMONT

STATEMENT OF NET POSITION

JUNE 30, 2016

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Current:				
Cash and cash equivalents	\$ 24,387,316	\$ 25,090,056	\$ 49,477,372	\$ 12,016,808
Investments	3,271,842	-	3,271,842	199,408
Restricted investments	-	630,031	630,031	-
Receivables, net of allowance for uncollectibles:				
Property taxes	1,928,929	-	1,928,929	-
User fees	-	8,217,267	8,217,267	-
Departmental and other	2,233,976	-	2,233,976	180,862
Intergovernmental	6,006,717	2,691,909	8,698,626	4,472,482
Estimated unbilled revenues	-	3,616,807	3,616,807	-
Capital lease receivable	-	-	-	98,400
Due from component unit	66,731	70,007	136,738	-
Due from fiduciary fund	2,000,000	-	2,000,000	-
Inventory	474,851	6,087,618	6,562,469	44,639
Prepaid expenses	438,852	80,117	518,969	23,162
Other assets	<u>73,320</u>	<u>1,005,721</u>	<u>1,079,041</u>	<u>3,425</u>
Total current assets	40,882,534	47,489,533	88,372,067	17,039,186
Noncurrent:				
Restricted cash	-	12,881,416	12,881,416	-
Restricted investments	-	7,931,468	7,931,468	-
Due from component unit	221,600	734,084	955,684	-
Notes and loans receivable	4,933,306	-	4,933,306	-
Capital lease receivable	-	-	-	1,455,266
Accrued interest receivable	1,159,316	-	1,159,316	-
Investment in associated companies	-	25,990,556	25,990,556	-
Regulatory assets and other prepaid charges	-	2,767,707	2,767,707	-
Capital assets:				
Land and construction in progress	39,207,548	61,005,832	100,213,380	4,879,802
Intangible asset	-	5,400,000	5,400,000	-
Other capital assets, net of accumulated depreciation	<u>94,883,640</u>	<u>233,535,682</u>	<u>328,419,322</u>	<u>42,455,831</u>
Total noncurrent assets	<u>140,405,410</u>	<u>350,246,745</u>	<u>490,652,155</u>	<u>48,790,899</u>
TOTAL ASSETS	181,287,944	397,736,278	579,024,222	65,830,085
Deferred Outflows of Resources - pension related	11,136,299	6,582,319	17,718,618	2,522,582
Deferred Outflows of Resources - non pension related	<u>339,762</u>	<u>487,796</u>	<u>827,558</u>	<u>201,196</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 192,764,005</u>	<u>\$ 404,806,393</u>	<u>\$ 597,570,398</u>	<u>\$ 68,553,863</u>

(continued)

(continued)

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
LIABILITIES:				
Current:				
Accounts payable	\$ 4,531,207	\$ 5,600,101	\$ 10,131,308	\$ 2,107,324
Accrued payroll and benefits payable	1,270,930	112,429	1,383,359	-
Accrued liabilities	264,210	-	264,210	1,407,984
Accrued interest payable	256,573	837,762	1,094,335	-
Unearned revenue	1,978,212	1,854,485	3,832,697	78,000
Line of credit	833,628	646,602	1,480,230	-
Due to primary government	-	-	-	136,738
Due to fiduciary fund	-	-	-	1,268,901
Other liabilities	112,038	2,969,488	3,081,526	3,425
Payable from restricted assets	-	630,031	630,031	-
Current portion of long-term liabilities:				
General obligation bonds and other debt payable	3,445,411	2,300,000	5,745,411	1,315,119
Revenue bonds payable	-	4,534,921	4,534,921	-
Note payable	-	8,485	8,485	-
Capital lease payable	413,232	355,447	768,679	26,507
Compensated absences	202,903	-	202,903	255,768
Insurance reserves	918,809	-	918,809	-
	<u>14,227,153</u>	<u>19,849,751</u>	<u>34,076,904</u>	<u>6,599,766</u>
Noncurrent:				
Due to primary government	-	-	-	955,684
General obligation bonds and other debt payable	42,191,389	46,580,636	88,772,025	31,556,805
Revenue bonds payable	-	78,656,697	78,656,697	-
Long term note payable	-	219,521	219,521	-
Capital lease payable	792,996	6,197,671	6,990,667	9,053
Compensated absences	1,826,126	1,489,490	3,315,616	2,301,909
Insurance reserves	1,659,536	-	1,659,536	-
Net OPEB obligation	1,080,440	667,235	1,747,675	2,518,010
Net pension liability	40,988,644	17,993,590	58,982,234	9,182,200
Regulatory liabilities	-	5,132,037	5,132,037	-
Other liabilities	-	127,960	127,960	417,409
	<u>88,539,131</u>	<u>157,064,837</u>	<u>245,603,968</u>	<u>46,941,070</u>
Total noncurrent liabilities				
TOTAL LIABILITIES	<u>102,766,284</u>	<u>176,914,588</u>	<u>279,680,872</u>	<u>53,540,836</u>
Deferred Inflows of Resources - pension related	1,770,237	-	1,770,237	32,405
NET POSITION:				
Net investment in capital assets	92,236,468	179,096,254	271,332,722	15,090,590
Restricted externally or constitutionally for:				
Education	-	-	-	1,214,467
Community development	8,963,584	-	8,963,584	-
Debt service/renewal and replacements/capital projects	5,522,634	13,347,517	18,870,151	-
Contingency reserve	-	1,434,845	1,434,845	-
Revenue fund	-	663,213	663,213	-
Deposits with bond trustees	-	5,367,315	5,367,315	-
Permanent funds:				
Nonspendable	909,230	-	909,230	-
Spendable	376,215	-	376,215	-
Restricted by enabling legislation	1,953,669	-	1,953,669	-
Unrestricted	<u>(21,734,316)</u>	<u>27,982,661</u>	<u>6,248,345</u>	<u>(1,324,435)</u>
TOTAL NET POSITION	<u>88,227,484</u>	<u>227,891,805</u>	<u>316,119,289</u>	<u>14,980,622</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 192,764,005</u>	<u>\$ 404,806,393</u>	<u>\$ 597,570,398</u>	<u>\$ 68,553,863</u>

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

CITY OF BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
Governmental Activities:					
General government	\$ 11,353,565	\$ 5,043,853	\$ 241,983	\$ 33,243	\$ (6,034,486)
Public safety	23,500,758	6,997,158	171,963	132,332	(16,199,305)
Public works	15,484,410	8,898,625	390,475	3,948,469	(2,246,841)
Culture and recreation	10,066,735	4,277,482	340,318	550,499	(4,898,436)
Community development	4,895,091	221,533	3,370,836	23,673	(1,279,049)
Interest on long-term debt	<u>1,782,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,782,295)</u>
Total Governmental Activities	67,082,854	25,438,651	4,515,575	4,688,216	(32,440,412)
Business-Type Activities:					
Electric	63,912,747	62,505,682	-	1,483,457	76,392
Airport	19,753,724	18,470,124	154,266	7,635,497	6,506,163
Nonmajor	<u>20,803,532</u>	<u>24,151,054</u>	<u>51,121</u>	<u>-</u>	<u>3,398,643</u>
Total Business-Type Activities	<u>104,470,003</u>	<u>105,126,860</u>	<u>205,387</u>	<u>9,118,954</u>	<u>9,981,198</u>
Total Primary Government	<u>\$ 171,552,857</u>	<u>\$ 130,565,511</u>	<u>\$ 4,720,962</u>	<u>\$ 13,807,170</u>	<u>(22,459,214)</u>
Discretely Presented Component Units:					
Burlington School District	\$ 87,841,148	\$ 838,954	\$ 28,880,175	\$ -	\$ (58,122,019)
Burlington Community Development Corporation	<u>330,931</u>	<u>364,000</u>	<u>-</u>	<u>-</u>	<u>33,069</u>
Total component units	<u>\$ 88,172,079</u>	<u>\$ 1,202,954</u>	<u>\$ 28,880,175</u>	<u>\$ -</u>	<u>\$ (58,088,950)</u>

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

(continued)

CITY OF BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

(continued)

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
Change in Net Position				
Net (expenses) revenue from previous page	\$ (32,440,412)	\$ 9,981,198	\$ (22,459,214)	\$ (58,088,950)
General Revenues:				
Property taxes	31,409,270	-	31,409,270	-
Gross receipts taxes	3,906,652	-	3,906,652	-
Local option sales tax	2,239,937	-	2,239,937	-
Payments in lieu of taxes	5,079,036	-	5,079,036	-
Franchise fees	2,376,990	-	2,376,990	-
Impact fees	138,723	-	138,723	-
Interest and penalties on delinquent taxes	339,034	-	339,034	-
General state support	-	-	-	57,332,457
Unrestricted investment earnings	193,991	184,630	378,621	602,485
Dividends from associated companies	-	3,236,147	3,236,147	-
Other revenues	642,968	273,598	916,566	2,954,175
Additions to permanent funds	<u>3,968</u>	<u>-</u>	<u>3,968</u>	<u>-</u>
Total general revenues and additions to permanent funds	<u>46,330,569</u>	<u>3,694,375</u>	<u>50,024,944</u>	<u>60,889,117</u>
Change in Net Position	13,890,157	13,675,573	27,565,730	2,800,167
Net Position:				
Beginning of year	<u>74,337,327</u>	<u>214,216,232</u>	<u>288,553,559</u>	<u>12,180,455</u>
End of year	<u>\$ 88,227,484</u>	<u>\$ 227,891,805</u>	<u>\$ 316,119,289</u>	<u>\$ 14,980,622</u>

CITY OF BURLINGTON, VERMONT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2016

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 7,990,315	\$ 16,397,000	\$ 24,387,315
Investments	2,026,488	1,245,354	3,271,842
Receivables, net of allowance for uncollectibles:			
Property and other taxes	1,928,929	-	1,928,929
Departmental and other	1,918,868	315,109	2,233,977
Intergovernmental	594,048	4,221,669	4,815,717
Notes and loans receivable	200,000	4,933,306	5,133,306
Accrued interest receivable	-	1,159,316	1,159,316
Due from fiduciary fund	2,000,000	-	2,000,000
Due from other funds	688,529	-	688,529
Advances to other funds	2,033,562	-	2,033,562
Inventory	189,535	285,317	474,852
Prepaid expenditures	438,777	-	438,777
Other current assets	71,522	1,873	73,395
Due from component unit	-	288,331	288,331
TOTAL ASSETS	\$ <u>20,080,573</u>	\$ <u>28,847,275</u>	\$ <u>48,927,848</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,837,578	\$ 2,693,632	\$ 4,531,210
Intergovernmental payable	-	1,703,111	1,703,111
Accrued payroll and benefits payable	1,168,029	102,901	1,270,930
Accrued liabilities	239,047	25,162	264,209
Unearned revenue	1,978,211	-	1,978,211
Note payable	-	200,000	200,000
Line of credit	-	833,628	833,628
Due to other funds	-	688,529	688,529
Advances from other funds	-	2,033,562	2,033,562
Insurance reserve	918,809	-	918,809
Other liabilities	11,155	100,882	112,037
TOTAL LIABILITIES	6,152,829	8,381,407	14,534,236
Deferred Inflows of Resources	1,927,666	8,317,488	10,245,154
Fund Balances:			
Nonspendable	2,661,874	1,194,547	3,856,421
Restricted	38,500	10,291,502	10,330,002
Committed	2,779,209	3,136,294	5,915,503
Unassigned	6,520,495	(2,473,963)	4,046,532
TOTAL FUND BALANCES	<u>12,000,078</u>	<u>12,148,380</u>	<u>24,148,458</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>20,080,573</u>	\$ <u>28,847,275</u>	\$ <u>48,927,848</u>

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

CITY OF BURLINGTON, VERMONT

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

JUNE 30, 2016

Total governmental fund balances	\$ 24,148,458
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	134,091,188
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	10,245,154
• Long-term receivable from Vermont Municipal Bond Bank for general obligation bond drawdowns, net of payable.	2,894,110
• Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as an increase in pension expense in the year ended June 30, 2017.	5,539,955
• Deferred outflows of resources related to pension resulting from changes in proportional share of contributions, difference between expected and actual pension experience and investment earnings which will be recognized as an increase in pension expense in the years ended June 30, 2017 through June 30, 2020.	5,596,344
• Deferred debt expense for refunding is net of amortization on the statement of net position, whereas all debt expense is reported when paid in the governmental funds.	339,762
• Deferred inflows of resources related to pension resulting from changes in proportion and differences between employer contributions and proportionate share of contributions will be recognized as a reduction of pension expense in the years ending June 30, 2017 through June 30, 2019.	(1,770,237)
• Long-term liabilities, including bonds and other debt payable and net pension obligation, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
General obligation bonds and other debt payable, net of related unamortized premiums	(45,636,800)
Capital lease payable	(1,206,228)
Compensated absences payable	(2,029,029)
Insurance reserves, long-term	(1,659,536)
Net other post-employment benefits payable	(1,080,440)
Net pension obligation	(40,988,644)
Accrued interest on long-term obligations	(256,573)
Net position of governmental activities	\$ 88,227,484

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

CITY OF BURLINGTON, VERMONT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2016

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Taxes	\$ 33,707,475	\$ 5,390,231	\$ 39,097,706
Payments in lieu of taxes	5,079,036	-	5,079,036
Licenses and permits	4,939,556	142,713	5,082,269
Intergovernmental	1,352,545	7,217,393	8,569,938
Charges for services	14,945,795	6,553,289	21,499,084
Contributions	486,516	52,362	538,878
Investment income	163,470	30,523	193,993
Loan repayments	-	104,033	104,033
Other	<u>224,627</u>	<u>377,222</u>	<u>601,849</u>
Total Revenues	60,899,020	19,867,766	80,766,786
Expenditures:			
Current:			
General government	11,335,648	64,685	11,400,333
Public safety	25,315,019	246,080	25,561,099
Public works	4,339,066	5,449,535	9,788,601
Culture and recreation	10,627,882	1,473,021	12,100,903
Community development	815,336	3,309,706	4,125,042
Capital outlay	-	13,179,734	13,179,734
Debt service:			
Principal	2,062,222	2,055,388	4,117,610
Interest and bond issue costs	<u>1,322,265</u>	<u>483,457</u>	<u>1,805,722</u>
Total Expenditures	<u>55,817,438</u>	<u>26,261,606</u>	<u>82,079,044</u>
Excess (deficiency) of revenues over (under) expenditures	5,081,582	(6,393,840)	(1,312,258)
Other Financing Sources (Uses):			
Issuance of bonds and loans	-	5,062,083	5,062,083
Issuance of refunding debt	8,785,000	-	8,785,000
Payment to refunding escrow	(10,044,139)	-	(10,044,139)
Bond premium	894,052	244,923	1,138,975
Issuance of capital lease	987,234	-	987,234
Transfers in	406,548	4,125,792	4,532,340
Transfers out	<u>(2,361,696)</u>	<u>(2,170,644)</u>	<u>(4,532,340)</u>
Total Other Financing Sources (Uses)	<u>(1,333,001)</u>	<u>7,262,154</u>	<u>5,929,153</u>
Net change in fund balances	3,748,581	868,314	4,616,895
Fund Balances, at Beginning of Year	<u>8,251,497</u>	<u>11,280,066</u>	<u>19,531,563</u>
Fund Balances, at End of Year	<u>\$ 12,000,078</u>	<u>\$ 12,148,380</u>	<u>\$ 24,148,458</u>

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

CITY OF BURLINGTON, VERMONT
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	4,616,895																																													
<ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Capital outlay purchases</td> <td style="width: 5%;"></td> <td style="width: 25%; text-align: right;">13,979,299</td> </tr> <tr> <td>Depreciation</td> <td></td> <td style="text-align: right;">(6,200,588)</td> </tr> <tr> <td>Loss on disposal of capital assets</td> <td></td> <td style="text-align: right;">(40,666)</td> </tr> </table> • Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, etc.) differ between the two statements. This amount represents the net change in deferred inflows. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;"></td> <td style="width: 5%;"></td> <td style="width: 25%; text-align: right;">119,704</td> </tr> </table> • The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Issuance of debt</td> <td style="width: 5%;"></td> <td style="width: 25%; text-align: right;">(13,847,083)</td> </tr> <tr> <td>Issuance of capital leases</td> <td></td> <td style="text-align: right;">(987,234)</td> </tr> <tr> <td>Repayments of debt</td> <td></td> <td style="text-align: right;">4,117,610</td> </tr> <tr> <td>Defeasance of debt refunding</td> <td></td> <td style="text-align: right;">9,713,571</td> </tr> <tr> <td>Bond premium activity</td> <td></td> <td style="text-align: right;">(1,084,687)</td> </tr> <tr> <td>Loss on refunding activity</td> <td></td> <td style="text-align: right;">321,364</td> </tr> </table> • In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;"></td> <td style="width: 5%;"></td> <td style="width: 25%; text-align: right;">23,429</td> </tr> </table> • Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 70%;">Net pension obligation, net of related deferred outflows and inflows</td> <td style="width: 5%;"></td> <td style="width: 25%; text-align: right;">1,630,309</td> </tr> <tr> <td>Compensated absences</td> <td></td> <td style="text-align: right;">18,122</td> </tr> <tr> <td>Net OPEB obligation</td> <td></td> <td style="text-align: right;">(117,389)</td> </tr> <tr> <td>Insurance reserves</td> <td></td> <td style="text-align: right;">1,627,501</td> </tr> </table> 			Capital outlay purchases		13,979,299	Depreciation		(6,200,588)	Loss on disposal of capital assets		(40,666)			119,704	Issuance of debt		(13,847,083)	Issuance of capital leases		(987,234)	Repayments of debt		4,117,610	Defeasance of debt refunding		9,713,571	Bond premium activity		(1,084,687)	Loss on refunding activity		321,364			23,429	Net pension obligation, net of related deferred outflows and inflows		1,630,309	Compensated absences		18,122	Net OPEB obligation		(117,389)	Insurance reserves		1,627,501
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Net OPEB obligation		(117,389)																																													
Insurance reserves		1,627,501																																													
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>13,890,157</u>																																													

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

CITY OF BURLINGTON, VERMONT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Adjusted Actual Amounts	Variance With Final Budget
	Original Budget	Final Budget		
Revenues and other sources:				
Taxes and special assessments	\$ 31,674,745	\$ 31,674,745	\$ 31,467,538	\$ (207,207)
Local option sales tax	2,200,000	2,200,000	2,239,937	39,937
Payments in lieu of taxes	4,824,281	4,824,281	5,079,036	254,755
Licenses and permits	4,093,000	4,093,000	4,939,556	846,556
Intergovernmental	799,963	1,348,756	1,352,545	3,789
Charges for services	14,230,475	14,270,251	14,945,795	675,544
Investment income	64,400	64,400	163,470	99,070
Contributions and donations	903,500	867,870	486,516	(381,354)
Transfers in	222,876	400,605	406,548	5,943
Other	429,200	473,651	224,627	(249,024)
Use of fund balance	-	1,577,201	-	(1,577,201)
Total Revenues and Other Sources	59,442,440	61,794,760	61,305,568	(489,192)
Expenditures and other uses:				
Nondepartmental	3,224,116	3,212,801	2,743,758	469,043
City council	2,489,599	2,483,599	2,394,035	89,564
Mayor	393,609	409,173	406,146	3,027
Clerk treasurer	2,607,536	2,620,536	2,355,430	265,106
City attorney	1,105,623	1,105,623	1,107,419	(1,796)
Planning and zoning	845,242	901,879	785,096	116,783
City assessor	291,205	291,205	277,381	13,824
Human resources	650,687	650,687	574,839	75,848
Information technology	902,882	902,882	762,568	140,314
Fire	9,150,789	9,356,539	9,329,121	27,418
Police	14,776,613	15,046,006	14,871,746	174,260
Code enforcement	1,062,736	1,062,736	1,043,127	19,609
Public works	4,492,291	4,509,551	3,694,666	814,885
Library	1,984,838	1,984,838	1,890,193	94,645
Parks and recreation	6,594,124	6,737,170	6,523,287	213,883
Burlington city arts	1,930,474	1,930,474	1,807,995	122,479
Community and economic development	686,473	903,694	815,336	88,358
Debt service	4,305,601	3,969,225	3,813,148	156,077
Transfers	829,342	2,406,543	2,361,696	44,847
Total Expenditures and Other Uses	58,323,780	60,485,161	57,556,987	2,928,174
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 1,118,660	\$ 1,309,599	\$ 3,748,581	\$ 2,438,982

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

CITY OF BURLINGTON, VERMONT

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2016

	Business-Type Activities Enterprise Funds			Total
	Electric	Airport	Nonmajor Enterprise Funds	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Current:				
Cash and cash equivalents	\$ 14,780,928	\$ 4,271,079	\$ 6,038,049	\$ 25,090,056
Restricted investments	630,031	-	-	630,031
Receivables, net of allowance for uncollectibles:				
User fees	4,288,766	1,382,747	2,545,754	8,217,267
Intergovernmental	-	2,634,698	57,211	2,691,909
Estimated unbilled revenues	2,163,490	312,480	1,140,837	3,616,807
Due from Burlington Community Development Corporation - current	-	70,007	-	70,007
Inventory	5,017,140	247,544	822,934	6,087,618
Prepaid expenses	-	-	80,117	80,117
Other current assets	1,000,721	-	5,000	1,005,721
Total current assets	27,881,076	8,918,555	10,689,902	47,489,533
Noncurrent:				
Restricted cash	-	10,783,358	2,098,058	12,881,416
Restricted investments	5,367,309	2,564,159	-	7,931,468
Due from Burlington Community Development Corporation - long-term	-	734,084	-	734,084
Investment in associated companies	25,990,556	-	-	25,990,556
Regulatory assets and other prepaid charges	2,767,707	-	-	2,767,707
Capital assets:				
Land and construction in progress	3,675,248	56,119,246	1,211,338	61,005,832
Intangible asset	-	-	5,400,000	5,400,000
Capital assets, net of accumulated depreciation	95,429,896	97,635,505	40,470,281	233,535,682
Total noncurrent assets	133,230,716	167,836,352	49,179,677	350,246,745
TOTAL ASSETS	161,111,792	176,754,907	59,869,579	397,736,278
Deferred Outflow of Resources - pension related	3,684,416	1,278,833	1,619,070	6,582,319
Deferred Outflow of Resources - non pension related	487,796	-	-	487,796
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 165,284,004	\$ 178,033,740	\$ 61,488,649	\$ 404,806,393

(continued)

(continued)

	Business-Type Activities			
	Enterprise Funds			Total
	Electric	Airport	Nonmajor Enterprise Funds	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
LIABILITIES:				
Current:				
Accounts payable	\$ 2,531,847	\$ 2,082,976	\$ 985,278	\$ 5,600,101
Accrued payroll and benefits payable	-	61,870	50,559	112,429
Accrued interest	-	837,762	-	837,762
Unearned revenue	-	1,384,957	469,528	1,854,485
Line of credit	-	646,602	-	646,602
Other current liabilities	2,058,308	-	911,180	2,969,488
Payable from restricted assets:				
Deposits with bond trustees	630,031	-	-	630,031
Current portion of long-term liabilities:				
General obligation bonds payable	2,300,000	-	-	2,300,000
Revenue bonds payable	1,430,000	2,198,155	906,766	4,534,921
Note payable	-	-	8,485	8,485
Capital leases payable	-	154,786	200,661	355,447
Total current liabilities	8,950,186	7,367,108	3,532,457	19,849,751
Noncurrent:				
General obligation bonds payable	46,580,636	-	-	46,580,636
Revenue bonds payable	27,637,396	36,359,614	14,659,687	78,656,697
Long term note payable	-	-	219,521	219,521
Capital leases payable	-	492,324	5,705,347	6,197,671
Compensated absences payable	975,386	192,783	321,321	1,489,490
Net OPEB obligation	261,213	139,084	266,938	667,235
Net pension liability	12,674,005	2,169,468	3,150,117	17,993,590
Regulatory liabilities	5,132,037	-	-	5,132,037
Other noncurrent liabilities	127,960	-	-	127,960
Total noncurrent liabilities	93,388,633	39,353,273	24,322,931	157,064,837
TOTAL LIABILITIES	102,338,819	46,720,381	27,855,388	176,914,588
NET POSITION:				
Net investment in capital assets	39,811,834	113,903,269	25,381,151	179,096,254
Restricted:				
For debt service/renewal and replacements/capital projects	-	13,347,517	-	13,347,517
For contingency reserve	-	-	1,434,845	1,434,845
For revenue fund	-	-	663,213	663,213
Deposits with bond trustees	5,367,315	-	-	5,367,315
Unrestricted	17,766,036	4,062,573	6,154,052	27,982,661
TOTAL NET POSITION	62,945,185	131,313,359	33,633,261	227,891,805
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 165,284,004	\$ 178,033,740	\$ 61,488,649	\$ 404,806,393

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

CITY OF BURLINGTON, VERMONT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities			
	Enterprise Funds			Total
	Electric	Airport	Nonmajor Enterprise Funds	
Operating Revenues:				
Charges for services	\$ 47,647,458	\$ 16,148,693	\$ 23,891,773	\$ 87,687,924
Intergovernmental	-	154,266	51,121	205,387
Miscellaneous	14,858,224	-	259,281	15,117,505
Total Operating Revenues	62,505,682	16,302,959	24,202,175	103,010,816
Operating Expenses:				
Personnel	-	4,106,060	5,786,400	9,892,460
Nonpersonnel	-	8,009,403	9,801,379	17,810,782
Electric department	52,061,720	-	-	52,061,720
Depreciation and amortization	5,751,037	5,928,642	2,882,147	14,561,826
Payments in lieu of taxes	-	-	1,414,619	1,414,619
Total Operating Expenses	57,812,757	18,044,105	19,884,545	95,741,407
Operating Income (Loss)	4,692,925	(1,741,146)	4,317,630	7,269,409
Nonoperating Revenues (Expenses):				
Dividends from associated companies	3,236,147	-	-	3,236,147
Passenger facility charges	-	2,321,431	-	2,321,431
Investment income	102,446	80,386	1,798	184,630
Other income/expense - net	92,650	(126,698)	86,420	52,372
Interest income/expense - net	(3,315,839)	(1,709,619)	(918,987)	(5,944,445)
Amortization of bond premium	-	192,077	-	192,077
Gain/loss on disposal of capital assets	(630,373)	29,149	-	(601,224)
Total Nonoperating Revenues (Expenses)	(514,969)	786,726	(830,769)	(559,012)
Income Before Contributions and Transfers	4,177,956	(954,420)	3,486,861	6,710,397
Capital contributions	1,483,457	7,635,497	-	9,118,954
Payment in lieu of taxes	(2,153,778)	-	-	(2,153,778)
Change in Net Position	3,507,635	6,681,077	3,486,861	13,675,573
Net Position at Beginning of Year	59,437,550	124,632,282	30,146,400	214,216,232
Net Position at End of Year	\$ 62,945,185	\$ 131,313,359	\$ 33,633,261	\$ 227,891,805

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

CITY OF BURLINGTON, VERMONT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2016

	Electric	Airport	Nonmajor Enterprise Funds	Total
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 48,280,260	\$ 16,116,987	\$ 23,826,127	\$ 88,223,374
Receipts of operating grants	-	154,266	51,121	205,387
Receipts for interfund services	-	-	256,681	256,681
Other receipts	15,059,425	352,769	-	15,412,194
Payments to suppliers	(41,085,608)	(7,509,186)	(9,582,758)	(58,177,552)
Payments for wages and benefits	-	(3,850,185)	(5,844,549)	(9,694,734)
Payment in lieu of taxes	-	-	(1,414,619)	(1,414,619)
Payments for other expenses	<u>(13,865,159)</u>	<u>(549,408)</u>	<u>-</u>	<u>(14,414,567)</u>
Net Cash Provided by Operating Activities	8,388,918	4,715,243	7,292,003	20,396,164
Cash Flows From Noncapital Financing Activities:				
Other income, net	92,650	-	102,923	195,573
Payment in lieu of taxes	(2,153,778)	-	-	(2,153,778)
Receipt from loan receivable from BCDC	-	67,956	-	67,956
Interest paid on cash deficit to general fund	<u>-</u>	<u>(4,077)</u>	<u>-</u>	<u>(4,077)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	(2,061,128)	63,879	102,923	(1,894,326)
Cash Flows From Capital and Related Financing Activities:				
Proceeds from bonds and notes payable	13,235,000	-	151,612	13,386,612
Proceeds from premium	2,206,093	-	-	2,206,093
Acquisition and construction of capital assets	(7,000,172)	(8,908,219)	(2,077,893)	(17,986,284)
Proceeds from sale of capital assets	32,500	35,434	-	67,934
Capital grants/contributions	1,483,457	7,544,737	-	9,028,194
Passenger facility charges	-	2,321,431	-	2,321,431
Drawdowns on line of credit	-	1,017,925	-	1,017,925
Repayment of line of credit	-	(371,323)	-	(371,323)
Principal paid on:				
General obligation bonds	(15,015,000)	-	-	(15,015,000)
Revenue bonds	-	(1,650,000)	(903,345)	(2,553,345)
Capital lease obligations	-	(150,798)	(194,374)	(345,172)
Interest paid on outstanding debt, including issue costs	<u>(3,182,657)</u>	<u>(1,765,659)</u>	<u>(919,876)</u>	<u>(5,868,192)</u>
Net Cash Used by Capital and Related Financing Activities	(8,240,779)	(1,926,472)	(3,943,876)	(14,111,127)
Cash Flows From Investing Activities:				
Net (additions)/reductions to restricted cash and investments	(30,867)	(1,104,219)	(300,446)	(1,435,532)
Receipt of interest & dividends	<u>3,300,131</u>	<u>80,388</u>	<u>2,325</u>	<u>3,382,844</u>
Net Cash Provided/(Used) by Investing Activities	<u>3,269,264</u>	<u>(1,023,831)</u>	<u>(298,121)</u>	<u>1,947,312</u>
Net Increase in Cash	1,356,275	1,828,819	3,152,929	6,338,023
Cash and cash equivalents at beginning of year	<u>13,424,653</u>	<u>2,442,260</u>	<u>2,885,120</u>	<u>18,752,033</u>
Cash and cash equivalents at end of year	<u>\$ 14,780,928</u>	<u>\$ 4,271,079</u>	<u>\$ 6,038,049</u>	<u>\$ 25,090,056</u>

(continued)

(continued)

	<u>Electric</u>	<u>Airport</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash				
Provided by Operating Activities:				
Operating income/(loss)	\$ 4,692,925	\$ (1,741,146)	\$ 4,317,630	\$ 7,269,409
Depreciation and amortization	6,021,339	5,928,642	2,882,147	14,832,128
Other operating net revenues and expenses	-	(126,698)	-	(126,698)
(Increase)/decrease in receivables	792,550	(165,142)	1,459	628,867
(Increase)/decrease in unbilled revenues	(111,613)	10,054	(86,098)	(187,657)
(Increase)/decrease in inventory	337,306	18,650	(206,311)	149,645
Increase/(decrease) in accounts payable	(360,775)	494,982	(61,304)	72,903
Increase/(decrease) in customer deposits	-	-	(7,708)	(7,708)
Increase/(decrease) in accrued payroll and benefits	-	(12,276)	(32,793)	(45,069)
Increase/(decrease) in accrued liabilities	-	(13,415)	489,954	476,539
Increase/(decrease) in deferred charges	128,658	-	24,101	152,759
Increase/(decrease) in compensated absences	-	(7,264)	13,540	6,276
Increase/(decrease) in other post employment benefits liability	37,114	12,642	50,620	100,376
Increase/(decrease) in net pension liability, net of related deferred outflows/inflows	(185,648)	262,773	268,456	345,581
Increase/(decrease) in unearned revenue	-	53,441	-	53,441
Increase/(decrease) in other operating assets/liabilities	(2,962,938)	-	(3,717)	(2,966,655)
Capitalized labor	-	-	(357,973)	(357,973)
Net Cash Provided by Operating Activities	<u>\$ 8,388,918</u>	<u>\$ 4,715,243</u>	<u>\$ 7,292,003</u>	<u>\$ 20,396,164</u>
Statement of noncash transactions:				
Vehicles acquired under capital lease financing	\$ -	\$ -	\$ 63,993	\$ 63,993

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

CITY OF BURLINGTON, VERMONT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016

	Pension Trust <u>Fund</u>	Private Purpose Trust <u>Funds</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,329,973	\$ 37,848
Investments:		
Equity	108,703,235	-
Fixed income	42,319,105	-
Real assets	3,271,228	-
Due from component unit	1,268,901	-
Due from broker	<u>2,047,807</u>	<u>-</u>
Total Assets	158,940,249	37,848
<u>LIABILITIES</u>		
Accounts payable	146,714	-
Accrued liabilities	1,608	-
Compensated absences	2,422	-
Other liabilities	132	-
Due to primary government	<u>2,000,000</u>	<u>-</u>
Total Liabilities	<u>2,150,876</u>	<u>-</u>
<u>NET POSITION</u>		
Held in trust for:		
Employees' pension benefits	156,789,373	-
Individuals and organizations	<u>-</u>	<u>37,848</u>
Total Net Position	<u>\$ 156,789,373</u>	<u>\$ 37,848</u>

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

CITY OF BURLINGTON, VERMONT

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016

	Pension Trust <u>Fund</u>	Private Purpose <u>Trust Funds</u>
Additions:		
Contributions:		
Employer - pension	\$ 9,149,159	\$ -
Plan members	<u>2,304,971</u>	<u>-</u>
Total Contributions	11,454,130	-
Investment earnings:		
Investment income	4,440,805	-
Net increase in the fair value of investments	<u>(6,033,305)</u>	<u>30</u>
Total Investment Earnings	(1,592,500)	30
Less Investment Expenses	<u>(496,032)</u>	<u>-</u>
Net Investment Earnings	<u>(2,088,532)</u>	<u>30</u>
Total Additions	9,365,598	30
Deductions:		
Benefits - pension	13,922,952	-
Administrative expenses	<u>369,130</u>	<u>-</u>
Total deductions	<u>14,292,082</u>	<u>-</u>
Change in net position	(4,926,484)	30
Net position:		
Beginning of year	<u>161,715,857</u>	<u>37,818</u>
End of year	<u>\$ 156,789,373</u>	<u>\$ 37,848</u>

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

CITY OF BURLINGTON, VERMONT

COMPONENT UNITS

STATEMENT OF NET POSITION

JUNE 30, 2016

	Burlington School District	Burlington Community Development Corporation	<u>Total</u>
ASSETS AND DEFERRED			
OUTFLOWS OF RESOURCES			
ASSETS:			
Current:			
Cash and cash equivalents	\$ 11,952,650	\$ 64,158	\$ 12,016,808
Investments	199,408	-	199,408
Receivables, net of allowance for uncollectibles:			
Intergovernmental	4,472,482	-	4,472,482
Other	180,862	-	180,862
Capital lease receivable	-	98,400	98,400
Inventory	44,639	-	44,639
Prepaid expenses	23,162	-	23,162
Other current assets	-	3,425	3,425
Total current assets	<u>16,873,203</u>	<u>165,983</u>	<u>17,039,186</u>
Noncurrent:			
Capital lease receivable	-	1,455,266	1,455,266
Capital assets:			
Land and construction in progress	4,387,157	492,645	4,879,802
Capital assets, net of accumulated depreciation	<u>38,400,897</u>	<u>4,054,934</u>	<u>42,455,831</u>
Total noncurrent assets	<u>42,788,054</u>	<u>6,002,845</u>	<u>48,790,899</u>
TOTAL ASSETS	59,661,257	6,168,828	65,830,085
Deferred Outflows of Resources - pension related	2,522,582	-	2,522,582
Deferred Outflows of Resources - non pension related	-	201,196	201,196
TOTAL ASSETS AND DEFERRED			
OUTFLOWS OF RESOURCES	<u>\$ 62,183,839</u>	<u>\$ 6,370,024</u>	<u>\$ 68,553,863</u>

(continued)

(continued)

	Burlington School District	Burlington Community Development Corporation	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
LIABILITIES:			
Current:			
Accounts payable	\$ 2,107,324	\$ -	\$ 2,107,324
Accrued expenses	1,407,984	-	1,407,984
Due to primary government	-	136,738	136,738
Due to fiduciary fund	1,268,901	-	1,268,901
Unearned revenue	-	78,000	78,000
Other liabilities	-	3,425	3,425
Current portion of long-term liabilities:			
General obligation bonds payable	1,071,968	243,151	1,315,119
Capital leases payable	26,507	-	26,507
Compensated absences payable	<u>255,768</u>	<u>-</u>	<u>255,768</u>
Total current liabilities	6,138,452	461,314	6,599,766
Noncurrent:			
Due to primary government	-	955,684	955,684
General obligation bonds and other debt payable	27,953,908	3,602,897	31,556,805
Capital leases payable	9,053	-	9,053
Compensated absences payable	2,301,909	-	2,301,909
Net OPEB obligation	2,518,010	-	2,518,010
Net pension liability	9,182,200	-	9,182,200
Other	<u>417,409</u>	<u>-</u>	<u>417,409</u>
Total noncurrent liabilities	<u>42,382,489</u>	<u>4,558,581</u>	<u>46,941,070</u>
TOTAL LIABILITIES	48,520,941	5,019,895	53,540,836
Deferred Inflows of Resources - pension related	32,405	-	32,405
NET POSITION:			
Net investment in capital assets	13,726,618	1,363,972	15,090,590
Restricted:			
For education	1,214,467	-	1,214,467
Unrestricted	<u>(1,310,592)</u>	<u>(13,843)</u>	<u>(1,324,435)</u>
TOTAL NET POSITION	<u>13,630,493</u>	<u>1,350,129</u>	<u>14,980,622</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 62,183,839</u>	<u>\$ 6,370,024</u>	<u>\$ 68,553,863</u>

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

CITY OF BURLINGTON, VERMONT

COMPONENT UNITS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Burlington School District</u>	<u>Burlington Community Development Corporation</u>	<u>Total</u>
Burlington School District							
Educational	\$ 86,372,546	\$ 838,954	\$ 28,880,175	\$ -	\$ (56,653,417)	\$ -	\$ (56,653,417)
Interest on long-term debt	<u>1,468,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,468,602)</u>	<u>-</u>	<u>(1,468,602)</u>
Total Burlington School District	87,841,148	838,954	28,880,175	-	(58,122,019)	-	(58,122,019)
Burlington Community Development Corporation							
Cost of services	26,430	364,000	-	-	-	337,570	337,570
Interest on long-term debt	197,252	-	-	-	-	(197,252)	(197,252)
Depreciation	<u>107,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(107,249)</u>	<u>(107,249)</u>
Total Burlington Community Development Corporation	<u>330,931</u>	<u>364,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,069</u>	<u>33,069</u>
Total component units	\$ <u>88,172,079</u>	\$ <u>1,202,954</u>	\$ <u>28,880,175</u>	\$ <u>-</u>	(58,122,019)	33,069	(58,088,950)
General Revenues:							
General state support					57,332,457	-	57,332,457
Investment earnings					602,490	(5)	602,485
Miscellaneous					<u>2,851,778</u>	<u>102,397</u>	<u>2,954,175</u>
Total general revenues					<u>60,786,725</u>	<u>102,392</u>	<u>60,889,117</u>
Change in Net Position					2,664,706	135,461	2,800,167
Net Position:							
Beginning of year					<u>10,965,787</u>	<u>1,214,668</u>	<u>12,180,455</u>
End of year					\$ <u>13,630,493</u>	\$ <u>1,350,129</u>	\$ <u>14,980,622</u>

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

CITY OF BURLINGTON, VERMONT

Notes to Financial Statements

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

1. Summary of Significant Accounting Policies

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

A. The Financial Reporting Entity

This report includes all of the funds of the City of Burlington, Vermont. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization’s governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The following entities are reported as discretely presented component units, in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City:

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

tory requirements pertaining to public education and local citizens' desires for educating the community's youth. For detailed information on the Burlington School District accounts, refer to separately issued financial statements.

Burlington Community Development Corporation – the organization's primary purpose is to carry out the industrial and economic development within the City. As such, the purposes of the Corporation shall include fostering, encouraging and assisting the physical location of business enterprises in the Greater Burlington area and otherwise fulfilling the purposes of a "local development corporation". The Board of Directors of the Burlington Community Development Corporation must be members of the City of Burlington's Board of Finance.

B. Basis of Presentation

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

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

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each segment of the City's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements

of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

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

The City reports on the following major governmental funds:

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

The City reports on the following major Enterprise funds:

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

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

Additionally, the City reports the following fund types:

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

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.

C. Measurement Focus

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

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

D. Basis of Accounting

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

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the City

gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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

The Burlington Electric Department (the Department) is an enterprise fund of the City of Burlington, Vermont (the City). The City has overall financial accountability for the Department; its Council appoints the Commissioners of the Department which oversee its operations, and the City collateralizes the Department’s general obligation debt. The Department is also subject as to rates, accounting, and other matters, to the regulatory authority of the State of Vermont Public Service Board (VPSB) and the Federal Energy Regulatory Commission (FERC). In accordance with FASB ASC Topic 980, *Regulated Operations* (and Codified in GASB Statement 62), the Department records certain assets and liabilities in accordance with the economic effects of the rate making process.

E. Cash and Short-Term Investments

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

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

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

F. Investments

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

Investments for the Trust Funds consist of marketable securities, bonds, and short-term money market investments. Investments are carried at fair value, except for certificates of deposits, which are nonparticipating interest-earning investment contracts, and therefore, the City uses the cost-based measurement for these investments.

G. Interfund Receivables and Payables

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

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

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

H. Jointly Owned Facilities

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

McNeil Station	50.0%
Highgate Station	7.7%

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

I. Investments in Associated Companies

The Electric Department follows the cost method of accounting for its 6.38% Class B common stock, 1.97% Class C common stock and 7.69% Class C preferred stock ownership interest in Vermont Electric Power Company, Inc. (VELCO), and its 5.17% ownership interest in Vermont Transco LLC (Transco). Transco is an affiliated entity of VELCO. VELCO owns and operates a transmission system in the State of Vermont over which bulk power is delivered to all electric utilities in the State of Vermont. Under a Power Transmission Contract with the State of Vermont, VELCO bills all costs, including amortization of its debt and a fixed return on equity, to the State of Vermont and others using the system.

During the year ended June 30, 2016, there was no offer of equity investment from VELCO/Transco.

Schedule of Ownership in Associated Companies

	<u>FY 16</u>
Velco, Class B Common Stock	\$ 1,403,800
Velco, Class C Common Stock	39,200
Velco, Class C Preferred Stock	11,196
VT Transco, LLC, A Units	10,796,000
VT Transco, LLC, B Units	<u>13,740,360</u>
	<u>\$ 25,990,556</u>

J. Inventories

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

K. Capital Assets

1. City:

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

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

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

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

	<u>Capitalization Threshold</u>	<u>Estimated Service Life</u>
Land	\$ -	N/A
Construction in Progress	-	N/A
Land Improvements	25,000	30 years
Intangible asset	-	20 years
Buildings	-	25-150 years
Building Improvements	20,000	25-150 years
Vehicles, Machinery, Equipment and Furniture	10,000	5-15 years
Computer Equipment - Hardware and Software	10,000	5-15 years
Book Collections	10,000	5 years
Infrastructure	50,000	10-40 years

Capital assets reported in the government-wide and proprietary fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight line method of calculating depreciation.

2. Electric Department:

The Electric Department capital assets are stated at historical cost. Provisions for depreciation of general capital assets are reported using the straight-line method at

rates based upon the estimated service lives and salvage values of the several classes of property. Depreciation of capital assets of the McNeil Station, the Highgate Converter Facility, and the Winooski One hydroelectric plant, are calculated using the straight-line method. However, a portion of the current depreciation expense is only recoverable through future rates. The difference is included in deferred charges (calculated as the straight-line depreciation expense less the depreciation expense on a sinking fund basis) and will be recovered in future years. See Note 4, Regulatory Assets and Other Prepaid Charges.

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

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

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

The depreciable lives of utility plant are as follows:

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

3. Discretely Presented Component Unit – School District:

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Estimated useful lives are as follows:

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

L. Renewable Energy Credit Sales

In 2008, the McNeil Generating Station (McNeil) installed a Regenerative Selective Catalytic Reduction (RSCR) unit. The RSCR unit significantly reduces McNeil’s Nitrous Oxide (NOx) emission levels which allows the station to qualify to sell Connecticut Class 1 Renewable Energy Certificates (RECs). The McNeil RECs are determined to be qualified for sale based on a review of emissions outputs submitted by McNeil. At the end of every quarter, an affidavit is signed stating whether or not McNeil’s emissions output met the requirements needed to sell the RECs. McNeil receives a certification from the State of Connecticut indicating that they met the standards for the quarter based on the statistics provided by McNeil. Sales are recorded as revenue upon delivery of the RECs to the customer.

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

In February 2015, the Department commissioned a 500 kw AC solar array at the Burlington International Airport. The Department owns 100% of this resource, and leases space on the parking garage roof under a long term agreement between the Department and the Burlington International Airport. The Airport solar array is designed to help reduce the Department s peak demand and energy needs during high priced periods.

In October 2015, the Department commissioned a 107 kw AC solar array at the Department’s offices at 585 Pine Street. The Department owns 100% of this resource. Like the Airport solar array, the Pine Street solar array is designed to help reduce the Department s peak demand and energy needs during high priced periods.

The Department also receives RECs from Vermont Standard Offer projects purchased by the Vermont Purchasing Agent. Energy from these projects is assigned to BED

pro-rata based on retail sales, and BED receives RECs in an amount equal to the energy it receives from these projects.

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

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

The Department periodically sells RECs either, through broker-initiated transactions, or through direct placement with entities that need the RECs to comply with various New England statutes. The Department enters into agreements to sell these RECs for prior, current, and future years' production.

M. Pollution Remediation Obligations

The Electric Department faces possible liability as a potentially responsible party (PRP) with respect to the cleanup of certain hazardous waste sites. The City is currently a PRP as a landowner of a hazardous waste superfund site in Burlington, Vermont that is the subject of a remediation investigation by the Environmental Protection Agency (the EPA). The Department has agreed to share on an equal basis all past and future costs incurred in connection with any and all settlements or actions resulting from the designation of the City as a PRP at this site. In light of a recent agreement between the City and the EPA concerning the remediation plan at the site, the Department believes that the likelihood of any liability material to the financial position of the Department is remote and as such, no liability has been accrued as of June 30, 2016.

N. Compensated Absences

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

O. Liabilities to be Paid from Restricted Assets

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

P. Long-Term Obligations

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

Q. Fund Equity

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

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

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

- 1) Nonspendable funds represents amounts that cannot be spent because they are either (a) not in spendable form (i.e., inventory or prepaid items) or (b) legally or contractually required to be maintained intact (i.e., perpetual care). This fund balance classification includes general fund reserves for prepaid expenditures, inventory, and nonmajor governmental fund reserves for the principal portion of permanent trust funds
- 2) Restricted funds represent amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. In the case of capital project funds, these funds are restricted for projects financed by bonds.
- 3) Committed funds represent amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority, the City Council.
- 4) Assigned funds represent amounts that are constrained by the City’s intent to use these resources for a specific purpose.

- 5) Unassigned funds represent the residual classification for the general fund and include all amounts not contained in other classifications. Unassigned amounts are available for any purpose. Temporary fund balance deficits are reported as negative amounts in the unassigned classification in other governmental funds. Positive unassigned amounts are reported only in the general fund.

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

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

R. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance, and Accountability

A. Liquidity Risk

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

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

The City's current plans include:

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

B. Budgetary Information

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

- 1) Departments, and departments with commission approval, prepare detailed recommendations to the Mayor on the budget. Prior to June 15, the Mayor, with the assistance of the other members of the Board of Finance, prepares and submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and estimated revenues.
- 2) Prior to July 1, the budget is legally enacted through passage of a resolution of the City Council.
- 3) The Mayor may propose, with the advice of the Board of Finance, amendments to the budget. Such proposed amendments require a majority approval of the City Council. The amount of such proposed amendments may be decreased by a simple majority vote of the City Council. Such proposed amendments may be increased above the level proposed by the Mayor only with a two-thirds vote of the City Council.
- 4) The Board of Finance is authorized to transfer budgeted amounts between line items within an appropriation account or within accounts of a department. Any revisions which increase the total expenditures of any department function or fund above the original appropriation must be approved by resolution of the City Council.
- 5) That portion of the designated fund balance that consists of operating and capital improvement carry-overs, represents unexpended appropriations, which are allowed to be carried over to later years as provided for by City Charter or by resolution of the City Council. All other unexpended appropriations lapse at the close of the fiscal year. The City Charter specifically prohibits expenditures in excess of appropriations, except on an emergency basis for health, police, fire and public welfare.

- 6) The City of Burlington tax rate can change each year by the cost of CCTA, Retirement, County and Debt Service without voter approval. However, any rate change on the tax rate for other purposes, above the maximum approved tax rate previously approved by voters, must be approved by City voters.
- 7) Title III, Section 70(a) of the Burlington City Charter defines the legal level of budgeting control at the department level. Excerpts of Section 70(a) are as follows:

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

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

C. Budgetary Basis

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

D. Budget/GAAP Reconciliation

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

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/expenditures (GAAP Basis)	\$ 60,899,020	\$ 55,817,438
Other financing sources/uses (GAAP Basis)	11,072,834	12,405,835
Reverse refunding gross up	(9,679,052)	(9,679,052)
Reverse gross up of capital leases	<u>(987,234)</u>	<u>(987,234)</u>
Budgetary Basis	<u>\$ 61,305,568</u>	<u>\$ 57,556,987</u>

E. Budget Over Expenditures

The City Attorney’s department overspent their budget by \$1,796 due to arbitration and contractual services costs.

F. Deficit Fund Equity

The following funds had unassigned fund balance deficits as of June 30, 2016:

Non-major Governmental funds:	
Special Revenue funds:	
Church St. marketplace	\$ (43,594)
Capital Project funds:	
Champlain parkway	(554,296)
Waterfront access	(244,396)
Traffic capital	(1,489,632)
Wayfinding	(127,360)
Downtown westlake	(11,132)
Other	<u>(3,553)</u>
Total	<u>\$ (2,473,963)</u>

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

3. Cash and Cash Equivalents

The custodial credit risk for current operating deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered.

Primary Government – The deposits at June 30, 2016 totaled \$65,986,025, of which \$43,238,880 were insured or collateralized by the FDIC and the FHLB Pittsburgh letter of credit up to \$20,000,000 and FHLB Cincinnati letter of credit up to \$20,000,000. At June 30, 2016, \$22,747,145 remains uncollateralized and exposed to custodial credit risk.

Discretely Presented Component Unit – School District – At June 30, 2016, the School District has an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits held at TD, Bank, N.A. This letter of credit, which expires at the close of business on August 22, 2016, authorizes one draw only up to the amount of \$17,000,000. There were no draws for the year ended June 30, 2016.

Component Unit Fiduciary in Nature – BERS – At June 30, 2016, the System's deposits exceeded collateralization levels when combined with the City.

4. Investments

Primary Government, Excluding Electric Department

A. Investments

The City's investments include various certificates of deposits for a total of \$3,271,841 and US Treasury and other US Government obligation securities in the amount of \$2,564,159.

B. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City's investment in debt related securities include US Treasury and other US Government obligation securities with implicit rating of AAA.

C. Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City does not have policies for custodial credit risk. At June 30, 2016, \$32,052 of the certificates of deposits exceeded the FDIC limit. The City's investment in debt related securities was not insured or collateralized.

D. Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. At June 30, 2016, the City did not have any investments in any one issuer (other than U.S. Treasury and Government agencies securities) that represented 5% or more of City investments.

E. Interest Rate Risk

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

F. Foreign Currency Risk

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

G. Fair Value

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

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

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

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

The City categorizes its fair value investments as follows:

<u>Description</u>	<u>Fair Value Measurements Using:</u>			
	Quoted prices in active markets for identical assets <u>(Level 1)</u>	Significant observable inputs <u>(Level 2)</u>	Significant unobservable inputs <u>(Level 3)</u>	
Investments by fair value level:				
Debt securities				
Federal agency securities	\$ 2,063,609	\$ -	\$ 2,063,609	\$ -
US Treasury notes	<u>500,550</u>	<u>-</u>	<u>500,550</u>	<u>-</u>
Total	<u>\$ 2,564,159</u>	<u>\$ -</u>	<u>\$ 2,564,159</u>	<u>\$ -</u>

Burlington Electric Department

A. Investments

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

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

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

B. Concentration of Credit Risk

Concentration of credit risk of investments is the risk of loss attributable to the magnitude of a government’s investment in a single issuer. The Electric Department invests its current operating cash in three money market accounts with TD Bank and its restricted noncurrent funds in several money market accounts with its bond trustees (US Bank and Peoples United), which exceed 29% of the total investment balance at June 30, 2016. The invested balance of current money market funds at June 30, 2016 was \$4,212,742. The invested balance on noncurrent money market funds at June 30, 2016 was \$3,239,114.

C. Interest Rate Risk

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

The Electric Department’s investments as of June 30, 2016 (all of which are restricted by Bond resolution) only included money market funds and certificates of deposit.

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

	<u>6/30/16</u>
Bond funds:	
Renewal and replacement fund	\$ 1,135,640
Debt service fund	2,073,296
Debt service reserve fund	<u>2,744,177</u>
	5,953,113
Accrued interest receivable	<u>44,227</u>
Total	<u><u>\$ 5,997,340</u></u>

D. Fair Value

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

Discretely Presented Component Unit – School District

A. Credit Risk

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

B. Custodial Credit Risk

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

At June 30, 2016, the District's investments of \$199,408 in certificates of deposit were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

C. Interest Rate Risk

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

Burlington Employees Retirement System

A. Credit Risk

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

B. Custodial Credit Risk

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

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

C. Concentration of Credit Risk

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

EB DV Non-SL Stock Index Fund	\$ 46,826,352
EB DL Smid Cap Stock Index Fund	\$ 28,352,332
EB DV Non-SL International Stock Index Fund	\$ 14,668,936
EB DV Non-SL Emerging Markets Stock Index Fund	\$ 16,392,711
EB DV Non-SL Intermediate Govt/Credit Bond Index Fund	\$ 42,319,105

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The System does not have a policy for interest rate risk.

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The System does not have a policy to manage foreign currency risk.

F. Fair Value

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

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

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

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

Equities – Stocks traded on U.S. security exchanges are valued by the Service approved by the Trustee at closing market prices on the valuation date. Stocks

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

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

The System categorizes its investments as follows:

Investments measured at
the net asset value (NAV):

Hamilton Lane Secondary Fund II LP	\$	540,388
Hamilton Lane Private Equity Offshore Fund VII Series A LP		1,198,519
Hamilton Lane Private Equity Offshore Fund VII Series B LP		723,997
Sustainable Woodlands Fund II LP		3,271,228
EB DV Non-SL Stock Index Fund		46,826,352
EB DL Smid Cap Stock Index Fund		28,352,332
EB DV Non-SL International Stock Index Fund		14,668,936
EB DV Non-SL Emerging Markets Stock Index Fund		16,392,711
EB DV Non-SL Intermediate Govt/Credit Bond Index Fund		42,319,105
Total	\$	<u>154,293,568</u>

<u>Description</u>	<u>Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If currently eligible)</u>	<u>Redemption Notice Period</u>
Hamilton Lane Secondary Fund II LP	\$ 540,388	\$ 417,305	N/A	(a) N/A
Hamilton Lane Private Equity Offshore Fund VII Series A LP	1,198,519	176,274	N/A	(a) N/A
Hamilton Lane Private Equity Offshore Fund VII Series B LP	723,997	304,341	N/A	(a) N/A
Sustainable Woodlands Fund II LP	3,271,228	-	N/A	(a) N/A
EB DV Non-SL Stock Index Fund	46,826,352	-	daily	1 day
EB DL Smid Cap Stock Index Fund	28,352,332	-	daily	1 day
EB DV Non-SL International Stock Index Fund	14,668,936	-	daily	1 day
EB DV Non-SL Emerging Markets Stock Index Fund	16,392,711	-	weekly	2 days
EB DV Non-SL Intermediate Govt/Credit Bond Index Fund	42,319,105	-	daily	1 day

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

5. Taxes Receivable

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

Taxes receivable at June 30, 2016 consist of the following:

Property taxes:		
2016	\$	589,657
2015		100,455
2014		30,994
Prior years		736,111
Gross receipts taxes		581,912
Allowance for doubtful taxes		<u>(110,200)</u>
Total	\$	<u><u>1,928,929</u></u>

6. User Fees Receivable

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

User fees receivable and related allowance for doubtful accounts at June 30, 2016 consist of the following:

	Billed Service Fees	Allowance for Doubtful Fees	Total
Electric	\$ 4,641,904	\$ (353,138)	\$ 4,288,766
Airport	1,409,068	(26,321)	1,382,747
Nonmajor Enterprise Funds:			
Telecom	930,063	(128,468)	801,595
Wastewater	873,081	(3,000)	870,081
Water	746,497	(3,000)	743,497
Stormwater	<u>130,581</u>	<u>-</u>	<u>130,581</u>
Total	<u>\$ 8,731,194</u>	<u>\$ (513,927)</u>	<u>\$ 8,217,267</u>

7. Departmental and Other Receivables

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

	<u>Ambulance</u>	<u>Police Tickets</u>	<u>Local Option Sales Tax</u>	<u>Other</u>	<u>Total</u>
Gross	\$ 164,498	\$ 2,610,911	\$ 594,048	\$ 814,318	\$ 4,183,775
Less: Allowance for doubtful accounts	-	(1,860,414)	-	(89,385)	(1,949,799)
Total	<u>\$ 164,498</u>	<u>\$ 750,497</u>	<u>\$ 594,048</u>	<u>\$ 724,933</u>	<u>\$ 2,233,976</u>

8. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2016.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Public safety grants	\$ 594,049	\$ -	\$ 594,049
V.T. municipal bond bank	2,112,949	57,211	2,170,160
Capital project grants	2,052,994	-	2,052,994
Community development grants	1,246,725	-	1,246,725
Airport improvements	-	2,634,698	2,634,698
Total	<u>\$ 6,006,717</u>	<u>\$ 2,691,909</u>	<u>\$ 8,698,626</u>

9. Notes and Loans Receivables

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

The following is a summary of the major components of notes, loans, and accrued interest receivables at June 30, 2016:

<u>Governmental Funds:</u>	<u>Receivable</u>	<u>Less: Discount</u>	<u>Less: Allowance</u>	<u>Total</u>
HODAG loans	\$ 7,415,942	\$ -	\$ (6,949,348)	\$ 466,594
Housing and Urban Development Programs:				-
HOME loans	7,505,994	(2,361,907)	(3,894,155)	1,249,932
Lead Paint loans	2,416,890	(216,772)	(1,651,823)	548,295
CEDO admin loan	2,006,678	(321,832)	-	1,684,846
Other loans	<u>1,409,810</u>	<u>(128,344)</u>	<u>(297,827)</u>	<u>983,639</u>
Total notes and loans receivable	<u>\$ 20,755,314</u>	<u>\$ (3,028,855)</u>	<u>\$ (12,793,153)</u>	<u>\$ 4,933,306</u>

10. Capital Lease Receivable - BCDC

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

The following is a summary of the major components of capital lease receivables for BCDC at June 30, 2016:

	<u>Component Unit</u>
BCDC capital lease receivable from Westlake Parking, LLC dated 7/26/2007. The annual lease payment is \$72,000, including interest at 7% annually, maturing on 7/26/2026 with a lump sum payment of \$448,000. The lease requires an annual contribution of \$6,000 to a capital reserve fund.	\$ 752,746
BCDC 1993 relief bond receivables (3) from Champlain Housing Trust Corporation, offset by bond payable. The total quarterly payments are \$21,588 including interest rates between 3.25% - 4.00%, maturing in FY2024 and FY2025.	593,678
BCDC Multi-generational bond receivable from Champlain Housing Trust Corporation, offset by bond payable. The monthly payment is \$1,879, maturing on October 1, 2028.	<u>207,242</u>
Total capital leases receivable	1,553,666
Less: amount due within one year	<u>(98,400)</u>
Capital leases receivable, net of current portion	<u>\$ 1,455,266</u>

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

Fiscal Year	Principal	Interest	Total
2017	\$ 98,401	\$ 82,497	\$ 180,898
2018	102,744	78,154	180,898
2019	107,289	73,599	180,888
2020	112,076	68,822	180,898
2021	117,088	63,810	180,898
2022-2026	480,496	241,463	721,959
2027-2029	535,572	37,065	572,637
Total	\$ 1,553,666	\$ 645,410	\$ 2,199,076

11. Due from Fiduciary/Due to Primary Government

At June 30, 2016, the General Fund reported \$2,000,000 due from Fiduciary Pension Trust Fund – Burlington Employee Retirement System, while the System reported a corresponding due to Primary Government. The System sold investments on June 27, 2016 to reimburse the pooled cash fund shared with the City. The settlement date for investment sales was July 1, 2016 and therefore the System reported the securities sold receivable and the amount is included in Due from Broker at year end.

12. Interfund Advances and Transfers

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The composition of advances to/from other funds (amounts considered to be long-term) as of June 30, 2016 is as follows:

Fund	Advances to Other Funds	Advances from Other Funds
General fund	\$ 2,033,562	\$ -
Other Nonmajor Governmental funds:		
Community and Economic Development		
Office	-	414,408
Church Street Marketplace	-	43,594
Champlain Parkway	-	534,296
Wayfinding	-	127,360
FEMA	-	211,879
General Capital	-	361,145
Downtown Westlake	-	299,463
Other	-	41,417
Total	\$ 2,033,562	\$ 2,033,562

The City reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements. The following is an analysis of interfund transfers made in fiscal year 2016:

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
General fund	\$ 406,548	\$ 2,361,696
Nonmajor funds:		
Special Revenue funds:		
Traffic commission	317,470	27,197
Community and economic development	232,590	-
Tax increment financing	-	1,783,195
Church street market place	11,000	-
Impact Fees	-	18,000
Dedicated taxes	181,775	-
Capital Project funds:		
Champlain parkway	17,361	-
Waterfront access	1,722,567	-
Street & sidewalk infrastructure	1,627,201	312,949
Wayfinding	7,197	-
Other	8,631	-
Permanent funds:		
Cemetery	-	29,303
Subtotal Nonmajor Governmental funds	<u>4,125,792</u>	<u>2,170,644</u>
Grand Total	<u>\$ 4,532,340</u>	<u>\$ 4,532,340</u>

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

13. Capital Assets

Capital asset activity for the City's Governmental and Business-Type Activities, as well as each enterprise fund, for the year ended June 30, 2016 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 13,680,454	\$ 500,000	\$ -	\$ 14,180,454
Construction in progress	16,117,199	8,881,545	(23,650)	24,975,094
Antiques and works of art	52,000	-	-	52,000
Total capital assets, not being depreciated	<u>29,849,653</u>	<u>9,381,545</u>	<u>(23,650)</u>	<u>39,207,548</u>
Capital assets, being depreciated:				
Land improvements	2,919,766	425,099	-	3,344,865
Buildings and building improvements	52,294,202	536,324	-	52,830,526
Vehicles, machinery, equipment and furniture	21,804,965	1,790,656	(655,395)	22,940,226
Book collections	1,816,161	183,955	-	2,000,116
Infrastructure	114,582,381	1,685,370	-	116,267,751
Total capital assets, being depreciated	<u>193,417,475</u>	<u>4,621,404</u>	<u>(655,395)</u>	<u>197,383,484</u>
Less accumulated depreciation for:				
Land improvements	(1,291,240)	(106,599)	-	(1,397,839)
Buildings and building improvements	(12,066,253)	(755,944)	-	(12,822,197)
Vehicles, machinery, equipment and furniture	(15,963,794)	(1,571,773)	614,729	(16,920,838)
Book collections	(1,330,772)	(194,455)	-	(1,525,227)
Infrastructure	(66,261,926)	(3,571,817)	-	(69,833,743)
Total accumulated depreciation	<u>(96,913,985)</u>	<u>(6,200,588)</u>	<u>614,729</u>	<u>(102,499,844)</u>
Total capital assets, being depreciated, net	<u>96,503,490</u>	<u>(1,579,184)</u>	<u>(40,666)</u>	<u>94,883,640</u>
Governmental activities capital assets, net	<u>\$ 126,353,143</u>	<u>\$ 7,802,361</u>	<u>\$ (64,316)</u>	<u>\$ 134,091,188</u>
	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-Type Activities-				
Combined all Enterprise Funds:				
Capital assets, not being depreciated:				
Land	\$ 25,458,985	\$ 864,910	\$ -	\$ 26,323,895
Construction in progress	36,040,741	12,024,744	(13,383,548)	34,681,937
Total capital assets, not being depreciated	<u>61,499,726</u>	<u>12,889,654</u>	<u>(13,383,548)</u>	<u>61,005,832</u>
Capital assets, being depreciated:				
Land improvements	98,088,249	9,440,361	-	107,528,610
Buildings and building improvements	85,833,806	1,117,813	-	86,951,619
Vehicles, machinery, equipment and furniture	24,900,162	2,214,172	(170,581)	26,943,753
Distribution and collection systems	234,633,283	5,953,154	(1,129,856)	239,456,581
Intangible asset	6,000,000	-	-	6,000,000
Total capital assets, being depreciated	<u>449,455,500</u>	<u>18,725,500</u>	<u>(1,300,437)</u>	<u>466,880,563</u>
Less accumulated depreciation for:				
Land improvements	(48,331,072)	(3,530,911)	-	(51,861,983)
Buildings and building improvements	(32,228,378)	(2,555,265)	-	(34,783,643)
Vehicles, machinery, equipment and furniture	(16,838,241)	(1,458,472)	149,295	(18,147,418)
Distribution and collection systems	(116,065,031)	(7,129,287)	642,481	(122,551,837)
Intangible asset	(300,000)	(300,000)	-	(600,000)
Total accumulated depreciation	<u>(213,762,722)</u>	<u>(14,973,935)</u>	<u>791,776</u>	<u>(227,944,881)</u>
Total capital assets, being depreciated, net	<u>235,692,778</u>	<u>3,751,565</u>	<u>(508,661)</u>	<u>238,935,682</u>
Business-type activities capital assets, net	<u>\$ 297,192,504</u>	<u>\$ 16,641,219</u>	<u>\$ (13,892,209)</u>	<u>\$ 299,941,514</u>

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Electric Enterprise Fund:				
Capital assets, not being depreciated:				
Land	\$ 1,335,521	\$ -	\$ -	\$ 1,335,521
Construction in progress	<u>805,158</u>	<u>6,488,109</u>	<u>(4,953,540)</u>	<u>2,339,727</u>
Total capital assets, not being depreciated	<u>2,140,679</u>	<u>6,488,109</u>	<u>(4,953,540)</u>	<u>3,675,248</u>
Capital assets, being depreciated:				
Distribution and collection systems	<u>181,139,755</u>	<u>5,288,964</u>	<u>(1,113,680)</u>	<u>185,315,039</u>
Total capital assets, being depreciated	181,139,755	5,288,964	(1,113,680)	185,315,039
Less accumulated depreciation for:				
Distribution and collection systems	<u>(84,349,439)</u>	<u>(6,163,150)</u>	<u>627,446</u>	<u>(89,885,143)</u>
Total accumulated depreciation	<u>(84,349,439)</u>	<u>(6,163,150)</u>	<u>627,446</u>	<u>(89,885,143)</u>
Total capital assets, being depreciated, net	<u>96,790,316</u>	<u>(874,186)</u>	<u>(486,234)</u>	<u>95,429,896</u>
Electric Enterprise Fund capital assets, net	<u>\$ 98,930,995</u>	<u>\$ 5,613,923</u>	<u>\$ (5,439,774)</u>	<u>\$ 99,105,144</u>

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Airport Enterprise Fund:				
Capital assets, not being depreciated:				
Land	\$ 23,066,462	\$ 864,910	\$ -	\$ 23,931,372
Construction in progress	<u>35,020,624</u>	<u>5,382,299</u>	<u>(8,215,049)</u>	<u>32,187,874</u>
Total capital assets, not being depreciated	<u>58,087,086</u>	<u>6,247,209</u>	<u>(8,215,049)</u>	<u>56,119,246</u>
Capital assets, being depreciated:				
Land improvements	68,169,214	9,440,361	-	77,609,575
Buildings and building improvements	84,552,248	1,055,345	-	85,607,593
Vehicles, machinery, equipment and furniture	<u>10,332,419</u>	<u>380,353</u>	<u>(85,474)</u>	<u>10,627,298</u>
Total capital assets, being depreciated	163,053,881	10,876,059	(85,474)	173,844,466
Less accumulated depreciation for:				
Land improvements	(32,768,475)	(2,798,610)	-	(35,567,085)
Buildings and building improvements	(31,984,299)	(2,527,534)	-	(34,511,833)
Vehicles, machinery, equipment and furniture	<u>(5,606,733)</u>	<u>(602,498)</u>	<u>79,188</u>	<u>(6,130,043)</u>
Total accumulated depreciation	<u>(70,359,507)</u>	<u>(5,928,642)</u>	<u>79,188</u>	<u>(76,208,961)</u>
Total capital assets, being depreciated, net	<u>92,694,374</u>	<u>4,947,417</u>	<u>(6,286)</u>	<u>97,635,505</u>
Airport Enterprise Fund capital assets, net	<u>\$ 150,781,460</u>	<u>\$ 11,194,626</u>	<u>\$ (8,221,335)</u>	<u>\$ 153,754,751</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Telecom Enterprise Fund:				
Capital assets, not being depreciated:				
Land	\$ 157,800	\$ -	\$ -	\$ 157,800
Total capital assets, not being depreciated	<u>157,800</u>	<u>-</u>	<u>-</u>	<u>157,800</u>
Capital assets, being depreciated:				
Buildings and building improvements	1,199,240	50,751	-	1,249,991
Vehicles, machinery, equipment and furniture	1,141,737	1,632,489	-	2,774,226
Intangible asset	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>6,000,000</u>
Total capital assets, being depreciated	8,340,977	1,683,240	-	10,024,217
Less accumulated depreciation for:				
Buildings and building improvements	(242,433)	(24,204)	-	(266,637)
Vehicles, machinery, equipment and furniture	(161,818)	(275,585)	-	(437,403)
Intangible asset	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>(600,000)</u>
Total accumulated depreciation	<u>(704,251)</u>	<u>(599,789)</u>	<u>-</u>	<u>(1,304,040)</u>
Total capital assets, being depreciated, net	<u>7,636,726</u>	<u>1,083,451</u>	<u>-</u>	<u>8,720,177</u>
Telecom Enterprise Fund capital assets, net	<u>\$ 7,794,526</u>	<u>\$ 1,083,451</u>	<u>\$ -</u>	<u>\$ 8,877,977</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Wastewater Enterprise Fund:				
Capital assets, not being depreciated:				
Land	\$ 847,952	\$ -	\$ -	\$ 847,952
Total capital assets, not being depreciated	<u>847,952</u>	<u>-</u>	<u>-</u>	<u>847,952</u>
Capital assets, being depreciated:				
Land improvements	29,919,035	-	-	29,919,035
Buildings and building improvements	82,318	11,717	-	94,035
Vehicles, machinery, equipment and furniture	11,952,352	68,582	(39,763)	11,981,171
Distribution and collection systems	<u>17,689,669</u>	<u>-</u>	<u>-</u>	<u>17,689,669</u>
Total capital assets, being depreciated	59,643,374	80,299	(39,763)	59,683,910
Less accumulated depreciation for:				
Land improvements	(15,562,597)	(732,301)	-	(16,294,898)
Buildings and building improvements	(1,646)	(3,527)	-	(5,173)
Vehicles, machinery, equipment and furniture	(10,160,821)	(489,909)	34,763	(10,615,967)
Distribution and collection systems	<u>(7,548,649)</u>	<u>(355,576)</u>	<u>-</u>	<u>(7,904,225)</u>
Total accumulated depreciation	<u>(33,273,713)</u>	<u>(1,581,313)</u>	<u>34,763</u>	<u>(34,820,263)</u>
Total capital assets, being depreciated, net	<u>26,369,661</u>	<u>(1,501,014)</u>	<u>(5,000)</u>	<u>24,863,647</u>
Wastewater Enterprise Fund capital assets, net	<u>\$ 27,217,613</u>	<u>\$ (1,501,014)</u>	<u>\$ (5,000)</u>	<u>\$ 25,711,599</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Water Nonmajor Enterprise Fund:				
Capital assets, not being depreciated:				
Land	\$ 51,250	\$ -	\$ -	\$ 51,250
Construction in progress	214,959	-	(214,959)	-
Total capital assets, not being depreciated	<u>266,209</u>	<u>-</u>	<u>(214,959)</u>	<u>51,250</u>
Capital assets, being depreciated:				
Vehicles, machinery, equipment and furniture	1,473,654	132,748	(45,344)	1,561,058
Distribution and collection systems	34,557,481	567,455	(16,176)	35,108,760
Total capital assets, being depreciated	36,031,135	700,203	(61,520)	36,669,818
Less accumulated depreciation for:				
Vehicles, machinery, equipment and furniture	(908,869)	(90,480)	35,344	(964,005)
Distribution and collection systems	(24,025,846)	(560,381)	15,035	(24,571,192)
Total accumulated depreciation	<u>(24,934,715)</u>	<u>(650,861)</u>	<u>50,379</u>	<u>(25,535,197)</u>
Total capital assets, being depreciated, net	<u>11,096,420</u>	<u>49,342</u>	<u>(11,141)</u>	<u>11,134,621</u>
Water Enterprise Fund capital assets, net	<u>\$ 11,362,629</u>	<u>\$ 49,342</u>	<u>\$ (226,100)</u>	<u>\$ 11,185,871</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Stormwater Nonmajor Enterprise Fund:				
Capital assets, not being depreciated				
Construction in Progress	\$ -	\$ 154,336	\$ -	\$ 154,336
Total capital assets, not being depreciated	<u>-</u>	<u>154,336</u>	<u>-</u>	<u>154,336</u>
Capital assets, being depreciated:				
Distribution and collection systems	1,246,378	96,735	-	1,343,113
Total capital assets, being depreciated	1,246,378	96,735	-	1,343,113
Less accumulated depreciation for:				
Distribution and collection systems	(141,097)	(50,180)	-	(191,277)
Total accumulated depreciation	<u>(141,097)</u>	<u>(50,180)</u>	<u>-</u>	<u>(191,277)</u>
Total capital assets, being depreciated, net	<u>1,105,281</u>	<u>46,555</u>	<u>-</u>	<u>1,151,836</u>
Other Nonmajor Enterprise Funds capital assets, net	<u>\$ 1,105,281</u>	<u>\$ 200,891</u>	<u>\$ -</u>	<u>\$ 1,306,172</u>

Certain amounts in the beginning balance column have been reclassified from amounts reported in the fiscal year 2015 financial statements.

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

Governmental Activities:

General government	\$ 290,230
Public safety	847,883
Public works	4,050,499
Community development	140,241
Culture and recreation	<u>871,735</u>
Total depreciation expense - governmental activities	<u>\$ 6,200,588</u>

Business-Type Activities:

Electric	\$ 6,163,150 *
Airport	5,928,642
Telecom	599,789
Wastewater	1,581,313
Water	650,861
Stormwater	<u>50,180</u>
Total depreciation expense - business-type activities	<u>\$ 14,973,935</u>

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

A summary of Burlington's component unit Burlington Community Development Corporation's capital assets activity is as follow:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Burlington Community Development Corporation:				
Capital Assets, Not Being Depreciated:				
Land	\$ 492,645	\$ -	\$ -	\$ 492,645
Total Capital Assets, Not Being Depreciated	492,645	-	-	492,645
Capital Assets, Being Depreciated:				
Buildings	<u>4,690,387</u>	<u>-</u>	<u>-</u>	<u>4,690,387</u>
Total	4,690,387	-	-	4,690,387
Less accumulated depreciation for:				
Buildings	<u>(572,914)</u>	<u>(62,539)</u>	<u>-</u>	<u>(635,453)</u>
Total	<u>(572,914)</u>	<u>(62,539)</u>	<u>-</u>	<u>(635,453)</u>
Total Capital Assets, Being Depreciated	<u>4,117,473</u>	<u>(62,539)</u>	<u>-</u>	<u>4,054,934</u>
Component Unit Capital Assets, Net	<u>\$ 4,610,118</u>	<u>\$ (62,539)</u>	<u>\$ -</u>	<u>\$ 4,547,579</u>

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

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Burlington School District:				
Capital assets, not being depreciated:				
Land	\$ 2,251,677	\$ -	-	\$ 2,251,677
Construction in progress	<u>48,074</u>	<u>2,087,406</u>	<u>-</u>	<u>2,135,480</u>
Total capital assets, not being depreciated	<u>2,299,751</u>	<u>2,087,406</u>	<u>-</u>	<u>4,387,157</u>
Capital assets, being depreciated:				
Buildings and building improvements	51,718,532	75,005	(215,886)	51,577,651
Vehicles, machinery, equipment and furniture	<u>7,062,273</u>	<u>159,235</u>	<u>(458,501)</u>	<u>6,763,007</u>
Total capital assets, being depreciated	58,780,805	234,240	(674,387)	58,340,658
Less accumulated depreciation for:				
Buildings and building improvements	(13,034,951)	(1,203,371)	207,250	(14,031,072)
Vehicles, machinery, equipment and furniture	<u>(5,988,897)</u>	<u>(311,566)</u>	<u>391,774</u>	<u>(5,908,689)</u>
Total accumulated depreciation	<u>(19,023,848)</u>	<u>(1,514,937)</u>	<u>599,024</u>	<u>(19,939,761)</u>
Total capital assets, being depreciated, net	<u>39,756,957</u>	<u>(1,280,697)</u>	<u>(75,363)</u>	<u>38,400,897</u>
School capital assets, net	<u>\$ 42,056,708</u>	<u>\$ 806,709</u>	<u>\$ (75,363)</u>	<u>\$ 42,788,054</u>

14. Regulatory Assets and Other Prepaid Charges

Regulatory and other prepaid charges at June 30, 2016 comprise the following:

	Electric <u>Fund</u>
Deferred depreciation expense to be recovered in future years	\$ 2,198,962
Deferred VPSB accounting orders	267,133
Retirement of meters	<u>301,612</u>
Total	<u>\$ 2,767,707</u>

A. Deferred Depreciation Expense to be Recovered in Future Years

Provisions for depreciation of capital assets, with the exception of the Joseph C. McNeil Generating Station (the McNeil Station) and the Highgate Converter Station (the Highgate Station), are reported using the straight-line method at rates based upon the estimated service lives and salvage values of the several classes of property. Depreciation of capital assets for the McNeil Station and the Highgate Station are calculated using the straight-line method. However, a portion of the current depreciation expense is only recoverable through future rates. The difference is included in deferred charges (calculated as the straight-line depreciation expense less the depreciation expense on a sinking fund basis) and will be recovered

in future years. The Department recorded straight-line depreciation of \$5,708,741 for the year ended June 30, 2016. In 2016 \$275,378 of deferred depreciation expense was realized. Unamortized deferred depreciation balance of \$2,198,962 remained at June 30, 2016.

B. Deferred-VPSB Accounting Orders

In 2012, the Department obtained an accounting order from the Vermont Public Service Board (VPSB) related to costs for the McNeil Station turbine overhaul. The total deferred cost was \$935,044 and will be amortized over seven years (84 months) beginning July 2011. Amortization expense related to the deferred overhaul charges was \$133,566 for 2016, and has been reported as a component of production expense. The unamortized balance at June 30, 2016 is \$267,133.

C. Deferred Retirement of Meters

Due to the Smart Grid/Meter project in 2012-2013, under a Department of Public Service directive, the depreciated book value of certain retired meters has been deferred and will be amortized over a five-year period. Amortization expense related to the deferred write off was \$128,658 for 2016.

15. Deferred Outflows of Resources – Non Pension Related

Deferred outflows of resources represent the consumption of net assets by the City that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. At June 30, 2016, the Primary Government's non-pension related deferred outflows of resources consisted of a loss on advance refunding while the Component Unit's consisted of swap termination fees.

16. Accounts Payable and Accrued Expenses

Accounts payable represent fiscal year 2016 expenditures paid on or after July 1, 2016.

17. Line of Credit

In December 2015, the City issued a \$2,200,000 Parking Revenue Note with an interest rate of 2.50% which matures on December 3, 2016. The note is solely payable from net revenues, after payment of operating expenses, of the City's parking system. During the year drawdowns amounted to \$833,628 with no repayments.

In February 2012, the City issued on behalf of the Electric Department, a \$5,000,000 General Obligation Revenue Anticipation Note (Line of Credit) with a local bank, placing the Line of Credit directly with the Electric Department. In March 2015, this Line of Credit was renewed for a two year term to March 30, 2017. The Electric Department had the entire Line of Credit balance of \$5,000,000 available for use during fiscal year 2016.

In September 2015, City issued on behalf of the Airport, a Grant Anticipation Line of Credit in the principal amount of up to \$7,000,000 with an interest rate of 2.75% which matures on September 20, 2016. The note was secured by AIP grant reimbursements. During the year drawdowns on the grant amounted to \$1,017,925 while repayments were \$371,323, leaving an outstanding balance at June 30, 2016 of \$646,602.

18. Long-Term Obligations – Primary Government

A. Types of Long-Term Obligations

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

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

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

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

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

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

Capital Lease Obligations - The City enters into lease agreements as the lessee for the purpose of financing the acquisition of major pieces of equipment. These lease agreements qualify as capital lease obligations for accounting purposes (even though they include clauses that allow for cancellation of the lease in the event the City does not appropriate funds in future years) and, therefore, have been recorded

at the present value of the future minimum lease payments as of the inception date of the leases. Leases are reported in governmental activities if the debt is expected to be repaid from general governmental revenue and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

Compensated Absences - It is the policy of the City to permit certain employees to accumulate earned but unused benefits. The City, excluding the School Fund, allows employees to carryover up to 360 hours of vested vacation time to the next fiscal year. The City also allows all employees hired prior to July 1, 2000 to carry over the lesser of 25% of their sick leave balance or 120 hours. City employees hired after July 1, 2000 may carryover earned sick leave balances; however, it is not a vested benefit upon termination. The School Fund allows certain employees to carryover up to 80 hours vested vacation time. The School Fund also allows sick leave to be vested upon reaching certain plateaus, depending on the individual contract. The School has made the assumption that the employee will likely reach the eligibility threshold once they are within three (3) years of the actual vesting date. The accrual for unused compensated absences time, based on current pay rates, is recorded in the government-wide financial statements and proprietary fund financial statements.

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

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

Other Post-employment Benefits - The City has recorded a liability for the governmental activities in the government-wide financial statements and in the individual enterprise funds and for the business-type activities in the government-wide financial statements which represent their actuarially determined costs for post-employment benefits. These costs relate to subsidized health care and life insurance for retirees during the period from retirement to the date of eligibility for social security benefits.

Compensated Absences and Post-employment Benefits are paid by the applicable fund where the employee is charged. Insurance Reserves are generally liquidated by the General Fund.

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

<u>Governmental Activities:</u>	<u>Serial</u> <u>Maturities</u> <u>Through</u>	<u>Interest</u> <u>Rate(s) %</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>6/30/16</u>
General obligation bonds:				
General Improvements 2004 Refunding Series B	12/01/2016	2.00 - 3.80%	\$ 530,000	\$ 45,000
General Improvements 2006 Series A	11/01/2026	3.50 - 4.00%	1,000,000	45,000
General Improvements 2007 Series A	11/01/2027	3.50 - 4.25%	1,000,000	90,000
General Improvements 2009 Series C	11/01/2029	2.00 - 4.125%	1,000,000	765,000
General Improvements 2009 Series C	11/01/2029	2.00 - 4.125%	1,000,000	765,000
General Improvements 2009 Series C - Street Impr.	11/01/2029	2.00 - 4.125%	2,250,000	1,725,000
General Improvements 2011 Series A	11/01/2031	3.00 - 4.75%	1,000,000	860,000
General Improvements 2011 Series A - Fire	11/01/2031	3.00 - 4.75%	1,325,000	1,140,000
General Improvements 2011 Series A - Street Paving	11/01/2031	3.00 - 4.75%	3,250,000	2,790,000
General Improvements 2011 Series B	11/01/2031	2.00 - 4.75%	1,000,000	855,000
Public Improvement Bonds 2012 Series A	11/01/2032	5.00%	1,000,000	905,000
Public Improvement Bonds 2012 Series A	11/01/2032	5.00%	2,000,000	1,815,000
Taxable G.O. Bonds 2013 Series A - Fiscal Stability	11/01/2028	3.50 - 5.25%	9,000,000	7,960,000
Public Improvement Bonds 2013 Series B	11/01/2033	4.00 - 6.75%	2,000,000	1,364,286
Public Improvement Bonds 2014 Series A	11/15/2034	0.51 - 3.99%	2,000,000	1,900,000
Public Improvement Bonds 2015 Series A	11/1/2035	5.00%	2,000,000	2,000,000
Refunding Bond Series 2016A	6/30/2030	3.00 - 5.00%	1,570,000	2,195,000
Total general obligation bonds				27,219,286
Other debt:				
HUD Section 108 - US Guaranteed Notes 1999	08/01/2017	5.40 - 6.20%	1,930,000	220,000
HUD Section 108 - US Guaranteed Notes 2003	08/01/2022	3.25%	3,602,000	495,000
HUD Section 108 - US Guaranteed Notes 2005	08/01/2018	variable	1,827,000	800,000
Special Obligation Tax Increment Financing Bond	11/15/2024	0.51 - 4.28%	7,800,000	7,020,000
HUD Section 108 - US Guaranteed Notes 2014	06/15/2025	5.00%	2,091,000	1,900,000
Refunding Series 2016A - Lakeview Garage Project	6/30/2025	3.00-5.00%	5,145,000	5,145,000
Refunding Series 2016B - DPW Facility Project	6/30/2021	3.00-5.00%	1,445,000	1,445,000
Total other debt				17,025,000
Total Governmental Activities:				\$ 44,244,286

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

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

<u>Business-Type Activities:</u>	<u>Serial</u> <u>Maturities</u> <u>Through</u>	<u>Interest</u> <u>Rate(s) %</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>6/30/16</u>
General obligation bonds:				
Electric 2004 Series B Refunding Bonds	12/01/2016	2.00 - 3.80%	\$ 510,002	\$ 40,000
Electric 2006 Series A Bonds	11/01/2026	3.50 - 4.00%	1,000,000	45,000
Electric 2007 Series A Bonds	11/01/2027	3.50 - 4.25%	1,000,000	90,000
Electric 2009 Series A Bonds	11/01/2029	2.00 - 4.375%	12,750,000	1,670,000
Electric 2009 Series B Bonds	11/01/2029	4.00 - 6.00%	8,250,000	6,600,000
Electric 2009 Series C Bonds	11/01/2029	2.00 - 4.125%	10,985,000	3,690,000
Electric 2009 Series D Bonds	11/01/2029	1.45 - 5.60%	4,615,000	765,000
Electric 2009 Series C Bonds	11/01/2029	2.00 - 4.125%	1,000,000	765,000
Electric 2009 Series C Bonds	11/01/2029	2.00 - 4.125%	1,000,000	8,405,000
Electric General Improvements 2011 Series A	11/01/2031	3.00 - 4.75%	1,000,000	860,000
Electric General Improvements 2011 Series B	11/01/2031	2.00 - 4.75%	1,000,000	855,000
Electric Public Improvement 2012 Series A	11/01/2032	5.00%	2,000,000	1,815,000
Electric Public Improvement 2012 Series A	11/01/2032	5.00%	1,750,000	1,585,000
Electric Taxable Public Improvement 2012 Series B	11/01/2032	6.00%	1,250,000	1,145,000
Electric G.O. Public Improvement Bonds 2013 Series B	11/01/2033	4.00 - 6.75%	3,000,000	1,960,714
Electric G.O. Public Improvement Bonds 2014 Series 3	11/01/2034	2.78%	3,000,000	2,850,000
Electric G.O. Public Improvement Bonds 2015 Series A	11/1/2035	5.00%	3,000,000	3,000,000
Electric G.O. Refunding Bond 2016 Series A	3/15/2016	2.00-5.00%	10,235,000	<u>10,235,000</u>
Total general obligation bonds				46,375,714
Other debt:				
Electric Revenue Bonds 2011 Series A	07/01/2031	4.25 - 5.75%	8,775,000	8,430,000
Electric Revenue Bonds 2011 Series B	07/01/2031	7.25 - 8.25%	3,135,000	3,040,000
Electric Revenue Bonds 2014 Series A	07/01/2035	3.78%	12,000,000	11,565,000
Electric Revenue Bonds 2014 Series B	07/01/2035	3.36%	5,820,000	5,310,000
Wastewater State of VT-EPA 2006 Series 1 (Siphon)	02/01/2027	0.00%	1,650,000	919,200
Stormwater Revenue Obligation Bond	10/01/2031	0.00%	1,204,000	375,504
Wastewater State of VT-EPA 2009 Series I (Turbo)	10/01/2031	0.00%	120,000	46,290
Wastewater State of VT-EPA 2001 Series 1 (Digester)	08/01/2027	0.00%	2,500,000	1,044,400
Airport Revenue Refunding 2012 Series A	07/01/2028	4.00 - 5.00%	17,670,000	17,670,000
Airport Revenue Refunding 2012 Series B	07/01/2018	3.50%	7,130,000	4,085,000
Wastewater VT Municipal Bond Bank 2014 Series 1	11/15/2033	0.643 - 4.723%	14,645,620	13,181,058
Water State Revolving Loan RF3-295	11/01/2034	1.00%	253,340	228,006
Airport Revenue Refunding 2014 Series A	07/01/2030	0.67 - 3.59%	15,660,000	<u>15,285,000</u>
Total other debt				<u>81,179,458</u>
Total Business-Type Activities:				<u>\$ 127,555,172</u>

B. Future Debt Service

The annual payments to retire all governmental general obligation long-term debt outstanding as of June 30, 2016 are as follows:

<u>Governmental Activities Combined</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,648,143	\$ 1,625,225	\$ 5,273,368
2018	3,971,000	1,522,309	5,493,309
2019	4,746,000	1,403,162	6,149,162
2020	3,126,000	1,287,978	4,413,978
2021	3,216,000	1,195,895	4,411,895
2022 - 2026	14,671,429	4,207,209	18,878,638
2027 - 2031	8,370,714	1,505,687	9,876,401
2032 - 2036	<u>2,495,000</u>	<u>202,357</u>	<u>2,697,357</u>
Total	<u>\$ 44,244,286</u>	<u>\$ 12,949,822</u>	<u>\$ 57,194,108</u>

The annual payments to retire all business-type (and each Enterprise fund) long-term debt outstanding as of June 30, 2016 are as follows:

<u>Business-Type Activities Combined all Enterprise Funds</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,660,251	\$ 5,363,976	\$ 12,024,227
2018	6,933,996	5,145,818	12,079,814
2019	7,172,818	4,925,982	12,098,800
2020	7,306,717	4,665,571	11,972,288
2021	7,565,700	4,366,632	11,932,332
2022 - 2026	42,218,308	16,575,962	58,794,270
2027 - 2031	39,858,051	6,698,925	46,556,976
2032 - 2036	<u>9,839,331</u>	<u>744,567</u>	<u>10,583,898</u>
Total	<u>\$ 127,555,172</u>	<u>\$ 48,487,433</u>	<u>\$ 176,042,605</u>

<u>Electric Enterprise Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,730,000	\$ 3,283,288	\$ 7,013,288
2018	3,905,000	3,150,450	7,055,450
2019	4,055,000	3,029,650	7,084,650
2020	4,135,000	2,885,076	7,020,076
2021	4,280,000	2,719,956	6,999,956
2022 - 2026	23,857,143	10,562,457	34,419,600
2027 - 2031	23,243,571	4,594,947	27,838,518
2032 - 2036	7,515,000	590,910	8,105,910
Total	\$ <u>74,720,714</u>	\$ <u>30,816,734</u>	\$ <u>105,537,448</u>

<u>Airport Enterprise Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,015,000	\$ 1,634,938	\$ 3,649,938
2018	2,110,000	1,551,838	3,661,838
2019	2,195,000	1,465,063	3,660,063
2020	2,245,000	1,364,675	3,609,675
2021	2,355,000	1,249,675	3,604,675
2022 - 2026	13,645,000	4,390,675	18,035,675
2027 - 2031	12,475,000	1,200,325	13,675,325
Total	\$ <u>37,040,000</u>	\$ <u>12,857,189</u>	\$ <u>49,897,189</u>

<u>Wastewater Non-major Enterprise Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 888,002	\$ 445,750	\$ 1,333,752
2018	891,117	436,690	1,327,807
2019	894,294	424,683	1,318,977
2020	897,533	409,497	1,307,030
2021	900,839	390,948	1,291,787
2022 - 2026	4,556,129	1,596,906	6,153,035
2027 - 2031	3,959,904	885,825	4,845,729
2032 - 2034	2,203,131	144,725	2,347,856
Total	\$ <u>15,190,949</u>	\$ <u>4,735,024</u>	\$ <u>19,925,973</u>

<u>Water Non-major Enterprise Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 8,485	\$ -	\$ 8,485
2018	8,740	6,840	15,580
2019	9,002	6,586	15,588
2020	9,272	6,323	15,595
2021	9,550	6,053	15,603
2022 - 2026	52,225	25,924	78,149
2027 - 2031	60,544	17,828	78,372
2032 - 2036	70,187	8,932	79,119
Total	\$ 228,005	\$ 78,486	\$ 306,491

<u>Stormwater Non-major Enterprise Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 18,764	\$ -	\$ 18,764
2018	19,139	-	19,139
2019	19,522	-	19,522
2020	19,912	-	19,912
2021	20,311	-	20,311
2022 - 2026	107,811	-	107,811
2027 - 2031	119,032	-	119,032
2032 - 2033	51,013	-	51,013
Total	\$ 375,504	\$ -	\$ 375,504

C. Changes in General Long-Term Liabilities

During the year ended June 30, 2016, the following changes occurred in long-term liabilities for the City's Governmental and Business-Type Activities, as well as each enterprise fund:

	<u>Total Balance 7/1/2015</u>	<u>Additions</u>	<u>Reduction</u>	<u>Refunding</u>	<u>Total Balance 6/30/2016</u>	<u>Less Current Portion</u>	<u>Equal Long Term Portion</u>
<u>Governmental Activities</u>							
General obligation bonds payable	\$ 27,082,144	\$ 4,195,000	\$ (1,689,287)	\$ (2,368,571)	\$ 27,219,286	\$ (1,362,143)	\$ 25,857,143
Other debt	19,341,000	6,590,000	(1,561,000)	(7,345,000)	17,025,000	(1,996,000)	15,029,000
Add unamortized premium	307,827	1,135,466	(20,606)	(30,173)	1,392,514	(87,268)	1,305,246
Subtotal	46,730,971	11,920,466	(3,270,893)	(9,743,744)	45,636,800	(3,445,411)	42,191,389
Obligations under capital leases	1,086,318	987,234	(867,324)	-	1,206,228	(413,232)	792,996
Compensated absences	2,047,151	1,724,342	(1,742,464)	-	2,029,029	(202,903)	1,826,126
Insurance reserves	3,787,037	-	(1,208,692)	-	2,578,345	(918,809)	1,659,536
Net OPEB obligation	963,051	117,389	-	-	1,080,440	-	1,080,440
Net pension obligation	34,597,295	6,391,349	-	-	40,988,644	-	40,988,644
Total	\$ 89,211,823	\$ 21,140,780	\$ (7,089,373)	\$ (9,743,744)	\$ 93,519,486	\$ (4,980,355)	\$ 88,539,131

Business-type Activities - Combined	Total				Refunding	Total		Less Current Portion	Equal Long Term Portion
	Balance 7/1/2015	Additions	Reduction			Balance 6/30/2016			
All Enterprise Funds									
General obligation bonds payable	\$ 46,770,714	\$ 13,235,000	\$ (13,630,000)	\$ -	\$ 46,375,714	\$ (2,300,000)	\$ 44,075,714		
Add unamortized premium	431,414	2,206,093	(102,147)	-	2,535,360	-	2,535,360		
Subtract unamortized discount	(31,914)	-	1,476	-	(30,438)	-	(30,438)		
Subtotal	47,170,214	15,441,093	(13,730,671)	-	48,880,636	(2,300,000)	46,580,636		
Revenue bonds payable	84,889,798	-	(3,938,345)	-	80,951,453	(4,351,766)	76,599,687		
Add unamortized premium	2,474,669	-	(234,504)	-	2,240,165	(183,155)	2,057,010		
Subtotal	87,364,467	-	(4,172,849)	-	83,191,618	(4,534,921)	78,656,697		
Long term note payable	228,006	-	-	-	228,006	(8,485)	219,521		
Obligations under capital leases	6,834,297	63,993	(345,172)	-	6,553,118	(355,447)	6,197,671		
Compensated absences	1,684,129	432,587	(627,226)	-	1,489,490	-	1,489,490		
Net OPEB obligation	566,859	100,376	-	-	667,235	-	667,235		
Net pension obligation	12,774,362	5,219,228	-	-	17,993,590	-	17,993,590		
Other noncurrent liabilities	5,583,813	-	(323,816)	-	5,259,997	-	5,259,997		
Total	\$ 162,206,147	\$ 21,257,277	\$ (19,199,734)	\$ -	\$ 164,263,690	\$ (7,198,853)	\$ 157,064,837		

Electric Enterprise Fund	Total				Refunding	Total		Less Current Portion	Equal Long Term Portion
	Balance 7/1/2015	Additions	Reduction			Balance 6/30/2016			
General obligation bonds payable	\$ 46,770,714	\$ 13,235,000	\$ (13,630,000)	\$ -	\$ 46,375,714	\$ (2,300,000)	\$ 44,075,714		
Add unamortized premium	431,414	2,206,093	(102,147)	-	2,535,360	-	2,535,360		
Subtract unamortized discount	(31,914)	-	1,476	-	(30,438)	-	(30,438)		
Subtotal	47,170,214	15,441,093	(13,730,671)	-	48,880,636	(2,300,000)	46,580,636		
Revenue bonds payable	29,730,000	-	(1,385,000)	-	28,345,000	(1,430,000)	26,915,000		
Add unamortized premium	764,822	-	(42,426)	-	722,396	-	722,396		
Subtotal	30,494,822	-	(1,427,426)	-	29,067,396	(1,430,000)	27,637,396		
Compensated absences	1,176,301	-	(200,915)	-	975,386	-	975,386		
Net OPEB obligation	224,099	37,114	-	-	261,213	-	261,213		
Net pension obligation	9,427,247	3,246,758	-	-	12,674,005	-	12,674,005		
Other noncurrent liabilities	5,583,813	-	(323,816)	-	5,259,997	-	5,259,997		
Total	\$ 94,076,496	\$ 18,724,965	\$ (15,682,828)	\$ -	\$ 97,118,633	\$ (3,730,000)	\$ 93,388,633		

Airport Enterprise Fund	Total				Refunding	Total		Less Current Portion	Equal Long Term Portion
	Balance 7/1/2015	Additions	Reduction			Balance 6/30/2016			
Revenue bonds payable	\$ 38,690,000	\$ -	\$ (1,650,000)	\$ -	\$ 37,040,000	\$ (2,015,000)	\$ 35,025,000		
Add unamortized premium	1,709,847	-	(192,078)	-	1,517,769	(183,155)	1,334,614		
Subtotal	40,399,847	-	(1,842,078)	-	38,557,769	(2,198,155)	36,359,614		
Obligations under capital leases	797,908	-	(150,798)	-	647,110	(154,786)	492,324		
Compensated absences	200,047	138,486	(145,750)	-	192,783	-	192,783		
Net OPEB obligation	126,442	12,642	-	-	139,084	-	139,084		
Net pension obligation	1,278,506	890,962	-	-	2,169,468	-	2,169,468		
Total	\$ 42,802,750	\$ 1,042,090	\$ (2,138,626)	\$ -	\$ 41,706,214	\$ (2,352,941)	\$ 39,353,273		

Telecom Non-Major Enterprise Fund	Total				Refunding	Total		Less Current Portion	Equal Long Term Portion
	Balance 7/1/2015	Additions	Reduction			Balance 6/30/2016			
Obligations under capital leases	\$ 6,014,500	\$ 63,993	\$ (179,852)	\$ -	\$ 5,898,641	\$ (193,294)	\$ 5,705,347		
Compensated absences	81,200	66,402	(49,721)	-	97,881	-	97,881		
Net OPEB obligation	106,762	15,600	-	-	122,362	-	122,362		
Net pension obligation	745,843	378,186	-	-	1,124,029	-	1,124,029		
Total	\$ 6,948,305	\$ 524,181	\$ (229,573)	\$ -	\$ 7,242,913	\$ (193,294)	\$ 7,049,619		

<u>Wastewater Non-Major</u> <u>Enterprise Fund</u>	Total				Total	Less	Equal
	Balance	Additions	Reduction	Refunding			
	7/1/2015				6/30/2016	Portion	Term
Revenue bonds payable	\$ 16,075,898	\$ -	\$ (884,949)	\$ -	\$ 15,190,949	\$ (888,002)	\$ 14,302,947
Compensated absences	75,035	93,819	(90,435)	-	78,419	-	78,419
Net OPEB obligation	47,206	13,713	-	-	60,919	-	60,919
Net pension obligation	532,524	323,828	-	-	856,352	-	856,352
Total	\$ 16,730,663	\$ 431,360	\$ (975,384)	\$ -	\$ 16,186,639	\$ (888,002)	\$ 15,298,637

<u>Water Non-Major</u> <u>Enterprise Fund</u>	Total				Total	Less	Equal
	Balance	Additions	Reduction	Refunding			
	7/1/2015				6/30/2016	Portion	Term
Long term note payable	\$ 228,006	\$ -	\$ -	\$ -	\$ 228,006	\$ (8,485)	\$ 219,521
Obligations under capital leases	21,889	-	(14,522)	-	7,367	(7,367)	-
Compensated absences	151,546	133,880	(140,405)	-	145,021	-	145,021
Net OPEB obligation	62,350	18,690	-	-	81,040	-	81,040
Net pension obligation	790,242	379,494	-	-	1,169,736	-	1,169,736
Total	\$ 1,254,033	\$ 532,064	\$ (154,927)	\$ -	\$ 1,631,170	\$ (15,852)	\$ 1,615,318

<u>Stormwater Non-Major</u> <u>Enterprise Fund</u>	Total				Total	Less	Equal
	Balance	Additions	Reduction	Refunding			
	7/1/2015				6/30/2016	Portion	Term
Revenue bonds payable	\$ 393,900	\$ -	\$ (18,396)	\$ -	\$ 375,504	\$ (18,764)	\$ 356,740
Net OPEB obligation	-	2,617	-	-	2,617	-	2,617
Total	\$ 393,900	\$ 2,617	\$ (18,396)	\$ -	\$ 378,121	\$ (18,764)	\$ 359,357

19. Capital Lease Obligations

The City is the lessee of certain equipment under capital and operating leases expiring in various years through 2034. Future minimum lease payments under the capital and operating leases consisted of the following as of June 30, 2016:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Capital lease for garage equipment. The rental payments are to be made in equal monthly installments of \$1,032 including interest at 4.3601% annually, maturing on June 29, 2017.	\$ 12,093	\$ -
Capital lease for airport equipment. The rental payments are to be made in equal semiannual installments of \$86,730 including interest at 3.214% annually, maturing on June 26, 2020.	-	644,932
Capital lease for accounting software, police cars, public works vehicles, office equipment, mowers, tractors, backhoe, and zamboni. The rental payments are to be made in equal semiannual installments of \$120,160 including interest at 1.96% annually, maturing on November 18, 2016.	125,908	9,545

(continued)

(continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital lease for traffic vehicles. The rental payments are to be made in equal annual installments of \$28,649 including interest at 5.155% annually, maturing on June 22, 2017.	26,317	-
Capital lease for public works vehicle. The rental payments are to be made in equal annual installments of \$7,996 including interest at 5.95% annually, maturing on June 12, 2019.	21,393	-
Capital lease for public works vehicle and plow gear. The rental payments are to be made in equal annual installments of \$27,812 including interest at 2.67% annually, maturing on April 2, 2020.	103,579	-
Capital lease for public works vehicle. The rental payments are to be made in equal annual installments of \$38,929 including interest at 3.28% annually, maturing on October 15, 2018.	109,526	-
Capital lease for public works sidewalk tractor. The rental payments are to be made in equal annual installments of \$27,540, maturing in fiscal year 2019.	82,620	-
Capital lease for parks and recreation 2015 ford E350 cut away. The rental payments are to be made in equal annual installments of \$10,584 including interest at 5.95% annually, maturing on March 11, 2019.	28,318	-
Capital lease for public works 2016 ford F450. The rental payments are to be made in equal annual installments of \$11,044 including interest at 5.45% annually, maturing on July 22, 2019.	38,756	-
Capital lease for public works and parks vehicles and equipment. The rental payments are to be made in equal annual installments of \$92,442 including interest at 2.33% annually, maturing on October 20, 2019.	349,027	-
Capital lease for parks and fire vehicles and equipment. The rental payments are to be made in equal annual installments of \$81,413 including interest at 2.591% annually, maturing on October 20, 2016.	308,691	-
Capital lease for telecom bucket truck. The rental payments are to be made in equal monthly installments of \$753 including interest at 0.60% annually, maturing on November 1, 2017.	-	12,141
Capital lease for telecom truck. The rental payments are to be made in equal monthly installments of \$1,143 including interest at 0.64% annually, maturing on November 8, 2018.	-	41,197
Capital lease for telecom ford focus. The rental payments are to be made in equal monthly installments of \$346 including interest at 0.61% annually, maturing on September 1, 2019.	-	11,988
Capital lease for telecom ford E350 bucket van. The rental payments are to be made in equal monthly installments of \$1,270, maturing on June 1, 2020.	-	52,401
Capital lease for Burlington Telecom with Blue Water Holdings LLC. The rental payments are to be made in equal monthly installments of \$46,544 including interest at 7% annually, maturing on December 30, 2034.	-	5,780,914
Total capital lease obligations	1,206,228	6,553,118
Less: amount due within one year	(413,232)	(355,447)
Capital lease obligation, net of current portion	<u>\$ 792,996</u>	<u>\$ 6,197,671</u>

Fiscal <u>Year</u>	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
2017	\$ 437,782	\$ 782,886
2018	322,026	754,821
2019	297,761	765,586
2020	212,713	769,415
2021	-	558,532
Thereafter	<u>-</u>	<u>7,536,502</u>
Total minimum lease payments	1,270,282	11,167,742
Less amounts representing interest	<u>(64,054)</u>	<u>(4,614,624)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,206,228</u>	<u>\$ 6,553,118</u>

The following is an analysis for the leased assets included in capital assets at June 30, 2016:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Machinery, vehicles and equipment	\$ 1,449,960	\$ 7,696,033
Less: accumulated depreciation	<u>(258,706)</u>	<u>(1,000,978)</u>
Equipment under capital leases, net	<u>\$ 1,191,254</u>	<u>\$ 6,695,055</u>

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

On December 31, 2014, after receiving approval from Vermont’s Public Service Board for the transaction, the City executed a lease and other agreements with Blue Water Holdings, LLC (BWH), conveying primarily the fiber optic network and the related capital assets for a consideration of \$6M to BWH and leasing back the assets to the City for BT to provide phone, internet, and cable television service to its residents and businesses under its trade name “Burlington Telecom”. Under the sale leaseback arrangement, BT began making periodic lease payments to BWH on January 31, 2015 in monthly amounts of \$46,544, including interest payment of 7%, maturing on December 30, 2034. The transaction has been accounted for as a financing arrangement, wherein the right of use of the fiber optic network and the related assets (ROU) is reported on BT’s books as an intangible asset and the financing obligation in the amount of \$6M is reported under capital leases payable. The arrangement with BWH contemplates the sale of Burlington Telecom by the City by December 31, 2018, and if the City has not found a qualified purchaser by then, BWH shall have the right to direct a sale to a qualified purchaser of its choice. If the lease is terminated and the successor operator with PSB approval is not in place, the City will continue to operate BT as required under the terms of the Certificate of Public Good (CPG). Per the subsequent first amendment to the agreements, BT owns the capital additions and improvements to the ROU acquired since December 31, 2014, and

therefore the transactions are accounted for as capital assets. The capital additions and improvements to the Telecom System shall further be transferred by lessee directly to the buyer of the system at and upon the closing of any future sale of the system as provided under the Burlington Telecom Management and Sale Agreement. Lessee shall not sell or otherwise transfer such capital additions and improvements except as expressly permitted under this agreement.

21. Long-Term Obligations of Component Units

Burlington School District:

A. Bonds Payable

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

<u>School District:</u>	<u>Serial</u> <u>Maturities</u> <u>Through</u>	<u>Interest</u> <u>Rate(s) %</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>6/30/16</u>
General obligation bonds, net of premiums:				
G.O. School 2002 Series A Bonds	9/1/2022	3.00 - 4.75%	860,000	\$ 390,000
G.O. School 2004 Refunding Series B Bonds	12/01/2016	2.00 - 3.80%	2,370,000	194,061
G.O. School 2005 Series B Bonds	11/1/2025	3.25 - 4.2%	750,000	473,809
G.O. School 2006 Series A Bonds	11/1/2026	3.50 - 4.00%	750,000	513,609
G.O. School 2006 Series A Bonds - Athletic Field	11/1/2026	3.50 - 4.00%	3,615,000	2,350,000
G.O. School 2007 Series A Bonds	11/1/2027	3.50 - 4.25%	750,000	525,000
G.O. School 2009 Series C Bonds	11/1/2029	2.00 - 4.125%	750,000	575,000
G.O. School 2009 Series C Bonds	11/1/2029	2.00 - 4.125%	2,000,000	1,650,199
G.O. School 2010 Series A Qualified School Constr.	11/1/2026	6.50%	9,700,000	9,700,000
G.O. School 2010 Series B Taxable GO Public Impr.	11/1/2026	6.50%	2,000,000	2,000,000
General Improvements 2011 Series B	11/1/2031	2.00 - 4.75%	2,000,000	1,710,000
Public Improvement Bonds 2012 Series A	6/30/2033	5.00%	3,250,000	3,146,421
G.O. Public Improvement Bonds 2013 Series B	11/1/2033	4.00 - 6.75%	2,000,000	1,897,777
G.O. Public Improvement Bonds 2014 Series A	11/15/2034	0.51 - 3.99%	2,000,000	1,900,000
G.O. Public Improvement Bonds 2015 Series A	11/1/2035	5.00%	2,000,000	2,000,000
Subtotal School District				29,025,876
Less: unamortized premiums				(373,019)
Total School District				<u>\$ 28,652,857</u>

B. Future Debt Service

The annual payments to retire the Burlington School District's notes payable outstanding as of June 30, 2016 are as follows (amounts include unamortized bond premiums):

<u>School</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,042,143	\$ 1,485,457	\$ 2,527,600
2018	896,429	1,453,547	2,349,976
2019	920,714	1,418,158	2,338,872
2020	960,000	1,380,513	2,340,513
2021	999,286	1,340,207	2,339,493
2022 - 2026	5,453,571	6,018,846	11,472,417
2027 - 2031	16,175,714	1,436,909	17,612,623
2032 - 2036	<u>2,205,000</u>	<u>196,513</u>	<u>2,401,513</u>
Total	\$ <u>28,652,857</u>	\$ <u>14,730,150</u>	\$ <u>43,383,007</u>

Burlington Community Development Corporation:

A. Notes Payable

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

	<u>Component Unit</u>
TD Bank (Gilbane Property) Note secured by the mortgage on the property. The terms require annual payment of \$33,483 for 15 years with an interest rate of 6.25% maturing in October 2025.	\$ 235,449
People's United Bank notes offset by notes receivable from Champlain Housing Trust Corporation. The terms require annual payments of \$22,547 for 21 years with an interest rate of 5.00% maturing October 1, 2028.	207,242
Union Bank Note (refinanced previous VEDA Loan) requiring annual payment of \$217,818 for 10 years with an interest rate of 4.09% maturing in November 2020. A balloon payment of \$1,803,380 is due at maturity. The City guarantees the debt.	2,358,054
BCDC 1993 Relief Bonds terms require annual payments of \$86,352 with an interest rate ranging between 3.25% - 4.00% maturing in FY2024 and FY2025.	593,679
Swap Terminator Fee Loan (related to above noted VEDA refinancing) terms require annual payment of \$38,333 for 20 years with an interest rate of 3.75% maturing in November 2030.	<u>451,624</u>
Total Notes Payable	\$ <u>3,846,048</u>

B. Future Debt Service

The annual payments to retire BCDC's notes payable outstanding as of June 30, 2016 are as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 243,151	\$ 155,212	\$ 398,363
2018	253,355	145,002	398,357
2019	264,001	134,348	398,349
2020	274,867	123,473	398,340
2021	1,975,403	70,098	2,045,501
2022-2026	592,836	104,847	697,683
2027-2031	<u>242,435</u>	<u>23,157</u>	<u>265,592</u>
Total	<u>\$ 3,846,048</u>	<u>\$ 756,137</u>	<u>\$ 4,602,185</u>

C. Due to Primary Government

	Component Unit
BCDC borrowed \$1,400,000 from the Airport Enterprise fund to assist in financing construction of the Aviation Support Hanger. The terms require annual payments of \$93,172 for 20 years with an interest rate of 3%, maturing in June 2026.	\$ 804,091
BCDC owes the City (the Primary Government) for its share of the Westlake Parking Garage. The terms requires annual payment of at least \$72,000 with an interest rate of 2.3%, maturing in December 2020.	<u>288,331</u>
Total Due to Primary Government	<u>\$ 1,092,422</u>

D. Future Debt Service

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

Fiscal Year	Principal	Interest	Total
2017	\$ 136,738	\$ 28,434	\$ 165,172
2018	140,212	24,960	165,172
2019	143,778	21,394	165,172
2020	160,667	17,734	178,401
2021	78,921	14,251	93,172
2022-2026	<u>432,106</u>	<u>33,758</u>	<u>465,864</u>
Total	<u>\$ 1,092,422</u>	<u>\$ 140,531</u>	<u>\$ 1,232,953</u>

22. Deferred Inflows of Resources – Non Pension Related

Deferred inflows of resources are the acquisition of net assets by the City that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities.

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

23. Governmental Funds - Balances

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

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

The following types of fund balances are reported at June 30, 2016:

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

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

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

Unassigned - Represents general fund amounts that may be available to be spent in future periods and deficits in other governmental funds.

Following is a breakdown of the City's fund balances at June 30, 2016:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Inventory and prepaid expenditures	\$ 628,312	\$ 285,317	\$ 913,629
Advances to other funds	2,033,562	-	2,033,562
Nonexpendable permanent funds	-	909,230	909,230
Total Nonspendable	<u>2,661,874</u>	<u>1,194,547</u>	<u>3,856,421</u>
Restricted			
Community development	38,500	2,438,984	2,477,484
Tax increment financing	-	1,646,451	1,646,451
Impact fees	-	307,218	307,218
Street and sidewalk infrastructure	-	5,382,234	5,382,234
FEMA	-	7,934	7,934
General capital	-	132,466	132,466
Expendable permanent funds	-	376,215	376,215
Total Restricted	<u>38,500</u>	<u>10,291,502</u>	<u>10,330,002</u>
Committed			
Non-departmental	407,531	-	407,531
Clerk and Treasurer's office	80,000	-	80,000
Planning and zoning	7,617	-	7,617
Information technology	85,000	-	85,000
Fire	20,000	-	20,000
Public works	600,000	-	600,000
CCTA and County tax	36,669	-	36,669
Library books and donations	182,332	-	182,332
Mayor's special events	6,743	-	6,743
Natural gas	128,125	-	128,125
Parking	23,000	-	23,000
Plan BTV south	35,191	-	35,191
Police equitable sharing funds	700,633	-	700,633
Public records restoration	141,059	-	141,059
Reappraisal	140,000	-	140,000
Recycle, vehicle	47,500	-	47,500
Sale of land	100,000	-	100,000
Sustainability donations	20,000	-	20,000
Wellness	17,809	-	17,809
Traffic	-	1,959,682	1,959,682
Dedicated taxes:			
Pennies for parks	-	311,739	311,739
Greenbelt	-	142,696	142,696
Conservation legacy	-	573,046	573,046
Bike path	-	149,131	149,131
Total Committed	<u>2,779,209</u>	<u>3,136,294</u>	<u>5,915,503</u>
Unassigned	<u>6,520,495</u>	<u>(2,473,963)</u>	<u>4,046,532</u>
Total Unassigned	<u>6,520,495</u>	<u>(2,473,963)</u>	<u>4,046,532</u>
Total Fund Balance	<u>\$ 12,000,078</u>	<u>\$ 12,148,380</u>	<u>\$ 24,148,458</u>

24. Restricted Net Position

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

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

25. Retirement System

The City follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* with respect to the Burlington Employees' Retirement System (the System). The System follows the provision of GASB Statement No. 67, *Financial Reporting for Pension Plans*.

A. Plan Description

The System is a cost sharing, single employer, defined benefit pension plan covering substantially all of its employees except elective officials, other than the mayor, and the majority of the public school teachers, who are eligible for the Vermont State Teacher's Retirement System. The plan is broken down into Class A participants and Class B participants. Class A participants are composed of firemen and policemen. Class B participants include all other covered City employees. The City's total covered payroll was \$44,765,172. The System does not issue a stand-alone financial report.

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

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

There are 842 active members and 614 retirees or beneficiaries currently receiving benefits. Additionally, there are 383 former employees with vested rights.

B. Benefits Provided

Class A participants vest 20 percent after three years of creditable service, and 20 percent for each year thereafter until they are 100 percent vested after 7 years of creditable service. The normal benefit is payable commencing at age 55 or with 25 years of service. Class A participants who retire at or after age 55 with 7 years of creditable service are entitled to a retirement benefit, payable monthly for life,

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

All eligible City Class B employees vest 20 percent after three years of creditable service, and 20 percent for each year thereafter until they are 100 percent vested after 7 years of creditable service. Class B participants who retire at or after age 65 are entitled to a retirement benefit, payable monthly for life, equal to 1.60 percent of AFC (at age 65) during the highest three non-overlapping twelve-month periods times creditable service at age 65 not in excess of 25 years plus .5 percent of AFC times creditable service at age 65 in excess of 25 years and a yearly COLA based on the CPI. Class B retirees could alternatively elect to choose an accrual rate of 1.9% for service up to June 30, 2006 and 1.8% thereafter and one half the yearly COLA, or an accrual rate of 2.2% for service up to June 30, 2006 and 2.0% thereafter and no COLA. The half and no COLA options have been eliminated for new hires after January 1, 2006 and they are only entitled to a 1.4% accrual rate. Employees may retire prior to age 65 and receive reduced retirement benefits. Creditable service or an actuarial increase is used after age 65. For Class B IBEW participants hired after October 30, 2012, the number of years used in the calculation of AFC was changed from three years to five. Also the disability retirement was revised from 75% of pay to 66 $\frac{2}{3}$ % of pay.

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

C. Contributions

Participants contribute a set percentage of their gross regular compensation annually. Class A participants contribute 10.8% of earnable compensation for the first 35 years of creditable service, and none thereafter. Class A employees do not contribute to the social security retirement system. Class B participants contribute 3.0% of earnable compensation other than IBEW employees hired before May 1, 2008 who elected to contribute 4.0% of earnable compensation.

The Board establishes employer contributions based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits

earned by the System members during the year, with an additional amount to finance a portion of any unfunded accrued liability. The calculation of the actuarially determined contribution is governed by the applicable provisions of the Retirement Code.

It is the policy of the City of Burlington to fund, by actuarially determined periodic contributions, the normal cost of the Plan plus a provision for amortization of past service cost over a thirty (30) year period from date of establishment. The contribution rate for normal cost is determined using the projected unit credit cost method with costs allocated based on earnings of plan members. The City funded one hundred percent (100%) of the annual required contribution in 2016.

D. Summary of Significant Accounting Policies

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

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

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

E. Actuarial Assumptions

The total actuarially determined contribution to the system for 2015 was \$8,840,769. A summary of the actuarial assumptions as of the latest actuarial valuation is shown below:

Valuation Date	June 30, 2015
Actuarial cost method	Entry Age Normal - Level Percentage of Pay
Actuarial assumptions:	
Investment rate of return	8.0%
Inflation rate	3.0%
Projected salary increases	3.8 - 8.8%
Post-retirement cost-of-living adjustment	Increases averaging 3.0% per year were assumed

Actuarial valuation of the ongoing System involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used in the June 30, 2015 valuation were based on the results of the most recent actuarial experience study for the five year period ending June 30, 2012.

Mortality rates were based on the RP-2000 Combined Mortality tables for Males and Females projected to 2017 with scale AA; RP-2000 Disability Mortality Table projected with scale AA to 2017 for the period after disability retirement, and prior to the state of the service retirement benefit.

F. Net Pension Liability

The components of the net pension liability (i.e., the retirement system’s liability determined in accordance with GASB No. 67 less the fiduciary net position) as of June 30, 2015, is shown below:

Total pension liability	\$ 229,880,291
System fiduciary net position	<u>(161,715,857)</u>
Net pension liability	<u>\$ 68,164,434</u>
System fiduciary net position as a percentage of the total pension liability	70.3%

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

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

expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real rate of Return</u>
Equity	30.80%	6.70%
Fixed income	31.50%	2.94%
Alternatives	23.30%	6.26%
Multi-strategy	14.40%	5.98%

Discount Rate – The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current System members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the System’s net pension liability calculated using the discount rate of 8.00 percent, as well as what the System’s net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (7.00%) or 1 percentage-point higher (9.00%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Primary Government	\$ 85,172,152	\$ 58,982,234	\$ 45,112,915
Discretely Presented Component Unit	<u>10,592,690</u>	<u>9,182,200</u>	<u>4,422,433</u>
Total Net Pension Liability	<u>\$ 95,764,842</u>	<u>\$ 68,164,434</u>	<u>\$ 49,535,348</u>

G. Deferred Outflows and Inflows of Resources

For the year ended June 30, 2016, the City recognized pension expense of \$6,578,188 and the School District recognized pension expense of \$545,194. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary Government:		
Fiscal year 2016 deferred pension contributions	\$ 7,862,893	\$ -
Changes in proportional share of contributions	1,802,642	(1,770,237)
Difference between expected and actual pension experience	2,790,202	-
Difference between projected and actual investment earnings	<u>5,262,881</u>	<u>-</u>
Total Primary Government	17,718,618	(1,770,237)
Discretely Presented Component Unit:		
Fiscal year 2016 deferred pension contributions	1,268,900	-
Changes in proportional share of contributions	-	(32,405)
Difference between expected and actual pension experience	434,371	-
Difference between projected and actual investment earnings	<u>819,311</u>	<u>-</u>
Total Discretely Presented Component Unit	<u>2,522,582</u>	<u>(32,405)</u>
Total	<u>\$ 20,241,200</u>	<u>\$ (1,802,642)</u>

Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized in pension expense in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Year ended June 30:		
2017	\$ 2,599,488	\$ (573,386)
2018	2,599,487	(573,386)
2019	2,300,513	(623,465)
2020	<u>2,356,237</u>	<u>-</u>
Total Primary Government	9,855,725	(1,770,237)
Year ended June 30:		
2017	295,623	(127,153)
2018	295,623	(127,153)
2019	295,623	221,901
2020	<u>366,813</u>	<u>-</u>
Total Discretely Presented	<u>1,253,682</u>	<u>(32,405)</u>
Total	<u>\$ 11,109,407</u>	<u>\$ (1,802,642)</u>

H. Rate of Return

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 0.15%.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

26. Post-Employment Healthcare and Life Insurance Benefits

Other Post-Employment Benefits

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

A. Plan Description

In addition to providing the pension benefits described, the City provides post-employment healthcare and life insurance benefits for retired employees through the City and School's plan. There are 699 active members and 33 retirees and beneficiaries as of June 30, 2015, the date of the last actuarial valuation.

In addition, the City allows certain retired employees to purchase health insurance through the City at the City's group rates. GASB No. 45 recognizes this as an implied subsidy and requires accrual of this liability.

B. Benefits Provided

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

C. Funding Policy

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

D. Annual OPEB Costs and Net OPEB Obligation

The City's fiscal 2016 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of

thirty years. The City has elected not to pre-fund OPEB liabilities. The following table shows the components of the City's annual OPEB cost for the year ending June 30, 2016, the amount actually contributed to the plan, and the change in the City's net OPEB obligation based on an actuarial valuation as of June 30, 2015 for the City.

Annual Required Contribution (ARC)	\$	332,918
Interest on net OPEB obligation		61,196
Adjustment to ARC		<u>(50,997)</u>
Annual OPEB cost		343,117
Contributions made		<u>(125,352)</u>
Increase in net OPEB obligation		217,765
Net OPEB obligation - beginning of year		<u>1,529,910</u>
Net OPEB obligation - end of year	\$	<u><u>1,747,675</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 343,117	36.5%	\$ 1,747,675
2015	325,681	66.3%	1,529,910
2014	442,314	86.2%	1,420,191
2013	335,169	108.3%	1,359,145
2012	365,319	32.4%	1,387,098
2011	345,427	34.3%	1,140,113
2010	324,800	0.8%	913,000

E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$	3,778,744
Actuarial value of plan assets		<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$	<u><u>3,778,744</u></u>
Funded ratio (actuarial value of plan assets/AAL)		<u><u>0%</u></u>
Covered payroll (active plan members)	\$	<u><u>36,668,126</u></u>
UAAL as a percentage of covered payroll		<u><u>10.3%</u></u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the

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

F. Actuarial Methods and Assumptions

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

In the June 30, 2015 City actuarial valuation the projected unit credit cost method was used. The actuarial value of assets was not determined as the City has not advance funded its obligation. The actuarial assumptions included a 4% investment rate of return and an initial annual healthcare cost trend rate of 8%, which decreases to a 5% long-term rate for all healthcare benefits after six years for the City. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on an open basis. This has been calculated assuming the amortization payment increases at a rate of 4%.

27. Risk Management

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

28. Commitments and Contingencies

A. Burlington International Airport

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

On or around July 29, 2014, Mansfield Heliflight, Inc. (“Mansfield”) filed a Part 16 Complaint with the FAA against the City, alleging the City has prevented Mansfield from becoming a Fixed-Base Operator (“FBO”) at BTV, and that its

efforts in this regard effectively granted an exclusive right to Heritage Aviation, Inc. The Complaint alleges that (1) the City is in violation of Grant Assurance No. 23, prohibiting the grant of an exclusive right to any person to conduct aeronautical activities at BTV; (2) the City is in violation of Grant Assurance No. 2,2 prohibiting unjust discrimination; and (3) predatory conduct and illegal restraint of trade by the City in violation of the Sherman Act and Grant Assurance No. 1, which prohibits a sponsor's violation of federal law. The City filed a Consolidated Answer, Motion for Summary Judgment and Motion to Dismiss on October 2, 2014, denying many of the factual allegations in Mansfield's Complaint. The City has moved to dismiss Count 3 on the grounds FAA lacks jurisdiction over the alleged Sherman Act violation and for summary judgment on Counts 1 and 2 on the grounds that the undisputed facts do not demonstrate a violation of the City's Grant Assurances. The last round of pleadings was filed in January of 2015. The case is now pending before FAA, which has granted itself several extensions, currently through December 2016. The City believes that Mansfield's claims are without merit and will continue contesting them vigorously.

South Burlington Assessments

In 2013, The City has appealed the City of South Burlington's assessment of all the Airport-related properties owned by the City as of April 1, 2012, as well as the succeeding three years. The City appealed the assessments through South Burlington's administrative proceedings and then to the civil division of the Vermont Superior Court. A mediation in the summer of 2016 reached a successful resolution, resulting in an agreed-upon value for the airport property through the April 2017 grand list, a credit for 2016 and 2017 to account for some of Burlington's past over-payment, and agreed-upon values for the rest of the Burlington-owned properties for the next three years. The case was dismissed in August 2016. The parties also agreed on a ten-year tax stabilization agreement that will guide the future assessments of Burlington's properties in South Burlington.

B. *Electric Department Commitments and Contingencies*

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

In addition to energy provided by its owned generation, BED purchases a portion of its electricity requirements pursuant to long-term (greater than one year in duration) contracts. During the fiscal year ended June 30, 2016, long-term sources of purchased power included:

- New York Power Authority (NYPA) power from hydro stations on the Niagara and St. Lawrence rivers under contracts through September 1, 2025 (Niagara) and through April 30, 2017 (St. Lawrence).

- Vermont Electric Power Producers, Inc. (VEPP) which is agent for 16 hydro facilities located within Vermont.
- Deliveries pursuant to a long term contract with Vermont Wind commenced in September 2011 (for test energy), with the official ten year contract start date being October 19, 2011 when commercial energy production began. Under the contract, BED receives 16 MW (40%) of Vermont Wind's wind farm in northeast Vermont (Sheffield). BED's 16 MW entitlement is expected to provide approximately 10.3% of BED's annual energy requirements.
- BED purchases energy from the Georgia Mountain Community Wind (GMCW) project with commercial operation on December 31, 2012. Pursuant to a 25-year contract, BED receives 10MW (100%) entitlement from Georgia Mountain's wind farm in Milton/Georgia, Vermont. GMCW is expected to produce energy sufficient to meet 9.2% of BED's energy needs.
- Deliveries pursuant to a ten year contract with Hancock Wind were scheduled to commence in 2016. Pursuant to a contract amendment, Hancock was given an extension in the required commercial operation date (which is now anticipated to be Jan 1, 2017). Construction of the project is well advanced. Under the contract, BED will receive 13.5 MW (26.5%) of Hancock's wind farm.
- Long-term purchases from a number of small in-state resources under a state mandated feed-in tariff program (called Standard Offer resources).
- Purchase of the output from 6 small in-city solar projects under long-term agreements.
- BED is purchasing energy and Renewal Energy Credits (RECs) from Nextera for a 5-year period beginning January 1, 2013. For calendar year 2013 and 2014, hourly energy is 10 MW, for the final 3 years (calendar 2015 – 2017), the volume is 5 MW per hour. The delivered energy is unit contingent on a portfolio of hydro facilities, and includes RECs from those units equal in volume to the energy purchased.
- The Burlington City Council, the Vermont Public Service Board, and the voters of Burlington have approved a 23-year energy-only contract with Hydro-Quebec. The contract has been executed and deliveries began (for BED) in November 2015. Under the contract, BED will receive 5 MW of contract energy for the period November 1, 2015 to October 31, 2020 and a second (additional) 4 MW of contract energy for the period November 1, 2020 to October 31, 2038. BED's entitlement is expected to provide approximately 6%-15% of BED's annual energy requirements depending on whether one, or both, contract entitlements are flowing in a particular year.
- In 2013, BED entered a long term power agreement to purchase the output of a proposed 2.5 MW solar generating facility to be located in Burlington (South Forty Solar). Permitting hearings completed in May 2016, and the developer has received a draft order approving construction from the Vermont Public Service Board. Production is likely to commence in 2017.

Payments under these long-term power supply contracts were \$12,632,234 for the year ended June 30, 2016, with the decrease from 2015 being largely due to a decrease in short term purchases. Budgeted commitments under these long-term contracts and long-term contracts approved and executed for future delivery periods total approximately \$77,301,845 for the 5-year period from July 1, 2016 to June 30, 2021.

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

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

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

	<u>2016</u>
McNeil Generating Station and Gas Turbine	44%
Winooski One	8%
New York Power Authority	4%
Vermont Electric Power Producers	2%
Standard Offer	2%
Wind Production	19%
Solar	0%
Hydro-Quebec	8%
Nextera	13%
Short Term/Other (net)	<u>0%</u>
Total	<u><u>100%</u></u>

C. Other Funds’ Commitments and Contingencies

1) Grant Programs

The City participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for, or including, the year ended June 30, 2016 have not yet been conducted. Accordingly, the City’s compliance with grant application requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

2) Construction Commitments

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

D. General Commitments and Contingencies

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

1) Insurance Reserves

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

The City is self-insured for health insurance. The Plan is administered by a third-party administrator that is responsible for approval, processing and payment of claims, after which they bill the City for reimbursement. The City has reinsurance for individual claims in excess of \$130,000 and for aggregate stop loss of 125% of projected claims for the 2012 policy year.

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

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

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

At June 30, 2016, the City has recorded an estimated liability of \$918,809 in the General Fund, which represents the short term payable for health claims as of June 30, 2016. A long-term reserve liability of \$1,659,536 is included for claims incurred but not reported on the governmental statement of net position. This consists of \$1,639,970 for workers' compensation claims and \$19,566 for dental claims incurred on or before June 30, 2016, but not paid by the City as of that date.

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

The City has elected to pay actual unemployment claims instead of enrolling in an unemployment insurance program. No liabilities have been accrued as the City is not able to make an estimate as to any future costs.

29. Deferred Compensation

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

30. Voluntary Employee Buyout

On April 20, 2015 the Burlington City Council approved an employee Voluntary Buyout Plan (VBOP) for certain employees of the Electric Department. To qualify for the VBOP, an employee had to have a combination of age and years of service equal to 80 by June 30, 2016. There were 42 employees eligible and 23 employees signed up for the program. The VBOP included 20 weeks of base pay plus one week for every year of service (capped at 52 weeks), a \$30,000 stipend, and eighteen months of health insurance coverage. The estimated cost of the program of \$2.5 million was fully accrued in 2015 based on the number of employees who were eligible and who had made the election prior to June 30, 2016. Additionally, the estimated cash outlay

was entirely funded in fiscal year 2015, and was deposited in a separate reserve account and fully paid out prior to June 30, 2016.

31. Subsequent Events

On November 1, 2016 the City issued the following debt:

	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>
<u>Governmental Activities:</u>			
G.O. Public Improvement Bond 2016 Series B - City	\$ 2,000,000	5.00%	11/1/2036
G.O. Obligation Refunding Bond 2016 Series C - City	2,545,000	2.00 - 4.00%	11/1/2029
<u>Business-Type Activities:</u>			
G.O. Public Improvement Bond 2016 Series B - Electric	3,000,000	5.00%	11/1/2036
G.O. Obligation Refunding Bond 2016 Series C - Electric	7,785,000	2.00 - 4.00%	11/1/2029
G.O. Obligation Refunding Bond 2016 Series D - Electric	9,680,000	1.15 - 3.25%	11/1/2029
<u>Component Unit - Burlington School District:</u>			
G.O. Public Improvement Bond 2016 Series B - School	2,000,000	5.00%	11/1/2036
G.O. Obligation Refunding Bond 2016 Series C - School	<u>1,650,000</u>	2.00 - 4.00%	11/1/2029
Total	<u>\$ 28,660,000</u>		

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF BURLINGTON, VERMONT
SCHEDULE OF OPEB FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2016
(Unaudited)

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
City Plan						
6/30/2015	\$ -	\$ 3,778,744	\$ (3,778,744)	0.0%	\$ 36,668,126	10.3%
6/30/2013	\$ -	\$ 3,862,554	\$ (3,862,554)	0.0%	\$ 36,346,808	10.6%
6/30/2011	\$ -	\$ 3,920,235	\$ (3,920,235)	0.0%	\$ 34,624,868	11.3%
6/30/2009	\$ -	\$ 3,593,453	\$ (3,593,453)	0.0%	\$ 33,073,193	10.9%
Discretely Presented Component Unit - School District						
7/1/2015	\$ -	\$ 5,503,193	\$ (5,503,193)	0.0%	\$ 32,092,393	17.1%
7/1/2014	\$ -	\$ 2,678,711	\$ (2,678,711)	0.0%	\$ 35,454,720	7.6%
7/1/2012	\$ -	\$ 2,365,074	\$ (2,365,074)	0.0%	\$ 30,358,375	7.8%
7/1/2010	\$ -	\$ 2,257,751	\$ (2,257,751)	0.0%	\$ 28,831,983	7.8%
7/1/2008	\$ -	\$ 3,891,509	\$ (3,891,509)	0.0%	\$ 24,767,727	15.7%

See Independent Auditors' Report.

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

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

SCHEDULE OF CHANGES IN THE
EMPLOYERS' NET PENSION LIABILITY

REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2016
(Unaudited)

	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service	\$ 5,915,439	\$ 5,314,021
Interest on unfunded liability - time value of \$	17,419,148	16,598,877
Changes of benefit terms	(3,167,853)	-
Differences between expected and actual experience	4,312,195	-
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	<u>(12,602,652)</u>	<u>(11,932,108)</u>
Net change in total pension liability	11,876,277	9,980,790
Total pension liability - beginning	<u>218,004,014</u>	<u>208,023,224</u>
Total pension liability - ending (a)	<u>\$ 229,880,291</u>	<u>\$ 218,004,014</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 8,840,768	\$ 8,920,879
Contributions - member	2,167,652	2,148,842
Net investment income	(557,357)	19,625,825
Benefit payments, including refunds of member contributions	(12,602,652)	(11,932,108)
Administrative expense	(306,795)	(253,796)
Other	<u>-</u>	<u>5,927</u>
Net change in plan fiduciary net position	(2,458,384)	18,515,569
Plan fiduciary net position - beginning	<u>164,174,241</u>	<u>145,658,672</u>
Plan fiduciary net position - ending (b)	<u>\$ 161,715,857</u>	<u>\$ 164,174,241</u>
Net pension liability (asset) - ending (a-b)	<u>\$ 68,164,434</u>	<u>\$ 53,829,773</u>

(continued)

(continued)

Schedules of Net Pension Liability

	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 229,880,291	\$ 218,004,014
Plan fiduciary net position	<u>(161,715,857)</u>	<u>(164,174,241)</u>
Net pension liability	<u>\$ 68,164,434</u>	<u>\$ 53,829,773</u>
Plan fiduciary net position as a percentage of the total pension liability	70.35%	75.31%
Covered payroll	\$ 44,765,172	\$ 45,788,172
Net -pension liability as a percentage of covered payroll	152.27%	117.56%

Schedules of Employer Contributions

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 8,840,768	\$ 8,920,879
Contributions in relation to the actuarially determined contribution	<u>8,840,768</u>	<u>8,920,879</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 44,765,172	\$ 45,788,172
Contributions as a percentage of covered employee payroll	19.75%	19.48%

Schedule of Investment Returns

	<u>2015</u>	<u>2014</u>
Annual money weighted rate of return, net of investment expense	-0.15%	13.62%

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

See Independent Auditors' Report.

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**SUPPLEMENTARY STATEMENTS
AND SCHEDULES**

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**Combining Financial Statements
and
Other Supplementary Schedules**

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

- Traffic: The Traffic Division provides planning, engineering, operations, and maintenance of the traffic signs, markings, and signals that allow the transportation system to operate safely and efficiently for all modes of travel. Traffic also owns and operates 1,612 public parking spaces in three parking structures downtown; 1,080 on street parking meters; and 176 metered parking spaces in six surface lots.
- Community and Economic Development: The Community and Economic Development Office (CEDO) works with the community to foster economic vitality, preserve and enhance neighborhoods, improve the quality of life and the environment, and promote equity and opportunity for all residents of Burlington.
- Tax Increment Financing: The Waterfront TIF fund is utilized for enhancing public infrastructure and making the waterfront area more accessible and vibrant.
- Church Street Marketplace: Church Street Marketplace manages the public right of way for a four block pedestrian mall and business improvement district. This includes maintenance, marketing and administrative services.
- Impact Fees: Impact fees are assessed against new development to help offset the costs of new infrastructure required by the City's growth. These funds are restricted for the use of capital improvement projects.
- Dedicated Taxes: The City of Burlington has several voter-approved dedicated taxes to be utilized for parks and tree upgrades, conservation of open space, assistance with building of affordable housing, and upgrades to the Cities streets.

CAPITAL PROJECT FUNDS

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

- Champlain Parkway: This fund is used to account for the construction of a new City street from I89 to the City's center.
- Waterfront Access: This fund is used to account for access improvements to waterfront and college streets including a new road and skate park.

- Street and Sidewalk Infrastructure: This fund is used to account for our Capital Street program utilizes dedication tax funding to replace City Street infrastructure.
- Traffic Capital: This fund is used to account for multi-year capital investment in parking infrastructure improvements.
- Wayfinding: This fund is used to account for the creation of new directional signage including gateway, downtown, parking facilities, destination, recreation, and education directional.
- FEMA: This fund is used to account for Federal Emergency Management funding for declared emergencies including the 2012 Spring flooding.
- General Capital: This fund is used to account for the Parks Department dedicated funding for parks and waterfront improvements.
- Downtown Westlake: This fund is used to account for funding for a two-story parking structure to service area hotel users.
- Other: This fund is used to account for Other Projects that are over \$50,000 and cross multiple fiscal years.

PERMANENT FUNDS

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

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

CITY OF BURLINGTON, VERMONT

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2016

	Special Revenue Funds		
	<u>Traffic</u>	<u>Community and Economic Development</u>	<u>Tax Increment Financing</u>
ASSETS			
Cash and short-term investments	\$ 2,331,441	\$ 2,281,701	\$ 1,687,990
Investments	-	-	-
Departmental and other receivables	84,866	-	-
Intergovernmental receivables	-	1,246,725	-
Loans receivable	-	4,933,306	-
Accrued interest receivable	-	1,159,316	-
Inventory	285,317	-	-
Due from component unit	-	-	-
Other current assets	122	-	-
	<u>\$ 2,701,746</u>	<u>\$ 9,621,048</u>	<u>\$ 1,687,990</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 191,340	\$ 197,603	\$ -
Intergovernmental payable	-	-	41,539
Accrued payroll and benefits payable	37,988	41,092	-
Accrued liabilities	-	4,362	-
Note payable	200,000	-	-
Line of credit	-	-	-
Due to other funds	-	-	-
Advances from other funds	-	414,408	-
Other liabilities	-	-	-
	<u>429,328</u>	<u>657,465</u>	<u>41,539</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues	27,419	6,524,599	-
Fund Balances:			
Nonspendable	285,317	-	-
Restricted	-	2,438,984	1,646,451
Committed	1,959,682	-	-
Unassigned	-	-	-
	<u>2,244,999</u>	<u>2,438,984</u>	<u>1,646,451</u>
Total Fund Balances	<u>2,244,999</u>	<u>2,438,984</u>	<u>1,646,451</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,701,746</u>	<u>\$ 9,621,048</u>	<u>\$ 1,687,990</u>

Special Revenue Funds			
<u>Church Street Marketplace</u>	<u>Impact Fees</u>	<u>Dedicated Taxes</u>	<u>Subtotals</u>
\$ 10,159	\$ 335,092	\$ 1,176,612	\$ 7,822,995
-	-	-	-
45,831	-	-	130,697
-	-	-	1,246,725
-	-	-	4,933,306
-	-	-	1,159,316
-	-	-	285,317
-	-	-	-
-	1,676	-	1,798
<u>\$ 55,990</u>	<u>\$ 336,768</u>	<u>\$ 1,176,612</u>	<u>\$ 15,580,154</u>
\$ 15,087	\$ 29,550	\$ -	\$ 433,580
-	-	-	41,539
11,746	-	-	90,826
-	-	-	4,362
-	-	-	200,000
-	-	-	-
43,594	-	-	458,002
-	-	-	-
70,427	29,550	-	1,228,309
29,157	-	-	6,581,175
-	-	-	285,317
-	307,218	-	4,392,653
-	-	1,176,612	3,136,294
(43,594)	-	-	(43,594)
<u>(43,594)</u>	<u>307,218</u>	<u>1,176,612</u>	<u>7,770,670</u>
<u>\$ 55,990</u>	<u>\$ 336,768</u>	<u>\$ 1,176,612</u>	<u>\$ 15,580,154</u>

(continued)

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	Capital Project Funds					
	Champlain Parkway	Waterfront Access	Street & Sidewalk Infrastructure	Traffic Capital	Wayfinding	FEMA
ASSETS						
Cash and short-term investments	\$ 203,944	\$ 19,513	\$ 8,076,644	\$ -	\$ 90,540	\$ -
Investments	-	-	-	-	-	-
Departmental and other receivables	-	128,206	56,206	-	-	-
Intergovernmental receivables	669,182	167,476	746,297	-	147,319	278,765
Loans receivable	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Due from component unit	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Assets	<u>\$ 873,126</u>	<u>\$ 315,195</u>	<u>\$ 8,879,147</u>	<u>\$ -</u>	<u>\$ 237,859</u>	<u>\$ 278,765</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 234,377	\$ 427,604	\$ 1,067,997	\$ 290,196	\$ 119,325	\$ -
Intergovernmental payable	-	-	1,661,572	-	-	-
Accrued payroll and benefits payable	-	-	1,936	-	-	-
Accrued liabilities	-	-	-	-	-	-
Note payable	-	-	-	-	-	-
Line of credit	-	-	-	833,628	-	-
Due to other funds	-	-	-	365,808	-	-
Advances from other funds	534,296	-	-	-	127,360	211,879
Other liabilities	-	-	-	-	-	-
Total Liabilities	768,673	427,604	2,731,505	1,489,632	246,685	211,879
DEFERRED INFLOWS OF RESOURCES						
Deferred revenues	658,749	131,987	765,408	-	118,534	58,952
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	5,382,234	-	-	7,934
Committed	-	-	-	-	-	-
Unassigned	(554,296)	(244,396)	-	(1,489,632)	(127,360)	-
Total Fund Balances	<u>(554,296)</u>	<u>(244,396)</u>	<u>5,382,234</u>	<u>(1,489,632)</u>	<u>(127,360)</u>	<u>7,934</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 873,126</u>	<u>\$ 315,195</u>	<u>\$ 8,879,147</u>	<u>\$ -</u>	<u>\$ 237,859</u>	<u>\$ 278,765</u>

(continued)

Capital Project Funds				Permanent Funds		
General Capital	Downtown Westlake	Other	Subtotals	Cemetery	Loomis Library	Lolita Deming Estate
\$ -	\$ -	\$ 143,273	\$ 8,533,914	\$ 1,779	\$ 10,948	\$ 11,242
-	-	-	-	1,245,354	-	-
-	-	-	184,412	-	-	-
921,950	-	43,955	2,974,944	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	288,331	-	288,331	-	-	-
<u>75</u>	<u>-</u>	<u>-</u>	<u>75</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 922,025</u>	<u>\$ 288,331</u>	<u>\$ 187,228</u>	<u>\$ 11,981,676</u>	<u>\$ 1,247,133</u>	<u>\$ 10,948</u>	<u>\$ 11,242</u>
\$ 95,554	\$ -	\$ 24,999	\$ 2,260,052	\$ -	\$ -	\$ -
-	-	-	1,661,572	-	-	-
10,139	-	-	12,075	-	-	-
-	-	20,800	20,800	-	-	-
-	-	-	-	-	-	-
-	-	-	833,628	-	-	-
322,721	-	-	688,529	-	-	-
361,145	299,463	41,417	1,575,560	-	-	-
<u>-</u>	<u>-</u>	<u>100,882</u>	<u>100,882</u>	<u>-</u>	<u>-</u>	<u>-</u>
789,559	299,463	188,098	7,153,098	-	-	-
-	-	2,683	1,736,313	-	-	-
-	-	-	-	894,796	10,948	2,486
132,466	-	-	5,522,634	352,337	-	8,756
-	-	-	-	-	-	-
<u>-</u>	<u>(11,132)</u>	<u>(3,553)</u>	<u>(2,430,369)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>132,466</u>	<u>(11,132)</u>	<u>(3,553)</u>	<u>3,092,265</u>	<u>1,247,133</u>	<u>10,948</u>	<u>11,242</u>
<u>\$ 922,025</u>	<u>\$ 288,331</u>	<u>\$ 187,228</u>	<u>\$ 11,981,676</u>	<u>\$ 1,247,133</u>	<u>\$ 10,948</u>	<u>\$ 11,242</u>

(continued)

(continued)

	Permanent Funds			Nonmajor Governmental Funds
	Mary E. Waddell	WEZF 93 FM DARE	Subtotals	
ASSETS				
Cash and short-term investments	\$ 13,886	\$ 2,236	\$ 40,091	\$ 16,397,000
Investments	-	-	1,245,354	1,245,354
Departmental and other receivables	-	-	-	315,109
Intergovernmental receivables	-	-	-	4,221,669
Loans receivable	-	-	-	4,933,306
Accrued interest receivable	-	-	-	1,159,316
Inventory	-	-	-	285,317
Due from component unit	-	-	-	288,331
Other current assets	-	-	-	1,873
Total Assets	<u>\$ 13,886</u>	<u>\$ 2,236</u>	<u>\$ 1,285,445</u>	<u>\$ 28,847,275</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,693,632
Intergovernmental payable	-	-	-	1,703,111
Accrued payroll and benefits payable	-	-	-	102,901
Accrued liabilities	-	-	-	25,162
Note payable	-	-	-	200,000
Line of credit	-	-	-	833,628
Due to other funds	-	-	-	688,529
Advances from other funds	-	-	-	2,033,562
Other liabilities	-	-	-	100,882
Total Liabilities	-	-	-	8,381,407
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues	-	-	-	8,317,488
Fund Balances:				
Nonspendable	-	1,000	909,230	1,194,547
Restricted	13,886	1,236	376,215	10,291,502
Committed	-	-	-	3,136,294
Unassigned	-	-	-	(2,473,963)
Total Fund Balances	<u>13,886</u>	<u>2,236</u>	<u>1,285,445</u>	<u>12,148,380</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,886</u>	<u>\$ 2,236</u>	<u>\$ 1,285,445</u>	<u>\$ 28,847,275</u>

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CITY OF BURLINGTON, VERMONT

Combining Statement of Revenues, Expenditures
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2016

	<u>Special Revenue Funds</u>		
		Community and Economic Development and Housing Trust	Tax Increment Financing
	<u>Traffic</u>		
Revenues:			
Taxes	\$ -	\$ 196,648	\$ 2,385,881
Licenses and permits	-	-	-
Intergovernmental	-	2,973,263	-
Charges for services	5,334,917	64,867	-
Contributions	-	11,370	-
Investment income	551	408	-
Loan repayments	-	104,033	-
Other	<u>11,140</u>	<u>107,225</u>	<u>-</u>
Total Revenues	5,346,608	3,457,814	2,385,881
Expenditures:			
Current:			
General government	-	-	64,685
Public safety	-	-	-
Public works	4,568,082	-	-
Culture and recreation	-	-	-
Community development	-	3,309,706	-
Capital outlay	-	-	-
Debt service:			
Principal	221,743	-	1,809,405
Interest and bond issue costs	<u>20,646</u>	<u>-</u>	<u>461,510</u>
Total Expenditures	<u>4,810,471</u>	<u>3,309,706</u>	<u>2,335,600</u>
Excess (deficiency) of revenues over (under) expenditures	536,137	148,108	50,281
Other Financing Sources (Uses):			
Issuance of bonds and loans	-	-	1,801,705
Bond premium	-	-	-
Transfers in	317,470	232,590	-
Transfers out	<u>(27,197)</u>	<u>-</u>	<u>(1,783,195)</u>
Total Other Financing Sources (Uses)	<u>290,273</u>	<u>232,590</u>	<u>18,510</u>
Net change in fund balances	826,410	380,698	68,791
Fund Balances, beginning of year	<u>1,418,589</u>	<u>2,058,286</u>	<u>1,577,660</u>
Fund Balances, end of year	<u>\$ 2,244,999</u>	<u>\$ 2,438,984</u>	<u>\$ 1,646,451</u>

Special Revenue Funds

<u>Church Street Marketplace</u>	<u>Impact Fees</u>	<u>Dedicated Taxes</u>	<u>Subtotals</u>
\$ -	\$ -	\$ 706,523	\$ 3,289,052
142,713	-	-	142,713
98,575	-	68,500	3,140,338
716,490	138,047	44,502	6,298,823
-	-	14,884	26,254
3	3,331	-	4,293
-	-	-	104,033
-	-	3,570	121,935
<u>957,781</u>	<u>141,378</u>	<u>837,979</u>	<u>13,127,441</u>
-	-	-	64,685
-	246,080	-	246,080
881,453	-	-	5,449,535
-	167,512	1,305,509	1,473,021
-	-	-	3,309,706
-	-	-	-
24,152	-	-	2,055,300
1,301	-	-	483,457
<u>906,906</u>	<u>413,592</u>	<u>1,305,509</u>	<u>13,081,784</u>
50,875	(272,214)	(467,530)	45,657
-	-	161,072	1,962,777
-	-	-	-
11,000	-	181,775	742,835
-	(18,000)	-	(1,828,392)
<u>11,000</u>	<u>(18,000)</u>	<u>342,847</u>	<u>877,220</u>
61,875	(290,214)	(124,683)	922,877
<u>(105,469)</u>	<u>597,432</u>	<u>1,301,295</u>	<u>6,847,793</u>
<u>\$ (43,594)</u>	<u>\$ 307,218</u>	<u>\$ 1,176,612</u>	<u>\$ 7,770,670</u>

(continued)

(continued)

	Capital Project Funds					
	<u>Champlain Parkway</u>	<u>Waterfront Access</u>	<u>Street & Sidewalk Infrastructure</u>	<u>Traffic Capital</u>	<u>Wayfinding</u>	<u>FEMA</u>
Revenues:						
Taxes	\$ -	\$ -	\$ 2,101,179	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	208,016	2,781,915	609,448	-	184,317	293,359
Charges for services	-	-	254,466	-	-	-
Contributions	-	-	26,108	-	-	-
Investment income	-	-	-	-	-	-
Loan repayments	-	-	-	-	-	-
Other	-	53,345	137,767	-	60,207	-
Total Revenues	208,016	2,835,260	3,128,968	-	244,524	293,359
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	868,046	3,379,134	6,158,102	1,489,632	350,339	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and bond issue costs	-	-	-	-	-	-
Total Expenditures	868,046	3,379,134	6,158,102	1,489,632	350,339	-
Excess (deficiency) of revenues over (under) expenditures	(660,030)	(543,874)	(3,029,134)	(1,489,632)	(105,815)	293,359
Other Financing Sources (Uses):						
Issuance of bonds and loans	-	-	2,338,428	-	-	-
Bond premium	-	-	244,923	-	-	-
Transfers in	17,361	1,722,567	1,627,201	-	7,197	-
Transfers out	-	-	(312,949)	-	-	-
Total Other Financing Sources (Uses)	17,361	1,722,567	3,897,603	-	7,197	-
Net change in fund balances	(642,669)	1,178,693	868,469	(1,489,632)	(98,618)	293,359
Fund Balances, beginning of year	88,373	(1,423,089)	4,513,765	-	(28,742)	(285,425)
Fund Balances, end of year	\$ (554,296)	\$ (244,396)	\$ 5,382,234	\$ (1,489,632)	\$ (127,360)	\$ 7,934

Capital Project Funds				Permanent Funds		
General Capital	Downtown Westlake	Other	Subtotals	Cemetery	Loomis Library	Lolita Deming Estate
\$ -	\$ -	\$ -	\$ 2,101,179	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	4,077,055	-	-	-
-	-	-	254,466	-	-	-
-	-	-	26,108	-	-	-
-	-	-	-	26,230	-	-
-	-	-	-	-	-	-
-	-	-	251,319	3,968	-	-
-	-	-	6,710,127	30,198	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
925,850	-	8,631	13,179,734	-	-	-
88	-	-	88	-	-	-
-	-	-	-	-	-	-
<u>925,938</u>	<u>-</u>	<u>8,631</u>	<u>13,179,822</u>	<u>-</u>	<u>-</u>	<u>-</u>
(925,938)	-	(8,631)	(6,469,695)	30,198	-	-
760,878	-	-	3,099,306	-	-	-
-	-	-	244,923	-	-	-
-	-	8,631	3,382,957	-	-	-
-	-	-	(312,949)	(29,303)	-	-
<u>760,878</u>	<u>-</u>	<u>8,631</u>	<u>6,414,237</u>	<u>(29,303)</u>	<u>-</u>	<u>-</u>
(165,060)	-	-	(55,458)	895	-	-
<u>297,526</u>	<u>(11,132)</u>	<u>(3,553)</u>	<u>3,147,723</u>	<u>1,246,238</u>	<u>10,948</u>	<u>11,242</u>
<u>\$ 132,466</u>	<u>\$ (11,132)</u>	<u>\$ (3,553)</u>	<u>\$ 3,092,265</u>	<u>\$ 1,247,133</u>	<u>\$ 10,948</u>	<u>\$ 11,242</u>

(continued)

(continued)

	<u>Permanent Funds</u>			Total Nonmajor Governmental <u>Funds</u>
	<u>Mary E. Waddell</u>	<u>WEZF 93 FM DARE</u>	<u>Subtotals</u>	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 5,390,231
Licenses and permits	-	-	-	142,713
Intergovernmental	-	-	-	7,217,393
Charges for services	-	-	-	6,553,289
Contributions	-	-	-	52,362
Investment income	-	-	26,230	30,523
Loan repayments	-	-	-	104,033
Other	-	-	3,968	377,222
Total Revenues	-	-	30,198	19,867,766
Expenditures:				
Current:				
General government	-	-	-	64,685
Public safety	-	-	-	246,080
Public works	-	-	-	5,449,535
Culture and recreation	-	-	-	1,473,021
Community development	-	-	-	3,309,706
Capital outlay	-	-	-	13,179,734
Debt service:				
Principal	-	-	-	2,055,388
Interest and bond issue costs	-	-	-	483,457
Total Expenditures	-	-	-	26,261,606
Excess (deficiency) of revenues over (under) expenditures	-	-	30,198	(6,393,840)
Other Financing Sources (Uses):				
Issuance of bonds and loans	-	-	-	5,062,083
Bond premium	-	-	-	244,923
Transfers in	-	-	-	4,125,792
Transfers out	-	-	(29,303)	(2,170,644)
Total Other Financing Sources (Uses)	-	-	(29,303)	7,262,154
Net change in fund balances	-	-	895	868,314
Fund Balances, beginning of year	<u>13,886</u>	<u>2,236</u>	<u>1,284,550</u>	<u>11,280,066</u>
Fund Balances, end of year	<u>\$ 13,886</u>	<u>\$ 2,236</u>	<u>\$ 1,285,445</u>	<u>\$ 12,148,380</u>

NON-MAJOR PROPRIETARY (ENTERPRISE) FUNDS

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

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

CITY OF BURLINGTON, VERMONT
NONMAJOR PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016

	Nonmajor Enterprise Funds				
	Telecom	Wastewater	Water	Stormwater	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
Current:					
Cash and cash equivalents	\$ 1,283,516	\$ 2,328,436	\$ 1,826,283	\$ 599,814	\$ 6,038,049
Receivables, net of allowance for uncollectibles:					
User fees	801,595	870,081	743,497	130,581	2,545,754
Intergovernmental	-	-	57,211	-	57,211
Estimated unbilled revenues	4,072	581,999	463,230	91,536	1,140,837
Inventory	434,174	119,870	268,890	-	822,934
Prepaid expenses	77,464	1,462	1,191	-	80,117
Other current assets	5,000	-	-	-	5,000
Total current assets	<u>2,605,821</u>	<u>3,901,848</u>	<u>3,360,302</u>	<u>821,931</u>	<u>10,689,902</u>
Noncurrent:					
Restricted cash	663,213	1,434,845	-	-	2,098,058
Capital assets:					
Land and construction in progress	157,800	847,952	51,250	154,336	1,211,338
Intangible asset	5,400,000	-	-	-	5,400,000
Capital assets, net of accumulated depreciation	<u>3,320,177</u>	<u>24,863,647</u>	<u>11,134,621</u>	<u>1,151,836</u>	<u>40,470,281</u>
Total noncurrent assets	<u>9,541,190</u>	<u>27,146,444</u>	<u>11,185,871</u>	<u>1,306,172</u>	<u>49,179,677</u>
TOTAL ASSETS	<u>12,147,011</u>	<u>31,048,292</u>	<u>14,546,173</u>	<u>2,128,103</u>	<u>59,869,579</u>
Deferred Outflows of Resources - pension related	<u>514,424</u>	<u>466,844</u>	<u>637,802</u>	<u>-</u>	<u>1,619,070</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 12,661,435</u>	<u>\$ 31,515,136</u>	<u>\$ 15,183,975</u>	<u>\$ 2,128,103</u>	<u>\$ 61,488,649</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
Liabilities:					
Current:					
Accounts payable	\$ 326,471	\$ 338,072	\$ 133,184	\$ 187,551	\$ 985,278
Accrued payroll and benefits payable	-	19,031	24,185	7,343	50,559
Unearned revenue	469,528	-	-	-	469,528
Other current liabilities	884,097	-	27,083	-	911,180
Current portion of long-term liabilities:					
Revenue bonds payable	-	888,002	-	18,764	906,766
Note payable	-	-	8,485	-	8,485
Capital leases payable	193,294	-	7,367	-	200,661
Total current liabilities	<u>1,873,390</u>	<u>1,245,105</u>	<u>200,304</u>	<u>213,658</u>	<u>3,532,457</u>
Noncurrent:					
Revenue bonds payable	-	14,302,947	-	356,740	14,659,687
Long term note payable	-	-	219,521	-	219,521
Capital leases payable, net of current portion	5,705,347	-	-	-	5,705,347
Compensated absences payable	97,881	78,419	145,021	-	321,321
Net OPEB obligation	122,362	60,919	81,040	2,617	266,938
Net pension liability	1,124,029	856,352	1,169,736	-	3,150,117
Total noncurrent liabilities	<u>7,049,619</u>	<u>15,298,637</u>	<u>1,615,318</u>	<u>359,357</u>	<u>24,322,931</u>
TOTAL LIABILITIES	<u>8,923,009</u>	<u>16,543,742</u>	<u>1,815,622</u>	<u>573,015</u>	<u>27,855,388</u>
Deferred Inflows of Resources	-	-	-	-	-
NET POSITION					
Net investment in capital assets	2,979,336	10,520,649	10,950,498	930,668	25,381,151
For contingency reserve	-	1,434,845	-	-	1,434,845
For revenue fund	663,213	-	-	-	663,213
Unrestricted	95,877	3,015,900	2,417,855	624,420	6,154,052
TOTAL NET POSITION	<u>3,738,426</u>	<u>14,971,394</u>	<u>13,368,353</u>	<u>1,555,088</u>	<u>33,633,261</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 12,661,435</u>	<u>\$ 31,515,136</u>	<u>\$ 15,183,975</u>	<u>\$ 2,128,103</u>	<u>\$ 61,488,649</u>

See notes to financial statements.

CITY OF BURLINGTON, VERMONT

NONMAJOR PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016

	Nonmajor Enterprise Funds				
	Telecom	Wastewater	Water	Stormwater	Total
Operating Revenues:					
Charges for services	\$ 8,321,752	\$ 8,026,247	\$ 6,275,964	\$ 1,267,810	\$ 23,891,773
Intergovernmental	-	-	-	51,121	51,121
Miscellaneous	-	-	256,681	2,600	259,281
Total Operating Revenues	8,321,752	8,026,247	6,532,645	1,321,531	24,202,175
Operating Expenses:					
Personnel	1,899,689	1,454,677	2,151,842	280,192	5,786,400
Nonpersonnel	3,859,582	3,105,993	2,127,637	708,167	9,801,379
Depreciation and amortization	599,789	1,581,314	650,864	50,180	2,882,147
Payments in lieu of taxes	84,111	917,913	412,595	-	1,414,619
Total Operating Expenses	6,443,171	7,059,897	5,342,938	1,038,539	19,884,545
Operating Income	1,878,581	966,350	1,189,707	282,992	4,317,630
Nonoperating Revenues (Expenses):					
Investment income	-	1,798	-	-	1,798
Other income/expense - net	100,019	(2,457)	(11,142)	-	86,420
Interest income/expense - net	(420,819)	(498,700)	4	528	(918,987)
Total Nonoperating Revenues (Expenses)	(320,800)	(499,359)	(11,138)	528	(830,769)
Income Before Contributions and Transfers	1,557,781	466,991	1,178,569	283,520	3,486,861
Capital contributions	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in Net Position	1,557,781	466,991	1,178,569	283,520	3,486,861
Net Position at Beginning of Year	2,180,645	14,504,403	12,189,784	1,271,568	30,146,400
Net Position at End of Year	\$ 3,738,426	\$ 14,971,394	\$ 13,368,353	\$ 1,555,088	\$ 33,633,261

See notes to financial statements.

CITY OF BURLINGTON, VERMONT
NONMAJOR PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	Telecom Fund	Wastewater Fund	Water Fund	Stormwater Fund	Total
Cash Flows From Operating Activities:					
Receipts from customers and users	\$ 8,422,174	\$ 8,033,803	\$ 6,143,904	\$ 1,226,246	\$ 23,826,127
Receipts of operating grants	-	-	-	51,121	51,121
Receipts for interfund services	-	-	256,681	-	256,681
Payments to suppliers	(3,642,177)	(3,109,407)	(2,284,984)	(546,190)	(9,582,758)
Payments for wages and benefits	(2,096,783)	(1,391,995)	(2,079,913)	(275,858)	(5,844,549)
Payments in lieu of taxes	(84,111)	(917,913)	(412,595)	-	(1,414,619)
Net Cash Provided by Operating Activities	<u>2,599,103</u>	<u>2,614,488</u>	<u>1,623,093</u>	<u>455,319</u>	<u>7,292,003</u>
Cash Flows From Noncapital Financing Activities:					
Other income, net	<u>100,019</u>	<u>2,542</u>	<u>362</u>	<u>-</u>	<u>102,923</u>
Cash Provided/(Used) by Noncapital Financing Activities	100,019	2,542	362	-	102,923
Cash Flows From Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(1,261,274)	(80,300)	(485,248)	(251,071)	(2,077,893)
Issuance of bonds and notes	-	-	151,612	-	151,612
Principal paid on:					
Bonds and notes	-	(884,949)	-	(18,396)	(903,345)
Capital lease obligations	(179,852)	-	(14,522)	-	(194,374)
Interest paid on outstanding debt, including issue costs	<u>(420,819)</u>	<u>(498,700)</u>	<u>(357)</u>	<u>-</u>	<u>(919,876)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	(1,861,945)	(1,463,949)	(348,515)	(269,467)	(3,943,876)
Cash Flows From Investing Activities:					
Increase in restricted cash	(299,027)	(1,419)	-	-	(300,446)
Receipt of interest & dividends	<u>-</u>	<u>1,799</u>	<u>-</u>	<u>526</u>	<u>2,325</u>
Net Cash Provided/(Used) by Investing Activities	<u>(299,027)</u>	<u>380</u>	<u>-</u>	<u>526</u>	<u>(298,121)</u>
Net Increase/(Decrease) in Cash	538,150	1,153,461	1,274,940	186,378	3,152,929
Cash and cash equivalents at beginning of year	<u>745,366</u>	<u>1,174,975</u>	<u>551,343</u>	<u>413,436</u>	<u>2,885,120</u>
Cash and cash equivalents at end of year	<u>\$ 1,283,516</u>	<u>\$ 2,328,436</u>	<u>\$ 1,826,283</u>	<u>\$ 599,814</u>	<u>\$ 6,038,049</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	\$ 1,878,581	\$ 966,350	\$ 1,189,707	\$ 282,992	\$ 4,317,630
Depreciation and amortization	599,789	1,581,314	650,864	50,180	2,882,147
(Increase)/Decrease in receivables	76,667	20,680	(59,586)	(36,302)	1,459
(Increase)/Decrease in unbilled revenues	(346)	(13,124)	(64,766)	(7,862)	(86,098)
(Increase)/Decrease in inventory	(246,851)	6,504	34,036	-	(206,311)
Increase/(Decrease) in accounts payable	(22,312)	(9,918)	(191,051)	161,977	(61,304)
Increase/(Decrease) in customer deposits	-	-	(7,708)	-	(7,708)
Increase/(Decrease) in accrued payroll and benefits	-	(9,566)	(24,944)	1,717	(32,793)
Increase/(Decrease) in accrued liabilities	489,954	-	-	-	489,954
Increase/(Decrease) in deferred charges	24,101	-	-	-	24,101
Increase/(Decrease) in compensated absences	16,681	3,384	(6,525)	-	13,540
Increase/(Decrease) in other post employment benefits liability	15,600	13,713	18,690	2,617	50,620
Increase/(Decrease) in net pension liability and related deferred inflow/outflow	128,598	55,151	84,707	-	268,456
Increase/(Decrease) in other operating assets/liabilities	(3,386)	-	(331)	-	(3,717)
Capitalized labor	<u>(357,973)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(357,973)</u>
Net Cash Provided by Operating Activities	<u>\$ 2,599,103</u>	<u>\$ 2,614,488</u>	<u>\$ 1,623,093</u>	<u>\$ 455,319</u>	<u>\$ 7,292,003</u>
Statement of noncash transactions:					
Vehicles acquired under capital lease financing	\$ 63,993	\$ -	\$ -	\$ -	\$ 63,993

See Notes to Financial Statements

PRIVATE PURPOSE FUNDS

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

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

CITY OF BURLINGTON, VERMONT

Combining Statement of Fiduciary Net Position

Private Purpose Trust Funds

June 30, 2016

	<u>Louisa Howard</u>	<u>Walter Carpenter</u>	<u>Fireman's Relief</u>	<u>Christmas Gift</u>	<u>Total</u>
<u>ASSETS</u>					
Cash and short-term investments	\$ <u>28,088</u>	\$ <u>7,512</u>	\$ <u>628</u>	\$ <u>1,620</u>	\$ <u>37,848</u>
Total Assets	28,088	7,512	628	1,620	37,848
<u>NET POSITION</u>					
Net position held in trust	\$ <u><u>28,088</u></u>	\$ <u><u>7,512</u></u>	\$ <u><u>628</u></u>	\$ <u><u>1,620</u></u>	\$ <u><u>37,848</u></u>

CITY OF BURLINGTON, VERMONT

Combining Statement of Changes in Fiduciary Net Position

Private Purpose Trust Funds

For the Year Ended June 30, 2016

	<u>Louisa Howard</u>	<u>Walter Carpenter</u>	<u>Fireman's Relief</u>	<u>Christmas Gift</u>	<u>Total</u>
<u>ADDITIONS</u>					
Investment income	\$ <u>-</u>	\$ <u>29</u>	\$ <u>-</u>	\$ <u>1</u>	\$ <u>30</u>
Total Additions	-	29	-	1	30
<u>DEDUCTIONS</u>					
Payments to beneficiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase	-	29	-	1	30
<u>NET POSITION</u>					
Beginning of year	<u>28,088</u>	<u>7,483</u>	<u>628</u>	<u>1,619</u>	<u>37,818</u>
End of year	\$ <u><u>28,088</u></u>	\$ <u><u>7,512</u></u>	\$ <u><u>628</u></u>	\$ <u><u>1,620</u></u>	\$ <u><u>37,848</u></u>

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**STATISTICAL
SECTION**

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CITY OF BURLINGTON, VERMONT

STATISTICAL SECTION

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

	<u>Page</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the Town’s financial performance and well-being have changed over time.	150 - 154
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the Town’s most significant local revenue source, the property tax.	155 – 158
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the Town’s current levels of outstanding debt and the Town’s ability to issue additional debt in the future.	159 - 163
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town’s financial activities take place.	164 - 165
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the Town’s financial report relates to the service the government provides and the activities it performs.	166 - 168

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

	2016	2015 (1)	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
Net Investment in Capital Assets	\$ 92,236,468	\$ 82,986,888	\$ 104,389,306	\$ 101,991,786	\$ 111,373,478	\$ 140,431,453	\$ 141,325,963	\$ 135,869,663	\$ 131,531,661	\$ 127,785,651
Restricted	17,725,332	16,799,937	15,285,119	13,949,243	10,773,209	9,275,500	7,931,128	9,784,253	6,318,445	9,735,281
Unrestricted	(21,734,316)	(25,449,498)	(5,306,520)	7,927,203	2,958,684	(4,062,816)	(6,476,248)	(10,766,232)	(8,025,245)	(8,935,478)
Total Governmental Activities Net Position	<u>88,227,484</u>	<u>74,337,327</u>	<u>114,367,905</u>	<u>123,868,232</u>	<u>125,105,371</u>	<u>145,644,137</u>	<u>142,780,843</u>	<u>134,887,684</u>	<u>129,824,861</u>	<u>128,585,454</u>
Business-type Activities										
Net Investment in Capital Assets	179,096,254	172,629,734	156,804,042	149,806,307	139,041,152	134,805,081	98,953,992	77,968,937	72,812,022	68,493,396
Restricted	20,812,890	19,319,510	32,017,674	31,999,045	39,020,023	32,944,710	34,179,074	31,366,671	29,204,097	28,310,340
Unrestricted	27,982,661	22,266,988	28,692,499	12,449,872	3,526,400	4,799,188	1,160,504	12,444,615	21,079,712	29,181,293
Total Business-type Activities Net Position	<u>227,891,805</u>	<u>214,216,232</u>	<u>217,514,215</u>	<u>194,255,224</u>	<u>181,587,575</u>	<u>172,548,979</u>	<u>134,293,570</u>	<u>121,780,223</u>	<u>123,095,831</u>	<u>125,985,029</u>
Primary Government										
Net Investment in Capital Assets	271,332,722	255,616,622	261,193,348	251,798,093	250,414,630	275,236,534	240,279,955	213,838,600	204,343,683	196,279,047
Restricted	38,538,222	36,119,447	47,302,793	45,948,288	49,793,232	42,220,210	42,110,202	41,150,924	35,522,542	38,045,621
Unrestricted	6,248,345	(3,182,510)	23,385,979	20,377,075	6,485,084	736,372	(5,315,744)	1,678,383	13,054,467	20,245,815
Total Primary Government Net Position	<u>\$ 316,119,289</u>	<u>\$ 288,553,559</u>	<u>\$ 331,882,120</u>	<u>\$ 318,123,456</u>	<u>\$ 306,692,946</u>	<u>\$ 318,193,116</u>	<u>\$ 277,074,413</u>	<u>\$ 256,667,907</u>	<u>\$ 252,920,692</u>	<u>\$ 254,570,483</u>

Source: Each respective Annual Financial Report

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

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

	2016	2015 ⁽¹⁾	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental Activities:										
General Government	\$ 11,353,565	\$ 12,393,196	\$ 12,702,289	\$ 14,800,538	\$ 13,479,552	\$ 13,426,363	\$ 8,396,986	\$ 7,833,861	\$ 7,731,527	\$ 7,545,288
Public Safety	23,500,758	24,915,179	22,692,852	24,499,396	22,702,099	21,931,701	20,783,010	20,708,638	20,262,074	19,894,557
Education	-	-	77,470,770	77,438,762	70,038,411	66,901,788	62,376,087	57,639,807	53,322,002	48,509,636
Public Works	15,484,410	17,038,012	14,172,277	13,051,255	13,409,033	13,101,541	12,042,610	12,111,622	11,375,602	10,673,896
Culture and Recreation	10,066,735	10,736,031	9,965,826	8,584,443	9,453,885	9,244,881	11,026,270	10,069,342	9,247,568	8,529,244
Community Development	4,895,091	4,931,161	4,068,608	8,470,457	4,743,445	5,082,322	4,734,066	4,149,542	4,104,701	4,820,282
Interest on Long-term Debt	1,782,295	1,581,846	3,087,143	2,330,680	1,541,535	2,791,517	1,752,555	1,520,465	1,796,364	1,900,299
Total Governmental Activities	67,082,854	71,595,425	144,159,765	149,175,531	135,367,960	132,480,113	121,111,584	114,033,277	107,839,838	101,873,202
Business-type Activities:										
Electric	63,912,747	62,408,788	65,061,544	58,972,894	58,154,956	56,676,147	55,160,426	54,915,355	50,408,203	46,479,941
Airport	19,753,724	20,288,983	20,772,761	20,192,615	19,983,379	16,690,935	15,623,985	16,562,164	15,071,525	13,791,063
Telecom	-	-	6,791,829	6,118,395	6,109,867	7,107,667	10,579,222	10,480,260	7,848,863	5,290,332
Wastewater	-	-	7,289,587	6,648,603	6,863,244	6,522,461	5,655,138	5,447,686	5,100,231	5,061,186
Nonmajor	20,803,532	19,931,149	8,302,064	8,048,347	7,725,191	7,485,535	6,778,199	6,791,139	6,595,387	6,256,704
Total Business-Type Activities	104,470,003	102,628,920	108,217,785	99,980,854	98,836,637	94,482,745	93,796,970	94,196,604	85,024,209	76,879,226
Total Expenses	171,552,857	174,224,345	252,377,550	249,156,385	234,204,597	226,962,858	214,908,554	208,229,881	192,864,047	178,752,428
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	5,043,853	5,289,088	4,938,750	4,372,982	4,566,523	4,629,070	1,198,950	965,261	1,105,956	853,361
Public Safety	6,997,158	5,587,200	6,526,060	5,174,000	6,298,499	5,823,531	5,271,957	6,309,231	5,227,594	4,132,554
Education	-	-	1,036,876	4,575,124	3,112,442	3,110,746	5,946,825	1,210,392	1,314,480	2,804,186
Public Works	8,898,625	7,475,742	7,766,867	7,265,536	7,019,336	6,744,645	1,194,606	4,993,790	4,294,457	4,876,828
Culture and Recreation	4,277,482	4,074,232	3,849,129	3,722,853	3,328,668	2,983,704	3,792,403	3,128,842	3,435,507	3,209,126
Community Development	221,533	714,715	250,361	214,897	131,415	158,512	1,423,809	403,704	1,388,507	981,702
Capital Outlay	-	-	-	-	-	-	-	302,592	429,582	464,401
Operating Grants and Contributions	4,515,575	5,922,165	84,297,547	76,620,402	77,050,104	72,053,237	67,279,458	59,707,134	53,039,312	49,344,678
Capital Grants and Contributions	4,688,216	3,112,726	2,339,931	5,193,962	3,476,470	1,524,271	3,050,389	4,978,575	2,161,602	5,599,034
Total Governmental Activities	34,642,442	32,175,868	111,005,521	107,139,756	104,983,457	97,027,716	89,158,397	81,999,521	72,396,997	72,265,870
Business-type Activities:										
Charges for Services										
Electric	62,505,682	62,622,315	63,381,532	59,965,267	58,837,344	59,679,347	54,033,005	50,010,832	49,624,179	49,119,804
Airport	18,470,124	19,030,728	18,794,078	17,915,076	17,478,275	16,416,564	11,724,249	12,023,774	11,384,027	10,579,049
Telecom	-	-	7,246,329	6,959,342	6,701,375	7,199,476	7,052,969	6,284,633	2,984,347	1,101,180
Wastewater	-	-	7,726,659	7,751,070	7,588,128	7,176,316	6,680,437	6,024,216	5,201,648	5,338,678
Nonmajor	24,151,054	21,464,113	8,943,170	8,756,986	8,304,743	8,106,743	7,667,023	6,987,959	7,128,916	7,148,300
Operating Grants and Contributions	205,387	-	-	-	-	-	429,477	386,202	145,587	57,344
Capital Grants and Contributions	9,118,954	7,431,502	7,722,603	7,976,875	8,454,165	26,872,882	19,074,399	11,741,445	6,374,448	10,421,524
Total Business-type Activities	114,451,201	110,548,658	113,814,371	109,324,616	107,364,030	125,451,328	106,661,559	93,459,061	82,843,152	83,765,879
Total Program Revenues	149,093,643	142,724,526	224,819,892	216,464,372	212,347,487	222,479,044	195,819,956	175,458,582	155,240,149	156,031,749
Net (Expense)/Revenue										
Governmental Activities	(32,440,412)	(39,419,557)	(33,154,244)	(42,035,775)	(30,384,503)	(35,452,397)	(31,953,187)	(32,033,756)	(35,442,841)	(29,607,332)
Business-type Activities	9,981,198	7,919,738	5,596,586	9,343,762	8,527,393	30,968,583	12,864,589	(737,543)	(2,181,057)	6,886,653
Total Net Expense	\$ (22,459,214)	\$ (31,499,819)	\$ (27,557,658)	\$ (32,692,013)	\$ (21,857,110)	\$ (4,483,814)	\$ (19,088,598)	\$ (32,771,299)	\$ (37,623,898)	\$ (22,720,679)

(continued)

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

(continued)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues										
Governmental Activities:										
Property Taxes	\$ 31,409,270	\$ 33,054,429	\$ 29,494,623	\$ 28,272,251	\$ 27,884,131	\$ 28,488,306	\$ 27,523,255	\$ 25,649,929	\$ 24,870,758	\$ 24,620,306
Gross Receipts Taxes	3,906,652	3,665,158	3,190,082	2,902,808	2,761,865	2,507,382	2,362,060	2,184,515	2,199,949	2,077,741
Local Option Sales Tax	2,239,937	2,179,587	2,125,034	2,126,646	2,157,170	1,998,462	1,937,967	1,885,141	2,158,372	1,785,068
Payments in Lieu of Taxes	5,079,036	2,395,762	2,257,824	3,534,236	3,392,592	2,116,319	1,093,798	970,324	1,681,879	1,682,472
Franchise Fees	2,376,990	2,128,227	2,193,447	2,157,022	2,176,076	2,047,748	2,874,784	2,727,631	1,938,684	1,906,418
Impact Fees	138,723	349,714	82,262	272,852	385,702	118,207	268,019	91,956	198,144	457,645
Interest and Penalties on Delinquent Ta	339,034	356,550	368,602	278,419	331,971	319,667	318,881	288,033	311,708	363,515
Unrestricted Investment Earnings	193,991	100,725	634,071	52,148	27,695	714,974	435,179	651,377	635,693	695,021
Other Revenues	642,968	1,175,521	1,048,832	296,973	-	-	76,337	1,220	-	-
Additions to permanent Funds	3,968	67,115	25,715	20,005	34,565	-	25,145	36,874	56,641	23,050
Special item	-	-	(16,936,492)	-	(29,251,302)	-	-	-	-	1,800
Transfers	-	28,921	(97,572)	(97,500)	(54,728)	4,626	2,930,921	2,609,579	2,630,420	2,066,217
Total Governmental Activities	46,330,569	45,501,709	24,386,428	39,815,860	9,845,737	38,315,691	39,846,346	37,096,579	36,682,248	35,679,253
Business-type Activities:										
Unrestricted Investment Earnings	184,630	127,214	291,397	269,758	271,471	391,421	607,153	571,356	1,698,032	2,497,135
Dividends from associated companies	3,236,147	3,128,753	2,907,831	2,619,286	-	-	-	-	-	-
Other Revenues	273,598	429,794	(368,970)	370,226	185,004	177,868	1,972,526	1,460,158	212,795	425,468
Special item	-	-	16,936,492	-	-	6,722,163	-	-	-	-
Transfers	-	(28,921)	97,572	97,500	54,728	(4,626)	(2,930,921)	(2,609,579)	(2,618,968)	(2,066,217)
Total Business-type Activities	3,694,375	3,656,840	19,864,322	3,356,770	511,203	7,286,826	(351,242)	(578,065)	(708,141)	856,386
Total Primary Government	50,024,944	49,158,549	44,250,750	43,172,630	10,356,940	45,602,517	39,495,104	36,518,514	35,974,107	36,535,639
Change in Net Position										
Governmental Activities	13,890,157	6,082,152	(8,767,816)	(2,219,915)	(20,538,766)	2,863,294	7,893,159	5,062,823	1,239,407	6,071,921
Business-type Activities	13,675,573	11,576,578	25,460,908	12,700,532	9,038,596	38,255,409	12,513,347	(1,315,608)	(2,889,198)	7,743,039
Total Change in Net Position	\$ 27,565,730	\$ 17,658,730	\$ 16,693,092	\$ 10,480,617	\$ (11,500,170)	\$ 41,118,703	\$ 20,406,506	\$ 3,747,215	\$ (1,649,791)	\$ 13,814,960

Source: Each respective Annual Financial Report

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

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

	2016	2015 ⁽²⁾	2014	2013	2012	2011 ⁽¹⁾	2010	2009	2008	2007
All Governmental Funds										
Nonspendable	\$ 3,856,421	\$ 3,486,412	\$ 3,958,011	\$ 21,441,396	\$ 24,261,046	\$ 26,651,255	\$ -	\$ -	\$ -	\$ -
Restricted	10,330,002	9,525,627	6,424,997	7,604,997	7,740,185	5,130,240	-	-	-	-
Committed	5,915,503	4,133,553	6,831,663	3,558,828	8,769,100	2,870,793	-	-	-	-
Assigned	-	-	-	208,962	262,810	438,727	-	-	-	-
Unassigned	4,046,532	2,385,971	(2,997,049)	(9,011,184)	(20,338,070)	(24,743,477)	-	-	-	-
Reserved	-	-	-	-	-	-	4,820,275	6,278,556	3,586,543	4,871,057
Unreserved	-	-	-	-	-	-	1,155,138	(1,468,566)	1,008,781	1,064,893
Total All Other Governmental Funds	<u>\$ 24,148,458</u>	<u>\$ 19,531,563</u>	<u>\$ 14,217,622</u>	<u>\$ 23,802,999</u>	<u>\$ 20,695,071</u>	<u>\$ 10,347,538</u>	<u>\$ 5,975,413</u>	<u>\$ 4,809,990</u>	<u>\$ 4,595,324</u>	<u>\$ 5,935,950</u>
General Fund										
Nonspendable	\$ 2,661,874	\$ 2,321,904	\$ 2,845,487	\$ 20,334,968	\$ 23,132,150	\$ 25,529,737	\$ -	\$ -	\$ -	\$ -
Restricted	38,500	17,265	17,265	17,261	3,867,936	1,794,807	-	-	-	-
Committed	2,779,209	1,624,950	2,058,049	1,041,535	3,345,215	2,332,434	-	-	-	-
Assigned	-	-	-	208,962	262,810	438,727	-	-	-	-
Unassigned	6,520,495	4,287,378	71,822	(2,178,623)	(14,982,331)	(16,790,895)	-	-	-	-
Reserved	-	-	-	-	-	-	2,677,175	4,013,988	1,584,181	2,281,888
Unreserved	-	-	-	-	-	-	7,238,591	4,839,768	5,550,016	3,819,540
Total General Fund	<u>\$ 12,000,078</u>	<u>\$ 8,251,497</u>	<u>\$ 4,992,623</u>	<u>\$ 19,424,103</u>	<u>\$ 15,625,780</u>	<u>\$ 13,304,810</u>	<u>\$ 9,915,766</u>	<u>\$ 8,853,756</u>	<u>\$ 7,134,197</u>	<u>\$ 6,101,428</u>
All Other Governmental Funds										
Nonspendable	\$ 1,194,547	\$ 1,164,508	\$ 1,112,524	\$ 1,106,428	\$ 1,128,896	\$ 1,121,518	\$ -	\$ -	\$ -	\$ -
Restricted	10,291,502	9,508,362	6,407,732	7,587,736	3,872,249	3,335,433	-	-	-	-
Committed	3,136,294	2,508,603	4,773,614	2,517,293	5,423,885	538,359	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(2,473,963)	(1,901,407)	(3,068,871)	(6,832,561)	(5,355,739)	(7,952,582)	-	-	-	-
Reserved	-	-	-	-	-	-	2,143,100	2,264,568	2,002,362	2,589,169
Unreserved	-	-	-	-	-	-	(6,083,453)	(6,308,334)	(4,541,235)	(2,754,647)
Total All Other Governmental Funds	<u>\$ 12,148,380</u>	<u>\$ 11,280,066</u>	<u>\$ 9,224,999</u>	<u>\$ 4,378,896</u>	<u>\$ 5,069,291</u>	<u>\$ (2,957,272)</u>	<u>\$ (3,940,353)</u>	<u>\$ (4,043,766)</u>	<u>\$ (2,538,873)</u>	<u>\$ (165,478)</u>

Source: Each respective Annual Financial Report

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

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

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

	2016	2015 ⁽¹⁾	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Taxes	\$ 39,097,706	\$ 38,770,459	\$ 35,721,358	\$ 33,509,448	\$ 33,409,559	\$ 32,937,202	\$ 31,969,583	\$ 29,760,367	\$ 29,482,074	\$ 28,767,501
Payments in lieu of taxes	5,079,036	2,395,762	2,257,824	3,534,236	3,391,718	3,438,180	4,073,883	3,665,263	4,514,706	4,073,189
Licenses and permits	5,082,269	3,866,933	4,396,587	4,070,213	5,270,706	5,439,891	6,480,017	5,323,127	5,231,991	4,911,763
Intergovernmental	8,569,938	8,717,811	86,426,117	78,334,827	73,660,719	68,884,213	67,722,285	60,727,565	55,480,481	52,982,717
Charges for services	21,499,084	21,781,930	21,636,460	23,437,932	18,154,362	17,281,634	15,951,249	15,164,771	13,699,078	14,446,635
Contributions	538,878	-	-	-	-	-	-	-	-	-
Investment income	193,993	100,725	634,070	52,148	675,834	955,816	418,298	638,530	630,227	701,580
Fines and forfeits	-	-	-	-	1,572,016	1,609,974	1,736,306	1,812,353	1,693,492	1,881,930
Loan repayments	104,033	122,544	245,074	46,741	4,873,509	74,160	233,006	280,222	1,236,092	472,396
Other revenue	601,849	1,230,412	1,160,440	415,290	5,536,858	4,654,385	3,568,399	2,650,227	2,128,834	2,066,703
Total Revenues	<u>80,766,786</u>	<u>76,986,576</u>	<u>152,477,930</u>	<u>143,400,835</u>	<u>146,545,281</u>	<u>135,275,455</u>	<u>132,153,026</u>	<u>120,022,425</u>	<u>114,096,975</u>	<u>110,304,414</u>
Expenditures										
Current:										
General government	11,400,333	11,158,205	13,643,302	13,704,648	13,339,250	12,958,447	10,064,841	9,487,847	8,783,755	7,989,597
Public safety	25,561,099	24,668,195	22,734,841	23,507,829	21,768,729	21,075,037	21,067,550	20,740,944	20,432,704	19,795,590
Education	-	-	76,037,906	81,284,025	70,399,945	66,139,968	60,669,307	56,147,563	51,980,275	47,895,773
Public works	9,788,601	9,455,450	8,378,414	6,533,226	8,994,691	8,302,028	8,700,816	8,575,237	8,168,098	7,770,644
Culture and Recreation	12,100,903	11,624,098	10,355,792	7,348,962	8,263,436	8,148,833	9,947,876	9,031,010	8,287,390	7,560,459
Community development	4,125,042	4,081,123	3,915,514	8,463,496	4,739,169	5,078,399	5,265,051	5,822,484	4,193,431	5,057,894
Capital Outlay	13,179,734	9,483,616	7,239,386	9,121,280	8,770,755	19,799,363	14,159,910	10,199,057	6,816,084	12,216,335
Debt Service:										
Principal	4,117,610	3,373,102	4,950,428	4,729,974	3,976,551	3,766,324	4,285,797	4,374,613	6,502,172	4,438,505
Interest and bond issue costs	1,805,722	1,568,269	2,763,625	1,873,163	2,072,080	3,016,548	1,812,548	1,505,013	1,869,200	1,970,308
Total Expenditures	<u>82,079,044</u>	<u>75,412,058</u>	<u>150,019,208</u>	<u>156,566,603</u>	<u>142,324,606</u>	<u>148,284,947</u>	<u>135,973,696</u>	<u>125,883,768</u>	<u>117,033,109</u>	<u>114,695,105</u>
Excess (Deficiency) of Revenues over Expenditures	(1,312,258)	1,574,518	2,458,722	(13,165,768)	4,220,675	(13,009,492)	(3,820,670)	(5,861,343)	(2,936,134)	(4,390,691)
Other Financing Sources (Uses)										
Issuance of bonds and loans	5,062,083	5,934,807	3,989,967	14,250,000	3,560,000	12,361,991	5,014,085	6,142,128	1,793,374	6,388,585
Issuance of Refunding debt	8,785,000	-	-	-	-	-	-	-	-	-
Issuance of leases	-	683,718	-	261,242	1,621,586	-	-	-	-	-
Payment to refunding escrow	(10,044,139)	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	1,000,000	-	-	-	-	-	-	5,300
Bond premium	1,138,975	-	-	419,080	-	-	22,008	19,881	5,182	78,632
Ussiance of capital lease	987,234	-	-	-	-	-	-	-	-	-
Issuance of notes	-	-	-	-	1,000,000	5,015,000	-	-	-	13,972
Transfers in	4,532,340	4,363,550	4,190,396	1,854,249	2,630,787	2,179,272	1,292,498	1,943,194	1,388,122	1,370,922
Transfers out	(4,532,340)	(4,334,629)	(4,287,968)	(1,951,749)	(2,685,515)	(2,174,646)	(1,342,498)	(2,029,194)	(1,591,170)	(1,695,422)
Total Other Financing Sources (Uses)	<u>5,929,153</u>	<u>6,647,446</u>	<u>4,892,395</u>	<u>14,832,822</u>	<u>6,126,858</u>	<u>17,381,617</u>	<u>4,986,093</u>	<u>6,076,009</u>	<u>1,595,508</u>	<u>6,161,989</u>
Special Item	-	-	(16,936,492)	-	-	-	-	-	-	-
Net Change in Fund Balances	<u>\$ 4,616,895</u>	<u>\$ 8,221,964</u>	<u>\$ (9,585,375)</u>	<u>\$ 1,667,054</u>	<u>\$ 10,347,533</u>	<u>\$ 4,372,125</u>	<u>\$ 1,165,423</u>	<u>\$ 214,666</u>	<u>\$ (1,340,626)</u>	<u>\$ 1,771,298</u>
Debt Service as a Percentage of Noncapital Expenditures	8.60%	7.50%	5.40%	4.48%	4.53%	5.28%	5.01%	5.08%	7.60%	6.25%

Source: Each respective Annual Financial Report

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

CITY OF BURLINGTON, VERMONT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (amounts expressed in hundreds)

Fiscal Year	Assessed Value	Estimated Actual Value	Total Direct Tax Rate
2016	\$ 3,735,864,309	\$ 4,267,608,304	\$ 0.7926
2015	3,646,921,910	4,137,177,436	0.7958
2014	3,617,870,130	4,019,395,477	0.7584
2013	3,587,077,000	4,056,808,890	0.7153
2012	3,563,141,000	3,957,600,400	0.7280
2011	3,530,253,980	3,907,269,536	0.7200
2010	3,505,811,750	3,933,636,760	0.7120
2009	3,472,718,196	3,925,485,365	0.6700
2008	3,401,015,819	3,667,787,134	0.6700
2007	3,408,723,052	3,454,359,229	0.6700

Source: Most recent official statement

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

Fiscal Year	City of Burlington	After Act 68			
		State-wide Education Taxes		Total Taxes	
		Residential	Nonresidential	Residential	Nonresidential
2016	\$ 0.7926	\$ 1.6544	\$ 1.7535	\$ 2.4470	\$ 2.5461
2015	0.7958	1.6358	1.7187	2.4316	2.5145
2014	0.7584	1.5257	1.6055	2.2841	2.3639
2013	0.7153	1.4302	1.5684	2.1455	2.2837
2012	0.7280	1.3019	1.5441	2.0299	2.2721
2011	0.7200	1.2820	1.5390	2.0020	2.2590
2010	0.7120	1.2394	1.5334	1.9514	2.2454
2009	0.6700	1.1090	1.4560	1.7790	2.1260
2008	0.6700	1.0217	1.3786	1.6917	2.0486
2007	0.6700	0.9920	1.3026	1.6620	1.9726

Notes:

Tax rates are per \$100 of assessed value.

Source: Most recent Official Statement

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

Taxpayer	2016			2007*		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed value
Forfeith Burlington	\$ 29,120,000	1	0.78%	\$ 30,000,000	1	0.88%
Diamondrock Burlington Owner LLC	25,933,400	2	0.69%			
UVM/Redstone Lofts LLC	24,820,000	3	0.66%			
Burlington Town Center LLC	20,837,900	4	0.56%	25,005,480	3	0.73%
Burlington Harbor Hotel Group LLC	16,833,400	5	0.45%			
Burlington Electric Dept/CVPS	14,902,723	6	0.40%	17,883,268	4	0.52%
Antonio B Pormealeu LLC	14,649,300	7	0.39%	17,579,160	5	0.52%
Vermont Electric Power	13,197,200	8	0.35%			
May Department Stores Co	11,123,400	9	0.30%	13,348,080	6	0.39%
New Northgate Housing LLC	11,089,000	10	0.30%	11,089,000	7	0.33%
Howard Opera				10,801,560	8	0.32%
Lake and College LLC				9,305,400	10	0.27%
	<u>\$ 182,506,323</u>		<u>4.89%</u>	<u>\$ 135,011,948</u>		<u>3.97%</u>

Source: Most recent Official Statement

*Some data is not available at the time of publication.

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2016	\$ 93,015,324	\$ 92,467,139	99.41%	\$ -	\$ 92,467,139	99.41%
2015	89,907,261	89,275,258	99.30%	444,509	89,719,767	99.79%
2014	83,526,157	82,869,824	99.21%	523,857	83,393,681	99.84%
2013	78,862,874	78,330,310	99.32%	8,000	78,338,310	99.33%
2012	76,089,194	75,617,383	99.38%	351,274	75,968,657	99.84%
2011	74,818,352	74,276,290	99.28%	482,664	74,758,954	99.92%
2010	73,213,724	72,730,820	99.34%	491,548	73,222,368	100.01%
2009	67,656,483	67,163,625	99.27%	579,945	67,743,570	100.13%
2008	64,198,793	63,485,136	98.89%	1,189,522	64,674,658	100.74%
2007	60,621,369	59,804,755	98.65%	487,278	60,292,033	99.46%

Source: Most recent Official Statement

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

Fiscal Year	Governmental Activities*				Business-type Activities*				Total Debt Outstanding	Estimated Population ⁽¹⁾	Debt per Capita	Percentage of Personal Income ⁽²⁾
	Bonds and Loans	Revenue Bonds	Notes	Capital Leases	Bonds	Revenue Bonds	Notes	Capital Leases				
2016	\$ 45,636,800	-	\$ -	\$ 1,206,228	\$ 48,880,636	\$ 83,191,618	\$ 228,006	\$ 6,553,118	\$ 185,696,406	42,452	\$ 4,374	17.33%
2015	46,423,144	-	-	1,086,318	46,770,713	84,889,798	228,006	6,834,297	186,232,276	42,452	\$ 4,387	17.38%
2014	63,903,739	-	-	1,370,191	45,810,000	85,630,972	-	1,152,142	197,867,044	42,613	\$ 4,643	18.43%
2013	63,358,572	-	-	1,946,424	44,685,000	94,863,085	-	1,714,567	206,567,648	42,738	\$ 4,833	19.19%
2012	51,756,866	-	1,000,000	2,749,589	42,725,908	93,863,525	2,000,000	2,320,054	196,415,942	42,637	\$ 4,607	18.29%
2011	46,000,199	-	5,015,000	2,294,817	42,413,105	93,648,092	900,000	2,866,790	193,138,003	42,450	\$ 4,550	18.06%
2010	36,447,374	-	-	3,251,485	43,948,084	108,637,954	-	1,908,996	194,193,893	42,442	\$ 4,576	18.17%
2009	32,680,809	-	4,000,000	2,289,762	49,820,834	96,125,000	1,000,000	33,878,667	219,795,072	42,417	\$ 5,182	20.57%
2008	35,315,956	-	-	1,887,100	29,907,220	105,440,000	13,340	33,774,149	206,337,765	42,417	\$ 4,865	19.31%
2007	39,105,564	-	-	2,806,290	29,798,954	114,315,000	39,860	22,034,599	208,100,267	42,417	\$ 4,906	19.48%

Source: Each respective Annual Financial Report

⁽¹⁾ United States Census Bureau

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

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

<u>Fiscal Year</u>	<u>Total Debt</u>	<u>Less: Debt Payable from Enterprise Fund Revenues</u>	<u>Net General Obligation Debt</u>	<u>Population ⁽¹⁾</u>	<u>Debt per Capita</u>	<u>Assessed Value</u>	<u>Ratio of Debt to Assessed Value</u>
2016	\$ 185,696,406	\$ 138,853,378	\$ 46,843,028	\$ 42,452	\$ 1,103	\$ 3,735,864,309	1.25%
2015	186,232,276	138,722,814	47,509,462	42,452	1,119	3,646,921,910	1.30%
2014	197,867,044	132,593,114	65,273,930	42,613	1,532	3,617,870,130	1.80%
2013	206,567,648	141,262,652	65,304,996	42,738	1,528	3,587,077,000	1.82%
2012	196,415,942	140,909,487	55,506,455	42,637	1,302	3,563,141,000	1.56%
2011	193,138,003	139,827,987	53,310,016	42,450	1,256	3,530,253,980	1.51%
2010	194,193,893	154,495,034	39,698,859	42,442	935	3,505,811,750	1.13%
2009	219,795,072	180,824,501	38,970,571	42,417	919	3,472,718,196	1.12%
2008	206,337,765	169,134,709	37,203,056	42,417	877	3,401,015,819	1.09%
2007	208,100,267	166,188,413	41,911,854	42,417	988	3,408,723,052	1.23%

Sources: Each respective Annual Financial Report and

⁽¹⁾ United States Census Bureau

CITY OF BURLINGTON, VERMONT
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 JUNE 30, 2016

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to the City	Amount Applicable to the City of Burlington
Direct:			
City of Burlington	\$ 46,843,028	100.0%	\$ 46,843,028
Overlapping:			
Burlington School District	<u>29,025,876</u>	100.0%	<u>29,025,876</u>
Total	<u><u>\$ 75,868,904</u></u>		<u><u>\$ 75,868,904</u></u>

Source: June 30, 2016 Annual Financial Reports

CITY OF BURLINGTON, VERMONT
LEGAL DEBT MARGIN INFORMATION
JUNE 30, 2016

Grand List Valuation	\$ 3,778,550,520
Legal Debt Margin	
Debt Limitation - Ten Times Last Grant List	377,855,052
Debt Applicable to Limitation	55,092,130
Legal Debt Margin	\$ 322,762,922
Debt as Percentage of Debt Limit	14.58%

LEGAL DEBT MARGIN
PRECEDING NINE YEARS

Fiscal Year	Debt Limit	Applicable Debt*	Legal Debt Margin	Debt as Percentage of Debt Limit
2016	\$ 377,855,052	\$ 55,092,103	\$ 322,762,949	14.58%
2015	373,586,431	55,092,130	318,494,301	14.75%
2014	364,692,191	53,150,000	311,542,191	14.57%
2013	361,787,013	51,505,000	310,282,013	14.24%
2012	358,707,700	37,605,000	321,102,700	10.48%
2011	356,314,100	30,753,333	325,560,767	8.63%
2010	353,025,398	20,757,499	332,267,899	5.88%
2009	350,581,175	15,897,809	334,683,366	4.53%
2008	347,271,820	18,067,175	329,204,645	5.20%
2007	340,101,582	18,762,305	321,339,277	5.52%

Source: Most recent Official Statement

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

Fiscal Year	Gross Revenues*	Operating Expenses*	Net Revenues (as defined)	PFC Revenues Available for DS	Funds Available for DS	25% PFC Revenue For DS coverage	Adjusted funds Available for DS	Debt Service	Debt Service Coverage	Adjusted Debt Service Coverage
2016	\$ 16,677	\$ 12,376	\$ 4,301	\$ 1,087	\$ 5,388	\$ 272	\$ 5,660	\$ 3,386	\$ 1.59	\$ 1.67
2015	16,933	12,347	4,586	1,284	5,870	321	6,191	3,956	1.48	1.56
2014	16,382	12,508	3,874	1,291	5,165	323	5,488	3,402	1.52	1.61
2013	15,890	11,731	4,159	1,938	6,097	485	6,582	4,268	1.43	1.54
2012	15,080	11,259	3,821	1,939	5,760	485	6,245	4,195	1.37	1.49
2011	14,203	10,659	3,544	1,938	5,482	485	5,967	4,366	1.26	1.37
2010	12,431	9,586	2,845	1,939	4,784	485	5,269	4,269	1.12	1.23
2009	12,706	10,456	2,250	1,965	4,215	491	4,706	4,273	0.99	1.10
2008	12,021	9,029	2,992	1,965	4,957	491	5,448	4,275	1.16	1.27
2007	11,114	7,802	3,312	1,716	5,028	N/A	N/A	4,275	1.31	N/A

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

Source: Data from each respective Annual Financial Report.

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

Calendar Year	Population ^(1,2)	Per Capita Income ^{(1,2)*}	Personal Income	State-wide Per Capita Income ⁽³⁾	State-wide Median Family Income ⁽¹⁾	Unemployment Rate		Enrollment Grades 9-12 ⁽²⁾	High School Graduation Rate ⁽²⁾
						Burlington City ⁽³⁾	State-wide ⁽³⁾		
2015	42,452	\$ 25,234	\$ 1,071,233,768	\$ -	\$ -	3.10%	3.60%	1,067	88%
2014	42,613	25,188	1,073,336,244	-	54,447	3.20%	4.10%	1,070	96%
2013	42,738	25,188	1,076,484,744	45,483	54,267	3.50%	4.40%	1,048	87%
2012	42,637	25,188	1,073,940,756	44,545	54,168	3.80%	5.00%	1,048	83%
2011	42,450	25,188	1,069,230,600	41,572	53,422	4.30%	5.50%	1,086	85%
2010	42,442	25,188	1,069,029,096	40,134	51,841	5.00%	6.10%	1,160	86%
2009	42,417	25,188	1,068,399,396	39,205	51,284	5.80%	6.90%	1,187	85%
2008	42,417	25,188	1,068,399,396	36,185	51,704	4.20%	4.50%	1,172	93%
2007	42,417	25,188	1,068,399,396	37,949	49,382	3.50%	4.00%	1,152	81%
2006	42,417	25,188	1,068,399,396	35,142	-	3.40%	3.60%	1,162	84%

Sources:

⁽¹⁾ United States Census Bureau

⁽²⁾ Vermont Economic-Demographic Profile

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

*Using MFRA Data

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

Employer	Calendar Year 2015			Calendar Year 2006		
	Employees ^(1,2)	Rank	Percentage of Total City Employment ⁽³⁾	Employees ⁽²⁾	Rank	Percentage of Total City Employment ⁽³⁾
University of Vermont Medical Center	5,383	1	4.30%	4,709	2	4.07%
International Business Machines	4,000	2	3.20%	6,200	1	5.35%
University of Vermont	3,446	3	2.76%	3,103	3	2.68%
City of Burlington/Burlington School District	1,612	4	1.29%	2,650	4	2.29%
People's United Bank	1,000	5	0.80%	1,208	5	1.04%
Howard Center for Human Services	998	6	0.80%	727	9	0.63%
Adecco Staffing	775	7	0.62%	Less than 400		0.00%
Ben & Jerry's Homemade	735	8	0.59%	735	8	0.63%
GE Healthcare	700	9	0.56%	752	7	0.65%
Dealer. Com	675	10	0.54%	Less than 400		0.00%
Verizon Communication			0.00%	800	6	0.69%
	<u>19,324</u>		<u>15.45%</u>	<u>20,884</u>		<u>18.03%</u>

Sources:

⁽¹⁾ Chittenden County

⁽²⁾ Vermont Business Magazine, Vermont Business Directory

⁽³⁾ Vermont Department of Labor

*Some data is not available at the time of publication.

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

Function/Program	Full-time Equivalent Employees									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government:										
Mayor's Office	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00
Clerk/Treasurer's Office	26.51	21.00	19.00	20.00	20.00	20.60	19.60	20.10	20.50	20.50
Payroll	4.00	4.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00
Central Computer	4.00	6.00	3.00	3.00	3.20	4.00	3.00	2.50	2.00	2.00
City Attorney's Office	8.00	8.00	7.00	7.00	7.50	7.50	7.50	6.00	5.90	4.90
Human Resources	6.00	5.50	5.50	5.50	6.00	5.00	5.00	6.00	5.00	5.00
City Assessor	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Planning and Zoning	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Public Safety:										
Fire	80.80	79.80	79.80	79.80	79.80	79.80	79.80	79.80	79.00	79.00
Police	139.20	136.20	137.20	137.20	138.20	137.20	137.70	134.20	135.30	140.00
DPW Inspection	5.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00
Code Enforcement	12.00	12.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Public Works:										
Highways	43.45	42.90	42.90	43.60	42.60	41.60	41.60	38.60	38.60	38.50
Public Works Administration	4.00	4.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00
Culture and Recreation	85.00	81.80	78.80	75.48	71.25	71.72	67.20	67.80	66.00	66.00
General Fund Total	432.96	420.20	412.20	410.58	406.55	405.42	399.40	393.00	389.30	392.90
Community Development*										
Burlington Electric	131.90	125.00	128.00	125.00	123.00	125.00	125.00	126.00	125.00	126.00
Burlington Telecom	26.00	25.00	21.00	24.50	22.00	30.68	33.00	32.50	30.50	15.00
Burlington International Airport*	39.00	42.00	41.00							
Water*										
Stormwater*										
Wastewater*										
Total Employees	1058.82	1028.40	1010.40	966.66	955.10	963.52	953.80	941.50	931.10	923.80

*Data is not available at the time of publication.

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

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government:										
Full-time equivalent positions filled	432.96	420.20	412.20	410.58	406.55	405.42	399.40	393.00	389.30	392.90
Tax bills mailed	10,714	10,737	10,685	10,633	11,106	11,112	11,094	11,116	11,080	10,978
Active recreation programs	285									
Recreation participants	4,762									
Birth certificates recorded	2,177	2,252	2,257	2,207	2,254	2,164	2,204	2,184	2,276	2,234
Marriage licenses recorded	229	401	599	366	362	449	462	346	354	336
Death certificates recorded	489	1,045	965	1,036	931	970	963	961	945	952
Dog licenses issued	1,175	1,256	1,191	1,234	1,248	1,307	1,367	1,446	1,501	1,485
Public Safety:										
Total cases	28,608	28,243	31,182	31,353	29,978	32,146	33,141	35,040	36,654	37,976
Number of traffic tickets	1,990	1,938	1,793	1,895	1,616	1,949	2,658	2,431	1,797	2,122
Number of traffic warnings	3,507	4,822	4,432	4,524	3,996	3,793	4,220	3,758	2,162	1,936
Fire incident responses	7,305	7,338	7,326	7,241	7,160	6,819	5,633	6,157	5,942	5,816
Water System:										
Average daily consumption (gallons)	3,753,328	3,976,008	3,649,433	3,953,940	4,242,691	4,228,153	4,292,238	4,163,753	4,269,552	4,432,978
Wastewater System:										
Average daily treatment (gallons)	4,917,000	5,132,000	5,692,000	5,677,000	5,736,000	7,132,000	5,884,000	5,932,000	6,127,000	6,362,000
Sludge disposed (tons)	8,633	8,583	8,402	8,287	8,322	8,873	9,809	9,058	9,250	9,661
Burlington International Airport										
Enplanements	595,244	600,402	617,301	605,505	652,793	643,683	677,468	743,248	725,843	697,932
Burlington Electric Department										
Sales to Customers - KWHs	338.2	336.2	342.8	341.4	342.5	348.6	343.9	355.6	361.4	359.0

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

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government:										
Number of general government buildings	3	3	3	3	3	3	3	3	3	3
Public Safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of police vehicles	45	45	44	44	42	42	42	42	42	42
Number of fire stations	5	5	5	5	5	5	5	5	5	5
Number of fire vehicles	28	27	26	26	26	26	26	26	26	26
Public Works:										
Number of public works buildings	2	2	2	2	2	2	2	2	2	2
Miles of streets	95	95	95	95	95	95	95	95	95	95
Miles of sidewalks	130	127	127	127	127	127	127	127	127	127
Culture and Recreation:										
Number of culture and recreation facilities	6	5	5	5	5	5	5	5	5	5
Acres of parks	540	540	540	540	540	540	540	540	540	540
Water:										
Number of water treatment facilities	3	3	3	3	3	3	3	3	3	3
Miles of water mains	110	110	110	110	110	110	110	110	110	110
Wastewater:										
Number of wastewater facilities	3	3	3	3	3	3	3	3	3	3
Miles of sanitary sewers	89	89	89	89	89	89	89	89	89	89
Burlington International Airport:										
Number of facilities	23	23	23	23	23	23	23	23	23	23
Burlington Electric Department:										
Number of facilities	12	12	12	12	12	12	12	12	12	12