



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

Interfund transfers for the year ended June 30, 2005, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Traffic Fund	\$ 237,557	Fund Free Parking
General Fund	Traffic Fund	40,000	Meter Replacement
General Fund	CEDO Fund	84,252	Subsidy
General Fund	Housing Trust Fund	189,845	Tax Transfer
General Fund	Marketplace Fund	16,500	Subsidy
General Fund	Southern Connector Fund	15,426	Fund Capital Outlay
General Fund	Tele-Communications Fund	27,673	Fund Interfund Loan
General Fund	Tele-Communications Fund	405,000	Infrastructure
General Fund	STP Bike Path Fund	1,399	Fund Capital Outlay
General Fund	Riverside Avenue Project Fund	19,899	Fund Capital Outlay
General Fund	N. Winooski Streetscape Fund	628	Fund Capital Outlay
General Fund	Moran Building and Heating Upgrade Fund	90,632	Fund Interfund Loans
General Fund	DPW New Facility	28,120	Fund Capital Outlay
General Fund	South End Transit Center Fund	806	Subsidy
General Fund	North Street Project Fund	232,747	Subsidy
School Fund	School Capital Projects Fund	10,000	Subsidy
Traffic Fund	CEDO Fund	30,000	Subsidy
Traffic Fund	General Fund	64,400	Subsidy
Fire Capital Fund	General Fund	1,408	Fund Capital Outlay
Cemetery Fund	General Fund	24,102	Fund Cemetery Operations
Loomis Library Fund	General Fund	238	Fund Library Operations
Total		\$ <u>1,520,632</u>	

There are four (4) Interfund Loans Receivable/Payable that are owed to the Burlington Electric Department. The Moran building and Heating Upgrade Fund owes \$446,541 for the purchase of the Moran Building and \$93,174 on two loans for electrical upgrades to the heating systems at the Library and Leddy Park Arena. The Telecommunication Project Fund owes \$45,435 for preliminary start-up costs. The total interfund loans are \$585,150. The City pays \$57,836 annually for principal and interest for twenty-five (25) years until May, 2017 for the Moran Building with interest at 7%. The Library Department pays \$1,710 monthly until June, 2010 with interest at 6%. The Recreation Department pays \$1,023 monthly until November, 2005 with interest at 8.25%. The Telecommunication Fund pays \$27,673 annually for principal and interest for five (5) years until May, 2007 with interest at 6.5%.



CITY OF BURLINGTON  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2005

**G. Other Long-Term Assets**

The governmental activities other long-term assets, net of accumulated amortization, consist of deferred debt issuance costs of \$282,447 as of June 30, 2005.

The Enterprise Funds' other long-term assets, net of accumulated amortization, consist of the following as of June 30, 2005.

Category	Electric Utility	Airport	Water Resources	Telecom Fund	Total
Deferred Debt Issuance Costs	\$ 1,407,795	\$ 1,674,830	\$ 137,558	\$ 61,565	\$ 3,281,748
Deferred Depreciation Expense	10,971,922	0	0	0	10,971,922
Unamortized Demand Side Mgt (DSM)	3,446,422	0	0	0	3,446,422
Other Unamortized Charges	4,631,007	0	0	0	4,631,007
Non-Utility Property	775,600	0	0	0	775,600
Deferred PSB Accounting Orders	930,920	0	0	0	930,920
Deferred Preliminary Engineering	123,254	0	0	0	123,254
Other Assets	23,902	0	0	0	23,902
Franchise Costs	0	0	0	75,132	75,132
Total	\$ 22,310,822	\$ 1,674,830	\$ 137,558	\$ 136,697	\$ 24,259,907

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

In March 1990, the voters of the City of Burlington approved an \$11,300,000 bond issue to fund Demand Side Management (DSM) programs. In October 1992, the Electric Department issued revenue bonds of \$40,900,000 of which \$11,300,000 was designated to finance the costs of these programs. The costs of these programs have been deferred. Consistent with rate making treatment, the Electric Department is recovering these costs over the life of the long-term bonds and the related debt service. Other Unamortized charges at June 30, 2005 are as follows:

CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

<u>Category</u>	<u>Amount</u>
Loss on Transfer of Moran Station	\$ 2,937,105
Loss of Sale of Millstone III	33,689
Costs Associated with Chase Hydro	<u>1,660,213</u>
Total	<u>\$4,631,007</u>

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

In 1989, the Electric Department transferred its .0435% ownership interest in Millstone III, a nuclear generating unit, to the Connecticut Municipal Electric Cooperative for \$900,000. This sale resulted in a loss of \$3,493,000, which was deferred and is being amortized over the life of the outstanding bonds which were issued to finance the Electric Department's interest in the project.

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

During 2005, the Department obtained two accounting orders from the VPSB enabling the Department to defer certain costs incurred during the period in which the cost will be recovered through future rates. The first order approved by the VPSA was for the deferral of rate design expenses incurred by the Department in the amount of \$80,000. This amount has been deferred and will be amortized over a period of five (5) years after the rate is approved. The second accounting order approved the deferral of the Department's 50% joint ownership share of the costs incurred related to the McNeil Station turbine overhaul. The total deferred cost is \$861,172 and amortization over 84 months began June 1, 2005.

Capital projects having a long lead time for engineering have the engineering costs deferred as preliminary survey and investigations costs. At the time the project is ready for construction, these costs are transferred to construction work in progress. If it becomes obvious the project will not be constructed, the costs would be expensed. The engineering costs deferred are \$123,254 for 2005.



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

## H. Deferred Revenue

Deferred Revenue in the General Fund consists of \$1,393,738 of delinquent property taxes, \$60,357 of gross receipt taxes and penalty and interest on those taxes, \$195,156 in Grant Revenue and \$340,949 of Fire, Ambulance and Police Fees not collected within sixty (60) days after year end as these would not be available to liquidate current liabilities. It also includes \$102,650 of prepaid recreation revenue and permit fees for fiscal year 2006 and \$229,300 of unspent grant monies. Total Deferred Revenue in the General Fund is \$2,322,150.

Deferred Revenue in the School Fund consists of \$1,128,418 in grant revenue. \$253,295 of this grant revenue was received in advance of expenditures and \$875,123 of grant revenue was not collected within sixty (60) days after year end as these would not be available to liquidate current liabilities.

Deferred Revenue in the Special Revenue Funds consist of \$6,308,743 of Grants and Loans Receivable and Land Held for Resale in the CEDO Fund. The Deferred Revenue from the grants consists of \$137,024 of Grant Revenue for the CEDO Fund received in advance of expenditures and \$624,036 of Grant Revenue not collected within sixty (60) days after year end as these would not be available to liquidate current liabilities. The revenue from the loans and from the Land Held for Resale of \$5,547,683 will be recognized as the loans are repaid to the City and the land is sold. It also consists of \$910 in prepaid traffic fees in the Traffic Commission Fund and \$26,746 of prepaid vendor assessments and \$19,630 of delinquent assessments in the Church Street Marketplace Fund not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. Total Deferred Revenue in the Special Revenue Funds is \$6,356,029.

Deferred Revenue in the Capital Project Funds consists of \$1,358,452 of Grant Revenue. \$584,553 of this Grant Revenue was received in advance of expenditures and \$773,899 was Grant Receivables not collected within sixty (60) days after year end as these would not be available to liquidate current liabilities.

## I. Long-term Liabilities

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

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



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

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

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

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

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

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

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

Changes in all long-term liabilities (including bonds, notes, capital leases, insurance reserves, compensated absences, postemployment benefits, and landfill postclosure costs) during the year were as follows:



CITY OF BURLINGTON  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2005

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
General Obligation Bonds Payable	\$ 18,003,166	\$ 1,185,000	\$ 2,431,700	\$ 16,756,466	\$ 2,526,466
Other Debt	15,562,815	9,405,456	847,815	24,120,456	2,831,779
Obligations Under Capital Leases	2,579,327	999,321	775,786	2,802,862	791,259
Insurance Reserves	1,594,000	212,000	0	1,806,000	961,000
City Compensated Absences	1,797,462	155,336	0	1,952,798	0
School Compensated Absences	2,075,807	221,138	0	2,296,945	69,045
Landfill Post-Closure	134,000	0	26,000	108,000	14,000
School - Early Retirement Contracts	82,103	0	18,070	64,033	29,333
Net Pension Obligation	<u>0</u>	<u>1,273,841</u>	<u>0</u>	<u>1,273,841</u>	<u>0</u>
Total Governmental Activities					
Long-term Liabilities	<u>41,828,680</u>	<u>13,452,092</u>	<u>4,099,371</u>	51,181,401	\$ <u>7,222,882</u>
Add Unamortized Premium				89,138	
Subtract Deferred Loss on Refunding				<u>(110,418)</u>	
Total				<u>51,160,121</u>	
<b>Business-type Activities</b>					
General Obligation Bonds Payable	28,131,321	1,265,905	1,802,881	27,594,345	1,843,165
Revenue Bonds	136,835,000	0	6,705,000	130,130,000	7,370,000
Other Debt	600,000	900,000	600,000	900,000	900,000
Obligations Under Capital Leases	2,733,615	10,550,527	203,583	13,080,559	388,196
Other Electric Department					
Long-Term Debt	115,370	0	30,873	84,497	0
Compensated Absences	1,065,481	28,510	0	1,093,991	0
Net Pension Obligation	<u>0</u>	<u>322,449</u>	<u>0</u>	<u>322,449</u>	<u>0</u>
Total Business-type Activities					
Long-Term Liabilities	\$ <u>169,480,787</u>	\$ <u>13,067,391</u>	\$ <u>9,342,337</u>	173,205,841	\$ <u>10,501,361</u>
Add Unamortized Premium				2,217,784	
Subtract Unamortized Discount				(154,815)	
Subtract Deferred Loss on Refunding Bonds				(21,419,114)	
Subtract Deferred Loss on Refunding Capital Leases				<u>(91,350)</u>	
Total				<u>\$ 153,758,346</u>	

\$2,496,408 of obligations under capital leases were reclassified from Governmental Activities to Business-Type Activities due to reclassifying the Telecom Fund from a Capital Projects Fund to a Proprietary Fund.

\$24,084,488 of debt owed to the State of Vermont has been reclassified from Revenue Bonds to General obligation Bonds Payable in the Business-Type Activities.

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





CITY OF BURLINGTON  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2005

Electric Department:								
23	Nuclear Units #3	06/01/79	5.75	05/01/2008	1,200,000	200,000	50,000	150,000
66	Electric 1995 Capital	06/01/95	4.00-5.50	05/01/2010	250,000	130,000	0	0
70	Electric 1996 Series A Refunding Bonds	06/15/96	3.80-5.40	12/01/2009	555,000	300,000	50,000	250,000
73	Electric 1996 Capital Series B	06/15/96	5.25-5.60	12/01/2016	250,000	180,000	10,000	0
76	Electric 1996 Capital Series C	07/01/96	5.00-6.00	12/01/2016	250,000	215,000	20,000	15,000
86	Electric 1998 Series B Refunding Bonds	08/03/98	3.90-4.10	12/01/2005	390,600	36,000	19,800	16,200
89	Electric 1998 Series C Refunding Bonds	08/03/98	4.25-4.55	12/01/2011	174,167	115,833	12,500	103,333
110	Electric 2001 Capital Refunding Bonds	10/01/01	3.00-3.10	11/01/2006	570,000	255,000	165,000	90,000
113	Electric 2002 Series A Refunding Bonds	07/30/02	2.50-3.50	09/01/2008	120,000	105,000	20,000	85,000
135	Electric 2004 Series B Refunding Bonds	07/15/04	2.00-3.80	12/01/2016	510,000	0	20,000	490,000
141	Electric 2005 Series A Bonds	06/28/05	3.50-4.20	11/01/2025	1,000,000	0	0	1,000,000
	Subtotal				5,269,767	1,536,833	367,300	2,199,533
	Add Unamortized Premium				-	3,420	(1,558)	7,031
	Subtract Deferred Loss on Refunding				-	(42,014)	21,807	(47,774)
	Subtotal				5,269,767	1,498,239	387,549	2,158,790
Water Resources:								
85	Water 1998 Series B Refunding Bonds	08/03/98	3.90-4.10	12/01/2005	217,000	20,000	11,000	9,000
	Subtotal				217,000	20,000	11,000	9,000
	Subtract Deferred Loss on Refunding				-	(2,477)	(1,239)	(1,238)
	Subtotal				217,000	17,523	9,761	7,762
Wastewater								
92	Wastewater 1999 Series A Refunding Bonds	02/16/99	3.25-3.80	05/01/2006	6,490,000	1,990,000	970,000	1,020,000
102	State of VT-EPA 1990 Series 1	12/06/90	0.00	12/01/2010	5,378,105	5,082,313	107,562	4,974,751
101	State of VT-EPA 1991 Series 1	02/12/92	0.00	12/01/2014	19,403,807	18,936,475	97,019	18,839,456
108	State of VT-EPA 2001 Series 1	07/01/00	0.00	10/01/2026	2,500,000	65,700	0	301,605
	Subtotal				33,771,912	26,074,488	1,174,581	25,135,812
	Add Unamortized Premium				-	2,536	2,536	0
	Subtract Deferred Loss on Refunding				-	(22,004)	(22,004)	0
	Subtotal				33,771,912	26,055,020	1,155,113	25,135,812
<b>Total Revenue Supported</b>					41,773,679	28,665,538	2,399,800	28,449,743
<b>Total General Obligation Debt</b>					111,571,998	62,283,535	12,683,990	69,305,385
<b>Revenue Debt</b>								
Electric Department:								
77	Revenue Bonds 1996 Series A	04/01/96	3.80-6.38	12/01/2012	54,475,000	35,735,000	3,160,000	32,575,000
126	Revenue Bonds 2001 Series A	12/01/01	2.30-4.60	07/01/2014	11,115,000	10,715,000	560,000	10,155,000
127	Revenue Bonds 2002 Series A	04/01/02	5.00-5.375	07/01/2014	20,875,000	20,210,000	935,000	19,275,000
130	Revenue Bonds 2004 Series A	04/15/04	4.27	07/01/2024	10,000,000	10,000,000	0	10,000,000
	Subtotal				96,465,000	76,660,000	4,655,000	72,005,000
	Add Unamortized Premium				-	1,994,981	147,029	1,847,952
	Subtract Unamortized Discount				-	(70,311)	(3,947)	(66,364)
	Subtract Deferred Loss on Refunding				-	(22,549,317)	(1,472,965)	(21,076,352)
	Subtotal				96,465,000	56,035,353	3,325,117	52,710,236
Water Resources:								
82	Revenue Bonds 1997 Series A	07/10/97	4.10-5.00	12/01/2012	13,925,000	9,925,000	910,000	9,015,000
	Subtotal				13,925,000	9,925,000	910,000	9,015,000
	Subtract Deferred Loss on Refunding				-	(331,597)	(41,450)	(290,147)
	Subtotal				13,925,000	9,593,403	868,550	8,724,853
Airport:								
78	Revenue Bonds 1997 Series A	05/01/97	3.85-5.60	07/01/2017	12,380,000	9,950,000	495,000	9,455,000
79	Revenue Bonds 1997 Series B	05/01/97	4.00-5.75	07/01/2017	7,450,000	6,010,000	295,000	5,715,000
104	Revenue Bonds 2000 Series A	05/17/00	4.80-6.20	07/01/2020	10,435,000	9,490,000	350,000	9,140,000
119	Revenue Bonds 2003 Series A and B	06/11/03	2.00-5.00	07/01/2028	24,800,000	24,800,000	0	24,800,000
	Subtotal				55,065,000	50,250,000	1,140,000	49,110,000
	Add Unamortized Premium				-	388,204	26,385	361,819
	Subtract Unamortized Discount				-	(100,262)	(11,811)	(88,451)
	Subtotal				55,065,000	50,537,942	1,154,574	49,383,368
<b>Total Revenue Debt</b>					165,455,000	116,166,698	5,348,241	110,818,457
<b>Total General Obligation and Revenue Debt</b>					277,026,998	178,450,233	18,032,231	180,123,842



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

Maturities are expected as follows:

**Error! Not a valid link.** The City is the lessee of various equipment under capital leases expiring in various years through 2020. Future minimum payments under the capital leases consisted of the following as of June 30, 2005.

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2006	\$ 843,828	\$ 989,911
2007	816,850	1,374,215
2008	685,095	1,354,099
2009	351,592	1,354,099
2010	165,245	1,288,043
2011-2015	148,545	6,165,165
2016-2020	<u>0</u>	<u>5,548,649</u>
Total minimum lease payments	3,011,155	18,074,181
Less amounts representing interest	<u>(208,293)</u>	<u>(4,993,622)</u>
Total	2,802,862	13,080,559
Deferred loss on lease refunding	<u>0</u>	<u>(91,350)</u>
Total Capital Lease Obligations	\$ <u><u>2,802,862</u></u>	\$ <u><u>12,989,209</u></u>

Interest rates vary from 1.99% to 5.49%.



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

One of the capital leases is for \$12,600,000 and is for the Telecommunications Fund. The lease repayments are to be paid back from Telecom revenues. If these revenues are insufficient, the other City funds are not obligated in any manner to provide monies to repay this lease. The lease is not supported by the general taxing authority of the City.

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

Revenue Bonds have been issued pursuant to the General Bond Resolution and are collateralized by a pledge of revenues. Pursuant to the General Bond Resolution, revenues (as defined) means all rates, fees, charges or other income and includes rentals, proceeds of insurance or condemnation or other disposition of assets, proceeds of bonds or notes and earnings from the investment of revenues. On an annual basis, revenues must be sufficient after deducting operating expenses (as defined) to meet minimum debt service coverage requirements (as defined). If minimum debt service coverage requirements are not met, the City must take timely corrective action. For the year ended June 30, 2005, revenues (as defined) exceeded debt service requirements.

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

**Advance Refundings:**

On July 27, 2004, the City issued \$3,410,000 in General Obligation Series B Bonds with an average interest rate of 3.35% to refund \$3,195,000 of outstanding 1996 general obligation bonds with an average interest rate of 5.265%. The net proceeds of \$3,371,934 included a premium of \$8,313 accrued interest of \$3,417 less underwriting fees, insurance and other issuance costs of \$49,796. These proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, refunded bonds are considered to be defeased and the liability for those bonds has been removed from the long-term debt.

Although the advance refunding resulted in the recognition of a net accounting loss of \$142,187 for the year ended June 30, 2005, the City, in effect, reduced its aggregate debt service payments by \$272,659 over the next twelve (12) years and obtained an economic gain (difference between the present value of the old and new debt service payments) of \$213,662.



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

The accounting loss of \$142,187 has been deferred and will be amortized over the life of the related debt. \$114,620 relates to Governmental Activities and \$27,567 relates to Business-Type Activities.

The City has defeased various bond issues by placing the proceeds of new bonds in irrevocable trusts to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. \$2,385,000 of bonds outstanding are considered defeased at June 30, 2005. These amounts were paid by the Trust on December 1, 2005.

Burlington Community Development Corporation has two notes payable with TD BankNorth, N.A. on the buildings it owns at the Airport and at 131 Battery Street totaling \$1,010,762 which are secured by mortgages. The loans are for ten years and one loan has a variable interest rate currently at 6.75% and one (1) loan has a fixed rate of 6.11%.

The Corporation also has four (4) notes payable with Chittenden Investment Services, Inc. with a balance of \$1,451,798 which are offset by notes receivable from the Burlington Community Land Trust and will be repaid as the notes receivable are collected. Interest rates are between 5% and 6%.

The Corporation also has borrowed \$1,104,000 from the City's CEDO department to purchase the former Turner property. This note is due when BCDC concludes the sale of this property to Burlington Co-Housing, Inc., a local nonprofit, which is expected to be done by December, 2007. The interest rate is based on the three (3) month LIBOR rate plus .2% and is paid quarterly. Burlington Co-Housing, Inc. reimburses BCDC for all interest costs.



CITY OF BURLINGTON  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2005

Future maturities of the notes payable for Burlington Community Development Corporation are anticipated to be as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2006	109,043	172,413
2007	115,155	166,301
2008	1,225,274	140,862
2009	128,407	114,408
2010	135,606	107,210
2011-2015	672,383	419,345
2016-2020	648,868	245,171
2021-2025	451,782	72,247
2026-2029	<u>80,042</u>	<u>9,175</u>
Total	\$ <u><u>3,566,560</u></u>	\$ <u><u>1,447,132</u></u>

**J. Restricted and Designated Fund Balances/Net Assets**

The City's General Fund Balance as of June 30, 2005 was \$2,783,451. The City's General Fund designated fund balance was reduced by the \$1,393,738 revenue deferral for uncollected property taxes, penalties and interest. The expending of funds for the designated expenditures is contingent upon the receipt of these monies.



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

The reserved and designated fund balance of the General Fund as of June 30, 2005 consisted of the following:

**GENERAL FUND****Reserved**

Inventory & Prepaid Expenses	283,159
Parking Fund by Charter	23,000
Health Insurance Reserve *	332,167
Library Books & Small Grants	81,563
Public Records Restoration Grants	122,166
Impact Fees	569,040
Police Equitable Sharing Funds	240,765
Bond Anticipation Note – Computer Upgrade	125,000
Total Reserved	<u>\$ 1,776,860</u>

\* The health insurance reserve consists of cash at Blue Cross and Blue Shield of Vermont in excess of the health insurance liability.

**Designated Tax Items**

Insurance Reserve	\$ 152,996
Parks – Greenbelt Dedicated Taxes	38,889
Cemetery Capital	11,944
Gosse Court/Leddy Park Capital	182,064
South End Transit Center Reserve – TIF	135,364
Street Repaving	98,681
Lakeview Garage Maintenance Reserve - TIF	283,987
Subtotal Designated Items	<u>903,925</u>
Less: Uncollected Taxes, Penalties, and Interest	<u>(1,393,738)</u>
Total Designated Tax Items	0

**Designated - Other**

Airport Industrial Park	606,570
Recycling Funds	96,343
Total Designated – Other	<u>\$ 702,913</u>



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

The reserved fund balance in the School Department Fund consists of \$338,511 reserved for school programs by agreements or outside grants. The unreserved fund balance of \$480,228 consists of a designated fund balance of the School's general fund of \$570,046 and \$43,412 of other school unrestricted monies less deficits in other school funds of \$133,230 which will be funded as grant receivables are collected in fiscal year 2006.

The reserved fund balances in the Special Revenue Funds are reserved for Traffic Fund expenditures by City Charter in the amount of \$479,493 and reserved for the Mary E. Wadell Fund in the amount of \$12,133 by trust agreement. The Traffic Fund also has a balance reserved for inventory and prepaid expenses of \$154,394.

The negative unreserved fund balance of \$532,351 in the Special Revenue Funds consists of \$669,644 in the CEDO Fund which will be funded as grant receivables are collected in Fiscal Year 2006 and \$29,324 in the Church Street Marketplace Fund which will be funded next year with increased revenue collection efforts and decreased expenses. This amount is offset by an unreserved fund balance of \$166,617 which is designated for Housing Trust Fund activities.

The reserved fund balances of \$5,713,872 in the Capital Project Funds consist of \$44,969 for the Fire Vehicle Bond Fund and \$5,668,903 for the Lakeview Garage and Municipal Garage renovations and Westlake redevelopment projects. These are reserved Debt Proceeds.

The negative fund balances of \$1,328,430 in the Capital Projects Funds consist of \$26,445 for the Southern Connector, \$3,223 for the South End Transit Center, \$18,290 for the Bike Path, \$539,715 for the Heating Upgrades and Moran Building, \$84,363 for the DPW New Facility, \$7,102 for the North Winooski Streetscape and Fuel Depot Projects, \$474,140 for the North Street Project, \$164,201 for the Firehouse Center and \$10,951 for the School Capital Projects. The DPW New Facility, Heating Upgrades and Moran Building will be funded annually by transfers from the General Fund. All other City funds with deficits will be funded as Grant Receivables are collected in Fiscal Year 2006 or with a transfer from the General Fund. The School Capital Project Fund deficit will be funded in 2006 with proceeds of long-term debt.

The reserved fund balances of \$933,230 in the Permanent Funds are reserved by trust agreements and restricted donations.

The City also has eight Private Purpose Trust Funds that are restricted by trust agreements and donations totaling \$202,974.



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

**K. Operating Leases**

The Electric Department has several operating leases for the rental of equipment and vehicles. The Airport Department has an operating lease for an automobile. Future minimum lease payments are as follows:

<b>Year ending <u>June 30</u></b>	<b><u>Electric</u></b>	<b><u>Airport</u></b>
2006	\$21,613	\$5,640
2007	19,577	0
2008	19,038	0
2009	<u>12,334</u>	<u>0</u>
Total	<u>\$72,562</u>	<u>\$5,640</u>

**V. OTHER INFORMATION**

**A .COMMITMENTS & CONTINGENCIES**

**ELECTRIC DEPARTMENT**

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

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

McNeil Generating Station and Gas Turbine	27.5%
Northeast Utilities	15.0%
NYSEG	14.0%
VEPPI	5.1%
Duke Energy Trading	34.7%
Other	<u>3.7%</u>
Total	<u>100.00%</u>



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

The Department purchases a significant portion of its electricity requirements pursuant to long-term contracts in the above-mentioned generating units. These contracts require the Department to make payments to cover its proportionate share of the capital and operating costs of these generating units. These payments are significant and are recovered currently through rates. Payments under long-term power supply contracts were \$15,362,766 for the year ended June 30, 2005. Future commitments under these contracts totaled approximately \$1.7 million at June 30, 2005.

2. The joint owners of the McNeil Station have entered into a contract with New England Central Railway for the transportation of wood chips to the McNeil Station. The contract expires in December, 2006, and under terms of the contract, minimum payments of \$328,016 and \$166,036 are required to be made in the fiscal year 2006 and 2007, respectively. During 2005, the Department paid \$564,269 under this contract.
3. The joint owners of the McNeil Station have also entered into a contract for the operation of a wood chip receiving yard in Swanton, Vermont. The contract expires in December, 2006. Under the terms of that contract, minimum payments of \$184,500 and \$92,250 are required to be made by the Department in fiscal year 2006 and 2007, respectively. During 2005, the Department paid \$294,036 under this contract.
4. The Department faces possible liability as a potentially responsible party ("PRP") with respect to the cleanup of certain hazardous waste sites. The City is currently a PRP as a landowner of a hazardous waste superfund site in Burlington, Vermont which is the subject of a remediation investigation by the Environmental Protection Agency. The Department has agreed to share on an equal basis in all past and future costs incurred in connection with any and all settlements or actions resulting from the designation of the City as a PRP at this site. In light of a recent agreement between the City and the E.P.A. concerning the remediation plan at the site, the City believes that the likelihood of any liability material to the financial position of the City is remote and, as such, no liability has been accrued as of June 30, 2005.
5. During fiscal year 1997, the Department initiated a Voluntary Buyout Program ("VBP") for all eligible employees. Under the terms of the VBP, all employees with three or more years of service as of June 30, 1997 were eligible to participate. A total of 24 employees opted for the VBP and have separated from the Department. Under generally accepted accounting principles, the Department was required to accrue all costs associated with the VBP to the extent such costs were known and measurable. At June 30, 2005, the Department has a remaining liability of \$83,719 which will be reduced as cash payments are made to participants through fiscal year 2010.





CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

6. As part of the Department's various Demand Side Management (DSM) programs, the Department's electric customers are able to finance the costs of various energy efficiency improvements made to their home or business through a loan program with a local bank. Customers repay the loan directly to the bank. In the event of default by a customer, the Department, as guarantor, pays the bank the remaining balance and assumes the responsibility of collecting the unpaid balance from the customer. The total exposure to the Department for all DSM loans outstanding as the bank as of June 30, 2005 was \$24,068.

7. Regulatory Matters

On September 8, 2004, the Vermont Public Service Board (VPSB) approved a rate case filed by the Department increasing the Department's rates by 7.19%. With the approval of the Department's rate increase by the VPSB, the VPSB required the Department to initiate a cost allocation and rate design. This cost allocation and rate design is designed to be, in total, revenue neutral. As of June 30, 2005, the cost allocation and rate design has been completed and is currently under review by the VPSB. Approval and implementation is not expected until the fourth quarter of calendar year 2005.

**OTHER FUNDS**

**CONTINGENT LIABILITY**

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



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

#### **LAKE CHAMPLAIN BARGE CANAL**

The City faces possible liability as a potentially responsible party ("PRP") with respect to the cleanup of a certain hazardous waste site known as the Lake Champlain Barge Canal.

#### **NORTH/SOUTH CONNECTOR PROJECT**

The City has undertaken a major project which includes the land purchase and construction of connector highways on the north and south boundaries of the City. The City's portion of the estimated cost has been set at \$2,740,000 which is being financed by a general obligation bond issue dated December 1, 1986. The Northern Connector was completed and has been in service for many years. However, the Southern Connector has been delayed until the Lake Champlain Barge Canal issue is resolved. An alternate route has been selected and the State has designated the City as design and project manager. The first stage of conceptual design of the highway was recently presented to the public. Design and re-evaluation will conclude in the spring of 2005 and construction is slated to begin in the spring of 2007 barring any unforeseen delays.

#### **CHITTENDEN SOLID WASTE DISTRICT**

The City is a member of the Chittenden Solid Waste District. There is at least one pending case at the District level. The City, as a member, could share in the costs of any unfavorable outcomes.

#### **CONSTRUCTION COMMITMENTS**

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



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

**DEVELOPMENT OF THE LAND AT THE CORNER OF CHERRY & BATTERY STREETS**

On May 19, 2003, the City entered into a development agreement with Westlake Development to provide for the construction of a hotel and parking facility on the southeast corner of Battery and Cherry Streets. The City exercised its right to purchase this land and is responsible for the construction of a parking garage containing 200 public spaces known as the Westlake Garage. The City will also finance and construct an additional deck for 139 parking spaces on the existing Lakeview Garage. Construction began in the spring of 2005. In June, 2005, the city secured funding in the form of \$7,870,000 of Certificates of Participation. The repayment of these certificates will come from additional property taxes that will accrue to the City within its tax increment financing district. Westlake's responsibilities include the construction of a hotel on this site and residential condominiums on the undeveloped land adjacent to the Lakeview parking garage. Also included in the project funded by the certificates is \$750,000 of repairs to the parking garage behind the Wyndham Hotel. Most of the construction will be completed in fiscal year 2006.

**TRANSPORTATION CENTER**

The Mayor and City Council stopped the development of the Transportation Center in July, 2003 due to public concern about the location of the project. The Mayor then convened an ad hoc task force with representatives of the Chittenden County Metropolitan Planning Organization, the Chittenden County Transportation Authority, the Vermont Agency of Transportation, the Burlington Business Association, Burlington City Council, the Department of Public Works, and the Burlington Planning Commission to evaluate the City's position and options relative to the project. This task force presented a plan that evaluates five locations for the transportation center. The City Council has reviewed these alternatives and expects to act further in fiscal year 2006.

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



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

### **BURLINGTON TELECOM**

In March, 1996 and November, 2000, voters gave approval to the City to provide an alternate telecommunications network and related services within the City. In 2003, the City secured a capital lease in the amount of \$2,600,000 to establish a fiber optic network to provide services for communications between City and School buildings. This network, known as Phase I, was constructed to serve as the backbone for further expansion of Burlington Telecom. Phase II of the project provided for businesses and non-profit organizations along this route to be able to connect to this municipal network.

In May, 2004, the City Council authorized the Chief Administrative Officer to solicit financing opportunities for expansions of the project to include the delivery of voice, data and cable television services throughout the City. This signified the start of Phase III. The City received six proposals for financing and, in November, 2004, additional financing was secured from Koch Financial of Scottsdale, Arizona. In addition to this, the remaining balance of the original \$2,600,000 note for Phase I (\$2,406,263) was also refinanced. The City has received Certificates of Public Good (CPG's) to be able to operate cable television and telephone operations within the City. In June, 2005, the City purchased a building at 200 Church Street to house the equipment and administration for this service. To pay for the effort, Burlington Telecom will begin to provide three basic services of cable TV, telephone, and high-speed internet. Burlington Telecom is operating as an Enterprise Fund.

### **MORAN PROJECT**

The Moran Generating Plant is located on Lake Champlain and has been vacant since it's decommissioning in 1986 by the Burlington Electric Department. The building was then turned over the City and, in 1992, the Public Service Board directed the City to repay Burlington Electric \$674,000 for this building, which is in poor condition. As of June 30, 2005, the outstanding balance owed to BED on this note was \$446,541.

In March, 2005, voters rejected a proposal on an advisory referendum which would have allowed the YMCA to locate on this site. In the interim period, the Community & Economic Development Office surveyed citizens regarding potential uses of the site. From the list of suggested uses, an advisory survey is scheduled to be presented to the voters on March 7, 2006. The opinions sought were to be whether the building should be removed or be repaired, and if repaired, which use is most preferred.



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

**B. INSURANCE RESERVES**

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

Prior to July 1, 1992, the City self-insured risks of property, liability and workers' compensation claims, except for the Electric Department which maintains commercial insurance coverage for all property and liability related risks except automobile, the Airport which maintains commercial airport insurance and the School Department which maintains commercial coverage for all risks.

On July 1, 1992, the City entered into an agreement with The Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund (hereinafter VLCT) for the purpose of VLCT providing property, liability and worker's compensation coverage to replace its self-insured risks. VLCT is a risk pool set up for the benefit of members of the Vermont League of Cities and Towns. VLCT also provides all administration for the City. The administrator is responsible for approval, processing, and payment of claims, after which, they bill the City based on the terms of the agreement.

The agreement with VLCT calls for contribution for the loss fund to be billed at 29.4% of paid losses up to a maximum of \$312,500 for 1992 and \$706,175 for 1993, at 25% of paid losses up to a maximum of \$757,500 for 1994, at 20% of paid losses up to a maximum of \$800,000 for 1995, at 18% of paid losses up to a maximum of \$792,000 for 1996, at 14.86% of paid losses up to a maximum of \$579,570 for 1997, at 18.6% of paid losses up to a maximum of \$725,276 for 1998, at 19.01% of paid losses up to a maximum of \$760,589 for 1999, at 20.47% of paid losses up to a maximum of \$818,947 for 2000, at 21.82% of paid losses up to a maximum of \$1,069,181 for 2001, at 21.28% of paid losses up to a maximum of \$1,138,659 for 2002, at 16.44% of paid losses up to a maximum of \$1,145,589 for 2003, at 13.86% of paid losses up to a maximum of \$1,067,143 for 2004 and at 14.90% of paid losses up to a maximum of \$1,191,953 for 2005. The City is also contingently liable for up to \$60,000 in swing rate adjustments in fund year 1992.



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

The liability recorded at June 30, 2005 is based on the ultimate liability as determined by VLCT's actuaries. VLCT establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims.

Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The City self-insures for health insurance. The Plan is administered by a third party administrator that is responsible for approval, processing and payment of claims, after which they bill the City for reimbursement. The City has reinsurance for individual claims in excess of \$125,000 for the 2005 policy year. The School is a member of Vermont Educational Health Initiative (VEHI). VEHI is a nonprofit corporation formed to provide health insurance and wellness programs for Vermont school districts and is owned by the participating members. The agreement does not permit VEHI to make additional assessments to its members.

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



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

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	Gross Payroll by W/C category and experience
Health & Dental	Premiums estimated by the third party administrator
Liability	Operating Budgets
Property	Insured Value of City Structures

At June 30, 2005, the City has recorded a liability of \$950,718 included in accounts payable which represents reported health, dental, property, liability and worker's compensation claims incurred on or before June 30, 2005, but were not paid by the City as of that date. A reserve of \$1,806,000 is included for claims incurred but not reported. This consists of \$1,536,000 for property, liability and workers' compensation claims, \$249,000 for health claims and \$21,000 for dental claims. \$249,000 of this reserve is carried in the General Fund as it is funded by a working fund deposit. This amount was determined by the third party administrators as described above for property, liability and workers' compensation and based on subsequent claims with a completion factor for health and dental.

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

The City has elected to pay actual unemployment claims instead of enrolling in an unemployment insurance program. No liabilities have been accrued as the City is not able to make an estimate as to any future costs. The City and School paid \$60,913 and \$37,557, respectively, in unemployment claims during fiscal year 2005.

**C. BONDS/LONG-TERM DEBT ISSUED**

1. On July 15, 2004, the City issued \$750,000 General Obligations Bonds for the purpose of financing various capital improvements and for working capital.
2. On July 15, 2004, the City issued \$3,410,000 of general obligation bonds for the purpose of refinancing other bonds and reduce future debt service maturities.
3. On July 20, 2004 and December 23, 2004 the City issued \$1,307,000, U.S. Government notes for the purpose of providing capital financing to BCDC and Burlington City Arts Foundation, Inc.

CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

4. On November 23, 2004, the City received \$12,600,000 of capital lease proceeds for the purpose of financing additional telecommunications improvements, \$2,406,263 of these proceeds were used to refinance an outstanding capital lease for telecommunications projects.
5. On June 7, 2005, the City issued \$7,870,000 of Certificates of Participation for the purpose of constructing one parking garage, renovations to two other municipal garages and funding the City portion of the transportation center.
6. On June 28, 2005, the City and Electric Department issued \$1,250,000 in new general obligation bonds to fund various capital projects.
7. On June 30, 2005, the City issued a \$125,000 Bond Anticipation Note for the purpose of financing certain Capital Projects.
8. At various points during the year, the City received a total of \$235,905 from the State of Vermont Special Environmental Revolving Fund for the purpose of financing various Wastewater Plant upgrades.
9. At various points during the year, the City received a total of \$103,456 from the Vermont Economic Development Authority for the purpose of financing infrastructure upgrades within the City.
10. On June 30, 2005, the City issued a \$900,000 revenue anticipation note for the purpose of providing cash flow for the Wastewater Fund.

#### **D. Related Party Transactions**

Burlington Community Development Corporation (BCDC) is a related non-profit corporation that was organized to carry out the industrial and economic development of the City of Burlington. The Board of Directors of the Corporation must all be members of the City of Burlington's Board of Finance. The City's Treasurer's Office prepares all accounting data for BCDC. The City also rents office space from BCDC. BCDC also owns one (1) building on Airport property and is also constructing an Aviation Support Hanger building at the Airport. The Airport has been the paying agent on the project. BCDC will reimburse the Airport once it has permanent financing in place. BCDC owed the Airport \$258,316 as of June 30, 2005. The Airport has also committed to using \$1,000,000 of their Industrial Park Net Assets to assist BCDC in completing the project.





CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

4. On November 23, 2004, the City received \$12,600,000 of capital lease proceeds for the purpose of financing additional telecommunications improvements, \$2,406,263 of these proceeds were used to refinance an outstanding capital lease for telecommunications projects.
5. On June 7, 2005, the City issued \$7,870,000 of Certificates of Participation for the purpose of constructing one parking garage, renovations to two other municipal garages and funding the City portion of the transportation center.
6. On June 28, 2005, the City and Electric Department issued \$1,250,000 in new general obligation bonds to fund various capital projects.
7. On June 30, 2005, the City issued a \$125,000 Bond Anticipation Note for the purpose of financing certain Capital Projects.
8. At various points during the year, the City received a total of \$235,905 from the State of Vermont Special Environmental Revolving Fund for the purpose of financing various Wastewater Plant upgrades.
9. At various points during the year, the City received a total of \$103,456 from the Vermont Economic Development Authority for the purpose of financing infrastructure upgrades within the City.
10. On June 30, 2005, the City issued a \$900,000 revenue anticipation note for the purpose of providing cash flow for the Wastewater Fund.

**D. Related Party Transactions**

Burlington Community Development Corporation (BCDC) is a related non-profit corporation that was organized to carry out the industrial and economic development of the City of Burlington. The Board of Directors of the Corporation must all be members of the City of Burlington's Board of Finance. The City's Treasurer's Office prepares all accounting data for BCDC. The City also rents office space from BCDC. BCDC also owns one (1) building on Airport property and is also constructing an Aviation Support Hanger building at the Airport. The Airport has been the paying agent on the project. BCDC will reimburse the Airport once it has permanent financing in place. BCDC owed the Airport \$258,316 as of June 30, 2005. The Airport has also committed to using \$1,000,000 of their Industrial Park Net Assets to assist BCDC in completing the project.



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

The Retirement Fund utilizes Chittenden Investment Services as the custodian of their retirement assets. The investment representative for Chittenden Investment Services is also the Chairman of the Retirement Board. The amount paid for custodial fees on the investment accounts to Chittenden Investment Services for the year ending June 30, 2005 was \$57,592.

The City of Burlington Art's Department head is also the Executive Director of the Burlington City Arts Foundation, Inc. The Foundation has been the main funding source for the Firehouse Center Capital Project. As of June 30, 2005, the Burlington City Arts Foundation, Inc. owed the City Capital Project Funds \$164,201 and the City's CEDO Fund \$203,000 for capital expenditures on the Firehouse Center Project.

**E. LEASE REVENUE**

The Airport leases office, operating and ground space to various airport related businesses, including airlines, car lease companies, a restaurant and gift shop and governmental agencies, among others. The lease rates vary and are computed based upon square footage, percentages of gross revenues and combinations of the two. The leases expire at varying dates through 2010.

Lease revenue for the year ended June 30, 2005 was \$5,507,592 which includes contingent rentals approximating \$1,948,098. Minimum future lease revenue estimated to be received in each of the next four years under these agreements are as follows:

Year ending June 30,

2006	\$5,563,000
2007	\$5,619,000
2008	\$5,675,000
2009	\$5,732,000
2010	\$5,790,000



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

**F. DEFINED BENEFIT PENSION PLANS/OTHER BENEFITS**

**CITY OF BURLINGTON**

**Plan Description**

The City maintains a single employer defined benefit pension plan covering substantially all of its employees except elective officials, other than the mayor, and the majority of the public school teachers, who are eligible for the Vermont State Teacher's Retirement System. The plan is broken down into Class A participants and Class B participants. Class A participants are composed of firemen and policemen. Class B participants include all other covered City employees. The payroll for Class A and B employees covered by the system for the year ended June 30, 2005 was \$8,063,294 and \$24,086,465 respectively. The City's total payroll, except for school teachers, was \$41,749,581.

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. 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 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% and no COLA. Employees may retire prior to age 55 and receive reduced retirement benefits. Class A employees have unreduced benefits after 25 years of service, regardless of age. Class A participants contribute 8.8 percent of earnable compensation for the first 35 years of creditable service and then none thereafter. Class A employees do not contribute to the social security retirement system .



CITY OF BURLINGTON  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2005

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% and one half the yearly COLA, or an accrual rate of 2.2% and no COLA. Employees may retire prior to age 65 and receive reduced retirement benefits. Creditable service or an actuarial increase is used after age 65. The Class B participants make no contributions to the system.

The system also provides accidental 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.

#### **Actuarially Determined Contribution Requirements and Contribution Made**

It is the policy of the City of Burlington to fund, by actuarially determined periodic contributions, the normal cost of the Plan plus a provision for amortization of past service cost over a thirty (30) year period from date of establishment. The contribution rate for normal cost is determined using the projected unit credit cost method with costs allocated based on earnings of plan members. For 2005, the City did not fund the total annual required contribution creating a net pension obligation of \$1,596,290.

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

Valuation Method	Five year expected average market value method
Actuarial Cost Method	Projected unit credit cost
Interest rate	8%
Salary increases	Range of 8.8% at age 25 to 3.89% at age 69
Inflation rate	4 Percent

For 2005, the City adopted three (3) changes in actuarial assumptions and methods employed. The City changed to a different mortality table, changed the assumed rates of withdrawal and retirement for Class A and B employees and changed the funding policy to recognize changes in the unfunded accrued liability over thirty (30) years rather than ten (10) years.



CITY OF BURLINGTON  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2005

The total contribution to the system for 2005 of \$3,676,391 included \$2,966,821 which was sixty-five (65%) percent of the actuarially determined requirements computed through an actuarial valuation performed as of June 30, 2003. All funds, other than the General Fund and School Department Fund, contributed \$1,050,632 (9.31% percent of current covered payroll). Class A employees contributed \$709,570 (8.8% percent of current covered payroll). The total required system contributions include past service cost amortization of the unfunded past service cost of \$(628,824).

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS**

<b>Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Excess/ (Deficiency) of Assets over AAL (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>Excess/ (Deficiency) as a Percentage of Covered Payroll ((a-b)/c)</b>
6/30/99	92,782,371	76,225,530	16,556,841	121.72%	22,938,963	72.18%
6/30/00	111,224,657	96,610,677	14,613,980	115.13%	23,914,477	61.11%
6/30/01	114,203,990	101,700,266	12,503,724	112.29%	24,730,357	50.56%
6/30/02	112,980,276	109,116,441	3,863,835	103.54%	26,050,313	14.83%
6/30/03	109,525,953	117,047,718	(7,521,765)	93.57%	27,776,329	(27.08)%
6/30/04	107,648,941	125,508,483	(17,859,542)	85.77%	29,369,106	(60.81)%

**SCHEDULE OF EMPLOYER CONTRIBUTION**

<b>Year Ended</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
6/30/00	43,834	355,556	811%
6/30/01	274,878	272,326	99%
6/30/02	767,446	875,764	114%
6/30/03	1,079,911	1,164,935	108%
6/30/04	2,461,840	2,523,928	103%
6/30/05	4,563,111	2,966,821	65%



CITY OF BURLINGTON  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2005

### SCHEDULE OF ANNUAL PENSION COST

Year Ended	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
6/30/03	1,079,911	108%	0
6/30/04	2,461,840	103%	0
6/30/05	4,563,111	65%	\$1,596,290

### SCHOOL DEPARTMENT PENSION

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

The State makes retirement contributions of approximately 4.24% of all eligible covered salaries on-behalf of the School District. The Schools' total payroll was \$29,250,705, while its eligible covered payroll was \$20,844,882 resulting in an estimated \$883,823 of on-behalf payments. This amount is included as a Revenue and an Expense. Additional information regarding the Vermont State Teacher's Retirement system can be obtained from the State of Vermont.

### DEFERRED COMPENSATION

The City also offers its employees two deferred compensation plans in accordance with Internal Revenue Code Section 457 through the International City Managers' Association's (ICMA) Retirement Corporation, and the Nationwide Retirement Solutions. The plans permit employees to defer a portion of their salary until future years. The City contributes to one City employee's deferred compensation account. The expense for the year ending June 30, 2005 was \$4,826. Deferred compensation is not available to employees until termination, retirement, or death. The City has no liability for losses under the plans, but does have the duty of due care that would be required of an ordinary prudent investor.



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005

**POST EMPLOYMENT HEALTH BENEFITS**

The City also provides post-employment health benefits to all eligible unionized Class A employees. This amount is funded monthly by the Retirement Fund and is equal to 1% of each employee's gross pay. The expense for the year ended June 30, 2005 was \$60,459. Contributions prior to 1998 for current employees are being held in the Retirement Fund and shown as a liability. All other contributions after 1998 are being sent to and administered by Nationwide Retirement Solutions. As employees leave employment with the City, the Retirement Fund forwards the money to Nationwide Retirement Solutions. The Retirement Fund has guaranteed an earnings rate of 8% but assumes no other liability. The amount recorded as a liability in the Retirement Fund as of June 30, 2005 is \$300,411.

The School District provides post employment health benefits to retired educators with 15 years of service until they reach the age of 62 ½. The School has agreed to pay for a single member plan. There are currently twelve retired teachers receiving the benefit. The amount needed to fund post employment health benefits liability today is estimated to be \$54,938.

**F. SALE OF 131 BATTERY STREET**

The Directors of BCDC authorized the sale of the 131 Battery Street property at the June 23, 2003 meeting. In October, 2003, BCDC received and accepted an offer of \$1,300,000 from a local clothing vendor (April Cornell) to purchase the property, contingent on permitting and several other items. Permitting has been finalized and is in place. However, the vendor has filed for bankruptcy and will not exercise its option to purchase this property. As of March 20, 2006, there is another party interested in purchasing this property but the matter can not be resolved until the bankruptcy is settled.

**G. SUBSEQUENT EVENTS**

1. On July 6, 2005, the City issued \$2,750,000 of General Obligation Bonds for the purpose of financing various capital improvements within the City, School and Electric Department.
2. On October 26, 2005, the City issued a tax anticipation note for \$3,500,000 with TD BankNorth, N.A. This note was paid in full on November 15, 2005.
3. On December 1, 2005, the City issued a tax anticipation note for \$5,000,000 with T.D. Banknorth, N.A. This note was paid in full on March 13, 2006.
4. On December 15, 2005, the City Airport Department issued a \$3,000,000 revenue anticipation note from TD Banknorth, N.A. for the purpose of financing the new Aviation Support Hanger being built by BCDC. The note is due March 24, 2006 with interest at 4.13% and will be paid by BCDC once they secure permanent financing.



CITY OF BURLINGTON  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2005

5. On January 31, 2006, Burlington Telecom entered into a master lease agreement with Koch Financing in the amount of \$10,000,000. This consists of the borrowing of \$2 million in lease financing subject to annual appropriation and further authorized the negotiation of an additional \$8 million to be drawn down subject to City Council. These funds are to be used to finance expansion of Phase III that is for cable, internet and telephone service available to residents and businesses within Burlington.
6. On February 28, the City issued a tax anticipation note for \$4,000,000 and drew down \$2,000,000 of this total. The note was repaid in full on March 13, 2006.
7. On February 8, the City issued a tax anticipation note for \$950,000. This note was repaid in full on March 13, 2006.

#### H. SEGMENT INFORMATION

The City issued a capital lease to finance its telecommunications project. Investors in the capital lease rely solely on the revenue generated by the individual activity for repayment. Summary financial information for the Telecom Fund is presented below.

#### CONDENSED STATEMENT OF NET ASSETS

Assets:

Current Assets	\$(1,651,815)
Other Non-Current Assets	136,697
Restricted Assets	8,086,427
Capital Assets	<u>4,065,849</u>
 Total Assets	 <u>10,637,158</u>

Liabilities:

Current Liabilities	515,739
Noncurrent Liabilities	<u>12,261,980</u>
 Total Liabilities	 <u>12,777,719</u>

Net Assets: \$ (2,140,561)



CITY OF BURLINGTON  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005**CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

Telecom Charges (Pledged Against Bonds)	\$ 105,631
Depreciation Expense	(194,003)
Other Operating Expenses	<u>(556,687)</u>
Operating Income/(Loss)	(645,059)
Nonoperating Revenues/(Expenses):	
Investment Earnings	18,195
Rental Income	19,919
Interest Expense	(461,993)
Amortization of Lease Issue Costs	(2,166)
Transfer In	<u>432,673</u>
Change in Net Assets	(638,431)
Beginning Net Assets	<u>(1,502,130)</u>
Ending Net Assets	<u><u>\$(2,140,561)</u></u>

**CONDENSED STATEMENT OF CASH FLOWS**

Net Cash Provided/(Used) by:	
Operating Activities	\$ (390,171)
Noncapital Financing Activities	389,773
Capital and Related Financing Activities	7,149,977
Investing Activities	<u>(8,068,232)</u>
Net Increase (Decrease)	(918,653)
Beginning Cash and Cash Equivalents	<u>(770,960)</u>
Ending Cash and Cash Equivalents	<u><u>\$(1,689,613)</u></u>



CITY OF BURLINGTON, VERMONT  
 COMBINING BALANCE SHEET – SCHOOL FUND  
 JUNE 30, 2005

Schedule 1

	<u>General</u>	<u>Title I, II, III, IV, V Grants</u>	<u>Other Grant Special Revenue</u>	<u>Vocational Center</u>	<u>Other Special Revenue</u>	<u>Total</u>
<u>ASSETS</u>						
Cash	\$ 3,733,783	\$ 326,760	\$ 119,007	\$ 229,050	\$ 342,422	\$ 4,751,022
Investments	0	0	0	0	43,412	43,412
Accounts Receivable	<u>747,721</u>	<u>105,293</u>	<u>528,577</u>	<u>0</u>	<u>0</u>	<u>1,381,591</u>
Total Assets	<u>\$ 4,481,504</u>	<u>\$ 432,053</u>	<u>\$ 647,584</u>	<u>\$ 229,050</u>	<u>\$ 385,834</u>	<u>\$ 6,176,025</u>
<u>LIABILITIES AND FUND BALANCE</u>						
Liabilities						
Accounts Payable	\$ 174,359	\$ 40,392	\$ 63,315	\$ 18,095	\$ 3,911	\$ 300,072
Accrued Payroll and Benefits	2,995,206	383,636	374,825	175,129	0	3,928,796
Deferred Revenue	<u>741,893</u>	<u>8,025</u>	<u>342,674</u>	<u>35,826</u>	<u>0</u>	<u>1,128,418</u>
Total Liabilities	<u>3,911,458</u>	<u>432,053</u>	<u>780,814</u>	<u>229,050</u>	<u>3,911</u>	<u>5,357,286</u>
Fund Balance:						
Reserved for:						
Other Purposes	0	0	0	0	338,511	338,511
Unreserved:						
Designated	570,046	0	0	0	43,412	613,458
Undesignated	<u>0</u>	<u>0</u>	<u>(133,230)</u>	<u>0</u>	<u>0</u>	<u>(133,230)</u>
Total Fund Balance	<u>570,046</u>	<u>0</u>	<u>(133,230)</u>	<u>0</u>	<u>381,923</u>	<u>818,739</u>
Total Liabilities and Fund Balance	<u>\$ 4,481,504</u>	<u>\$ 432,053</u>	<u>\$ 647,584</u>	<u>\$ 229,050</u>	<u>\$ 385,834</u>	<u>\$ 6,176,025</u>

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



CITY OF BURLINGTON, VERMONT Schedule 2  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – SCHOOL FUND  
 FOR THE YEAR ENDED JUNE 30, 2005

	General	Title I, II, III, IV, V Grants	Other Grant Special Revenue	Vocational Center	Other Special Revenue	Total
<b>Revenues:</b>						
Payments in Lieu of Taxes	\$ 1,822,147	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,822,147
Intergovernmental	31,479,200	3,348,404	4,846,619	1,569,003	462,263	41,705,489
Charges for Services	172,196	0	328,686	296,836	0	797,718
Other	336,472	0	57,002	0	0	393,474
Investment Income	91,705	0	0	0	302	92,007
<b>Total Revenues</b>	<b>33,901,720</b>	<b>3,348,404</b>	<b>5,232,307</b>	<b>1,865,839</b>	<b>462,565</b>	<b>44,810,835</b>
<b>Expenditures:</b>						
Education	32,656,405	3,348,404	6,035,317	2,127,707	383,116	44,550,949
<b>Debt Service:</b>						
Bond and Note Principal Retirement	598,641	0	0	12,374	0	611,015
Interest Charges	218,580	0	0	3,546	0	222,126
Lease Principal Retirement	42,560	0	0	0	0	42,560
Bond Issue Costs	56,805	0	0	0	0	56,805
<b>Total Expenditures</b>	<b>33,572,991</b>	<b>3,348,404</b>	<b>6,035,317</b>	<b>2,143,627</b>	<b>383,116</b>	<b>45,483,455</b>
<b>Excess of Revenue Over/(Under)</b>						
Expenditures	328,729	0	(803,010)	(277,788)	79,449	(672,620)
<b>Other Financing Sources/(Uses):</b>						
Refunding Bonds Issued	2,370,000	0	0	0	0	2,370,000
Payment to Refunding Bond Escrow Agent	(2,317,213)	0	0	0	0	(2,317,213)
Bond Premium	5,778	0	0	0	0	5,778
Transfer In	0	0	758,246	277,788	0	1,036,034
Transfer Out	(1,036,034)	0	0	0	(10,000)	(1,046,034)
<b>Total Other Financing Sources/(Uses)</b>	<b>(977,469)</b>	<b>0</b>	<b>758,246</b>	<b>277,788</b>	<b>(10,000)</b>	<b>48,565</b>
<b>Net Change in Fund Balance</b>	<b>(648,740)</b>	<b>0</b>	<b>(44,764)</b>	<b>0</b>	<b>69,449</b>	<b>(624,055)</b>
<b>Fund Balance/(Deficit) - July 1, 2004</b>	<b>1,218,786</b>	<b>0</b>	<b>(88,466)</b>	<b>0</b>	<b>312,474</b>	<b>1,442,794</b>
<b>Fund Balance/(Deficit) - June 30, 2005</b>	<b>\$ 570,046</b>	<b>\$ 0</b>	<b>\$ (133,230)</b>	<b>\$ 0</b>	<b>381,923</b>	<b>\$ 818,739</b>

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



CITY OF BURLINGTON, VERMONT  
 COMBINING BALANCE SHEET – OTHER GOVERNMENTAL FUNDS  
 JUNE 30, 2005

Schedule 3

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
<u>ASSETS:</u>				
Cash	\$ (148,313)	\$ (442,364)	\$ 720,706	\$ 130,029
Investments	18,117	7,864,041	207,930	8,090,088
Receivables (Net of Allowance for Doubtful Accounts)	1,321,370	1,154,053	0	2,475,423
Notes Receivable	4,660,482	0	0	4,660,482
Due From Other Funds	36,561	0	0	36,561
Land Held for Resale	887,201	0	0	887,201
Accrued Interest Receivable	0	13,015	4,594	17,609
Inventories	151,927	0	0	151,927
Other Current Assets	2,604	0	0	2,604
 Total Assets	 <u>6,929,949</u>	 <u>8,588,745</u>	 <u>933,230</u>	 <u>16,451,924</u>
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Accounts and Contracts Payable	409,026	2,268,575	0	2,677,601
Accrued Liabilities	47,402		0	47,402
Due to Other Funds	3,823	36,561	0	40,384
Interfund Loan Payable	0	539,715	0	539,715
Deferred Revenue	6,356,029	1,358,452	0	7,714,481
 Total Liabilities	 <u>6,816,280</u>	 <u>4,203,303</u>	 <u>0</u>	 <u>11,019,583</u>
Fund Balances:				
Reserved for:				
Inventory and Prepaid Expenditures	154,394	0	0	154,394
Reserved for Restricted Purposes	491,626	5,713,872	933,230	7,138,728
Unreserved:	(532,351)	(1,328,430)	0	(1,860,781)
 Total Fund Balances	 <u>113,669</u>	 <u>4,385,442</u>	 <u>933,230</u>	 <u>5,432,341</u>
 Total Liabilities and Fund Balances	 <u>\$ 6,929,949</u>	 <u>\$ 8,588,745</u>	 <u>\$ 933,230</u>	 <u>\$ 16,451,924</u>

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



CITY OF BURLINGTON, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 OTHER GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

Schedule 4

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
<b>REVENUES:</b>				
Intergovernmental Revenues	\$ 4,472,139	\$ 4,180,137	\$ 0	\$ 8,652,276
Charges for Services	3,319,681	0	0	3,319,681
Licenses and Permits	626,726	0	0	626,726
Interest	77,312	27,556	24,709	129,577
Other Revenues	<u>605,843</u>	<u>315,481</u>	<u>36,700</u>	<u>958,024</u>
<b>Total Revenues</b>	<u>9,101,701</u>	<u>4,523,174</u>	<u>61,409</u>	<u>13,686,284</u>
<b>EXPENDITURES:</b>				
Current expenditures				
Public works	4,167,047	0	0	4,167,047
Community Development	6,767,356	0	0	6,767,356
Capital expenditures	0	6,122,861	0	6,122,861
Debt service expenditures				
Bond and Note Principal	99,995	0	0	99,995
Lease Principal	35,882	0	0	35,882
Interest	86,321	43,870	0	130,191
Bond Issue Costs	<u>0</u>	<u>86,939</u>	<u>0</u>	<u>86,939</u>
<b>Total Expenditures</b>	<u>11,156,601</u>	<u>6,253,670</u>	<u>0</u>	<u>17,410,271</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,054,900)</u>	<u>(1,730,496)</u>	<u>61,409</u>	<u>(3,723,987)</u>
<b>OTHER FINANCING SOURCES/(USES):</b>				
Proceeds of Long-term Debt	1,563,682	7,870,000	0	9,433,682
Bond Premium	0	25,521	0	25,521
Transfers in	598,154	399,657	0	997,811
Transfers out	<u>(94,400)</u>	<u>(1,408)</u>	<u>(24,340)</u>	<u>(120,148)</u>
<b>Total Other Financing Sources/(Uses)</b>	<u>2,067,436</u>	<u>8,293,770</u>	<u>(24,340)</u>	<u>10,336,866</u>
<b>Net Change in Fund Balances</b>	12,536	6,563,274	37,069	6,612,879
<b>Fund Balances/(Deficit) - July 1, 2004</b>	<u>101,133</u>	<u>(2,177,832)</u>	<u>896,161</u>	<u>(1,180,538)</u>
<b>Fund Balances - June 30, 2005</b>	<u>\$ 113,669</u>	<u>\$ 4,385,442</u>	<u>\$ 933,230</u>	<u>\$ 5,432,341</u>

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



CITY OF BURLINGTON, VERMONT  
 COMBINING BALANCE SHEET – CITY SPECIAL REVENUE FUNDS  
 JUNE 30, 2005

Schedule 5

	Traffic Commission Fund	Community and Economic Development Fund	Housing Trust Fund	Church Street Marketplace Fund	Mary E. Wadell Fund	Total
<u>ASSETS:</u>						
Cash	\$ 548,975	\$ (915,803)	\$ 196,210	\$ 10,172	\$ 12,133	\$ (148,313)
Investments	18,117	0	0	0	0	18,117
Receivables (Net of Allowance for Doubtful Accounts)	48,731	1,253,142	0	19,497	0	1,321,370
Loans Receivable	0	4,660,482	0	0	0	4,660,482
Land Held For Resale	0	887,201	0	0	0	887,201
Due From Other Funds	0	36,561	0	0	0	36,561
Inventories	151,927	0	0	0	0	151,927
Other Current Assets	2,467	137	0	0	0	2,604
Total Assets	\$ 770,217	\$ 5,921,720	\$ 196,210	\$ 29,669	\$ 12,133	\$ 6,929,949
<u>LIABILITIES AND FUND BALANCES:</u>						
<u>Liabilities:</u>						
Accounts and Contracts Payable	\$ 108,184	\$ 266,000	\$ 25,000	\$ 9,842	\$ 0	\$ 409,026
Accrued Liabilities	23,413	16,621	393	2,775	0	43,202
Other Liabilities	0	0	4,200	0	0	4,200
Due to Other Funds	3,823	0	0	0	0	3,823
Deferred Revenue	910	6,308,743	0	46,376	0	6,356,029
Total Liabilities	136,330	6,591,364	29,593	58,993	0	6,816,280
<u>Fund Balances/(Deficit):</u>						
<u>Reserved for:</u>						
Inventory and Prepaid Expenditures	154,394	0	0	0	0	154,394
Reserved for Restricted Purposes	479,493	0	0	0	12,133	491,626
Unreserved	0	(669,644)	166,617	(29,324)	0	(532,351)
Total Fund Balances/(Deficit)	633,887	(669,644)	166,617	(29,324)	12,133	113,669
Total Liabilities and Fund Balances	\$ 770,217	\$ 5,921,720	\$ 196,210	\$ 29,669	\$ 12,133	\$ 6,929,949

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



CITY OF BURLINGTON, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
 CITY SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

Schedule 6

	Traffic Commission Fund	Community and Economic Development Fund	Housing Trust Fund	Church Street Marketplace Fund	Mary E. Wadell Fund	Total
<b>Revenues:</b>						
Intergovernmental	\$ 0	\$ 4,471,880	\$ 0	\$ 0	\$ 259	\$ 4,472,139
Charges for Services	3,089,684	168,223	0	61,774	0	3,319,681
Licenses and Permits	85,535	0	0	541,191	0	626,726
Interest Income	20,007	57,230	0	75	0	77,312
Other Revenues	0	551,753	0	54,090	0	605,843
<b>Total Revenues</b>	<b>3,195,226</b>	<b>5,249,086</b>	<b>0</b>	<b>657,130</b>	<b>259</b>	<b>9,101,701</b>
<b>Expenditures:</b>						
Public Works	3,509,768	0	0	657,279	0	4,167,047
Community Development	0	6,623,601	143,755	0	0	6,767,356
Debt Service						
Bond and Note Principal Retirement	49,995	50,000	0	0	0	99,995
Lease Principal Retirement	20,082	5,102	0	10,698	0	35,882
Interest Charges	47,615	37,614	0	1,092	0	86,321
<b>Total Expenditures</b>	<b>3,627,460</b>	<b>6,716,317</b>	<b>143,755</b>	<b>669,069</b>	<b>0</b>	<b>11,156,601</b>
Excess/(Deficiency) of Revenue Over Expenditures	(432,234)	(1,467,231)	(143,755)	(11,939)	259	(2,054,900)
<b>Other Financing Sources/(Uses):</b>						
Proceeds of Long-term Debt	256,682	1,307,000	0	0	0	1,563,682
Transfers In	277,557	114,252	189,845	16,500	0	598,154
Transfers Out	(94,400)	0	0	0	0	(94,400)
<b>Total Other Financing Sources/(Uses)</b>	<b>439,839</b>	<b>1,421,252</b>	<b>189,845</b>	<b>16,500</b>	<b>0</b>	<b>2,067,436</b>
Net Change in Fund Balance	7,605	(45,979)	46,090	4,561	259	12,536
Fund Balances/(Deficit) - July 1, 2004	626,282	(623,665)	120,527	(33,885)	11,874	101,133
Fund Balances/(Deficit) - June 30, 2005	\$ 633,887	\$ (669,644)	\$ 166,617	\$ (29,324)	\$ 12,133	\$ 113,669

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



CITY OF BURLINGTON, VERMONT  
 COMBINING BALANCE SHEET – CAPITAL PROJECTS FUNDS  
 JUNE 30, 2005

Schedule 6

	City Capital Projects						
	Southern Connector	South End Transit Center	Transportation Facility	STP Bike Path	Fire Vehicle Bond	Riverside Avenue Project	Moran Building & Heating Upgrades
<u>ASSETS:</u>							
Cash	\$ (22,088)	\$ 47	\$ (344,117)	\$ 26	\$ 44,969	\$ (27,214)	\$ 0
Investments	0	0	344,117	0	0	0	0
Receivables	166,688	3,223	0	18,290	0	29,986	0
Total Assets	<u>\$ 144,600</u>	<u>3,270</u>	<u>\$ 0</u>	<u>\$ 18,316</u>	<u>\$ 44,969</u>	<u>\$ 2,772</u>	<u>\$ 0</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ 64,102	\$ 3,270	\$ 0	\$ 18,316	\$ 0	\$ 2,772	\$ 0
Due to Other Funds	0	0	0	0	0	0	0
Interfund Loan Payable	0	0	0	0	0	0	539,715
Deferred Revenue	106,943	3,223	0	18,290	0	0	0
Total Liabilities	<u>171,045</u>	<u>6,493</u>	<u>0</u>	<u>36,606</u>	<u>0</u>	<u>2,772</u>	<u>539,715</u>
Fund Balance:							
Reserved for Restricted Purposes	0	0	0	0	44,969	0	0
Unreserved	(26,445)	(3,223)	0	(18,290)	0	0	(539,715)
Total Fund Balance	<u>(26,445)</u>	<u>(3,223)</u>	<u>0</u>	<u>(18,290)</u>	<u>44,969</u>	<u>0</u>	<u>(539,715)</u>
Total Liabilities and Fund Balance	<u>\$ 144,600</u>	<u>\$ 3,270</u>	<u>\$ 0</u>	<u>\$ 18,316</u>	<u>\$ 44,969</u>	<u>\$ 2,772</u>	<u>\$ 0</u>

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





CITY OF BURLINGTON, VERMONT  
FOR THE YEAR ENDED JUNE 30, 2005

Schedule 7

						School Capital Projects	
DPW New Facility	Engelsby Brook	N. Winooski Streetscape & Fuel Depot Projects	Firehouse Center	North Street Project	Lakeview Garage & Westlake Projects	1996, 2003 and 2005 School Capital	Total
\$ 0	\$ 599,836	\$ (12,014)	\$ (160,948)	\$ 100,995	\$ (610,905)	\$ (10,951)	\$ (442,364)
0	0	0	0	0	7,519,924	0	7,864,041
0	0	12,282	164,201	759,383	13,015	0	1,167,068
<u>\$ 0</u>	<u>\$ 599,836</u>	<u>\$ 268</u>	<u>\$ 3,253</u>	<u>\$ 860,378</u>	<u>\$ 6,922,034</u>	<u>\$ (10,951)</u>	<u>\$ 8,588,745</u>
\$ 84,363	\$ 15,283	\$ 268	\$ 3,253	\$ 823,817	\$ 1,253,131	\$ 0	\$ 2,268,575
0	0	0	0	36,561	0	0	36,561
0	0	0	0	0	0	0	539,715
0	584,553	7,102	164,201	474,140	0	0	1,358,452
<u>84,363</u>	<u>599,836</u>	<u>7,370</u>	<u>167,454</u>	<u>1,334,518</u>	<u>1,253,131</u>	<u>0</u>	<u>4,203,303</u>
0	0	0	0	0	5,668,903	0	5,713,872
<u>(84,363)</u>	<u>0</u>	<u>(7,102)</u>	<u>(164,201)</u>	<u>(474,140)</u>	<u>0</u>	<u>(10,951)</u>	<u>(1,328,430)</u>
<u>(84,363)</u>	<u>0</u>	<u>(7,102)</u>	<u>(164,201)</u>	<u>(474,140)</u>	<u>5,668,903</u>	<u>(10,951)</u>	<u>4,385,442</u>
<u>\$ 0</u>	<u>\$ 599,836</u>	<u>\$ 268</u>	<u>\$ 3,253</u>	<u>\$ 860,378</u>	<u>\$ 6,922,034</u>	<u>\$ (10,951)</u>	<u>\$ 8,588,745</u>



CITY OF BURLINGTON, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUNDS  
 JUNE 30, 2005

Schedule 7

	City Capital Projects						
	Southern Connector	South End Transit Center	Transportation Facility	STP Bike Path	Fire Vehicle Bond	Riverside Avenue Projects	Moran Building & Heating Upgrades
<b>Revenues:</b>							
Intergovernmental Revenue	\$ 926,484	\$ 0	\$ 0	\$ 235,775	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0	0	1,408	0	0
Other Income	120	0	0	12,371	0	0	0
<b>Total Revenue</b>	<b>926,604</b>	<b>0</b>	<b>0</b>	<b>248,146</b>	<b>1,408</b>	<b>0</b>	<b>0</b>
<b>Expenditures:</b>							
Construction/Purchases	0	0	0	8,841	39,758	0	0
Engineering and Administrative Fees	749,407	3,270	0	4,812	0	19,899	0
Legal and Miscellaneous Expenses	780	759	0	0	0	0	0
Sub-Grant Expense	0	0	0	0	0	0	0
<b>Debt Service:</b>							
Interest	0	0	0	0	0	0	39,428
Bond Issue Costs	0	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>750,187</b>	<b>4,029</b>	<b>0</b>	<b>13,653</b>	<b>39,758</b>	<b>19,899</b>	<b>39,428</b>
<b>Excess/(Deficiency) of Revenue Over Expenditures</b>	<b>176,417</b>	<b>(4,029)</b>	<b>0</b>	<b>234,493</b>	<b>(38,350)</b>	<b>(19,899)</b>	<b>(39,428)</b>
<b>Other Financing Sources/(Uses):</b>							
<b>Proceeds of Long-Term Debt</b>							
Bond Premium	0	0	344,117	0	0	0	0
Transfers In	15,426	806	0	1,399	0	19,899	90,632
Transfers Out	0	0	0	0	(1,408)	0	0
<b>Total Other Financing Sources/(Uses)</b>	<b>15,426</b>	<b>806</b>	<b>344,117</b>	<b>1,399</b>	<b>(1,408)</b>	<b>19,899</b>	<b>90,632</b>
<b>Net Changes in Fund Balance</b>	<b>191,843</b>	<b>(3,223)</b>	<b>344,117</b>	<b>235,892</b>	<b>(39,758)</b>	<b>0</b>	<b>51,204</b>
<b>Fund Balance/(Deficit) - July 1, 2004</b>	<b>(218,288)</b>	<b>0</b>	<b>(344,117)</b>	<b>(254,182)</b>	<b>84,727</b>	<b>0</b>	<b>(590,919)</b>
<b>Fund Balance/(Deficit) - June 30, 2005</b>	<b>\$ (26,445)</b>	<b>\$ (3,223)</b>	<b>\$ 0</b>	<b>\$ (18,290)</b>	<b>\$ 44,969</b>	<b>\$ 0</b>	<b>\$ (539,715)</b>

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



CITY OF BURLINGTON, VERMONT  
FOR THE YEAR ENDED JUNE 30, 2005

Schedule 8

						School Capital Projects	
DPW New Facility	Engelsby Brook	N. Winooski Streetscape & Fuel Depot Projects	Firehouse Center	North Street Project	Lakeview Garage & Westlake Projects	1996, 2003 and 2005 School Capital	Total
\$ 0	\$ 35,532	\$ 30,963	\$ 0	\$ 2,934,120	0	\$ 17,263	\$ 4,180,137
0	13,133	0	0	0	13,015	0	27,556
0	75	0	302,915	0	0	0	315,481
0	48,740	30,963	302,915	2,934,120	13,015	17,263	4,523,174
0	0	2,190	21,171	2,303,665	1,661,704	0	4,037,329
0	41,656	11,115	0	44,076	80,041	70,802	1,025,078
0	7,084	0	0	0	0	0	8,623
0	0	0	0	1,051,831	0	0	1,051,831
0	0	0	4,442	0	0	0	43,870
0	0	0	0	0	86,939	0	86,939
0	48,740	13,305	25,613	3,399,572	1,828,684	70,802	6,253,670
0	0	17,658	277,302	(465,452)	(1,815,669)	(53,539)	(1,730,496)
0	0	0	0	0	7,525,883	0	7,870,000
0	0	0	0	0	25,521	0	25,521
28,120	0	628	0	232,747	0	10,000	399,657
0	0	0	0	0	0	0	(1,408)
28,120	0	628	0	232,747	7,551,404	10,000	8,293,770
28,120	0	18,286	277,302	(232,705)	5,735,735	(43,539)	6,563,274
(112,483)	0	(25,388)	(441,503)	(241,435)	(66,832)	32,588	(2,177,832)
\$ (84,363)	\$ 0	\$ (7,102)	\$ (164,201)	\$ (474,140)	5,668,903	\$ (10,951)	\$ 4,385,442



CITY OF BURLINGTON, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUNDS  
 JUNE 30, 2005

Schedule 9

	Telecom Fund	School Food Service Enterprise Fund	School Other Enterprise Funds	Total
<u>ASSETS</u>				
Current Assets:				
Cash	\$ (1,689,613)	\$ 169,392	\$ 23,418	\$ (1,496,803)
Receivables (Net of Allowance for Uncollectible Accounts)	31,498	173,503	0	205,001
Inventory	0	2,764	0	2,764
Other Current Assets	6,300	0	0	6,300
Total Current Assets	<u>(1,651,815)</u>	<u>345,659</u>	<u>23,418</u>	<u>(1,282,738)</u>
Noncurrent Assets:				
Restricted Investments	8,086,427	0	0	8,086,427
Deferred Charges	61,565	0	0	61,565
Franchise Costs	75,132	0	0	75,132
Capital Assets				
Land	157,800	0	0	157,800
Construction in Progress	798,298	0	0	798,298
Buildings and Building Improvements	1,264,900	0	0	1,264,900
Vehicles, Machinery and Equipment	145,754	258,281	0	404,035
Transmission and Distribution Plant	2,124,822	0	0	2,124,822
Less Accumulated Depreciation	<u>(425,725)</u>	<u>(186,427)</u>	<u>0</u>	<u>(612,152)</u>
Total Noncurrent Assets	<u>12,288,973</u>	<u>71,854</u>	<u>0</u>	<u>12,360,827</u>
Total Assets	<u>10,637,158</u>	<u>417,513</u>	<u>23,418</u>	<u>11,078,089</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	139,774	18,272	1,981	160,027
Accrued Payroll and Benefits	6,410	4,222	0	10,632
Accrued Interest Payable	73,497	0	0	73,497
Interfund Loan - Current Portion	24,720	0	0	24,720
Capital Leases Payable - Current Portion	271,338	0	0	271,338
Total Current Liabilities	<u>515,739</u>	<u>22,494</u>	<u>1,981</u>	<u>540,214</u>
Noncurrent Liabilities:				
Accrued Compensated Absences Payable	1,842	0	0	1,842
Interfund Loan	20,715	0	0	20,715
Capital Leases Payable	<u>12,239,423</u>	<u>0</u>	<u>0</u>	<u>12,239,423</u>
Total Noncurrent Liabilities	<u>12,261,980</u>	<u>0</u>	<u>0</u>	<u>12,261,980</u>
Total Liabilities	<u>12,777,719</u>	<u>22,494</u>	<u>1,981</u>	<u>12,802,194</u>
<u>NET ASSETS</u>				
Investment in Capital Assets, Net of Related Debt	0	71,854	0	71,854
Unrestricted	<u>(2,140,561)</u>	<u>323,165</u>	<u>21,437</u>	<u>(1,795,959)</u>
Total Net Assets/(Deficit)	<u>(2,140,561)</u>	<u>395,019</u>	<u>21,437</u>	<u>(1,724,105)</u>
Total Liabilities and Net Assets	<u>\$ 10,637,158</u>	<u>\$ 417,513</u>	<u>\$ 23,418</u>	<u>\$ 11,078,089</u>

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



CITY OF BURLINGTON, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS –  
 OTHER PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

Schedule 10

	Telecom Fund	School Food Service Enterprise Fund	School Other Enterprise Funds	Total
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 104,981	\$ 1,784,645	\$ 134,393	\$ 2,024,019
Miscellaneous	650	0	0	650
<b>Total Operating Revenues</b>	<b>105,631</b>	<b>1,784,645</b>	<b>134,393</b>	<b>2,024,669</b>
<b>OPERATING EXPENSES:</b>				
Operating, Maintenance, and General and Administrative Expenses	556,687	1,748,237	139,061	2,443,985
Depreciation	194,003	103,705	0	297,708
<b>Total Operating Expenses</b>	<b>750,690</b>	<b>1,851,942</b>	<b>139,061</b>	<b>2,741,693</b>
Operating Income /(Loss)	(645,059)	(67,297)	(4,668)	(717,024)
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Rental Income	19,919	0	0	19,919
Investment Income	18,195	0	0	18,195
Interest Expense	(461,993)	0	0	(461,993)
Amortization of Debt Issue Costs	(2,166)	0	0	(2,166)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(426,045)</b>	<b>0</b>	<b>0</b>	<b>(426,045)</b>
Income (Loss) Before Transfers	(1,071,104)	(67,297)	(4,668)	(1,143,069)
Transfers In/(Out)	432,673	0	0	432,673
Change in Net Assets	(638,431)	(67,297)	(4,668)	(710,396)
Total Net Assets/(Deficit) - July 1, 2004	(1,502,130)	462,316	26,105	(1,013,709)
Total Net Assets/(Deficit) - June 30, 2005	\$ (2,140,561)	\$ 395,019	\$ 21,437	\$ (1,724,105)

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



CITY OF BURLINGTON, VERMONT  
 COMBINING SCHEDULE OF CASH FLOWS – OTHER PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

Schedule 11

	Telecom Fund	School Food Service Enterprise Fund	School Other Enterprise Funds	Total
<b>Cash Flows From Operating Activities:</b>				
Receipts from Customers and Users	\$ 73,483	\$ 1,651,759	\$ 134,393	\$ 1,859,635
Other Receipts	650	0	0	650
Payments to Suppliers	(392,642)	(954,065)	(137,080)	(1,483,787)
Payments for Wages and Benefits	(43,725)	(801,228)	0	(844,953)
Payments for Interfund Services	(27,937)	0	0	(27,937)
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>(390,171)</b>	<b>(103,534)</b>	<b>(2,687)</b>	<b>(496,392)</b>
<b>Cash Flows From Noncapital Financing Activities:</b>				
Building Rental	19,919	0	0	19,919
Net Decrease in Interfund Loan	(23,387)	0	0	(23,387)
Transfer from/(to) Other Funds	432,673	0	0	432,673
Interest Paid on Miscellaneous Items	(39,432)	0	0	(39,432)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>389,773</b>	<b>0</b>	<b>0</b>	<b>389,773</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Proceeds from Bonds, Notes & Leases Payable	10,233,615	0	0	10,233,615
Acquisition and Construction of Capital Assets	(2,423,950)	(12,232)	0	(2,436,182)
Increase in Deferred Charges	(61,565)	0	0	(61,565)
Increase in Franchise Costs	(75,132)	0	0	(75,132)
Increase in Deferred Loss on Refunding	(49,116)	0	0	(49,116)
Principal Paid on Capital Lease Obligations	(127,911)	0	0	(127,911)
Interest Paid on Capital Lease Obligations	(345,964)	0	0	(345,964)
<b>Net Cash Provided/(Used) by Capital and Related Financing Activities</b>	<b>7,149,977</b>	<b>(12,232)</b>	<b>0</b>	<b>7,137,745</b>
<b>Cash Flows From Investing Activities:</b>				
Purchase of Investments	(8,086,427)	0	0	(8,086,427)
Receipt of Interest & Dividends	18,195	0	0	18,195
<b>Net Cash Provided/(Used) by Investing Activities</b>	<b>(8,068,232)</b>	<b>0</b>	<b>0</b>	<b>(8,068,232)</b>
<b>Net Increase/(Decrease) in Cash</b>	<b>(918,653)</b>	<b>(115,766)</b>	<b>(2,687)</b>	<b>(1,037,106)</b>
Cash - July 1, 2004	(770,960)	285,158	26,105	(459,697)
Cash - June 30, 2005	\$ (1,689,613)	\$ 169,392	\$ 23,418	\$ (1,496,803)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>				
Operating Income/(Loss)	\$ (645,059)	\$ (67,297)	\$ (4,668)	\$ (717,024)
Depreciation	194,003	103,705	0	297,708
(Increase)/Decrease in Other Receivables	(31,498)	(132,886)	0	(164,384)
(Increase)/Decrease in Inventory	0	7,363	0	7,363
Increase/(Decrease) in Accounts Payable	90,431	(14,641)	1,981	77,771
Increase/(Decrease) in Other Operating Assets/Liabilities	1,952	222	0	2,174
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>\$ (390,171)</b>	<b>\$ (103,534)</b>	<b>\$ (2,687)</b>	<b>\$ (496,392)</b>

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



CITY OF BURLINGTON, VERMONT  
 COMBINING BALANCE SHEET – PERMANENT FUNDS  
 JUNE 30, 2005

Schedule 12

	Cemetery Fund	Loomis Library Fund	Lolita Deming Estate Fund	School Land Rent Fund	Westford Scholarship Fund	WEZF 93 FM DARE Fund	Total
<u>ASSETS:</u>							
Cash	\$ 690,202	\$ 10,948	\$ 10,225	\$ 3,472	\$ 3,905	\$ 1,954	\$ 720,706
Investments	200,000	0	0	7,930	0	0	207,930
Accrued Interest Receivable	4,594	0	0	0	0	0	4,594
<b>TOTAL ASSETS</b>	<b>\$ 894,796</b>	<b>\$ 10,948</b>	<b>\$ 10,225</b>	<b>\$ 11,402</b>	<b>\$ 3,905</b>	<b>\$ 1,954</b>	<b>\$ 933,230</b>
<u>LIABILITIES AND FUND BALANCE</u>							
<u>LIABILITIES:</u>							
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Liabilities	0	0	0	0	0	0	0
<u>FUND BALANCE:</u>							
Reserved for Endowments	894,796	10,948	2,486	1,603	0	1,000	910,833
Reserved for Restricted Purposes	0	0	7,739	9,799	3,905	954	22,397
Total Fund Balance	894,796	10,948	10,225	11,402	3,905	1,954	933,230
Total Liabilities and Fund Balance	\$ 894,796	\$ 10,948	\$ 10,225	\$ 11,402	\$ 3,905	\$ 1,954	\$ 933,230

The accompanying notes are integral part of this financial statement.



CITY OF BURLINGTON, VERMONT

Schedule 13

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
PERMANENT FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

	Cemetery Fund	Loomis Library Fund	Deming Estate Fund	Land Rent Fund	Westford Scholarship Fund	93 FM DARE Fund	Total
REVENUES:							
Investment Income	\$ 24,102	\$ 238	\$ 75	\$ 200	\$ 52	\$ 42	\$ 24,709
Sale of Endowments	<u>36,700</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,700</u>
Total Revenues	<u>60,802</u>	<u>238</u>	<u>75</u>	<u>200</u>	<u>52</u>	<u>42</u>	<u>61,409</u>
EXPENDITURES:							
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	<u>60,802</u>	<u>238</u>	<u>75</u>	<u>200</u>	<u>52</u>	<u>42</u>	<u>61,409</u>
OTHER FINANCING SOURCES/(USES):							
Transfers to Cemetery Department	(24,102)	0	0	0	0	0	(24,102)
Transfers to Library Department	<u>0</u>	<u>(238)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(238)</u>
Total Other Financing Sources/(Uses)	<u>(24,102)</u>	<u>(238)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(24,340)</u>
Net Change in Fund Balances	36,700	0	75	200	52	42	37,069
Fund Balances, July 1, 2004	<u>858,096</u>	<u>10,948</u>	<u>10,150</u>	<u>11,202</u>	<u>3,853</u>	<u>1,912</u>	<u>896,161</u>
Fund Balances, June 30, 2005	<u>\$ 894,796</u>	<u>\$ 10,948</u>	<u>\$ 10,225</u>	<u>\$ 11,402</u>	<u>\$ 3,905</u>	<u>\$ 1,954</u>	<u>\$ 933,230</u>

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





CITY OF BURLINGTON, VERMONT  
 COMBINING BALANCE SHEET – PRIVATE PURPOSE TRUST FUNDS  
 JUNE 30, 2005

Schedule 14

	Louisa Howard Fund	Walter Carpenter Fund	Vondry Trust Fund	Raymond Tracy Estate Fund	Scholarship Trust Fund	Reed Estate Fund	Fireman's Relief Fund	Christmas Gift Fund	Total
<u>ASSETS</u>									
Cash	\$ 26,997	\$ 1,741	\$ 0	\$ 0	\$ 0	\$ 3,977	\$ 604	\$ 1,557	\$ 34,876
Investments	0	5,286	10,606	17,139	135,008	0	0	0	168,039
Interest Receivable	0	59	0	0	0	0	0	0	59
<b>Total Assets</b>	<u>\$ 26,997</u>	<u>\$ 7,086</u>	<u>\$ 10,606</u>	<u>\$ 17,139</u>	<u>\$ 135,008</u>	<u>\$ 3,977</u>	<u>\$ 604</u>	<u>\$ 1,557</u>	<u>\$ 202,974</u>
<u>LIABILITIES AND FUND BALANCE</u>									
LIABILITIES:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE:									
Reserved for endowments	500	2,000	0	0	0	3,434	0	0	5,934
Reserved for restricted purposes	26,497	5,086	10,606	17,139	135,008	543	604	1,557	197,040
<b>Total Fund Balance</b>	<u>26,997</u>	<u>7,086</u>	<u>10,606</u>	<u>17,139</u>	<u>135,008</u>	<u>3,977</u>	<u>604</u>	<u>1,557</u>	<u>202,974</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 26,997</u>	<u>\$ 7,086</u>	<u>\$ 10,606</u>	<u>\$ 17,139</u>	<u>\$ 135,008</u>	<u>\$ 3,977</u>	<u>\$ 604</u>	<u>\$ 1,557</u>	<u>\$ 202,974</u>

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



CITY OF BURLINGTON, VERMONT Schedule 15  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

	Louisa Howard Fund	Walter Carpenter Fund	Vondry Trust Fund	Raymond Tracy Estate Fund	Scholarship Trust Fund	Reed Estate Fund	Firemans Relief Fund	Christmas Gift Fund	Total
<b>OPERATING REVENUES:</b>									
Investment income	\$ 188	\$ 280	\$ 85	\$ 719	\$ 896	\$ 156	\$ 4	\$ 11	\$ 2,339
Total Operating Revenues	188	280	85	719	896	156	4	11	2,339
<b>OPERATING EXPENSES:</b>									
Miscellaneous	0	0	0	0	2,680	0	0	0	2,680
Total Expenses	0	0	0	0	2,680	0	0	0	2,680
Net Income/(Loss)	188	280	85	719	(1,784)	156	4	11	(341)
Fund Balance - July 1, 2004	26,809	6,806	10,521	16,420	136,792	3,821	600	1,546	203,315
Fund Balance - June 30, 2005	\$ 26,997	\$ 7,086	\$ 10,606	\$ 17,139	\$ 135,008	\$ 3,977	\$ 604	\$ 1,557	\$ 202,974

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