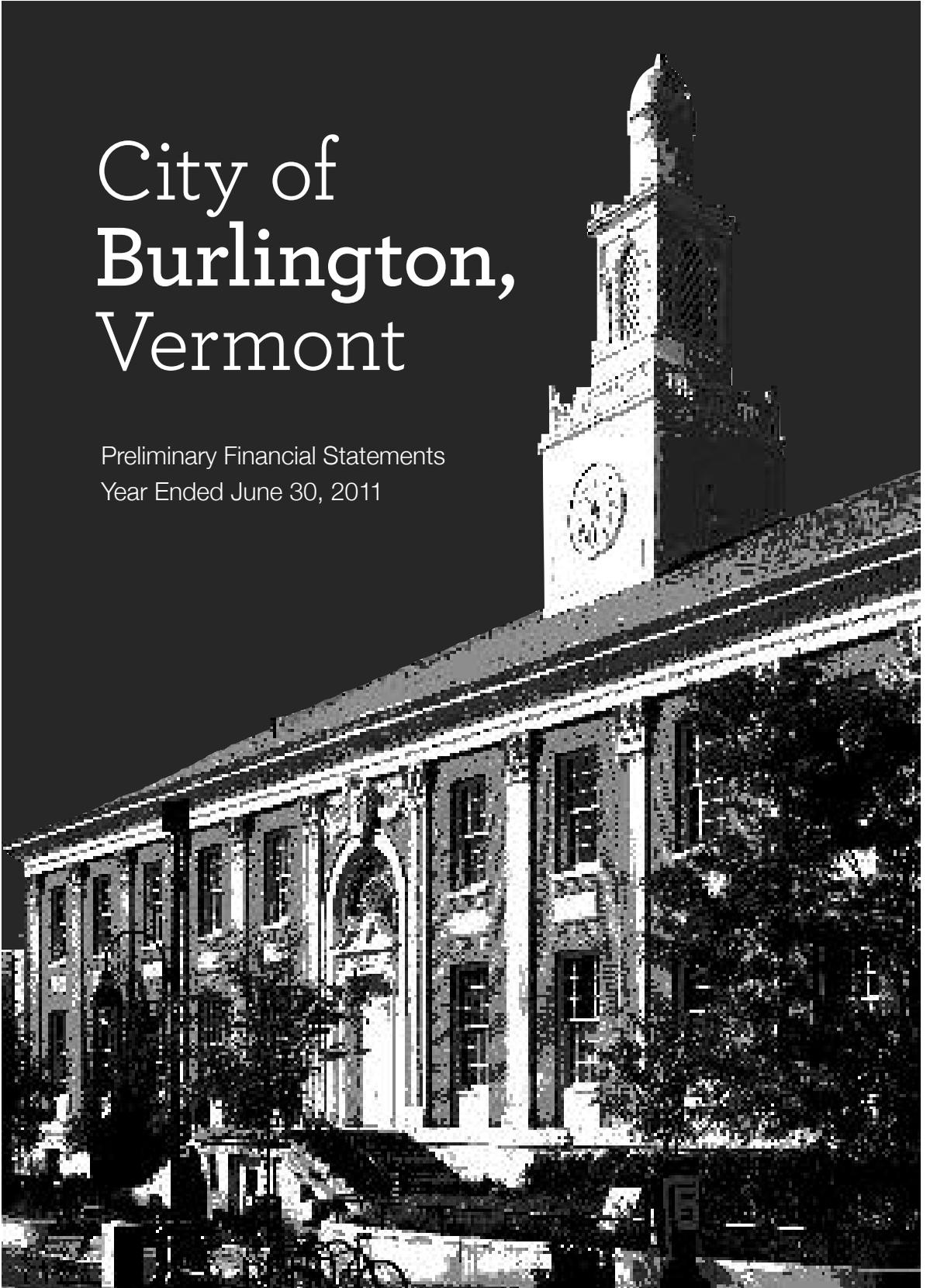


# City of Burlington, Vermont

Preliminary Financial Statements  
Year Ended June 30, 2011





# Preliminary Audit Report

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# Preliminary Audit Report

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February 8, 2012

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

We are in the process of auditing the financial statements of the City of Burlington, Vermont as of and for the year ended June 30, 2011.

The financial statements and our reports thereon will be available for inspection at the City Treasurer's Office.

*Melanson, Heath + Company P.C.*

Additional Offices:

Andover, MA • Cheshire, MA • Ellsworth, ME • Manchester, NH

## Management's Discussion and Analysis

As management of the City of Burlington, Vermont (The City), we offer readers of the City's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2011.

### Financial Highlights

Government-wide Statements (refer to statement of net assets)

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$318,883,717 (total net assets).
- The City's total net assets increased over what we reported last year by \$41,809,304. The Governmental activities increased \$3,148,500 and can be attributed in part to capital grants. The increase of \$38,660,804 in the business type activities can be attributed primarily to profits in the Airport fund, Burlington Electric and Burlington Telecom.
- The total net assets of a component unit of the City, the Burlington Community Development Corporation, amounted to \$2,124,195, an increase of \$176,143 for the year.

Fund Financial Statements (refer to Exhibit C and Exhibit K)

- As of the close of the fiscal year ending June 30, 2011, the City's governmental funds reported combined ending fund balances of \$10,577,346. This consists of a fund balance in the General Fund of \$13,534,618 and of \$1,491,274 in the School fund and a deficit of (4,448,543) in all other governmental funds.
- The reserve portion of the governmental fund balance includes \$584,988 for inventories and prepaid expenditures and \$9,992,358 set aside for other restricted purposes. In addition, because the repayment of amounts due to the General Fund from other operations cannot be determined, the total General Fund fund balance has been deemed "nonusable" and therefore unavailable for appropriation.

### Overview of the Financial Statements

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

### Government-wide financial statements

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

## Preliminary Audit Report

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

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

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

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

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

### **Fund Financial Statements**

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

### **Governmental Funds**

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

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

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

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

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

## **Proprietary Funds**

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

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

The basic proprietary fund financial statements can be found in Proprietary Funds-Statement of Net Assets and Proprietary Funds- Statement of Revenues, Expenses and Changes in Fund Net Assets in this report.

## **Fiduciary Funds**

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

The basic fiduciary fund financial statements can be found in this report called Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets in this report.

## Notes to the Financial Statements

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

## Government-Wide Financial Analysis

CITY OF BURLINGTON NET ASSETS (Refer to Statement of Net Assets)							
	Governmental Activities	Governmental Activities	Business- Type Activities	Business- Type Activities	Total	Total	% Change
	2011	2010	2011	2010	2011	2010	
Current and other assets	\$ 44,027,059	\$ 35,664,464	\$ 58,984,004	\$ 86,052,073	\$ 103,011,063	\$ 121,716,537	-15%
Capital assets	\$ 190,279,434	\$ 176,896,201	\$ 265,958,573	\$ 249,426,855	\$ 456,238,007	\$ 426,323,056	7%
Total Assets	\$ 234,306,493	\$ 212,560,665	\$ 324,942,577	\$ 335,478,928	\$ 559,249,070	\$ 548,039,593	2%
Other Liabilities	\$ 33,817,090	\$ 19,577,511	\$ 35,076,597	\$ 22,050,866	\$ 68,893,687	\$ 41,628,377	65%
Long-term liabilities outstanding	\$ 54,560,060	\$ 50,202,311	\$ 116,911,606	\$ 179,134,492	\$ 171,471,666	\$ 229,336,803	-25%
Total Liabilities	\$ 88,377,150	\$ 69,779,822	\$ 151,988,203	\$ 201,185,358	\$ 240,365,353	\$ 270,965,180	-11%
Net Assets							
Investment in capital assets, net of related debt	\$ 140,431,453	\$ 141,325,963	\$ 133,950,445	\$ 98,953,992	\$ 274,381,898	\$ 240,279,955	14%
Restricted	\$ 8,097,217	\$ 7,931,128	\$ 33,009,222	\$ 34,179,074	\$ 41,106,439	\$ 42,110,202	-2%
Unrestricted	\$ (2,599,327)	\$ (6,476,248)	\$ 5,994,707	\$ 1,160,504	\$ 3,395,380	\$ (5,315,744)	-164%
Total Net Assets	\$ 145,929,343	\$ 142,780,843	\$ 172,954,374	\$ 134,293,570	\$ 318,883,717	\$ 277,074,413	15%

As noted earlier, net assets may serve over time to be a useful indicator of a government's financial position. In the case of the City of Burlington, assets exceeded liabilities by \$318,883,717 at the close of fiscal year 2011. This is an increase of \$41,809,304 from the amount reported at June 30, 2010.

By far, the largest portion of the City's net assets (86% or \$274,381,898) reflects its investments in capital assets (e.g., land buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

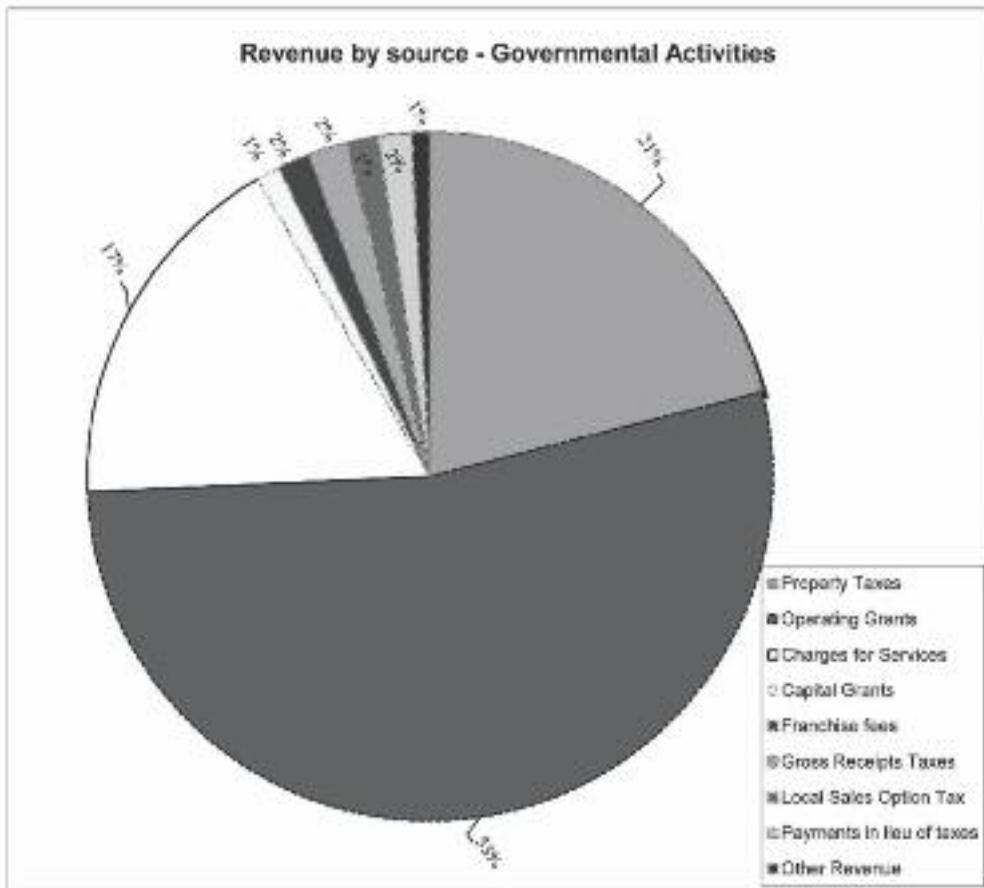
An additional portion of the City's net assets (12.8%) or \$41,106,439 represents resources that are subject to external restrictions as to how they may be used.

At the end of fiscal year 2011, the City reports a negative balance in Government activities and positive balances in all three categories of net assets for the government activities, and for all of its separate business-type activities. The governmental activities' report indicates a positive balance of \$140,431,453 of investments in capital assets; net of related debt and a positive balance \$8,097,217 in net assets that are subject to external restrictions. There is a negative balance of (\$2,599,327) in the Governmental activities unrestricted net assets section. This is primarily due to reporting liabilities such as insurance reserves,

compensated absences, landfill post-closure costs, and non capital debt and pension and post employment benefits that have not been funded.

**Governmental Activities**

The net assets resulting from Government activities amounted to \$145,929,343 at the year end. The major factor contributing to this increase was the addition of capital assets, net of long-term liabilities during the fiscal year.



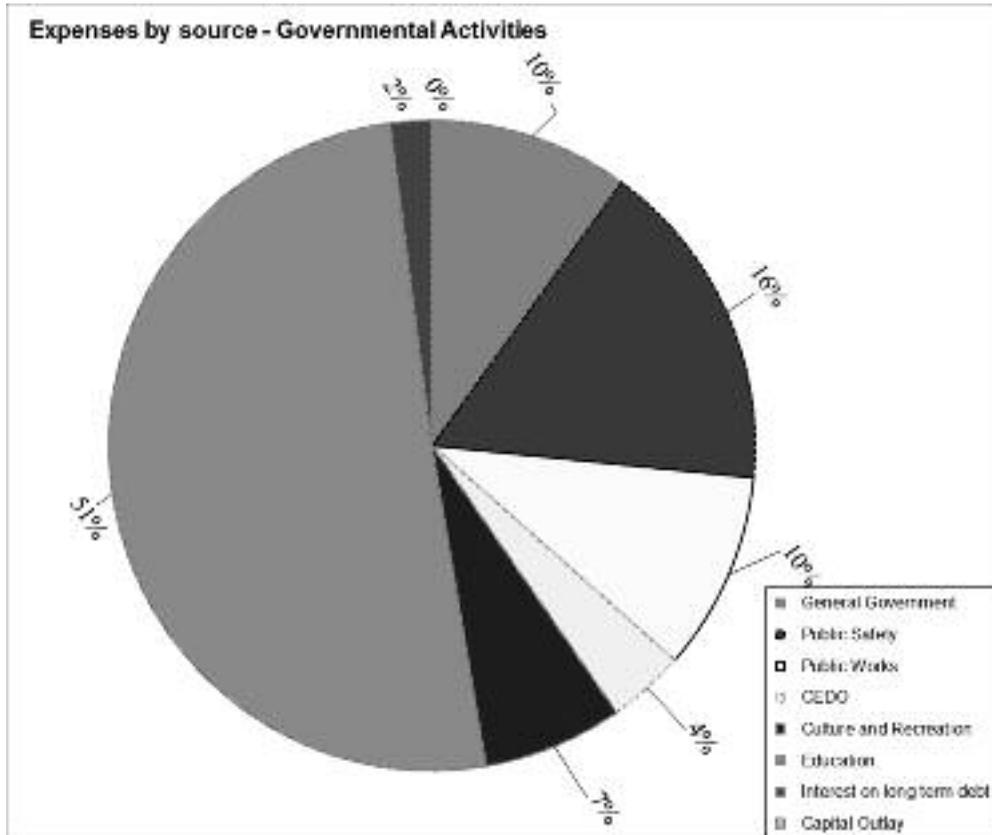
The above graph illustrates the revenues that are directly associated with or generated by the governmental activities. Operating Grants are by far the largest portion of our revenue or 53% at \$72,053,237, Property Taxes generate 21% at \$28,488,306 and Charges for Services generates 17% or \$23,450,208.

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The chart below illustrates the components of the revenue sources and expense areas of the government-wide Statement of Activities.

	CITY OF BURLINGTON REVENUE AND EXPENSES					
	Governmental	Governmental	Business	Business	Total	Total
	Activities	Activities	Activities	Activities		
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program revenues						
Charges for services	23,450,208	18,828,550	98,693,399	87,157,683	122,143,607	105,986,233
Operating Grants and Contributions	72,053,237	67,279,458	659,683	429,477	72,712,920	67,708,935
Capital Grants and Contributions	1,524,271	3,050,389	26,213,200	19,074,399	27,737,471	22,124,788
General revenues						0
Property Taxes	28,488,306	27,523,255	0	0	28,488,306	27,523,255
Rooms and Meals Taxes	2,507,382	2,362,060	0	0	2,507,382	2,362,060
Local Sales Option Tax	1,998,462	1,937,967	0	0	1,998,462	1,937,967
Payments in lieu of Taxes	2,116,319	1,093,798	0	0	2,116,319	1,093,798
Franchise Fees	2,047,748	2,874,784	0	0	2,047,748	2,874,784
Impact Fees	118,207	268,019	0	0	118,207	268,019
Interest & Penalties on Delinquent Taxes	319,667	318,881	0	0	319,667	318,881
Addition to Permanent Funds	0	25,145	0	0	0	25,145
Unrestricted Investment Earnings	714,974	435,179	352,671	607,153	1,067,645	1,042,332
Other Revenues	0	76,337	442,549	1,972,526	442,549	2,048,863
Transfers	4,626	2,930,921	(4,626)	(2,930,921)	0	0
<b>Total Revenues</b>	<b>135,343,407</b>	<b>129,004,743</b>	<b>126,356,876</b>	<b>106,310,317</b>	<b>261,700,283</b>	<b>235,315,060</b>
<b>Expenses</b>						
Government Activities						
General Government	13,196,555	8,396,986	0	0	13,196,555	8,396,986
Public Safety	21,931,701	20,783,010	0	0	21,931,701	20,783,010
Public Works	13,101,541	12,042,610	0	0	13,101,541	12,042,610
Community Development	5,082,322	4,734,066	0	0	5,082,322	4,734,066
Culture and Recreation	9,244,881	11,026,270	0	0	9,244,881	11,026,270
Education	66,901,788	62,376,087	0	0	66,901,788	62,376,087
Interest on long-term debt	2,736,119	1,752,555	0	0	2,736,119	1,752,555
Capital Outlay	0	0	0	0	0	0
Business Type Activities						0
Electric			56,676,147	55,160,426	56,676,147	55,160,426
Airport			17,031,819	15,623,985	17,031,819	15,623,985
Telecom			7,107,666	10,579,222	7,107,666	10,579,222
Wastewater			6,522,461	5,655,138	6,522,461	5,655,138
Water			4,939,065	4,481,458	4,939,065	4,481,458
School Enterprise			2,546,470	2,296,741	2,546,470	2,296,741
<b>Total Expenses</b>	<b>132,194,907</b>	<b>121,111,584</b>	<b>94,823,628</b>	<b>93,796,970</b>	<b>227,018,535</b>	<b>214,908,554</b>
Special Items						
Lease extinguishment	0	0	33,500,000		33,500,000	0
Early retirement of asset			(26,372,444)		(26,372,444)	
	0	0	7,127,556	0	7,127,556	0
Changes in net assets before transfers	3,148,500	7,893,159 <sup>P</sup>	38,660,804	12,513,347	41,809,304	20,406,506
Net Assets - Beginning of Year	142,780,843	134,887,684	134,293,570	121,780,223	277,074,413	256,667,907
<b>Net Assets - End of Year</b>	<b>145,929,343</b>	<b>142,780,843</b>	<b>172,954,374</b>	<b>134,293,570</b>	<b>318,883,717</b>	<b>277,074,413</b>

The table below shows the percentages of expenses for Governmental Funds by each department for governmental activities. The largest sources of expense are Education at 51%; Public Safety at 16%, Public Works at 10% and General Government at 10%.



**Business-type activity**

Net assets for business-type activities amounted to \$172,954,374. Key factors which contribute to this amount are as follows:

- Total Income for Business-type activities amounted to \$93,799,922 with the major operating revenue source being charges for services at \$83,829,221. Operating expenses amounted to \$86,548,246. Burlington Electric produced operating revenue of \$57,378,914; Wastewater produced operating revenue of \$7,176,316; The Airport produced operating revenue of \$14,096,677; Telecom produced operating revenue of \$7,199,476. All other proprietary funds, consisting of Water Resources and School funds, generated operating revenue \$7,948,539.
- Included in the operating expenses is depreciation and amortization in the amount of \$10,184,685 for all business-type activities.
- The changes in net assets for all proprietary funds are shown below.

<u>Fund</u>	<u>Change in Net Assets</u>
Electric Utility	4,509,147
Airport	25,604,551
Telecom	7,228,940
Wastewater	590,962
Other Proprietary Funds	<u>727,204</u>
Total	\$38,660,804

Program revenues for business-type activities amounted to \$126,356,502 for the year. A large share (78%) of the program revenues for business-type activities comes from charges for services. \$98,693,399 comes from capital grants and contributions for the business activities.

### Financial Analysis of the Government's Funds

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

### Governmental funds

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

- At the end of the current fiscal year, the City's total governmental funds reported combined ending fund balances of \$10,577,346, an increase of \$4,601,933 from the previous fiscal year.
- A portion of the governmental fund balance includes \$584,988 for inventories and prepaid expenditures and \$2,949,504 set aside for restricted purposes such as capital and grant-funded projects, as well as Cemetery endowments.
- The City has committed and assigned \$5,466,115 of the General Fund balance for various purposes. The General Fund designated portion of the governmental fund balance including Conservation Legacy Tax of \$683,531, Parks dedicated tax of \$147,782; Pennies for Parks dedicated tax of \$419,910; Capital Street Program of \$1,241,682; non-major governmental committed funds of \$1,414,446 and several others amounting to \$1,538,764.

The fund balance of the City's General Fund was \$13,534,618 and increased \$3,618,852 or 36% during this reporting period. Reasons for this increase are further discussed in the budgetary highlights of this discussion.

The School's Fund balance increased \$1,481,113 this year to \$1,491,271 from \$10,158 in the prior year.

The Other Special Governmental Funds (Traffic, Church St. Marketplace, Trust Funds and Capitals fund balance decreased by (\$498,032). For a negative Fund Balance of (\$4,448,543)

## **Proprietary Funds**

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

Net assets for the Electric Utility fund amounted to \$52,871,404. Those for the Airport fund amounted to \$109,457,814. Those for the Wastewater fund amounted to \$12,422,540. Those for the Special Funds amounted to \$11,374,343, and those for the Telecom Fund amounted to a deficit of (\$13,171,727). The Telecom deficit is due to costs associated with the development, start-up and operation of the municipal network. The net assets of the Electric Utility Fund increased by \$4,509,147, the Airport increased by \$25,604,551, Special Funds increased by \$727,207, the net assets of the Telecom Fund increased by \$7,228,940 and Wastewater increased by \$560,962. The Airport increase is again due to grants for construction projects. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

## **General Fund Budgetary Highlights**

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

### **Revenues**

Fiscal year 2011 revenues generated \$4,767,739 over approved budget. There were several sources that exceeded expectations this year. The Clerk/Treasurer's Office exceeded budgeted revenue by \$949,040 due to Taxes, Gross Receipts, PILOTS, Franchise Fees, and Fees for Services. Planning & Zoning revenues generated \$289,281 over budget due to planning permit fees. Police Grants, Inspection Service Permits and Code Enforcement Permit fees generated \$1,309,421 in additional revenue over budget, and additional money was received for Capital Projects because of bonding in the amount of \$2,792,484.

### **Expenditures**

FY 2011 expenditures exceeded the budget by \$111,206., which was offset by additional revenues.

### **Fiduciary Funds**

The net assets of the Retirement Fund increased \$22,291,055 to \$134,081,074, primarily due to favorable outcomes from the stock market and investments. At June 30, 2011, the actuarial value of accrued assets is \$135,097,458; the accrued liabilities were \$190,196,691. Thus, the unfunded liability as of June 30, 2011 was \$55,099,233. This represented an increase in unfunded liability of \$6,370,429 compared to the unfunded liability on June 30, 2010 of \$48,728,804.



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The City recorded a Net Pension Obligation of \$1,596,290 in fiscal year 2005 and another Net Pension Obligation in fiscal year 2006 of \$756,403. However, it has been reduced to a cumulative amount of \$1,826,028 as of June 30, 2011.

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

## Capital Assets and Debt Administration

### Capital Assets

The City of Burlington's investment in capital assets for its governmental and business-type activities as of June 30, 2011 amounted to \$448,735,479 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, water and wastewater distribution systems, electric generating and transmissions capital assets and land, land improvements and buildings at the Burlington International Airport.

In the governmental area, the total amounted to \$190,279,434 and the capital assets of the City's business-type activities netted to \$258,456,045.

Expenditures in the Capital Projects funds were as follows:

	<b>2011 AMOUNT EXPENDED</b>
SOUTHERN CONNECTOR	\$ 713,744
SOUTH END & DOWNTOWN TRANSIT CENTER	2,719
BARGE CANAL	31,953
STREET IMPROVEMENT PROJECTS	1,334,336
MORAN BLDG & HEATING UPGRADES	150,014
STORMWATER UPGRADE FUND	651,021
OTHER CAPITAL PROJECTS	1,544,436
LAKEVIEW & COLLEGE ST GARAGES & WESTLAKE PROJECT	1,790
SCHOOL BOND CAPITAL PROJECTS	10,434,086
<b>TOTAL</b>	<b>14,864,099</b>

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

- Police Department purchased seven vehicles at a cost of \$185,415.
- Police Department purchased storage area network expansion at an estimated cost of \$81,502.74.
- Department of Public Works purchased a Tenco front plow at a cost of \$6,725.00, a sidewalk tractor at a cost of \$107,195.00, a freightliner cab and chassis in the amount of \$75,169.00, a Pick-up truck in the amount of \$21,110.00 and a dump body and plow in the amount of \$49,780.00.
- Planning & Zoning purchased a copier in the amount of \$9,751.50
- Parks Department purchased a Zamboni Ice Resurfacers in the amount of \$56,211.56, a diesel mower in the amount of \$13,543.95, 2 2011 Ford F250s in the amount of \$55,673.00, a Cutaway 1 ton utility van in the amount of \$32,969.00 and a Batwing Cutter in the amount of \$10,900.00.
- Water Division purchased a 2011 Water Backhoe in the amount of \$77,852.00.
- CEDO purchased a copier in the amount of \$10,878.30.
- Airport purchased a copier in the amount of \$9,164.95.
- The College Street Parking Garage Repairs were done through TIF in the amount of \$436,610.
- The Marketplace will purchase a Tractor in the amount of \$15,860.00
- The Library will purchase 2 HP Printers in the amount of \$1,093.00.

The financing for the FY 2011 capital purchased was not received until FY 2012.

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

## Long-term Debt

- At the end of the current fiscal year, the City of Burlington had total bonds, notes, and capital leases payable of \$216,138,012. Of this, \$64,310,016 applies to governmental activities and \$151,827,996 (prior to unamortized premiums, discounts, and deferred loss on refunding) applies to business-type activities. The table below presents the components of this category for the current and past fiscal years:

	Governmental Activities		Business Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 30,753,333	\$ 20,757,499	\$ 42,413,105	\$ 43,948,084	\$ 73,166,438	\$ 64,705,583
Revenue Bonds	-	-	93,648,092	108,637,954	93,648,092	108,637,954
Bond/Revenue anticipation & Notes Payable	31,261,866	15,689,875	12,900,000	-	44,161,866	15,689,875
Obligations Under Capital Leases	2,294,817	3,251,485	2,866,799	36,971,857	5,161,616	40,223,342
<b>Totals</b>	<b>64,310,016</b>	<b>39,698,859</b>	<b>151,827,996</b>	<b>189,557,895</b>	<b>216,138,012</b>	<b>229,256,754</b>

- The City's total bonds, notes, and capital leases decreased by \$13,118,742 during the year. Outstanding General Obligation bonds had a net increase of \$8,460,855 to \$73,166,438.
- On July 21, 2010, the City School Department issued \$9,700,000 Taxable General Obligation Public Improvement Bonds, Series 2010A (Qualified School Construction Bonds – Direct Payment) and \$2,000,000 Taxable General Obligation Public Improvement Bonds, Series 2010B (Qualified School Construction Bonds – Direct Payment) for the purpose of financing capital improvements for the School Department



# Preliminary Audit Report

- On December 10, 2010, the City issued \$5,915,000 General Obligation Bond Anticipation Note, Series 2010C for the purpose of financing various capital improvements and for working capital for the General Fund (\$897,500), General Fund Street Repaving (\$2,925,000), General Fund Fire Trucks (\$1,192,500) and Electric Fund (\$900,000). This debt matures August 10, 2011.
- Moody's Investor Services provides a bond rating each time a bond issue is offered to the investing public. In January 2011, Moody's revised the City rating to A3. Moody's affirmed the City's A3 rating on September 16, 2011. On January 6, 2012, Moody's maintained the Airport bond rating at Ba1. The Electric Departments bond rating is Baa2.
- There were no new revenue bonds issued during the year. The outstanding amount of revenue bonds decreased in FY 2011 by \$14,989,862 to \$93,648,092 for repayments of principal.
- On June 27, 2011, the City Airport Department issued a \$12,000,000 Bond Anticipation Note for the purpose of financing the Airport Parking Garage expansion. This debt matures December 1, 2012.
- The balances due for the various revenue bonds at June 30, 2011 (exclusive of unamortized discounts, premiums, and deferred losses on refunding) were as follows:

• Electric Department	• \$ 36,370,000
• Water Department	• 2,580,000
• Wastewater Department	• 17,588,091
• Airport	• 37,110,000
• Total Revenue Bond	• \$ 93,648,092

The City issued \$54,500,000 in tax anticipation notes during the year, of which \$11,000,000 was outstanding June 30, 2011. The Burlington Electric Department issued \$5,000,000 in revenue anticipation notes during the year, which was paid in full by June 30, 2011. The Water and Wastewater departments issued \$1,000,000 each in revenue anticipation notes which were paid in full on June 30, 2011.

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

## **Economic Factors, Future Budgets and Rates**

Listed below are some of the factors involved in formulating the budget for fiscal year 2011:

- The City Tax Rate was set at .72 cents per hundred dollars of value in FY 2011.
- Once again, wage increases are a major driver of the City's overall FY 11 Budget. The contracts for both the AFSCME and Police Unions, and Fire Union were still under negotiation, and have been settled.
- In January 2006, the City Council also created a "Super Committee" to study the City's financial needs and problems. The Committee recommendations were adopted by the City Council and include the following policy goals for future budgets:



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

The achievement of these goals was a predominant theme of the FY 2011 budget.

## Fiscal Year 2012 City Budget

The City of Burlington approved a General Fund Operating Budget for fiscal year 2012 in the amount of \$48,947,928. This represented an increase of 1.8% over the final budget of the previous fiscal year. In addition, the General Fund Capital Improvements budget of \$5,588,571 represented an increase of 3.39% over the budget for fiscal year 2011. The street repair and repaving program budget of \$3,934,859 comprised the entire capital budget.

The budget for FY 2012 provided for full funding of the annual contribution to the Burlington Employees Retirement System. The changes in the tax rates are shown in the table below:

Tax Rate Item	FY 11 Tax Rate per \$100	FY12 Approved Tax Rate	Change
Revenue Neutral Rates:			
General City	0.2329	0.2329	0.0000
Police/Fire	0.0807	0.0807	0.0000
Housing Trust	0.0054	0.0054	0.0000
Open Space	0.0054	0.0054	0.0000
Streets	0.0617	0.0617	0.0000
Fixed Rates:			
Parks	0.0350	0.0350	0.0000
Highway	0.0312	0.0312	0.0000
Library	0.0050	0.0050	0.0000
Budget Driven Rates:			
CCTA	0.0336	0.0344	0.0008
County Tax	0.0054	0.0054	0.0000
Retirement	0.1768	0.1909	0.0141
Debt Service	<u>0.0469</u>	<u>0.0400</u>	<u>-0.0069</u>
Total	0.7200	0.7280	0.0080



# Preliminary Audit Report

## **2012 School Budget**

The budgeting process for FY 2012 led to the adoption of a budget of \$53,391,029 which represents an increase of \$1,458,283 or 2.81% over the FY 2011 budget of 51,932,746. The FY 2012 local budget covered positions previously funded through grants for 3.5 FTE existing teacher positions, 1 FTE magnet coach, .5 FTE Student Assistance Counselor positions and a nurse position. The FY 2012 local budget reflected reductions in spending from several areas: savings from the prior year's retirement incentive plan, administrative costs, special education costs and a behavior specialist position. The actual homestead tax rate changed from \$1.2820 in FY 2011 to \$1.3018 in FY 2012. This is a \$0.0198 or 1.54% increase over the previous year. The income cap percentage for education property tax for eligible taxpayers changed from 2.35% to 2.38% in FY 2012 or an increase of 1.28%. The district spending adjustment, a key factor in determining the homestead property tax rate, increased from 130.771% in FY 2011 to 131.801% in FY 2012. This is the amount of spending above the state wide base education amount which was \$8,544 in both FY 2011 and FY 2012. The common level of appraisal was 87.72% in FY 2011 compared to 88.08% in FY 2012.

## **2012 Budget for Utility Funds**

The wastewater rate was increased in FY 2012 by 10%. Effective June 26, 2009, the Electric Department rates were increased by 11.3%, primarily to cover the increased costs of purchased power and overhead. There were no other significant increases in charges and fees this year. The budget for FY 2012 also includes the operating and capital expense for Burlington Telecom.

Further information regarding the budget and operations for Burlington Electric can be found in the Management's Discussion and Analysis section of the Department's separate audit report. Questions concerning any information of the Electric Department may be directed to Daryl J. Santerre, Chief Financial Officer at 585 Pine Street, Burlington, Vermont, 05401.

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

# Preliminary Audit Report



CITY OF BURLINGTON, VERMONT  
Statement of Net Assets  
For the year ended June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Burlington Community Development Corporation
<b>ASSETS</b>				
Current:				
Cash and cash equivalents	\$ 4,825,648	\$ 4,874,301	\$ 9,699,949	\$ 7,171
Restricted cash	-	7,334,520	7,334,520	-
Investments	234,362	-	234,362	-
Restricted investments	-	947,683	947,683	-
Receivables, net of allowance for uncollectibles:				
Property taxes	1,171,553	-	1,171,553	-
User fees	-	7,663,520	7,663,520	-
Departmental and other	3,262,388	11	3,262,399	-
Intergovernmental	4,056,800	5,429,019	9,485,819	79,339
Estimated unbilled revenues	56,280	3,783,054	3,839,334	-
Notes, loans, and capital lease receivable	3,556,248	-	3,556,248	-
Internal balances	3,106,222	(3,106,222)	-	-
Accrued interest receivable	693,091	-	693,091	3,830
Due from component unit	-	60,267	60,267	-
Inventory	375,465	6,074,625	6,450,090	-
Prepaid expenses	209,523	86,496	296,019	-
Other assets	217,160	840,313	1,057,473	-
Total current assets	<u>21,764,740</u>	<u>33,987,587</u>	<u>55,752,327</u>	<u>90,340</u>
Noncurrent:				
Receivables, net of allowance for uncollectibles:				
Property taxes	-	-	-	-
Departmental and other	-	-	-	-
Intergovernmental	-	-	-	-
Restricted investments	-	25,674,702	25,674,702	-
Notes, loans, and capital lease receivable	120,000	1,280,976	1,400,976	-
Internal balances	21,534,112	(21,534,112)	-	-
Due from component unit	608,207	1,064,065	1,672,272	-
Investment in associated companies	-	18,510,786	18,510,786	-
Other assets, net of accumulated amortization	-	7,502,528	7,502,528	597,266
Capital assets:				
Land and construction in progress	60,052,545	63,968,531	124,021,076	1,155,249
Other capital assets, net of accumulated depreciation	<u>130,226,889</u>	<u>194,487,514</u>	<u>324,714,403</u>	<u>5,135,787</u>
Total noncurrent assets	<u>212,541,753</u>	<u>290,954,990</u>	<u>503,496,743</u>	<u>6,888,302</u>
<b>TOTAL ASSETS</b>	<b>234,306,493</b>	<b>324,942,577</b>	<b>559,249,070</b>	<b>6,978,642</b>
<b>LIABILITIES</b>				
Current:				
Accounts payable	3,313,390	5,397,701	8,711,091	91,524
Accrued payroll and benefits payable	5,900,550	60,166	5,960,716	-
Accrued liabilities	70,710	-	70,710	-
Accrued interest payable	236,983	991,928	1,228,911	3,830
Due to fiduciary funds	2,382,835	-	2,382,835	-
Deferred revenues	1,132,257	-	1,132,257	-
Tax anticipation notes	11,000,000	-	11,000,000	-
Bond anticipation notes	5,015,000	12,000,000	17,015,000	-
Due to primary government	-	-	-	60,267
Other liabilities	457,971	947,683	1,405,654	-
Current portion of long-term liabilities:				
Bonds payable	2,781,394	1,687,196	4,468,590	-
Revenue bonds payable	-	11,479,839	11,479,839	-
Capital lease payable	950,000	657,060	1,607,060	-
Compensated absences	560,000	-	560,000	-
Other liabilities	16,000	1,855,024	1,871,024	-
Total current liabilities	<u>33,817,090</u>	<u>35,076,597</u>	<u>68,893,687</u>	<u>155,621</u>
Noncurrent:				
Due to primary government	-	-	-	608,207
Bonds payable	42,888,956	40,861,314	83,750,270	-
Revenue bonds payable	-	71,283,750	71,283,750	-
Note payable	-	904,014	904,014	-
Capital lease payable	1,344,817	2,209,730	3,554,547	-
Compensated absences	5,043,626	450,963	5,494,589	-
Net pension obligation	1,826,028	-	1,826,028	-
Other liabilities	3,456,633	1,201,835	4,658,468	-
Total noncurrent liabilities	<u>54,560,060</u>	<u>116,911,606</u>	<u>171,471,666</u>	<u>608,207</u>
<b>TOTAL LIABILITIES</b>	<b>88,377,150</b>	<b>151,988,203</b>	<b>240,365,353</b>	<b>763,828</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	140,431,453	133,950,445	274,381,898	1,356,664
Restricted for:				
Education	1,491,271	-	1,491,271	-
Community development	4,324,048	-	4,324,048	-
Debt service/renewal and replacements/capital projects	-	33,009,222	33,009,222	-
Permanent funds	1,126,711	-	1,126,711	-
Other purposes	1,155,187	-	1,155,187	-
Unrestricted	<u>(2,599,327)</u>	<u>5,994,707</u>	<u>3,395,380</u>	<u>767,531</u>
<b>TOTAL NET ASSETS</b>	<b>\$ 145,929,343</b>	<b>\$ 172,954,374</b>	<b>\$ 318,883,717</b>	<b>\$ 2,124,195</b>

See notes to financial statements.



# Preliminary Audit Report

CITY OF BURLINGTON, VERMONT  
 Statement of Activities  
 For the year ended June 30, 2011

	Net (Expenses) Revenues and Changes in Net Assets					Component Unit
	Expenses	Charges for Services	Program Revenues	Primary Government	Total	
			Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General government	\$ 13,186,555	\$ 4,629,070	\$ 122,882	\$ (8,444,603)	\$ -	\$ -
Public safety	21,931,701	5,823,531	753,470	(15,213,772)	-	(8,444,603)
Education	66,901,788	3,110,746	66,635,906	1,864,864	-	(15,213,772)
Public works	13,101,541	6,744,645	282,787	(4,719,324)	-	1,864,864
Culture and recreation	9,244,881	2,983,704	1,312,723	(4,939,896)	-	(4,719,324)
Community development	5,082,322	158,512	3,945,469	(978,341)	-	(4,939,896)
Interest on long-term debt	2,736,119	-	-	(2,736,119)	-	(978,341)
Total Governmental Activities	132,194,907	23,450,208	72,053,237	(35,167,191)	-	(2,736,119)
<b>Business-Type Activities:</b>						
Electric	56,676,147	59,679,347	-	-	4,035,630	4,035,630
Airport	17,031,819	16,689,721	-	-	25,498,355	25,498,355
Telecom	7,107,666	7,199,476	659,683	-	91,810	91,810
Wastewater	6,522,461	7,176,316	-	-	653,855	653,855
Water	4,939,065	5,424,858	-	-	485,793	485,793
School	2,546,470	2,523,681	-	-	(22,789)	(22,789)
Total Business-Type Activities	94,823,628	98,693,399	659,683	-	30,742,654	30,742,654
<b>Total Primary Government</b>	<b>\$ 227,018,535</b>	<b>\$ 31,398,747</b>	<b>\$ 72,053,237</b>	<b>(35,167,191)</b>	<b>30,742,654</b>	<b>(4,424,537)</b>
<b>Component Unit:</b>						
Burlington Community Development Corporation	\$ 410,105	\$ 453,500	\$ -	\$ -	\$ -	43,395
<b>General Revenues:</b>						
Property taxes				28,488,306	-	28,488,306
Gross Receipt Taxes				2,507,382	-	2,507,382
Local Option Sales Tax				1,998,462	-	1,998,462
Payment in lieu of taxes				2,116,319	-	2,116,319
Franchise fees				2,047,748	-	2,047,748
Impact fees				118,207	-	118,207
Interest and Penalties on Delinquent Taxes				319,667	-	319,667
Unrestricted investment earnings				352,671	-	352,671
Other revenues				442,949	-	442,949
Addition to permanent funds				-	(4,626)	-
Transfers, net				4,626	-	-
<b>Total general revenues and additions to permanent funds and transfers</b>				<b>38,315,691</b>	<b>790,594</b>	<b>39,106,285</b>
<b>Special items:</b>						
Lease extinguishment				-	33,500,000	33,500,000
Early retirement of asset				-	(26,372,444)	(26,372,444)
<b>Change in Net Assets</b>				<b>3,148,500</b>	<b>38,660,804</b>	<b>41,809,304</b>
<b>Net Assets:</b>						
Beginning of year				142,780,843	134,293,570	277,074,413
End of year				145,929,343	172,954,374	318,883,717

See notes to financial statements.

# Preliminary Audit Report



CITY OF BURLINGTON, VERMONT  
 Governmental Funds – Balance Sheet  
 For the year ended June 30, 2011

<b>ASSETS</b>	<u>General</u>	<u>School Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 4,223,139	\$ -	\$ 602,509	\$ 4,825,648
Investments	101,471	22,280	110,612	234,363
Receivables, net of allowance for uncollectibles:				
Property taxes	1,171,553	-	-	1,171,553
Departmental and other	2,273,942	-	988,446	3,262,388
Intergovernmental	302	926,302	3,160,195	4,086,799
Unbilled revenues	-	-	56,280	56,280
Due from other funds	9,842,167	7,446,887	3,318,836	20,607,890
Notes, loans, and capital lease receivable	120,000	-	3,556,248	3,676,248
Accrued interest receivable	-	-	693,091	693,091
Advances to other funds	25,155,436	-	-	25,155,436
Inventory	193,865	-	181,600	375,465
Prepaid expenditures	180,438	29,035	50	209,523
Other current assets	217,160	-	-	217,160
Due from component unit	-	-	608,207	608,207
<b>TOTAL ASSETS</b>	<b>\$ 43,479,473</b>	<b>\$ 8,424,504</b>	<b>\$ 13,276,074</b>	<b>\$ 65,180,051</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,497,258	\$ 507,818	\$ 1,308,317	\$ 3,313,393
Accrued payroll and benefits payable	848,066	5,196,011	52,278	6,096,355
Accrued liabilities	-	-	32,810	32,810
Deferred revenues	1,107,796	1,229,404	7,821,241	10,158,441
Due to other funds	15,133,977	-	4,750,533	19,884,510
Advances from other funds	-	-	3,621,324	3,621,324
Tax anticipation notes	11,000,000	-	-	11,000,000
Other liabilities	357,758	-	138,114	495,872
<b>TOTAL LIABILITIES</b>	<b>29,944,855</b>	<b>6,933,233</b>	<b>17,724,617</b>	<b>54,602,705</b>
Fund Balances:				
Nonspendable	25,529,737	29,035	1,092,483	26,651,255
Restricted	514,299	1,462,236	972,969	2,949,504
Committed	1,536,573	-	1,414,446	2,951,019
Assigned	2,515,096	-	-	2,515,096
Unassigned	(16,561,087)	-	(7,928,441)	(24,489,528)
<b>TOTAL FUND BALANCES</b>	<b>13,534,618</b>	<b>1,491,271</b>	<b>(4,448,543)</b>	<b>10,577,346</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 43,479,473</b>	<b>\$ 8,424,504</b>	<b>\$ 13,276,074</b>	<b>\$ 65,180,051</b>

See notes to financial statements.



# Preliminary Audit Report

CITY OF BURLINGTON, VERMONT  
Reconciliation of Total Governmental Fund Balances to Net Assets  
of Governmental Activities in the Statement of Net Assets  
For the year ended June 30, 2011

<b>Total governmental fund balances</b>	\$ 10,577,346
<ul style="list-style-type: none"><li>• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</li></ul>	190,279,434
<ul style="list-style-type: none"><li>• Revenues are reported on the accrual basis of accounting and are not deferred until collection.</li></ul>	8,996,193
<ul style="list-style-type: none"><li>• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.</li></ul>	(236,983)
<ul style="list-style-type: none"><li>• Long-term liabilities, including bonds and BANS payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</li></ul>	<u>(63,686,647)</u>
<b>Net assets of governmental activities</b>	<u><u>\$ 145,929,343</u></u>

See notes to financial statements.

# Preliminary Audit Report



CITY OF BURLINGTON, VERMONT  
 Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances  
 For the year ended June 30, 2011

	<u>General</u>	<u>School</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes	\$ 31,390,109	\$ -	\$ 1,547,093	\$ 32,937,202
Payments in lieu of taxes	2,115,482	1,322,698	-	3,438,180
Licenses and permits	5,133,300	-	306,591	5,439,891
Intergovernmental	1,877,142	62,728,215	4,278,856	68,884,213
Charges for services	8,531,502	3,097,778	5,652,354	17,281,634
Investment income	877,829	12,968	65,019	955,816
Fines and forfeits	1,609,974	-	-	1,609,974
Loan repayments	-	-	74,160	74,160
Other	<u>2,450,862</u>	<u>1,584,993</u>	<u>618,530</u>	<u>4,654,385</u>
Total Revenues	53,986,200	68,746,652	12,542,603	135,275,455
<b>Expenditures:</b>				
Current:				
General government	12,714,550	-	14,089	12,728,639
Public safety	21,075,037	-	-	21,075,037
Education	-	66,139,968	-	66,139,968
Public works	2,749,601	-	5,552,427	8,302,028
Culture and recreation	8,148,833	-	-	8,148,833
Community development	-	-	5,078,399	5,078,399
Capital outlay	4,840,253	-	14,959,110	19,799,363
Debt service:				
Principal	2,159,810	673,333	933,181	3,766,324
Interest	<u>1,948,409</u>	<u>548,232</u>	<u>519,907</u>	<u>3,016,548</u>
Total Expenditures	53,636,493	67,361,533	27,057,113	148,055,139
Excess (deficiency) of revenues over (under) expenditures	349,707	1,385,119	(14,514,510)	(12,779,684)
<b>Other Financing Sources (Uses):</b>				
Issuance of long-term debt	-	-	12,361,991	12,361,991
Issuance of notes	5,015,000	-	-	5,015,000
Transfers in	219,747	305,038	1,654,487	2,179,272
Transfers out	<u>(1,965,602)</u>	<u>(209,044)</u>	<u>-</u>	<u>(2,174,646)</u>
Total Other Financing Sources (Uses)	3,269,145	95,994	14,016,478	17,381,617
Net change in fund balances	3,618,852	1,481,113	(498,032)	4,601,933
Fund Balances, at Beginning of Year	<u>9,915,766</u>	<u>10,158</u>	<u>(3,950,511)</u>	<u>5,975,413</u>
Fund Balances, at End of Year	<u>\$ 13,534,618</u>	<u>\$ 1,491,271</u>	<u>\$ (4,448,543)</u>	<u>\$ 10,577,346</u>

See notes to financial statements.



# Preliminary Audit Report

CITY OF BURLINGTON, VERMONT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities

For the year ended June 30, 2011

<b>NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 4,601,933</b>
<ul style="list-style-type: none"><li>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</li></ul>	
Capital outlay purchases	20,313,055
Depreciation	(6,929,825)
Loss on disposal of capital assets	-
<ul style="list-style-type: none"><li>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, etc.) differ between the two statements. This amount represents the net change in deferred revenue.</li></ul>	(787,107)
<ul style="list-style-type: none"><li>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets:</li></ul>	
Issuance of debt	(17,376,991)
Repayments of debt	3,766,324
Bond premium, discount and deferred charges	54,688
<ul style="list-style-type: none"><li>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.</li></ul>	-
<ul style="list-style-type: none"><li>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.</li></ul>	
Compensated absences	(178,770)
Net pension obligation	24,683
Net OPEB obligation	(355,490)
Landfill liability	16,000
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>3,148,500</u></b>

# Preliminary Audit Report



CITY OF BURLINGTON, VERMONT  
 General Fund – Statement of Revenues and Other Sources,  
 and Expenditures and Other Uses - Budget and Actual  
 For the year ended June 30, 2011

	General Fund				School "General Fund"			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original Budget	Final Budget			Original Budget	Final Budget		
<b>Revenues and other sources:</b>								
Taxes and special assessments	\$ 28,364,930	\$ 28,426,623	\$ 28,995,831	\$ 1,569,208	\$ -	\$ -	\$ -	\$ -
Local option sales tax	1,905,000	1,905,000	1,509,417	(395,583)	-	-	-	-
Payments in lieu of taxes	2,869,498	2,869,498	2,471,169	(398,329)	1,368,787	1,368,787	1,322,698	(46,089)
Licenses and permits	6,275,600	6,275,600	6,332,550	56,950	-	-	-	-
Intergovernmental	766,682	766,682	1,640,999	874,317	49,664,886	49,664,886	49,673,443	8,557
Charges for services	11,875,165	11,875,165	13,394,350	1,519,185	1,502,206	1,502,206	1,515,718	13,512
Investment income	325,000	325,000	776,980	451,980	10,000	10,000	12,968	2,968
Proceeds of bonds	1,000,000	1,000,000	2,090,000	1,090,000	-	-	-	-
<b>Total Revenues and Other Sources</b>	<b>53,381,875</b>	<b>53,443,748</b>	<b>58,211,306</b>	<b>4,767,558</b>	<b>52,545,879</b>	<b>52,545,879</b>	<b>52,524,827</b>	<b>(21,052)</b>
<b>Expenditures and other uses:</b>								
General administration	12,640,191	12,040,901	11,809,129	231,772	-	-	-	-
Safety services	16,236,283	16,822,655	17,540,767	(718,112)	-	-	-	-
Public works	2,311,199	2,538,325	2,539,049	(724)	-	-	-	-
Culture and recreation	7,371,002	7,464,808	6,990,249	474,559	-	-	-	-
Education	-	-	-	-	51,932,746	51,932,746	51,259,297	673,449
Capital outlay	5,405,077	5,508,102	6,200,886	(692,784)	-	-	-	-
Transfers out	9,418,123	9,418,123	8,860,438	557,685	-	-	-	-
Other uses	-	-	-	-	613,133	613,133	613,133	-
<b>Total Expenditures and Other Uses</b>	<b>53,381,875</b>	<b>53,792,914</b>	<b>53,940,518</b>	<b>(147,604)</b>	<b>52,545,879</b>	<b>52,545,879</b>	<b>51,872,430</b>	<b>673,449</b>
<b>Excess of revenues and other sources over expenditures and other uses</b>	<b>\$ -</b>	<b>\$ (349,166)</b>	<b>\$ 4,270,788</b>	<b>\$ 4,619,954</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 652,397</b>	<b>\$ 652,397</b>

See notes to financial statements.



# Preliminary Audit Report

CITY OF BURLINGTON, VERMONT  
 Proprietary Funds – Statement of Net Assets  
 For the year ended June 30, 2011

	Business-Type Activities Enterprise Funds					Total
	Electric	Airport	Telecom	Wastewater	Nonmajor Enterprise Funds	
<b>ASSETS</b>						
Current:						
Cash and cash equivalents	\$ 4,018,488	\$ 637,209	\$ 218,044	\$ 200	\$ 360	\$ 4,874,301
Restricted cash	5,899,974	-	-	-	1,434,546	7,334,520
Restricted investments	947,683	-	-	-	-	947,683
Receivables, net of allowance for uncollectibles:						
User fees	4,647,543	1,632,717	213,178	666,151	503,931	7,663,520
Departmental and other	-	-	-	-	11	11
Intergovernmental	-	5,168,842	-	-	260,177	5,429,019
Estimated unbilled revenues	2,438,256	504,488	5,695	485,754	348,861	3,783,054
Due from other funds	-	351,980	-	-	860,008	1,211,968
Due from Burlington Community Development Corporation - current	-	60,267	-	-	-	60,267
Inventory	4,650,022	245,145	796,181	128,660	254,617	6,074,625
Prepaid expenses	-	-	62,875	3,202	20,419	86,496
Other current assets	815,313	20,000	5,000	-	-	840,313
Total current assets	23,417,279	8,620,648	1,300,973	1,283,967	3,682,930	38,305,797
Noncurrent:						
Restricted investments	16,656,177	9,018,525	-	-	-	25,674,702
Due from Burlington Community Development Corporation - long-term	-	1,064,065	-	-	-	1,064,065
Notes receivable	1,280,976	-	-	-	-	1,280,976
Investment in associated companies	18,510,786	-	-	-	-	18,510,786
Other assets, net of accumulated amortization	7,502,528	-	-	-	-	7,502,528
Capital assets:						
Land and construction in progress	3,466,488	59,445,041	157,800	847,952	51,250	63,968,531
Capital assets, net of accumulated depreciation	61,599,425	84,981,329	2,915,458	32,215,220	12,776,082	194,487,514
Total noncurrent assets	109,016,380	154,508,960	3,073,258	33,063,172	12,827,332	312,489,102
<b>TOTAL ASSETS</b>	<b>132,433,659</b>	<b>163,129,608</b>	<b>4,374,231</b>	<b>34,347,139</b>	<b>16,510,262</b>	<b>350,794,899</b>
<b>LIABILITIES</b>						
Current:						
Accounts payable	2,950,365	1,829,592	423,264	83,242	111,238	5,397,701
Accrued payroll and benefits payable	-	24,136	15,260	8,784	11,986	60,166
Accrued liabilities	-	-	-	-	-	-
Accrued interest payable	-	927,416	-	-	64,512	991,928
Due to other funds	4,173,325	-	94,027	50,858	-	4,318,210
Bond anticipation notes	-	12,000,000	-	-	-	12,000,000
Payable from restricted assets:						
Accrued interest payable	947,683	-	-	-	-	947,683
Current portion of long-term liabilities:						
General obligation bonds payable	1,616,667	-	-	70,529	-	1,687,196
Revenue bonds payable	7,130,000	2,286,719	-	844,569	1,218,551	11,479,839
Capital leases payable	2,099	530,242	-	63,258	61,461	657,060
Other liabilities	1,855,024	-	-	-	-	1,855,024
Total current liabilities	18,675,163	17,598,105	532,551	1,121,240	1,467,748	39,394,807
Noncurrent:						
Advances from other funds	-	-	16,936,492	2,531,914	2,065,706	21,534,112
General obligation bonds payable	39,520,406	-	-	1,340,908	-	40,861,314
Revenue bonds payable	19,434,527	33,785,698	-	16,743,525	1,320,000	71,283,750
Note payable	904,014	-	-	-	-	904,014
Capital leases payable	-	2,052,802	-	77,842	79,086	2,209,730
Compensated absences payable	-	192,087	35,113	89,175	134,588	450,963
Post-employment benefits payable	-	43,102	41,802	19,995	26,639	131,538
Other liabilities	1,028,145	-	-	-	42,152	1,070,297
Total noncurrent liabilities	60,887,092	36,073,689	17,013,407	20,803,359	3,668,171	138,445,718
<b>TOTAL LIABILITIES</b>	<b>79,562,255</b>	<b>53,671,794</b>	<b>17,545,958</b>	<b>21,924,599</b>	<b>5,135,919</b>	<b>177,840,525</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	14,295,532	93,770,909	3,073,258	13,922,541	8,888,205	133,950,445
Restricted for debt service/renewal and replacements/capital projects	22,556,151	9,018,525	-	-	1,434,546	33,009,222
Unrestricted	16,019,721	6,668,380	(16,244,985)	(1,500,001)	1,051,592	5,994,707
<b>TOTAL NET ASSETS</b>	<b>\$ 52,871,404</b>	<b>\$ 109,457,814</b>	<b>\$ (13,171,727)</b>	<b>\$ 12,422,540</b>	<b>\$ 11,374,343</b>	<b>\$ 172,954,374</b>

See notes to financial statements.

# Preliminary Audit Report



CITY OF BURLINGTON, VERMONT  
 Proprietary Funds – Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 For the year ended June 30, 2011

	Business-Type Activities Enterprise Funds					Total
	Electric	Airport	Telecom	Wastewater	Nonmajor Enterprise Funds	
<b>Operating Revenues:</b>						
Charges for services	\$ 49,170,859	\$ 13,870,201	\$ 7,199,476	\$ 7,176,316	\$ 6,412,369	\$ 83,829,221
Intergovernmental	-	226,476	-	-	1,536,170	1,762,646
Miscellaneous	<u>8,208,055</u>	-	-	-	-	<u>8,208,055</u>
Total Operating Revenues	57,378,914	14,096,677	7,199,476	7,176,316	7,948,539	93,799,922
<b>Operating Expenses:</b>						
Personnel	-	4,047,527	1,768,621	1,268,383	2,895,461	9,979,992
Nonpersonnel	-	6,740,413	4,893,093	2,757,682	3,467,783	17,858,971
Electric department	45,630,237	-	-	-	-	45,630,237
Depreciation and amortization	3,619,957	4,128,701	290,764	1,581,357	563,906	10,184,685
Payments in lieu of taxes	<u>1,557,747</u>	-	<u>121,778</u>	<u>852,578</u>	<u>362,258</u>	<u>2,894,361</u>
Total Operating Expenses	<u>50,807,941</u>	<u>14,916,641</u>	<u>7,074,256</u>	<u>6,460,000</u>	<u>7,289,408</u>	<u>86,548,246</u>
Operating Income	6,570,973	(819,964)	125,220	716,316	659,131	7,251,676
<b>Nonoperating Revenues (Expenses):</b>						
Dividends from associated companies	2,300,433	-	-	-	-	2,300,433
Grant income	-	659,683	-	-	-	659,683
Passenger facility charges	-	2,593,044	-	-	-	2,593,044
Investment income	282,969	67,134	9	2,516	43	352,671
Other income/expense - net	190,548	39,062	9,565	13,810	189,564	442,549
Interest expense	(5,644,652)	(2,017,427)	(33,410)	(62,461)	(135,077)	(7,893,027)
Amortization of debt issue costs	(146,946)	(97,751)	-	-	(61,050)	(305,747)
Gain/loss on disposal of capital assets	<u>(76,608)</u>	-	-	-	-	<u>(76,608)</u>
Total Nonoperating Revenues (Expenses)	<u>(3,094,256)</u>	<u>1,243,745</u>	<u>(23,836)</u>	<u>(46,135)</u>	<u>(6,520)</u>	<u>(1,927,002)</u>
Income Before Contributions and Transfers	3,476,717	423,781	101,384	670,181	652,611	5,324,674
Capital contributions	1,032,430	25,180,770	-	-	-	26,213,200
Transfers in	-	-	-	-	103,540	103,540
Transfers out	-	-	-	(79,219)	(28,947)	(108,166)
Special item - debt extinguishment	-	-	33,500,000	-	-	33,500,000
Special item - early retirement of asset	-	-	<u>(26,372,444)</u>	-	-	<u>(26,372,444)</u>
Change in Net Assets	4,509,147	25,604,551	7,228,940	590,962	727,204	38,660,804
Net Assets at Beginning of Year	<u>48,362,257</u>	<u>83,853,263</u>	<u>(20,400,667)</u>	<u>11,831,578</u>	<u>10,647,139</u>	<u>134,293,570</u>
Net Assets at End of Year	<u>\$ 52,871,404</u>	<u>\$ 109,457,814</u>	<u>\$ (13,171,727)</u>	<u>\$ 12,422,540</u>	<u>\$ 11,374,343</u>	<u>\$ 172,954,374</u>

See notes to financial statements.



# Preliminary Audit Report

CITY OF BURLINGTON, VERMONT  
Fiduciary Funds – Statement of Fiduciary Net Assets  
For the year ended June 30, 2011

	Pension Trust Fund	Private Purpose Trust Fund	Agency Funds
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ -	\$ 204,958	\$ 256,068
Investments	132,226,731	-	-
Due from other funds	2,382,842	-	-
Reimbursement receivable	<u>12,792</u>	<u>-</u>	<u>-</u>
Total Assets	134,622,365	204,958	256,068
<b><u>LIABILITIES</u></b>			
Accounts payable	271,457	-	-
Accrued liabilities	259,810	-	-
Compensated absences	10,024	-	-
Due to student organizations	<u>-</u>	<u>-</u>	<u>256,068</u>
Total Liabilities	<u>541,291</u>	<u>-</u>	<u>256,068</u>
<b><u>NET ASSETS</u></b>			
Held in trust for:			
Employees' pension benefits	134,081,074	-	-
Individuals and organizations	<u>-</u>	<u>204,958</u>	<u>-</u>
Total Net Assets	<u>\$ 134,081,074</u>	<u>\$ 204,958</u>	<u>\$ -</u>

See notes to financial statements.

# Preliminary Audit Report



CITY OF BURLINGTON, VERMONT  
 Fiduciary Funds – Statement of Changes in Fiduciary Net Assets  
 For the year ended June 30, 2011

	<u>Pension Trust Fund</u>	<u>Private Purpose Trust Fund</u>
<b>Additions:</b>		
Contributions:		
Employer - pension	\$ 6,779,226	\$ -
Employer - FICA	2,838,223	-
Employer - post-employment health	70,543	-
Plan members	1,974,395	-
Miscellaneous	495,000	-
Total Contributions	<u>12,157,387</u>	<u>-</u>
Investment earnings:		
Interest and dividends	3,395,756	
Net increase in the fair value of investments	<u>19,717,659</u>	<u>330</u>
Total Investment Earnings	23,113,415	330
Less Investment Expenses	<u>(563,818)</u>	
Net Investment Earnings	22,549,597	330
Total Additions	34,706,984	330
<b>Deductions:</b>		
Benefits - pension	8,586,433	-
Benefits - FICA	2,836,261	-
Benefits - post employment health	70,543	-
Refunds of contributions	361,302	-
Administrative expenses	561,390	-
Other	-	610
Total deductions	<u>12,415,929</u>	<u>610</u>
Change in net assets	22,291,055	(280)
<b>Net assets:</b>		
Beginning of year	<u>111,790,019</u>	<u>205,238</u>
End of year	<u>\$ 134,081,074</u>	<u>\$ 204,958</u>

See notes to financial statements.