

CITY OF BURLINGTON, VERMONT ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR FISCAL YEAR ENDED
JUNE 30, 2021

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CITY OF BURLINGTON, VERMONT
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021



Prepared by:
The Clerk Treasurer Office

Rich Goodwin
Director of Financial Operations

Ann Barton
Comptroller

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CITY OF BURLINGTON, VERMONT

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**INTRODUCTORY
SECTION**



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OFFICE OF THE CLERK/TREASURER City of Burlington

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March 23, 2022

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

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

The Annual Comprehensive Financial Report of the City of Burlington for the Fiscal Year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the following data, including financial statements, supporting schedules and statistical tables, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. To provide a reasonable basis for making representations, management has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and compile sufficient reliable information to the preparation of the financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Fiscal year 2021 represents the sixth year that the City of Burlington has compiled an Annual Comprehensive Financial Report (ACFR). The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Burlington for its Annual Comprehensive Financial Report for the fiscal year ending June 30, 2020. The compilation of this report required a substantial time investment by the Clerk/Treasurer's Office, but we are proud to continue our commitment to expanded disclosures of our financial position and results of operations.

The Certificate of Achievement is valid for a period of one year only. We believe that this ACFR conforms to the standards required for the certificate and will be submitting it to the GFOA for review.

City Charter, as well as State statutes, requires an annual audit by independent certified public accounts. The City's audit firm is Melanson. The independent auditors' report is located at the front of the financial section of this report. In addition, the audit was designed to meet the requirements

of Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (the Uniform Guidance), as applicable. Information related to the Single Audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, is not included in this year's ACFR but is available in a separate report.

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

THE CITY OF BURLINGTON

Description of the City

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

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

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

Bus service is provided by Greyhound Lines, Megabus, and Vermont Trans Lines (operated by Vermont Agency of Transportation). Freight service is provided by the Vermont Railway Corporation and Rail America. Green Mountain Transit, which represents Burlington, Essex, South Burlington, Shelburne, Williston, Winooski, Milton, Hinesburg and a portion of Colchester provides local bus service. LINK Express routes serve Montpelier, Middlebury, and St. Albans commuters.

Form of Government

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

About the Burlington Community

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

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

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

Burlington is also known throughout the state and the nation for its innovative and entrepreneurial spirit. The City of Burlington was the first city in the country to use 100% renewable energy for the electricity needs of its residents.

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

Employee Relations

As of June 30, 2021, the City of Burlington employed approximately 767 full time employees, excluding school employees. The City does not anticipate a significant increase in such staff in the foreseeable future and believes its relations with its employees are generally good. All public employees except most supervisors, confidential employees, and certain school district employees in the State of Vermont have the right to organize and the right to bargain collectively with their public employers on matters of wages, terms and other conditions of employment other than managerial policy. The City has four separate labor associations: American Federation of State, County, & Municipal Employees, AFL-CIO, Council 93, Local 1343 (AFSCME) (the school district negotiates separately for the school AFSCME employees), the International Brotherhood of Electrical Workers, AFL-CIO Local 300 (IBEW), the Burlington Police Officers' Association (BPOA) and the Burlington Firefighters Association, International Association of Fire Fighters Local 3044 (BFA). The IBEW contract is in effect for the period of July 1, 2018 to June 30, 2022. The AFSCME, BPOA, and BFA contracts expire on June 30, 2022, and their terms continue until a successor contract is in place. The City is actively negotiating with all three unions. The City's school system has additional labor associations and the City's schools are currently negotiating a teachers' contract.

The City and the IBEW recently participated in arbitration regarding whether the City properly calculated benefits for employees retiring who had achieved the age of 65 and who had worked more than 25 years before their retirement. The arbitration concerned the calculation of the pension benefits for employees hired before May 4, 2008, who had service in excess of 25 years after that date. The City asserted arguments for waiver and laches, as it has been doing the calculations the same way, and publicly reporting it, for at least 14 years. The City also argued that the Collective Bargaining Agreement had been reformed by the past practice, about which the Union had actual and constructive knowledge. On March 25, 2021, the Arbitrator issued the decision that the Union grievance was sustained and that for the time period from May 4, 2008 and continuing, employees and retirees adversely impacted by the City's determination of benefits are to be made whole. The IBEW Unions' request for interest and other relief was denied. The City informed the retirees and implemented the increase in their gross monthly benefit payment as well as making a one-time catch-up payment for missed payments from prior months.

City Services

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

Budget Process

The budget process in the City of Burlington normally commences with a request by the Mayor that all Departments submit, in writing, a detailed estimate of the appropriations required for the efficient and proper conduct of their respective Departments during the next fiscal year. On or before the fifteenth day of June, the Mayor must submit to the City Council a copy of the Budget for the ensuing fiscal year which contains a clear general summary of its contents, and in detail, all estimated income, the proposed property tax levy and all proposed expenditures, including debt service.

The City Council shall adopt the budget by resolution no later than June 30 of each year. The Council may reduce the submitted appropriations by a majority vote but may not increase the appropriations without an approving two-thirds vote of the Council. The City has never failed to adopt a budget. The legal level of control is at the department level.

Tax Increment Financing Districts

The City has two tax increment financing districts that provide long-term benefits to the City – the waterfront and downtown tax increment financing districts.

New Accounting Standard

This report includes the implementation of Governmental Accounting Standards Board's (GASB) Statement No. 84, Fiduciary Activities. The objective of Statement 84 is to improve financial reporting by properly identifying all of a government's fiduciary activities, determining the type of fiduciary fund used to report each fiduciary activity, and presenting the financial statements of fiduciary funds appropriately. The Burlington Electric Department is presenting a new custodial fund, as defined by GASB 84.

Economic Activity

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

Chittenden County has provided the bulk of the State's economic growth over the past ten years, which is reflected in the area's employment statistics. The Burlington Labor Market Area had an annual unemployment rate of 2.8% in July 2021. The State's unemployment rate was 5.6% as of July 2021.

Employment Data

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

Housing Market

Since 2010 and through December 2020, the median sales price of single family homes in Burlington increased 28% to \$308,000. During that same period, median condominium sales prices have decreased 27% to \$197,500. The City contains approximately 6,718 owner-occupied housing units, accounting for 16% of Chittenden County's 42,249 owner-occupied units. The number of single family primary residences sold in Burlington has remained relatively stable since tracking data began in 1988, though 2015 showed a 25% increase against the average. Single family home sales in 2017 was 214.

A number of homes sold in Burlington that fall below the median sale price are purchased through Champlain Housing Trust ("CHT") or Green Mountain Habitat for Humanity. CHT and Green Mountain Habitat for Humanity have placed resale restriction covenants on over 248 homes in

Burlington. These organizations receive operating or development grants from the City in order to ensure an adequate supply of homes for low and moderate income residents.

The rental housing market in Burlington remains very strong, though low vacancy rates pose a challenge for prospective renters. According to a July 2019 Allen & Brooks Report, Burlington's rental vacancy rate is 1.4%. The low vacancy rate pushes demand for rental housing up which results in increased rental rates. Various forms of rental housing assistance for low to moderate-income households are provided by the Burlington Housing Authority, Champlain Housing Trust, and several other nonprofit housing corporations.

Vermont enjoys a low foreclosure rate relative to the national average, but saw an increase in foreclosures throughout the summer of 2015 for a foreclosure rate of 1 in every 4,363 homes; as of September 2019, Chittenden County enjoys a slightly lower rate of 1 in every 11,409. Burlington has seen a steady decline in foreclosures since 2009, when 40 homes went into foreclosure in the wake of the economic recession.

Acknowledgements

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

Respectfully submitted,

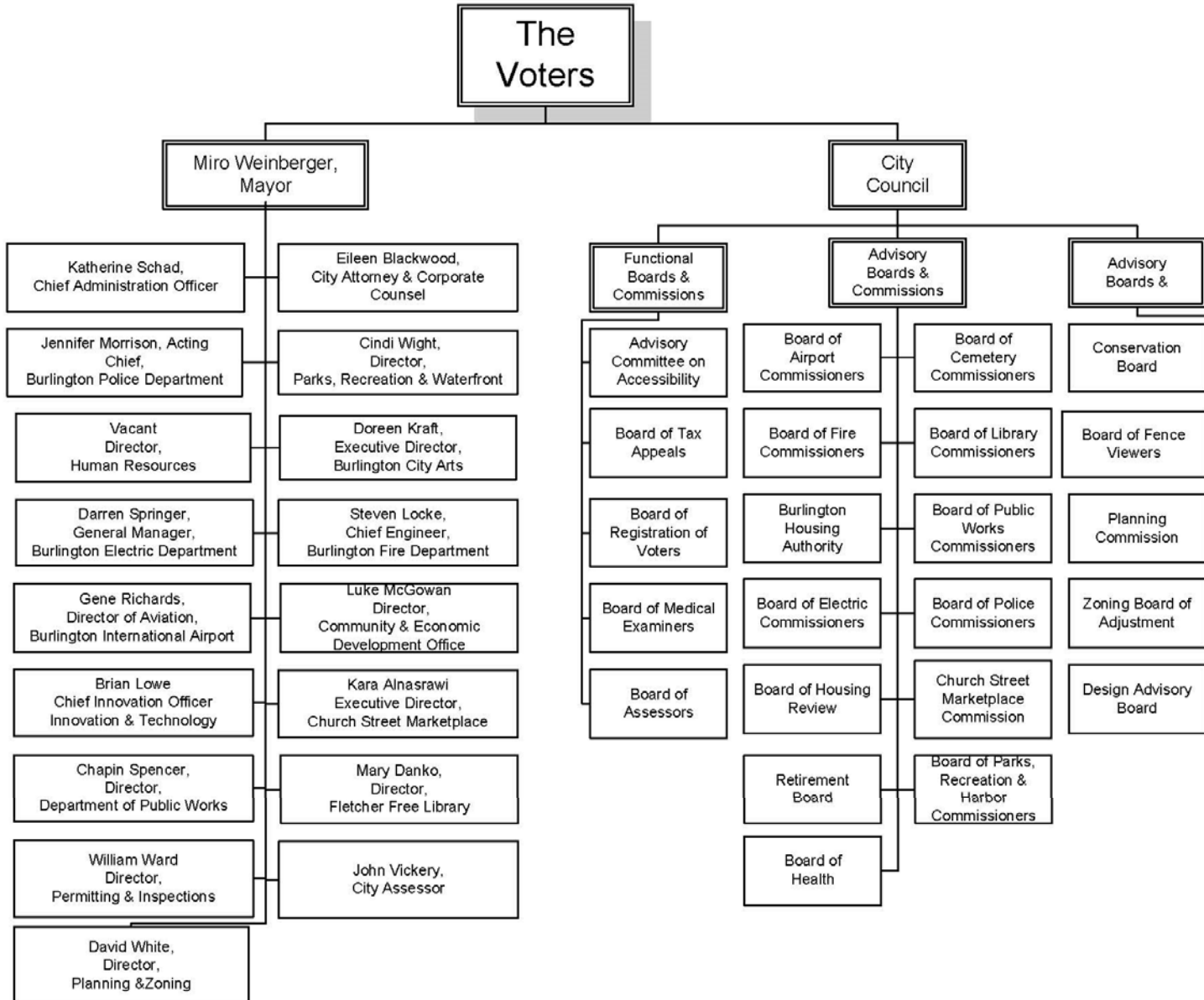


Rich Goodwin
Director of Financial Operations



Ann Barton
Comptroller

City of Burlington Organizational Chart



**CITY OF BURLINGTON, VERMONT
PRINCIPAL OFFICIALS**

		<u>Initial Term Commenced</u>	<u>Current Term Expires</u>
<i>Miro Weinberger</i>	<i>Mayor</i>	2012	2024

City Council

<i>Zoraya Hightower</i>	<i>Ward 1</i>	2020	2022
<i>Max Tracy, President</i>	<i>Ward 2</i>	2012	2022
<i>Joe Magee</i>	<i>Ward 3</i>	2021	2022
<i>Sarah Carpenter</i>	<i>Ward 4</i>	2020	2022
<i>William “Chip” Mason</i>	<i>Ward 5</i>	2012	2022
<i>Karen Paul</i>	<i>Ward 6</i>	2008	2022
<i>Ali Deng</i>	<i>Ward 7</i>	2017	2022
<i>Jane Stromberg</i>	<i>Ward 8</i>	2020	2022
<i>Jack Hanson</i>	<i>East District</i>	2018	2023
<i>Perri Freeman</i>	<i>Central District</i>	2018	2023
<i>Mark Barlow</i>	<i>North District</i>	2018	2023
<i>Joan Shannon</i>	<i>South District</i>	2003	2023

City Administration

<i>Katherine Schad</i>	<i>Chief Administrative Officer</i>
<i>Eileen Blackwood, Esq.</i>	<i>City Attorney</i>
<i>Amy Bovee</i>	<i>Assistant City Clerk</i>
<i>Lori Olberg</i>	<i>License / Voter / Records Coordinator</i>
<i>John Vickery</i>	<i>City Assessor</i>

Accounting and Finance

<i>Rich Goodwin</i>	<i>Director of Financial Operations</i>
<i>Ann Barton</i>	<i>Comptroller</i>
<i>Darlene Bayko</i>	<i>Banking and Cash Operations Manager</i>
<i>Laurie Thompson</i>	<i>Payroll Manager</i>

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

OFFICE OF THE MAYOR	
Mayor	Miro Weinberger
CLERK TREASURER'S OFFICE	
Chief Administrative Officer	Katherine Schad
Director of Financial Operations	Rich Goodwin
Comptroller	Ann Barton
LEGAL	
City Attorney & Corporate Counsel	Eileen Blackwood, Esq
INNOVATION & TECHNOLOGY	
Chief Innovation Officer	Brian Lowe
HUMAN RESOURCES	
Director of Human Resources	vacant
POLICE DEPARTMENT	
Chief of Police	Jennifer Morrison
Deputy Chief	John Murad
Deputy Chief	Matthew Sullivan
FIRE DEPARTMENT	
Chief Engineer	Steven Locke
Deputy Chief of Administration	Peter Brown
Deputy Chief of Operations	vacant
DEPARTMENT OF PUBLIC WORKS	
Director	Chapin Spencer
City Engineer/Assistant Director Technical Services	Norman Baldwin
Assistant Director Maintenance Division	Lee Perry
Assistant Director Parking and Traffic Division	Jeff Padgett
Assistant Director Water Resources	Megan Moir
CODE ENFORCEMENT	
Code Enforcement Director	William Ward
PARKS, RECREATION & WATERFRONT	
Director	Cindi Wight
Waterfront Superintendent and Harbormaster	Erin Moreau
COMMUNITY & ECONOMIC DEVELOPMENT OFFICE	
Director	Luke McGowan
FLETCHER FREE LIBRARY	
Director	Mary Danko
SCHOOL DEPARTMENT	
Superintendent	John Flanagan
ASSESSOR'S OFFICE	
City Assessor	John Vickery
BURLINGTON INTERNATIONAL AIRPORT	
Director of Aviation	Eugene Richards
CHURCH STREET MARKETPLACE	
Executive Director	Kara Alnasrawi
BURLINGTON CITY ARTS	
Executive Director	Doreen Kraft
BURLINGTON ELECTRIC DEPARTMENT	
General Manager	Darren Springer
PLANNING & ZONING	
Director	David White



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Burlington
Vermont**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

**FINANCIAL
SECTION**



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Burlington, Vermont (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Burlington Electric Enterprise Fund which represents 36 percent, 22 percent, and 63 percent, of the assets and deferred outflows, net position and revenues of the business-type activities, respectively. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Burlington Electric Enterprise Fund and its effects on the business-type activities, is based solely on the report of the other auditors. Also, we did not audit the financial statements of the Burlington School District, a discretely presented component unit. The financial statements of the Burlington School District were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Burlington School District is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial



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

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.



Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in dark blue ink that reads "Melanson".

Merrimack, New Hampshire
March 23, 2022

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BASIC FINANCIAL STATEMENTS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Burlington, Vermont (the City), we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

Proprietary funds. Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's cost of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for Electric, Airport, Wastewater, Water and Stormwater activities. The proprietary fund financial statements provide separate information for the Electric, Airport and Wastewater funds, which are considered to be major funds.

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

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

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

B. FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$368,627,888 (net position), an increase of \$12,686,876 in comparison to the prior year.
- Total net position of the City's component unit, the Burlington School District, amounted to \$23,548,792, an increase of \$1,646,119 for the year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$39,767,612, a decrease of \$21,125,288 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,272,827, an increase of \$654,608 in comparison to the prior year.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$17,434,756.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide statement of net position for the current and prior fiscal years:

	<u>NET POSITION (000s)</u>					
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 70,912	\$ 81,899	\$ 112,251	\$ 127,086	\$ 183,163	\$ 208,985
Capital assets	<u>182,047</u>	<u>169,554</u>	<u>333,585</u>	<u>320,415</u>	<u>515,632</u>	<u>489,969</u>
Total assets	252,959	251,453	445,836	447,501	698,795	698,954
Deferred outflows of resources	<u>17,902</u>	<u>14,120</u>	<u>7,670</u>	<u>4,450</u>	<u>25,572</u>	<u>18,570</u>
Total assets and deferred outflows of resources	<u>\$ 270,861</u>	<u>\$ 265,573</u>	<u>\$ 453,506</u>	<u>\$ 451,951</u>	<u>\$ 724,367</u>	<u>\$ 717,524</u>
Long-term liabilities outstanding	\$ 160,753	\$ 158,685	\$ 147,374	\$ 150,413	\$ 308,127	\$ 309,098
Other liabilities	<u>19,651</u>	<u>9,353</u>	<u>18,850</u>	<u>31,244</u>	<u>38,501</u>	<u>40,597</u>
Total liabilities	180,404	168,038	166,224	181,657	346,628	349,695
Deferred inflows of resources	2,146	4,642	6,965	7,246	9,111	11,888
Net position:						
Net investment in capital assets	109,918	96,008	228,051	211,158	337,969	307,166
Restricted	17,617	16,942	23,610	26,048	41,227	42,990
Unrestricted	<u>(39,224)</u>	<u>(20,057)</u>	<u>28,656</u>	<u>25,842</u>	<u>(10,568)</u>	<u>5,785</u>
Total net position	<u>88,311</u>	<u>92,893</u>	<u>280,317</u>	<u>263,048</u>	<u>368,628</u>	<u>355,941</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 270,861</u>	<u>\$ 265,573</u>	<u>\$ 453,506</u>	<u>\$ 451,951</u>	<u>\$ 724,367</u>	<u>\$ 717,524</u>

The largest portion of net position \$337,969,580 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position of \$41,226,506 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$10,568,198, which represents a combination of our governmental activities and business-type activities. Our governmental activities unrestricted net position is a deficit of \$39,224,471. The negative balance primarily results from recognizing our Net Pension Liability in accordance with Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions*. See financial statement notes for additional information. Our business-type activities unrestricted net position is \$28,656,273. About 55% of this balance is derived from our Electric Enterprise Fund.

The following is a summary of condensed government-wide statement of changes in net position for the current and prior fiscal years:

	CHANGES IN NET POSITION (000s)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 20,170	\$ 22,589	\$ 84,097	\$ 90,447	\$ 104,267	\$ 113,036
Operating grants and contributions	7,252	3,840	7,829	2,423	15,081	6,263
Capital grants and contributions	2,324	2,850	19,352	8,748	21,676	11,598
General revenues:						
Property taxes	39,532	37,873	-	-	39,532	37,873
Gross receipts taxes	2,233	3,128	-	-	2,233	3,128
Local sales option tax	2,473	2,501	-	-	2,473	2,501
Payment in lieu of taxes	1,357	5,749	-	-	1,357	5,749
Franchise fees	2,076	2,076	-	-	2,076	2,076
Impact fees	122	605	-	-	122	605
Interest and penalties on delinquent taxes	611	431	-	-	611	431
Nonoperating grants	-	-	795	990	795	990
Investment income	391	911	119	444	510	1,355
Dividends from associated companies	-	-	4,327	4,269	4,327	4,269
Other revenue	1,337	924	384	169	1,721	1,093
Total revenues	79,878	83,477	116,903	107,490	196,781	190,967
Expenses:						
Governmental activities:						
General government	15,819	13,762	-	-	15,819	13,762
Public safety	34,672	34,538	-	-	34,672	34,538
Public works	16,422	15,614	-	-	16,422	15,614
Culture and recreation	12,626	13,223	-	-	12,626	13,223
Community development	6,052	5,791	-	-	6,052	5,791
Interest on long-term debt	3,369	3,187	-	-	3,369	3,187
Business-type activities:						
Electric	-	-	58,938	61,752	58,938	61,752
Airport	-	-	22,106	23,078	22,106	23,078
Wastewater	-	-	6,403	7,952	6,403	7,952
Water	-	-	6,507	6,757	6,507	6,757
Stormwater	-	-	1,180	1,436	1,180	1,436
Total expenses	88,960	86,115	95,134	100,975	184,094	187,090
Change in net position before transfers, additions to permanent fund principal, and special items	(9,082)	(2,638)	21,769	6,515	12,687	3,877
Additions to permanent funds	-	2	-	-	-	2
Transfers in / (out)	4,500	22	(4,500)	(22)	-	-
Special items	-	-	-	(796)	-	(796)
Change in net position	(4,582)	(2,614)	17,269	5,697	12,687	3,083
Net position - beginning of year	92,893	95,507	263,048	257,351	355,941	352,858
Net position - end of year	\$ 88,311	\$ 92,893	\$ 280,317	\$ 263,048	\$ 368,628	\$ 355,941

The City reclassified interfund payments in lieu of taxes from Electric, Wastewater and Water activities expenses and governmental activities revenues to transfers in and out for fiscal year 2021.

Governmental activities. Governmental activities for the year resulted in a decrease in net position of \$4,581,410. This is primarily due to the decrease in charges for services of 11% from the prior year. Building permits decreased by 29% from the previous year due to challenges with the economy. Other charges for services revenue streams affected were parking fees and permits and rental income due to decreased traffic and events. General government expenses have increased by 15% from the previous year partly due to the creation of a new department REIB.

Business-type activities. Business-type activities for the year resulted in an increase in net position of \$17,268,286. Key elements of this change are discussed in Section D of the Management’s Discussion and Analysis.

D. FINANCIAL ANALYSIS OF THE CITY’S FUNDS

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$39,797,612, a decrease of \$21,125,288 in comparison to the prior year. Key elements of this decrease are as follows:

General fund change in fund balance	\$ (5,151,656)
Parking facilities outstanding note payoff	(3,702,824)
BCDC balloon payment for Airport Support Hanger note	(1,831,819)
Decrease in capital project fund balance (prior year bond issuances being spent)	(9,143,024)
Other contributing factors	<u>(1,295,965)</u>
Total governmental fund balance decrease	<u>\$ (21,125,288)</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$9,272,827, while total fund balance was \$21,091,952.

The City has an established general fund balance policy that outlines a process for reaching and maintaining the targeted level of unassigned fund balance, and the priority for the use of amounts in excess of the target. The policy provides a mechanism for monitoring the general fund unassigned fund balance. A target of 10%, with a minimum of 5% to a maximum of 15%

of operational costs has been established. Therefore, a comparison of both unassigned fund balance, as a measure of general fund's liquidity and total general fund balance to prior year and as a percentage of operational costs is presented below:

<u>City General Fund</u>	<u>6/30/21</u>	<u>6/30/20</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 9,272,827	\$ 8,618,219	\$ 654,608	13.8%
Total fund balance	\$ 21,091,952	\$ 26,243,608	\$ (5,151,656)	31.5%

While the unassigned fund balance of the general fund has improved, the total fund balance decreased primarily due to the use of fiscal year 2020 assigned fund balance of \$5,481,514 to offset the budget for operational non-departmental costs.

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

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

	<u>Unrestricted Net Position</u>		
	<u>6/30/21</u>	<u>6/30/20</u>	<u>Change</u>
Electric	\$ 15,734,140	\$ 15,729,751	\$ 4,389
Airport	4,746,228	3,523,195	1,223,033
Wastewater	3,589,543	2,629,752	959,791
Nonmajor funds:			
Water	3,331,059	3,024,356	306,703
Stormwater	1,255,303	935,086	320,217
Total	<u>\$ 28,656,273</u>	<u>\$ 25,842,140</u>	<u>\$ 2,814,133</u>

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

- The Electric Department unrestricted net position at June 30, 2021 was consistent when compared to net position at June 30, 2020. The biggest change from prior year was a decrease in purchased power costs resulting primarily from reduced Independent System Operator – New England (ISO-NE) capacity prices, reduced price and energy deliveries associated with Hancock Wind Contract, and increased sales of excess energy to ISO-NE, offset by the costs associated with an increased volume of energy from Hydro Quebec. The department also had nonoperating grants income in fiscal year 2021. For additional information, please refer the separate financial statements issued for the Electric Enterprise Fund.

- The Burlington International Airport’s unrestricted net position increased from the previous year primarily due to stimulus grants under the CARES Act and CRRSA grant to offset operating expenses. For additional information, please refer the separate financial statements issued for the Airport Enterprise Fund.
- The net increase in the Wastewater, Water and Stormwater Funds (which are managed on a combined basis) is primarily the result of careful monitoring of those budgets and efforts to maintain costs. For additional information, please refer the separate financial statements issued for the Wastewater and Water Enterprise Funds.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

The City approved a fiscal year 2021 budget including dedicated taxes, tax increment financing and interdepartmental charges that were netted against appropriations for the presentation on the budget and actual statement in the financial statements.

The City’s general fund budget for fiscal year 2021 after amendments resulted in a budgeted surplus of \$1,871,654. The actual performance resulted in expenditures and other uses exceeding revenues and other sources by \$5,155,656. Revenues exceeded budget by \$2,309,415 primarily due to reimbursements under the CARES Act as well as budgeting conservatively for local option sales tax due to hit on the economy in the previous year. The use of fund balance represents the use of restricted, committed, assigned and unassigned fund balance categories. Some of the use of fund balance remained unspent at June 30, 2021 primarily in the other uses or the transfers out category, which shows transfers less than budget primarily due to transfers out to the capital project fund not made yet from use of assigned fund balance. Nondepartmental category unspent amounts were significant in part due to health insurance claims coming in less than anticipated.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental activities at year-end amounted to \$182,046,952 (net of accumulated depreciation), an increase of \$12,493,287 from the prior year. Total investment in capital assets for business-type activities at year-end amounted to \$333,585,345 (net of accumulated depreciation), an increase of \$13,170,413 from the prior year. This investment in capital assets includes land, construction in progress, buildings, improvements, infrastructure, distribution and collection systems, and vehicles, machinery, equipment, and furniture.

Major capital asset events during the current fiscal year for governmental activities included Moran Plant improvements of \$3,394,683, City Hall improvements of \$2,076,021 and Great Streets projects of \$2,046,707.

The increase in business-type activities is primarily due to AIP projects at the Airport. Other major capital asset events during the current fiscal year for business-type activities can be found in the various stand-alone enterprise fund financial statements.

Additional information on the City's capital assets can be found in Note 11 on pages 76 to 77 of this report.

Credit rating. Moody's Investor Service (Moody's) assigned an Aa3 rating to the City's general obligation debt. Moody states that the Aa3 reflects a growing and strong reserve position and a very strong cash position.

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

	Bonds Payable and State Revolving Loans		
	<u>6/30/21</u>	<u>6/30/20</u>	<u>Change</u>
Governmental Activities:			
City	\$ 80,030,571	\$ 91,370,787	\$ (11,340,216)
Business-Type Activities:			
Electric	72,151,910	74,434,185	(2,282,275)
Airport	26,910,262	29,318,142	(2,407,880)
Wastewater	10,887,723	11,620,004	(732,281)
Water	7,564,934	7,861,008	(296,074)
Stormwater	<u>298,167</u>	<u>298,167</u>	<u>-</u>
Subtotal business-type	117,812,996	123,531,506	(5,718,510)
Component Unit:			
School District	<u>42,729,808</u>	<u>43,820,974</u>	<u>(1,091,166)</u>
Total	<u>\$ 240,573,375</u>	<u>\$ 258,723,267</u>	<u>\$ (18,149,892)</u>

Additional information on the City's long-term debt can be found in Note 15 on pages 79 to 84 of this report.

Net pension liability. The following is an analysis of the City's and our component unit's net pension liability at the end of the current and prior fiscal years. The majority of this increase

will increase pension expense over the next four years and therefore reduce unrestricted net position.

	Net Pension Liability		
	<u>6/30/21</u>	<u>6/30/20</u>	<u>Change</u>
Governmental Activities:			
City	\$ 66,665,322	\$ 56,323,943	\$ 10,341,379
Business-Type Activities:			
Electric	17,414,582	15,004,757	2,409,825
Airport	2,363,918	1,834,449	529,469
Wastewater	961,786	918,549	43,237
Water	<u>1,379,559</u>	<u>1,072,298</u>	<u>307,261</u>
Subtotal business-type	22,119,845	18,830,053	3,289,792
Component Unit:			
School District	<u>9,797,870</u>	<u>8,283,736</u>	<u>1,514,134</u>
Total	<u>\$ 98,583,037</u>	<u>\$ 83,437,732</u>	<u>\$ 15,145,305</u>

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

Mayor’s Overview

Management Discussion and FY 2022 Budget Summary

The Mayor’s proposed budget for Fiscal Year 2022. Following a historically challenging FY 21 in which we experienced dramatic declines in revenue as a result of the pandemic, the Mayor was excited to submit to the City a full service budget with strategic new investment and represents an important step toward the City’s recovery. This budget restores critical city services, makes important investments in infrastructure, and builds upon our work to make our City more equitable and inclusive.

FY 2022 Budget Principles

The City of Burlington has a legal level of budgetary control in which management cannot overspend the budget without the approval of the governing body. The Clerk /Treasury Office may modify by budget amendment under \$25,000, and the Chief Administrative Officer may authorize expenses over \$25,000, but under \$50,000. The Mayor is to approve expenses over \$50,000, and less than \$100,000. An expense over \$100,000 requires approval by the Board of Finance.

The Administration began the FY 22 budgeting process by laying out principles that would guide our work to develop the budget. Those principles were:

- All City services will be restored to pre-pandemic levels.

- Investment in critical infrastructure should continue at pre-pandemic, enhanced levels to address aging assets and advance Net Zero Energy City goals.
- Emergency reserves should be restored to address FY23 economic uncertainty.
- Tax increases should be minimized as much as possible.
- City will make overdue investments in racial equity and justice, language access, and livable wages.
- Municipal City enterprise funds severely impacted by the pandemic require support.
- The use of significant American Rescue Plan Act (ARPA) funds will be necessary to make good on other budget principles.

Property Tax Rates

In recognition of the challenging financial times many Burlington residents continue to face and that citywide reappraisal has increased dramatically the assessments of some taxpayers, this budget attempts to minimize the financial impact of this year’s budget on taxpayers by setting several discretionary tax rates below the voter-authorized maximum rate levels. Moreover, if the Council approves the rates in this budget, the City will have succeeded at keeping cumulative municipal property tax increases well below the general rate of inflation for an entire decade.

Following the citywide reappraisal and adjustment to the tax rates to meet the charter requirement that such reappraisals be revenue neutral, the FY 22 tax rates are set per the table below.

FY 22 Tax Rates

Municipal	0.6700
Local Agreement	0.0003
Education Homestead declaration	1.5520
Education Non-homestead (commercial)	1.7300

The Mayor’s Budget keeps tax rates \$.0233 lower than authorized by voters, thereby avoiding a nearly 3.5% tax increase in the municipal rate during this early stage of the economic recovery.

Thank you to the City team who made an extraordinary effort to create a Fiscal Year 2021, and Fiscal Year Budget, avoiding a 3.5% tax increase that addresses the financial challenges of the pandemic, while also delivering a great deal to advance Burlington values in the year ahead.

REQUESTS FOR INFORMATION

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

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



CITY OF BURLINGTON, VERMONT

STATEMENT OF NET POSITION

JUNE 30, 2021

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Current:				
Cash and cash equivalents	\$ 51,923,482	\$ 23,598,515	\$ 75,521,997	\$ 43,769,438
Investments	4,703,467	407,594	5,111,061	25,262
Receivables, net of allowance for uncollectibles:				
Property and other taxes	2,329,025	-	2,329,025	-
User fees	-	11,666,608	11,666,608	51,139
Departmental and other	3,092,673	-	3,092,673	-
Intergovernmental	1,720,279	7,468,440	9,188,719	8,193,224
Passenger facility charges	-	350,205	350,205	-
Loans	45,962	81,321	127,283	-
Capital lease	27,080	-	27,080	-
Inventory	585,102	6,588,796	7,173,898	97,726
Prepaid expenses	270,644	211,735	482,379	220,400
Other assets	151,018	1,635,505	1,786,523	-
Total current assets	64,848,732	52,008,719	116,857,451	52,357,189
Noncurrent:				
Restricted cash	-	18,335,197	18,335,197	8,183,126
Restricted investments	-	5,273,965	5,273,965	-
Receivables, net of current portion:				
Loans	4,239,639	350,784	4,590,423	-
Capital lease	614,632	-	614,632	-
Accrued interest	1,209,352	-	1,209,352	-
Investment in associated companies	-	34,666,846	34,666,846	-
Regulatory assets and other prepaid charges	-	1,615,892	1,615,892	-
Capital assets:				
Land and construction in progress	61,398,674	116,518,796	177,917,470	2,479,328
Other capital assets, net of accumulated depreciation	120,648,278	217,066,549	337,714,827	48,543,556
Total noncurrent assets	188,110,575	393,828,029	581,938,604	59,206,010
TOTAL ASSETS	252,959,307	445,836,748	698,796,055	111,563,199
DEFERRED OUTFLOWS OF RESOURCES:				
Related to pensions	16,520,210	5,209,877	21,730,087	1,361,565
Related to OPEB	1,194,453	418,844	1,613,297	468,610
Deferred amount on refunding	187,336	2,041,312	2,228,648	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	17,901,999	7,670,033	25,572,032	1,830,175
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 270,861,306	\$ 453,506,781	\$ 724,368,087	\$ 113,393,374

(continued)

CITY OF BURLINGTON, VERMONT

STATEMENT OF NET POSITION

JUNE 30, 2021

(continued)

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
LIABILITIES:				
Current:				
Accounts payable	\$ 3,183,992	\$ 8,279,812	\$ 11,463,804	\$ 25,411,266
Accrued liabilities	1,574,493	216,574	1,791,067	1,634,456
Accrued interest	501,652	638,360	1,140,012	-
Due to other governments	-	-	-	1,000
Unearned revenue	12,233,800	1,217,219	13,451,019	19,412
Note payable	2,000,000	6,522,667	8,522,667	-
Other liabilities	157,077	1,568,142	1,725,219	-
Payable from restricted assets	-	407,594	407,594	-
Current portion of long-term liabilities:				
Bonds payable	5,820,810	6,399,862	12,220,672	1,695,000
State revolving loan	-	226,308	226,308	-
Capital leases	994,502	743,713	1,738,215	-
Compensated absences	309,614	625,203	934,817	409,923
Insurance reserves	616,072	-	616,072	-
Total current liabilities	27,392,012	26,845,454	54,237,466	29,171,057
Noncurrent, net of current portion:				
Bonds payable	74,209,761	109,592,447	183,802,208	41,034,808
State revolving loan	-	1,594,379	1,594,379	-
Net pension liability	66,665,322	22,119,845	88,785,167	9,797,870
Total OPEB liability	5,359,651	1,578,668	6,938,319	6,606,515
Capital leases	3,585,766	3,033,603	6,619,369	-
Compensated absences	2,786,529	1,071,008	3,857,537	2,322,900
Insurance reserves	405,449	-	405,449	-
Other noncurrent liabilities	-	389,179	389,179	-
Total noncurrent liabilities	153,012,478	139,379,129	292,391,607	59,762,093
TOTAL LIABILITIES	180,404,490	166,224,583	346,629,073	88,933,150
DEFERRED INFLOWS OF RESOURCES:				
Regulatory deferral	-	4,857,904	4,857,904	-
Related to pensions	1,514,469	1,613,003	3,127,472	276,455
Related to OPEB	631,192	494,558	1,125,750	634,977
TOTAL DEFERRED INFLOWS OF RESOURCES	2,145,661	6,965,465	9,111,126	911,432
NET POSITION:				
Net investment in capital assets	109,918,281	228,051,299	337,969,580	9,911,726
Restricted externally or constitutionally for:				
Education	-	-	-	2,445,745
Community development	9,756,077	-	9,756,077	-
Debt service/renewal and replacements/capital projects	6,503,944	16,901,831	23,405,775	15,740,435
Contingency reserve	-	1,433,365	1,433,365	-
Deposits with bond trustees	-	5,273,965	5,273,965	-
Permanent funds:				
Nonexpendable	1,252,060	-	1,252,060	25,737
Expendable	105,264	-	105,264	-
Unrestricted	(39,224,471)	28,656,273	(10,568,198)	(4,574,851)
TOTAL NET POSITION	88,311,155	280,316,733	368,627,888	23,548,792
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 270,861,306	\$ 453,506,781	\$ 724,368,087	\$ 113,393,374

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

CITY OF BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
Governmental Activities:					
General government	\$ 15,818,581	\$ 5,374,748	\$ 1,836,891	\$ 1,000	\$ (8,605,942)
Public safety	34,671,835	6,034,683	488,565	162,273	(27,986,314)
Public works	16,422,312	4,939,896	937,524	1,822,351	(8,722,541)
Culture and recreation	12,626,487	2,824,720	1,140,091	6,727	(8,654,949)
Community development	6,052,053	995,855	2,848,506	331,472	(1,876,220)
Interest and related costs	<u>3,369,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,369,155)</u>
Total Governmental Activities	88,960,423	20,169,902	7,251,577	2,323,823	(59,215,121)
Business-Type Activities:					
Electric	58,937,546	56,027,448	-	647,678	(2,262,420)
Airport	22,106,092	10,956,151	7,829,276	18,704,507	15,383,842
Wastewater	6,403,096	7,997,538	-	-	1,594,442
Water	6,507,175	7,460,606	-	-	953,431
Stormwater	<u>1,180,141</u>	<u>1,654,802</u>	<u>-</u>	<u>-</u>	<u>474,661</u>
Total Business-Type Activities	<u>95,134,050</u>	<u>84,096,545</u>	<u>7,829,276</u>	<u>19,352,185</u>	<u>16,143,956</u>
Total Primary Government	<u>\$ 184,094,473</u>	<u>\$ 104,266,447</u>	<u>\$ 15,080,853</u>	<u>\$ 21,676,008</u>	<u>\$ (43,071,165)</u>
Discretely Presented Component Unit:					
Burlington School District	<u>\$ 124,119,789</u>	<u>\$ 1,861,525</u>	<u>\$ 52,918,329</u>	<u>\$ -</u>	<u>\$ (69,339,935)</u>

(continued)

CITY OF BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

(continued)

	Primary Government			Discretely Presented Component <u>Unit</u>
	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	
Change in Net Position				
Net (expenses) revenues from previous page	\$ (59,215,121)	\$ 16,143,956	\$ (43,071,165)	\$ (69,339,935)
General Revenues:				
Property taxes	39,532,493	-	39,532,493	-
Gross receipts taxes	2,232,616	-	2,232,616	-
Local option sales tax	2,472,926	-	2,472,926	-
Payments in lieu of taxes	1,356,734	-	1,356,734	-
Franchise fees	2,076,347	-	2,076,347	-
Impact fees	122,294	-	122,294	-
Interest and penalties on delinquent taxes	611,103	-	611,103	-
Nonoperating grants	-	795,236	795,236	-
General state support	-	-	-	67,402,022
Unrestricted investment earnings	391,205	118,861	510,066	691,460
Dividends from associated companies	-	4,326,608	4,326,608	-
Other revenues	1,337,814	383,804	1,721,618	2,892,572
Transfers in/(out)	<u>4,500,179</u>	<u>(4,500,179)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>54,633,711</u>	<u>1,124,330</u>	<u>55,758,041</u>	<u>70,986,054</u>
Change in Net Position	(4,581,410)	17,268,286	12,686,876	1,646,119
Net Position:				
Beginning of year	<u>92,892,565</u>	<u>263,048,447</u>	<u>355,941,012</u>	<u>21,902,673</u>
End of year	<u>\$ 88,311,155</u>	<u>\$ 280,316,733</u>	<u>\$ 368,627,888</u>	<u>\$ 23,548,792</u>

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

CITY OF BURLINGTON, VERMONT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2021

	<u>General</u>	<u>Capital Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 15,082,302	\$ 15,844,761	\$ 20,996,419	\$ 51,923,482
Investments	3,418,244	-	1,285,223	4,703,467
Receivables, net of allowance for uncollectibles:				
Property and other taxes	2,329,025	-	-	2,329,025
Departmental and other	2,965,803	-	126,870	3,092,673
Intergovernmental	-	838,512	881,767	1,720,279
Loans	-	-	4,285,601	4,285,601
Capital lease	-	-	641,713	641,713
Accrued interest	-	-	1,209,352	1,209,352
Due from other funds	5,214,557	-	-	5,214,557
Advances to other funds	1,077,207	-	-	1,077,207
Inventory	216,752	-	368,350	585,102
Prepaid expenditures	265,749	4,125	770	270,644
Other current assets	151,018	-	-	151,018
TOTAL ASSETS	<u>\$ 30,720,657</u>	<u>\$ 16,687,398</u>	<u>\$ 29,796,065</u>	<u>\$ 77,204,120</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,573,426	\$ 1,351,000	\$ 259,566	\$ 3,183,992
Accrued liabilities	1,399,895	46,057	128,541	1,574,493
Unearned revenue	2,764,774	-	9,469,026	12,233,800
Notes payable	-	2,000,000	-	2,000,000
Due to other funds	-	-	5,214,557	5,214,557
Advances from other funds	-	1,077,207	-	1,077,207
Insurance reserve	616,072	-	-	616,072
Other liabilities	20,999	133,934	2,143	157,076
TOTAL LIABILITIES	6,375,166	4,608,198	15,073,833	26,057,197
Deferred Inflows of Resources:				
Unavailable revenues	3,253,539	730,248	7,395,524	11,379,311
Fund Balances:				
Nonspendable	1,559,708	-	1,621,180	3,180,888
Restricted	2,097,488	13,426,159	9,770,324	25,293,971
Committed	892,949	-	1,227,414	2,120,363
Assigned	7,268,980	-	-	7,268,980
Unassigned	9,272,827	(2,077,207)	(5,292,210)	1,903,410
TOTAL FUND BALANCES	<u>21,091,952</u>	<u>11,348,952</u>	<u>7,326,708</u>	<u>39,767,612</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 30,720,657</u>	<u>\$ 16,687,398</u>	<u>\$ 29,796,065</u>	<u>\$ 77,204,120</u>

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

CITY OF BURLINGTON, VERMONT

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

JUNE 30, 2021

Total governmental fund balances	\$ 39,767,612
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	182,046,952
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	11,379,311
• Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	16,520,210
Deferred inflows of resources related to pensions	(1,514,469)
Deferred outflows of resources related to OPEB	1,194,453
Deferred inflows of resources related to OPEB	(631,192)
• Deferred debt expense for refunding is net of amortization in the Statement of Net Position, whereas all debt expense is reported when paid in the governmental funds.	187,336
• Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable, net of related unamortized premiums	(80,030,571)
Capital lease payable	(4,580,268)
Compensated absences payable	(3,096,143)
Insurance reserves, long-term	(405,449)
Total other post-employment benefits payable	(5,359,651)
Net pension liability	(66,665,322)
Accrued interest on long-term obligations	(501,654)
Net position of governmental activities	<u>\$ 88,311,155</u>

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

CITY OF BURLINGTON, VERMONT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Capital Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 37,527,776	\$ 2,915,312	\$ 4,114,904	\$ 44,557,992
Payments in lieu of taxes	1,356,734	-	-	1,356,734
Licenses and permits	3,301,298	-	2,435	3,303,733
Intergovernmental	3,204,063	1,822,351	2,857,679	7,884,093
Charges for services	15,183,945	201,992	3,678,875	19,064,812
Contributions	999,956	574,750	30,562	1,605,268
Investment income	289,797	357	101,050	391,204
Loan repayments	-	-	86,038	86,038
Other	410,731	308,634	210,399	929,764
Total Revenues	<u>62,274,300</u>	<u>5,823,396</u>	<u>11,081,942</u>	<u>79,179,638</u>
Expenditures:				
Current:				
General government	14,336,326	-	315,826	14,652,152
Public safety	30,618,604	-	-	30,618,604
Public works	4,353,444	59,931	3,681,786	8,095,161
Culture and recreation	10,745,569	700	-	10,746,269
Community development	834,089	-	4,937,855	5,771,944
Capital outlay	-	23,153,572	175,369	23,328,941
Debt service:				
Principal	3,380,463	519,260	7,710,413	11,610,136
Interest and bond issue costs	2,692,164	4,058	753,161	3,449,383
Total Expenditures	<u>66,960,659</u>	<u>23,737,521</u>	<u>17,574,410</u>	<u>108,272,590</u>
Excess (deficiency) of revenues over (under) expenditures	(4,686,359)	(17,914,125)	(6,492,468)	(29,092,952)
Other Financing Sources (Uses):				
Issuance of capital leases	-	3,467,485	-	3,467,485
Transfers in	4,725,933	5,303,616	244,184	10,273,733
Transfers out	(5,191,230)	-	(582,324)	(5,773,554)
Total Other Financing Sources (Uses)	<u>(465,297)</u>	<u>8,771,101</u>	<u>(338,140)</u>	<u>7,967,664</u>
Net change in fund balances	(5,151,656)	(9,143,024)	(6,830,608)	(21,125,288)
Fund Balances, at Beginning of Year, as restated	<u>26,243,608</u>	<u>20,491,976</u>	<u>14,157,316</u>	<u>60,892,900</u>
Fund Balances, at End of Year	<u>\$ 21,091,952</u>	<u>\$ 11,348,952</u>	<u>\$ 7,326,708</u>	<u>\$ 39,767,612</u>

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

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

FOR THE YEAR ENDED JUNE 30, 2021

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (21,125,288)

<ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table border="0" style="margin-left: 20px;"> <tr> <td>Capital outlay purchases, net of disposals</td> <td style="text-align: right;">19,790,791</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(7,271,586)</td> </tr> <tr> <td>Loss on disposal of capital assets</td> <td style="text-align: right;">(25,918)</td> </tr> </table> • Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, etc.) differ between the two statements. 291,144 • The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table border="0" style="margin-left: 20px;"> <tr> <td>Issuance of capital leases</td> <td style="text-align: right;">(3,467,485)</td> </tr> <tr> <td>Repayments of debt and capital leases</td> <td style="text-align: right;">11,610,136</td> </tr> <tr> <td>Bond premium activity, net of amortization</td> <td style="text-align: right;">407,879</td> </tr> </table> • In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 80,401 • Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. <table border="0" style="margin-left: 20px;"> <tr> <td>Increase in pension expense from GASB 68</td> <td style="text-align: right;">(3,718,882)</td> </tr> <tr> <td>Increase in OPEB expense from GASB 75</td> <td style="text-align: right;">(618,278)</td> </tr> <tr> <td>Change in compensated absences</td> <td style="text-align: right;">(446,138)</td> </tr> <tr> <td>Change in insurance reserves</td> <td style="text-align: right;">(88,186)</td> </tr> </table> 	Capital outlay purchases, net of disposals	19,790,791	Depreciation	(7,271,586)	Loss on disposal of capital assets	(25,918)	Issuance of capital leases	(3,467,485)	Repayments of debt and capital leases	11,610,136	Bond premium activity, net of amortization	407,879	Increase in pension expense from GASB 68	(3,718,882)	Increase in OPEB expense from GASB 75	(618,278)	Change in compensated absences	(446,138)	Change in insurance reserves	(88,186)	<p>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ <u>(4,581,410)</u></p>
Capital outlay purchases, net of disposals	19,790,791																				
Depreciation	(7,271,586)																				
Loss on disposal of capital assets	(25,918)																				
Issuance of capital leases	(3,467,485)																				
Repayments of debt and capital leases	11,610,136																				
Bond premium activity, net of amortization	407,879																				
Increase in pension expense from GASB 68	(3,718,882)																				
Increase in OPEB expense from GASB 75	(618,278)																				
Change in compensated absences	(446,138)																				
Change in insurance reserves	(88,186)																				

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

CITY OF BURLINGTON, VERMONT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Adjusted Actual Amounts	Variance With Final Budget
	Original Budget	Final Budget		
Revenues and other sources:				
Taxes and special assessments	\$ 34,320,354	\$ 34,320,354	\$ 35,054,850	\$ 734,496
Local option sales tax	1,322,838	1,322,838	2,472,926	1,150,088
Payments in lieu of taxes	1,416,074	1,416,074	1,356,734	(59,340)
Licenses and permits	3,993,600	3,993,600	3,301,298	(692,302)
Intergovernmental	844,274	1,440,028	3,204,063	1,764,035
Charges for services	15,811,238	15,836,843	15,183,945	(652,898)
Investment income	50,000	50,000	289,797	239,797
Contributions and donations	675,350	871,575	999,956	128,381
Transfers in	4,658,863	5,216,400	4,725,933	(490,467)
Other	223,105	223,105	410,730	187,625
Sale of capital asset	50,000	-	-	-
Use of fund balance	7,615,060	17,308,019	-	(17,308,019)
Total Revenues and Other Sources	70,980,756	81,998,836	67,000,232	(14,998,604)
Expenditures and other uses:				
Nondepartmental	3,456,963	4,650,806	2,253,077	2,397,729
City council	124,590	124,590	86,967	37,623
Regional services and programs	3,528,957	3,586,010	3,375,658	210,352
Mayor	415,809	415,809	389,834	25,975
Clerk treasurer	2,638,634	2,638,634	2,748,171	(109,537)
City attorney	1,159,579	1,159,579	1,430,412	(270,833)
Planning and zoning	276,898	277,898	277,334	564
City assessor	392,730	1,119,355	776,258	343,097
Human resources	904,894	744,691	653,030	91,661
REIB	568,503	867,503	776,395	91,108
Information technology	1,580,855	1,699,758	1,569,191	130,567
Fire	12,045,927	12,622,896	12,584,221	38,675
Police	17,168,691	16,345,204	16,082,239	262,965
Code enforcement	2,019,922	2,019,922	1,952,143	67,779
Public works	3,724,172	4,426,756	4,353,444	73,312
Library	2,232,131	2,238,858	2,174,076	64,782
Parks and recreation	7,067,395	7,053,755	6,445,361	608,394
Burlington city arts	2,026,273	2,142,498	2,126,132	16,366
Community and economic development	545,587	570,587	834,089	(263,502)
Debt service	7,154,635	6,260,667	6,072,626	188,041
Transfers	856,668	9,161,406	5,191,230	3,970,176
Total Expenditures and Other Uses	69,889,813	80,127,182	72,151,888	7,975,294
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ <u>1,090,943</u>	\$ <u>1,871,654</u>	\$ <u>(5,151,656)</u>	\$ <u>(7,023,310)</u>

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

CITY OF BURLINGTON, VERMONT

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2021

	Business-Type Activities Enterprise Funds				Total
	Electric	Airport	Wastewater	Nonmajor Enterprise Funds	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS:					
Current:					
Cash and cash equivalents	\$ 9,859,988	\$ 3,341,663	\$ 2,870,611	\$ 7,526,253	\$ 23,598,515
Investments	407,594	-	-	-	407,594
Receivables, net of allowance for uncollectibles:					
User fees	7,023,031	1,228,615	1,617,844	1,797,118	11,666,608
Intergovernmental	-	5,351,447	1,979,498	137,495	7,468,440
Passenger facility charges	-	350,205	-	-	350,205
Loans	-	81,321	-	-	81,321
Inventory	5,856,513	302,124	124,317	305,842	6,588,796
Prepaid expenses	-	210,245	350	1,140	211,735
Other current assets	1,633,305	2,200	-	-	1,635,505
Total current assets	24,780,431	10,867,820	6,592,620	9,767,848	52,008,719
Noncurrent:					
Restricted cash	-	16,037,807	1,433,365	864,025	18,335,197
Restricted investments	5,273,965	-	-	-	5,273,965
Loans receivable, net of current portion	-	350,784	-	-	350,784
Investment in associated companies	34,666,846	-	-	-	34,666,846
Regulatory assets and other prepaid charges	1,615,892	-	-	-	1,615,892
Capital assets:					
Land and construction in progress	4,753,513	106,157,614	4,850,674	756,995	116,518,796
Capital assets, net of accumulated depreciation	89,095,719	89,511,564	19,582,255	18,877,011	217,066,549
Total noncurrent assets	135,405,935	212,057,769	25,866,294	20,498,031	393,828,029
TOTAL ASSETS	160,186,366	222,925,589	32,458,914	30,265,879	445,836,748
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	3,491,544	821,090	320,494	576,749	5,209,877
Related to OPEB	194,507	118,657	40,305	65,375	418,844
Deferred amount on refunding	379,112	1,662,200	-	-	2,041,312
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,065,163	2,601,947	360,799	642,124	7,670,033
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 164,251,529	\$ 225,527,536	\$ 32,819,713	\$ 30,908,003	\$ 453,506,781

(continued)

CITY OF BURLINGTON, VERMONT

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2021

(continued)

	Business-Type Activities Enterprise Funds				<u>Total</u>
	<u>Electric</u>	<u>Airport</u>	<u>Wastewater</u>	Nonmajor Enterprise Funds	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
LIABILITIES:					
Current:					
Accounts payable	\$ 2,922,531	\$ 4,030,374	\$ 821,847	\$ 505,060	\$ 8,279,812
Accrued liabilities	-	92,430	38,045	86,099	216,574
Accrued interest	-	638,360	-	-	638,360
Unearned revenue	-	1,217,219	-	-	1,217,219
Note payable	-	-	5,236,263	1,286,404	6,522,667
Other current liabilities	1,535,287	2,597	-	30,258	1,568,142
Payable from restricted assets:					
Deposits with bond trustees	407,594	-	-	-	407,594
Current portion of long-term liabilities:					
Bonds payable	5,230,000	131,507	732,281	306,074	6,399,862
State revolving loan	-	-	196,421	29,887	226,308
Capital leases	-	616,585	19,277	107,851	743,713
Compensated absences	-	294,729	123,529	206,945	625,203
Total current liabilities	10,095,412	7,023,801	7,167,663	2,558,578	26,845,454
Noncurrent, net of current portion:					
Bonds payable	66,921,910	26,778,755	8,787,372	7,104,410	109,592,447
State revolving loan	-	-	1,171,649	422,730	1,594,379
Capital leases	-	2,555,577	55,090	422,936	3,033,603
Net pension liability	17,414,582	2,363,918	961,786	1,379,559	22,119,845
Total OPEB liability	1,054,323	271,015	117,660	135,670	1,578,668
Compensated absences	1,071,008	-	-	-	1,071,008
Other noncurrent liabilities	389,179	-	-	-	389,179
Total noncurrent liabilities	86,851,002	31,969,265	11,093,557	9,465,305	139,379,129
TOTAL LIABILITIES	96,946,414	38,993,066	18,261,220	12,023,883	166,224,583
DEFERRED INFLOWS OF RESOURCES					
Regulatory deferral	4,857,904	-	-	-	4,857,904
Related to pensions	1,262,401	132,727	125,771	92,104	1,613,003
Related to OPEB	434,669	30,954	13,439	15,496	494,558
TOTAL DEFERRED INFLOWS OF RESOURCES	6,554,974	163,681	139,210	107,600	6,965,465
NET POSITION:					
Net investment in capital assets	39,742,036	165,586,755	9,396,375	13,326,133	228,051,299
Restricted:					
For debt service/renewal and replacements/capital projects	-	16,037,806	-	864,025	16,901,831
For contingency reserve	-	-	1,433,365	-	1,433,365
Deposits with bond trustees	5,273,965	-	-	-	5,273,965
Unrestricted	15,734,140	4,746,228	3,589,543	4,586,362	28,656,273
TOTAL NET POSITION	60,750,141	186,370,789	14,419,283	18,776,520	280,316,733
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 164,251,529	\$ 225,527,536	\$ 32,819,713	\$ 30,908,003	\$ 453,506,781

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

CITY OF BURLINGTON, VERMONT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities				
	Enterprise Funds				Total
	Electric	Airport	Wastewater	Nonmajor Enterprise Funds	
Operating Revenues:					
Charges for services	\$ 56,027,448	\$ 10,020,340	\$ 7,997,538	\$ 8,261,373	\$ 82,306,699
Intergovernmental	-	192,368	-	-	192,368
Miscellaneous	-	-	-	854,035	854,035
Total Operating Revenues	56,027,448	10,212,708	7,997,538	9,115,408	83,353,102
Operating Expenses:					
Personnel	-	4,520,898	1,576,936	3,285,483	9,383,317
Nonpersonnel	-	9,418,743	3,208,640	3,105,849	15,733,232
Purchased power and other costs	51,152,003	-	-	-	51,152,003
Depreciation and amortization	5,330,061	6,335,496	1,212,003	959,825	13,837,385
Total Operating Expenses	56,482,064	20,275,137	5,997,579	7,351,157	90,105,937
Operating Income (Loss)	(454,616)	(10,062,429)	1,999,959	1,764,251	(6,752,835)
Nonoperating Revenues (Expenses):					
Dividends from associated companies	4,326,608	-	-	-	4,326,608
Passenger facility charges	-	935,811	-	-	935,811
Nonoperating grants	669,905	125,331	-	-	795,236
CARES grant	-	7,636,908	-	-	7,636,908
Intergovernmental	-	-	44,400	152,442	196,842
Investment income	82,765	33,564	433	2,099	118,861
Other income/(expense) - net	84,501	278,998	40,497	47,224	451,220
Interest expense	(2,455,482)	(1,830,955)	(405,517)	(336,159)	(5,028,113)
Gain (loss) on disposal of capital assets	(248,260)	606	(1,475)	(15,129)	(264,258)
Total Nonoperating Revenues (Expenses)	2,460,037	7,180,263	(321,662)	(149,523)	9,169,115
Income (loss) Before Contributions and Other Items	2,005,421	(2,882,166)	1,678,297	1,614,728	2,416,280
Capital contributions	647,678	18,704,507	-	-	19,352,185
Transfers out	(2,696,171)	-	(1,182,304)	(621,704)	(4,500,179)
Change in Net Position	(43,072)	15,822,341	495,993	993,024	17,268,286
Net Position, at Beginning of Year, as restated	60,793,213	170,548,448	13,923,290	17,783,496	263,048,447
Net Position, at End of Year	\$ 60,750,141	\$ 186,370,789	\$ 14,419,283	\$ 18,776,520	\$ 280,316,733

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

CITY OF BURLINGTON, VERMONT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2021

	Electric	Airport	Wastewater	Nonmajor Enterprise Funds	Total
Cash Flows From Operating Activities:					
Receipts from customers and users	\$ 55,540,772	\$ 10,600,383	\$ 8,065,582	\$ 9,055,624	\$ 83,262,361
Receipts of operating grants	-	192,368	-	-	192,368
Payments for power and other costs	(49,870,398)	-	-	-	(49,870,398)
Payments to suppliers	-	(9,928,167)	(2,795,619)	(2,907,029)	(15,630,815)
Payments for wages and benefits	-	(4,456,422)	(1,566,011)	(3,243,657)	(9,266,090)
Other receipts	84,501	136,117	40,497	1,150	262,265
Net Cash Provided by (Used for) Operating Activities	5,754,875	(3,455,721)	3,744,449	2,906,088	8,949,691
Cash Flows From Noncapital Financing Activities:					
Payment in lieu of taxes	(2,696,171)	-	(1,177,655)	(496,354)	(4,370,180)
COVID grants	-	9,303,489	-	-	9,303,489
Energy efficiency utility	669,905	-	-	-	669,905
Intergovernmental revenues	-	125,331	44,400	152,442	322,173
Loan payments from BCDC	-	78,921	-	-	78,921
Transfers in	-	-	-	7,841	7,841
Transfers out	-	-	(4,649)	(133,191)	(137,840)
Net Cash Provided by (Used for) Noncapital Financing Activities	(2,026,266)	9,507,741	(1,137,904)	(469,262)	5,874,309
Cash Flows From Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(4,802,903)	(19,375,624)	(4,148,514)	(595,204)	(28,922,245)
Proceeds from bonds and loans	3,000,000	1,917,419	2,606,014	498,159	8,021,592
Capital grants/contributions	647,678	17,886,411	-	-	18,534,089
Passenger facility charges	-	644,816	-	-	644,816
Repayment to Federal Aviation Authority	-	(2,447,766)	-	-	(2,447,766)
Drawdowns on line of credit	-	1,268,574	-	-	1,268,574
Repayment of line of credit	-	(12,867,246)	-	-	(12,867,246)
Deposit to refunding escrow from release of DSR	-	(1,572,200)	-	-	(1,572,200)
Release from lease escrow	-	18,367	-	-	18,367
Principal paid on:					
General obligation bonds	(5,035,000)	-	-	-	(5,035,000)
Revenue bonds	-	(2,355,000)	(732,281)	(250,000)	(3,337,281)
Capital lease obligations	-	(600,281)	(18,567)	(112,459)	(731,307)
Interest paid on outstanding debt, including issue costs	(2,691,219)	(1,877,812)	(405,517)	(336,159)	(5,310,707)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(8,881,444)	(19,360,342)	(2,698,865)	(795,663)	(31,736,314)
Cash Flows From Investing Activities:					
Deposits with bond trustees	(3,116,479)	-	-	-	(3,116,479)
Proceeds from deposits with bond trustees	3,284,338	-	-	-	3,284,338
Purchase of equity interest in associated companies	(1,074,380)	-	-	-	(1,074,380)
Sale of investments	-	1,061,759	-	-	1,061,759
Receipt of interest and dividends	4,302,877	33,564	433	2,099	4,338,973
Net Cash Provided by Investing Activities	3,396,356	1,095,323	433	2,099	4,494,211
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,756,479)	(12,212,999)	(91,887)	1,643,262	(12,418,103)
Cash and cash equivalents at beginning of year	11,616,467	31,592,469	4,395,863	6,747,016	54,351,815
Cash and cash equivalents at end of year	\$ 9,859,988	\$ 19,379,470	\$ 4,303,976	\$ 8,390,278	\$ 41,933,712

(continued)

CITY OF BURLINGTON, VERMONT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2021

(continued)

	Electric	Airport	Wastewater	Nonmajor Enterprise Funds	Total
Adjustments to Reconcile Operating Income/(Loss) to Net Cash					
Provided by (Used for) Operating Activities:					
Operating income/(loss)	\$ (454,616)	\$ (10,062,429)	\$ 1,999,959	\$ 1,764,251	\$ (6,752,835)
Depreciation and amortization*	5,504,716	6,335,496	1,212,003	959,825	14,012,040
Other revenues and building rents	-	508,985	40,497	1,150	550,632
Other building expenses	-	(372,868)	-	-	(372,868)
Changes in assets, liabilities, and deferred outflows/inflows:					
(Increase)/decrease in receivables	(582,738)	475,920	68,044	(59,834)	(98,608)
(Increase)/decrease in inventory	(131,107)	(41,824)	(23,379)	2,255	(194,055)
(Increase)/decrease in prepaids	-	(55,589)	1,150	694	(53,745)
(Increase)/decrease in deferred outflows	(1,112,841)	(210,067)	(14,965)	(140,939)	(1,478,812)
Increase/(decrease) in accounts payable	57,706	(400,678)	435,250	195,872	288,150
Increase/(decrease) in accrued liabilities	-	2,277	4,972	23,808	31,057
Increase/(decrease) in net pension liability	2,409,825	529,469	43,237	307,261	3,289,792
Increase/(decrease) in total OPEB liability	53,807	13,831	6,004	6,922	80,564
Increase/(decrease) in compensated absences	48,222	(32,440)	13,716	12,657	42,155
Increase/(decrease) in unearned revenue	-	104,123	-	-	104,123
Increase/(decrease) in other operating assets/liabilities	(129,213)	(11,333)	-	2,139	(138,407)
Increase/(decrease) in deferred inflows	91,114	(238,594)	(42,039)	(169,973)	(359,492)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 5,754,875</u>	<u>\$ (3,455,721)</u>	<u>\$ 3,744,449</u>	<u>\$ 2,906,088</u>	<u>\$ 8,949,691</u>

* Electric depreciation and amortization includes change in deferred depreciation reported in other noncurrent assets.

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

CITY OF BURLINGTON, VERMONT
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2021

	Pension Trust <u>Fund</u>	Private Purpose Trust <u>Fund</u>	Custodial <u>Fund</u>
ASSETS			
Current:			
Cash and cash equivalents	\$ 3,049,909	\$ 38,302	\$ 3,271,600
Investments:			
Mutual funds	228,386,919	-	-
Limited partnerships	17,151,687	-	-
Accounts receivable	-	-	314,806
Contribution receivable	299,193	-	-
Prepaid expenses	40,344	-	-
Noncurrent:			
Capital assets, net of accumulated depreciation	<u>330,422</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 249,258,474</u>	<u>\$ 38,302</u>	<u>\$ 3,586,406</u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Current:			
Accounts payable	\$ 102,395	\$ -	\$ 267,339
Gross revenue taxes payable	-	-	6,871
Fuel taxes payable	-	-	1,133
Accrued liabilities	2,713	-	-
Current portion of long-term liabilities:			
Capital lease payable	<u>73,724</u>	<u>-</u>	<u>-</u>
Total current liabilities	178,832	-	275,343
Noncurrent, net of current portion:			
Capital lease payable	<u>144,720</u>	<u>-</u>	<u>-</u>
Total Liabilities	323,552	-	275,343
NET POSITION			
Restricted for pensions	248,934,922	-	-
Restricted for individuals and organizations	-	38,302	-
Restricted for Energy Efficiency Utility programs	-	-	3,311,063
Total Net Position	<u>248,934,922</u>	<u>38,302</u>	<u>3,311,063</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 249,258,474</u>	<u>\$ 38,302</u>	<u>\$ 3,586,406</u>

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

CITY OF BURLINGTON, VERMONT

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2021

	Pension Trust <u>Fund</u>	Private Purpose Trust <u>Fund</u>	Custodial <u>Fund</u>
Additions:			
Contributions:			
Employer - pension	\$ 10,236,862	\$ -	\$ -
Plan members	<u>3,522,346</u>	<u>-</u>	<u>-</u>
Total Contributions	13,759,208	-	-
Investment earnings:			
Investment income	11,771,317	86	-
Net increase/(decrease) in the fair value of investments	<u>48,476,485</u>	<u>-</u>	<u>-</u>
Total Investment Earnings	60,247,802	86	-
Less Investment Expenses	<u>(436,095)</u>	<u>-</u>	<u>-</u>
Net Investment Earnings	59,811,707	86	-
EEC collections from customers	-	-	2,701,378
Forward Capacity Market	-	-	379,217
Regional Greenhouse Gas Initiative	<u>-</u>	<u>-</u>	<u>221,742</u>
Total Additions	73,570,915	86	3,302,337
Deductions:			
Benefits - pension	18,411,849	-	-
Administrative expenses	762,205	-	-
Depreciation	50,100	-	-
Payments for programs	-	-	2,513,812
Payments for administration	-	-	371,078
EEC uncollectible return	-	-	15,189
Gross revenue taxes	-	-	14,182
Fuel taxes	<u>-</u>	<u>-</u>	<u>13,507</u>
Total Deductions	<u>19,224,154</u>	<u>-</u>	<u>2,927,768</u>
Change in net position	54,346,761	86	374,569
Net position restricted for pensions and other purposes:			
Beginning of year, as restated	<u>194,588,161</u>	<u>38,216</u>	<u>2,936,494</u>
End of year	<u>\$ 248,934,922</u>	<u>\$ 38,302</u>	<u>\$ 3,311,063</u>

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

CITY OF BURLINGTON, VERMONT

Notes to Financial Statements

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

1. Summary of Significant Accounting Policies

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

A. *The Financial Reporting Entity*

This report includes all of the funds of the City of Burlington, Vermont. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization’s governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The following entity is reported as a discretely presented component unit, in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City because it is fiscally dependent on the City but does not provide services almost entirely to the City and the City guarantees the debt of the School District.

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

the community's youth. For detailed information on the Burlington School District accounts, refer to separately issued financial statements which can be obtained by contacting the School District's Financial Management at 150 Colchester Avenue, Burlington, Vermont 05401.

B. Basis of Presentation

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

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

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government, the City, and its component unit, the Burlington School District. These statements include the financial activities of the overall City, except for fiduciary activities. The statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Eliminations have been made to minimize the double counting of activities between funds. However, interfund services provided and used are not eliminated in the consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed

in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

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

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

The City reports on the following major governmental funds:

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

Capital Project Fund – This fund accounts for resources obtained and expended for the acquisition of major capital facilities or equipment.

The City reports on the following major enterprise funds:

Electric Fund - This fund accounts for the operations of the Burlington Electric Department. For more details on this fund, refer to separately issued financial statements.

Airport Fund - This fund accounts for the operations of the Burlington International Airport. For more details on this fund, refer to separately issued financial statements.

Wastewater Fund - The Division of Public Works provides 3 wastewater treatment plants, 25 pump stations, and 100 miles of collection system for year-

round wastewater disposal. For more details on this fund, refer to separately issued financial statements.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred. The City reports the following fund types:

Pension Trust Fund – This fund accounts for monies contributed by the City and its employees and the income on investments less amounts expended for the pensions of retired City employees. This fund is partially funded by a dedicated tax rate which is determined by the City’s Retirement Board, and subject to annual appropriation by the City Council.

Private-Purpose Trust Fund – This fund is used to report trust arrangements under which resources are to be used for the benefit of firemen injured in the line of duty, Christmas gifts for servicemen overseas, and Christmas dinners for the destitute. All investment earnings, and in some cases, the principal of these funds may be used to support these activities.

Custodial Fund – Effective January 1, 2020, Burlington Electric Department (BED) began to function as a fiscal agent and fund administrator under 30 V.S.A Section 209(d)(3) for Vermont Energy Efficiency Utility (EEU) and Thermal Energy and Process Fuels (TEPF) activities.

C. Measurement Focus

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

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

D. Basis of Accounting

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

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

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

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

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

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

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

E. Cash and Cash equivalents

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

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and sweep account is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and equivalents".

For purpose of the Statement of Cash Flows, the proprietary funds consider investments with original maturities of three months or less to be cash equivalents.

F. Investments

Investments, generally, are presented at fair value. Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using net asset value (NAV). The NAV per share is the amount of net assets attributable to each share of capital stock outstanding at the close of the period. Investments measured at NAV for fair value are not subject to level classification.

G. Interfund Receivables and Payables

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

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

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

H. Jointly Owned Facilities

The Burlington Electric Department has recorded its 50% ownership interest in the McNeil Generating Station as capital assets. The Department is responsible for its proportionate share of the operating expenses of the jointly owned facilities which are billed to the Department on a monthly basis. The associated operating costs allocated to the Department are classified in their respective expense categories in the statement of operations. Separate financial statements are available from the Department.

I. Equity Interests in Associated Companies

The Electric Department follows the cost method of accounting for its 6.38% Class B common stock, 1.97% Class C common stock and 7.69% Class C preferred stock ownership interest in Vermont Electric Power Company, Inc. (VELCO), and its 5.46% ownership interest in Vermont Transco LLC (Transco). Transco is an affiliated entity of VELCO. VELCO owns and operates a transmission system in the State of Vermont over which bulk power is delivered to all electric utilities in the State of Vermont. Under a Power Transmission Contract with the State of Vermont, VELCO bills all costs, including amortization of its debt and a fixed return on equity, to the State of Vermont and others using the system.

During the year ended June 30, 2021, the Department purchased 47,273 Class A Units and 60,165 Class B Units in Transco for a cost of \$1,074,380.

Schedule of Ownership in Associated Companies at June 30, 2021:

Velco, Class B Common Stock	\$ 1,403,800
Velco, Class C Common Stock	39,200
Velco, Class C Preferred Stock	11,196
VT Transco, LLC, A Units	14,613,571
VT Transco, LLC, B Units	<u>18,599,079</u>
	<u>\$ 34,666,846</u>

J. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government wide and fund financial

statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

K. Capital Assets

City

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

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

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

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

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

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

Electric Department

The Electric Department capital assets are stated at historical cost. Provisions for depreciation of general capital assets are reported using the straight-line method at rates based upon the estimated service lives and salvage values of the several classes of property. Depreciation of capital assets of the McNeil Station, the Highgate Converter Facility, and the Winooski One hydroelectric plant, are calculated using the straight-line method. However, a portion of the current depreciation expense is only recoverable through future rates. The difference is included in deferred charges (calculated as the straight-line depreciation expense less the depreciation expense on a sinking fund basis) and will be recovered in future years. See Note 12, Regulatory Assets and Other Prepaid Charges.

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

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

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

The depreciable lives of utility plant are as follows:

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

Discretely Presented Component Unit – School District

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

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

Estimated useful lives are as follows:

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

L. Renewable Energy Credit Sales

The Electric Department received Renewable Energy Certificates (RECs) based on the amount of energy produced by its resources in a year. These RECs have value in terms of allowing the holder to demonstrate compliance with the Renewable Portfolio Standard (RPS) requirements of the various New Engagement states. These RECs may be bought and sold, separate from the underlying energy production, and vary in value based on the amount of supply versus the demands created by the RPS, for that particular type of REC. The ability to claim energy renewability is transferred with the REC (either lost in the case of a REC sale or acquired in the case of a REC purchase).

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

In 2008, the McNeil Generating Station (McNeil) installed a Regenerative Selective Catalytic Reduction (RSCR) unit. The RSCR unit significantly reduces McNeil’s Nitrous Oxide (NOx) emission levels which allows the station to qualify to sell Connecticut Class 1 Renewable Energy Certificates (RECs). The McNeil RECs are determined to be qualified for sale based on a review of emissions outputs submitted by McNeil. At the end of every quarter, an affidavit is signed stating whether

or not McNeil's emissions output met the requirements needed to sell the RECs. McNeil receives a certification from the State of Connecticut indicating that they met the standards for the quarter based on the statistics provided by McNeil. Sales are recorded as revenue upon delivery of the RECs to the customer.

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

The Electric Department receives RECs from the Vermont Wind Project in Sheffield (the Electric Department is entitled to 40% of the output of the 40MW project), the Georgia Mountain Community Wind Farm (the Electric Department has entitlement to the full 100 MW of output from this project), along with RECs from its entitlement to 13.5 MW of the 52 MW Hancock Wind Project. The RECs from all of these wind facilities are qualified for participation in most of the high value New England REC markets.

In February 2015, the Electric Department commissioned a 500 KW AC solar array at the Burlington International Airport (and leases space on the parking garage roof under a long-term agreement between the Department and the Burlington International Airport). Following that, in October 2018, the Department commissioned a 107 KW AC solar array at the Electric Department's offices at 585 Pine Street. The Department owns 100% of these resources. Additionally, Burlington receives RECs from South Forty Solar, a 2.5 MW solar array, as well as several smaller solar arrays totaling 409 kW. These solar arrays are designed to help reduce the Electric Department's peak demand and energy needs during high priced periods.

The Electric Department no longer receives RECs from Vermont Standard Offer projects purchased by the Vermont Purchasing Agent. At the end of 2016, the Department's status as a distribution utility that sources 100% of the load it serves from renewable sources exempted it from purchasing energy from these projects in 2017. This exemption will continue through at least 2022.

The Department purchases Class II RECs to replace the Class I RECs that are sold in the market to maintain its ability to claim 100% renewability. BED will continue to purchase RECs to replace the Class 1 RECs that are sold into the market on a voluntary basis. However, beginning in 2017 these RECs are eligible as a VT Class I resource to satisfy BED's Tier I obligation under Vermont's Renewable Energy Standard.

For the fiscal year ended June 30, 2021, REC revenue for McNeil, wind resources, the Winooski One hydro facility, and the solar arrays were \$3,943,923, \$3,280,049, \$630,000, and \$197,844, respectively.

M. Pollution Remediation Obligations

The Electric Department faces possible liability as a potentially responsible party (PRP) with respect to the cleanup of certain hazardous waste sites. The City is currently a PRP as a landowner of a hazardous waste superfund site in Burlington, Vermont that is the subject of a remediation investigation by the Environmental Protection Agency (the EPA). The Department has agreed to share on an equal basis all past and future costs incurred in connection with any and all settlements or actions resulting from the designation of the City as a PRP at this site. In light of the agreement between the City and the EPA concerning the remediation plan at the site, the Department believes that the likelihood of any liability material to the financial position of the Department is remote and as such, no liability has been accrued as of June 30, 2021.

The Electric Department faces possible liability with respect to the J. Edward Moran Electric Generation Station ("Moran Station"). The Moran Station is a decommissioned coal-fired power plant that was controlled and operated by the Department from 1954 until 1990 when the Department entered into a memorandum of understanding ("MOU") with the City of Burlington transferring responsibility for the Moran Station to the City. The MOU transferred the Moran Station to the City in "as is" condition and held the Department harmless for any and all future liability and or responsibility for such Moran Station and property, excluding environmental remediation (if any) which shall be required in the future by a state or federal environmental regulatory agency, for conditions existing before the transfer. In 2009 the City conducted an assessment of activities at the Moran Station site and was engaged in a corrective action plan with the Vermont Department of Environmental Conservation. The City and the Department entered into a letter of agreement in December 2009 where it was agreed that the Department shall make a \$100,000 payment to the City as settlement of the Department's liability for any and all environmental remediation costs associated with known environmental contamination at the Moran Station. In September 2019, the City began the efforts of creating a Site Resolution Plan and in February 2020, the City Council authorized the Mayor to execute a settlement agreement between the City and the Department to compensate the City for the costs of abating/remediating contaminants that had been identified at that time as requiring such abatement. As of June 30, 2021 no settlement has been finalized. The Department believes that any potential liability is unable to be reasonably estimated and as such no liability has been accrued as of June 30, 2021.

N. Compensated Absences

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

O. Liabilities to be Paid from Restricted Assets

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

P. Long-Term Obligations

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

Q. Fund Equity

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

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

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

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

gives authority to the Mayor to delegate assignments to staff. Approved resolutions after year-end are also classified as assigned funds.

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

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

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

R. Use of Estimates

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

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements for the general fund:

- 1) Departments, and departments with commission approval, prepare detailed recommendations to the Mayor on the budget. Prior to June 15, the Mayor, with the assistance of the other members of the Board of Finance, prepares and submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and estimated revenues.
- 2) Prior to July 1, the budget is legally enacted through passage of a resolution of the City Council.

- 3) The Mayor may propose, with the advice of the Board of Finance, amendments to the budget. Such proposed amendments require a majority approval of the City Council. The amount of such proposed amendments may be decreased by a simple majority vote of the City Council. Such proposed amendments may be increased above the level proposed by the Mayor only with a two-thirds vote of the City Council.
- 4) The Board of Finance is authorized to transfer budgeted amounts between line items within an appropriation account or within accounts of a department. Any revisions which increase the total expenditures of any department function or fund above the original appropriation must be approved by resolution of the City Council.
- 5) That portion of the designated fund balance that consists of operating and capital improvement carry-overs, represents unexpended appropriations, which are allowed to be carried over to later years as provided for by City Charter or by resolution of the City Council. All other unexpended appropriations lapse at the close of the fiscal year. The City Charter specifically prohibits expenditures in excess of appropriations, except on an emergency basis for health, police, fire and public welfare.
- 6) The City of Burlington tax rate can change each year by the cost of CCTA, Retirement, County and Debt Service without voter approval. However, any rate change on the tax rate for other purposes, above the maximum approved tax rate previously approved by voters, must be approved by City voters.
- 7) Title III, Section 70(a) of the Burlington City Charter defines the legal level of budgeting control at the department level. Excerpts of Section 70(a) are as follows:

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

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

B. Budgetary Basis

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

C. Budget Over Expenditures

The city attorney, community and economic development, and clerk treasurer departments overspent their budget by \$270,833, \$263,502 and \$109,537, respectively. Community and economic development, and clerk treasurer departments had offsetting revenues that exceeded budget to cover the expenditures.

D. Deficit Fund Equity

Certain individual funds reflected unassigned fund balance deficits as of June 30, 2021. It is anticipated that the deficits will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds. See the combining statements for deficits which are reflected as negative unassigned fund balance.

3. Deposits and Investments

Primary Government, excluding Electric Department

A. Custodial Credit Risk - Deposits

The custodial credit risk for deposits or investments is the risk that, in the event of the failure of the bank or counterparty to a transaction, the City will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of another party. The City’s deposits were insured or collateralized as of June 30, 2021.

B. Investment Summary

The following is a summary of the City’s investments as of June 30, 2021:

<u>Investment Type</u>	<u>Amount</u>
Municipal bonds	\$ 1,404,270
Market-linked certificates of deposits	<u>3,299,197</u>
Total investments	<u>\$ 4,703,467</u>

C. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City’s investments in municipal bonds were rated Aa3 by Moody’s at June 30, 2021. Market-linked certificates of deposits were unrated at June 30, 2021.

D. Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. At June 30, 2021, the City’s investment in Connecticut State General Obligation BDS Teachers Retirement Fund A of \$1,138,120 represented 24% of City’s investments while remaining investments represented approximately \$250,000 each or 5% of City’s investments.

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of June 30, 2021, the maturities of the City’s investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity in Years</u>		
		<u>Less than One Year</u>	<u>1-5</u>	<u>6-10</u>
Municipal bonds	\$ 1,404,270	\$ -	\$ 1,404,270	\$ -
Market-linked certificates of deposit	3,299,197	1,263,657	2,035,540	-
Total investments	<u>\$ 4,703,467</u>	<u>\$ 1,263,657</u>	<u>\$ 3,439,810</u>	<u>\$ -</u>

F. Foreign Currency Risk

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

G. Fair Value

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

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

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

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

The City categorizes its fair value investments as follows:

Investment Type	Fair Value	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:				
Debt securities:				
Municipal bonds	\$ 1,404,270	\$ -	\$ 1,404,270	\$ -
Market-linked certificates of deposit	<u>3,299,197</u>	<u>-</u>	<u>3,299,197</u>	<u>-</u>
Total	<u>\$ 4,703,467</u>	<u>\$ -</u>	<u>\$ 4,703,467</u>	<u>\$ -</u>

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

Burlington Electric Department

A. Custodial Credit Risk – Deposits

The Department’s deposits at June 30, 2021 are insured or collateralized when combined with the City.

B. Investments

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

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

- 3) New Housing Authority Bonds issued by public agencies or municipalities and fully secured by a pledge of annual contributions under annual contribution contracts with the United States or America, or Project Notes issued by public agencies or municipalities and fully secured by a requisition or payment agreement with the United States of America.
- 4) Obligations of any state, commonwealth or territory of the United States of America, or the District of Columbia, or any political subdivision of the foregoing, with an investment grade rating not lower than the three highest categories by at least one nationally recognized debt rating service.
- 5) Certificates of deposit and bankers acceptances issued by banks which are members of the FDIC and each of which has a combined capital and surplus of not less than ten million dollars, provided that the time deposits in and acceptances of any bank under the Resolution (a) do not exceed at any time twenty-five percent of the combined capital and surplus of the bank or (b) are fully secured by obligations described in items 1, 2, 3, and 4 of this paragraph.
- 6) Repurchase contracts with banks which are described in item 5 of this paragraph, or with recognized primary dealers in government bonds, fully secured by obligations described in items 1, 2, 3, and 4 or this paragraph.

C. Concentration of Credit Risk

Concentration of credit risk of investments is the risk of loss attributable to the magnitude of a government's investment in a single issuer. The Electric Department invests its current operating cash in money market accounts with TD Bank, KeyBank, and Northfield Savings and its restricted noncurrent funds in several money market accounts with its bond trustees (Zions Bank), which are approximately 25% of the total investment balance at June 30, 2021.

D. Interest Rate Risk

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

The Electric Department's investments as of June 30, 2021 (all of which are restricted by Bond resolution) only included money market funds and U.S. Treasury Bills.

The Department is required by its bond indenture to make monthly deposits into the renewal and replacement fund equal to 10% of the monthly revenue bond debt service funding requirements. Funds on deposit may be withdrawn from the renewal and replacement fund for expenses allowed by the bond covenant. Amounts in excess

of \$867,000 at June 30, 2021 may be returned to the revenue fund. A summary of deposits with bond trustees is as follows:

	<u>6/30/21</u>
Bond funds:	
Renewal and replacement fund	\$ 867,000
Debt service fund	2,219,203
Debt service reserve fund	2,594,945
Accrued interest receivable	<u>411</u>
Total	<u>\$ 5,681,559</u>

E. Fair Value

All of the Electric Department’s investments, as of June 30, 2021, are considered to be Level 1 under the fair value hierarchy.

Discretely Presented Component Unit – School District

A. Credit Risk

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

B. Custodial Credit Risk

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

At June 30, 2021, out of the School Districts deposits of \$52,879,512, \$95,150 were uninsured or uncollateralized.

C. Interest Rate Risk

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

Burlington Employees Retirement System

A. Credit Risk

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

B. Custodial Credit Risk

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

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

C. Interest Rate Risk

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

D. Foreign Currency Risk

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

E. Fair Value

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

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

- EB DV Non-SL Stock Index Fund – Level 1
- EB DL Smid Cap Stock Index Fund – Level 2
- EB DV Non-SL International Stock Index Fund – Level 1
- EB DV Non-SL Emerging Markets Stock Index Fund – Level 1
- Johnson Institutional Core Bond – Level 2

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

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

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

The System categorizes its investments as follows:

Investments measured at the net asset value (NAV):	Value	Unfunded Commitments	Redemption		
			Frequency (If currently eligible)	Redemption Notice Period	
Hamilton Lane Secondary Fund II LP	\$ 62,781	\$ 417,305	N/A	(a)	N/A
Hamilton Lane Private Equity Offshore Fund VII Series A LP	809,566	195,175	N/A	(a)	N/A
Hamilton Lane Private Equity Offshore Fund VII Series B LP	378,269	174,774	N/A	(a)	N/A
Sustainable Woodlands Fund II LP	1,934,984	-	N/A	(a)	N/A
EB DV Non-SL Stock Index Fund	82,912,004	-	daily		1 day
Johnson Institutional Core Bond	40,085,900	-	daily		1 day
EB DL Smid Cap Stock Index Fund	41,608,433	-	daily		1 day
EB DV Non-SL International Stock Index Fund	36,479,793	-	daily		1 day
EB DV Non-SL Emerging Markets Stock Index Fund	27,300,789	-	weekly		2 days
USB Realty Investors LLC - Trumbull Prop	<u>13,966,087</u>	-	N/A	(a)	N/A
Total	\$ <u>245,538,606</u>				

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

4. Property Taxes Receivable

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

Property taxes receivable at June 30, 2021 consist of the following:

Property taxes:	
2021	\$ 1,122,176
2020	384,254
2019	69,460
Prior years	959,054
Less: Allowance for doubtful taxes	<u>(205,919)</u>
Total	\$ <u>2,329,025</u>

5. User Fees Receivable

User fees receivable include amounts due from customers for electric service, rent and passenger facility charges at the airport, water, wastewater, and stormwater usage. User fees receivable are reported net of an allowance for doubtful accounts depending on the aging of the receivables. Water, wastewater, and stormwater delinquent receivables are lienied in a similar manner as property taxes, described in Note 4.

User fees receivable and related allowance for doubtful accounts at June 30, 2021 consist of the following:

	<u>Billed</u> <u>Service Fees</u>	<u>Estimated</u> <u>Unbilled Fees</u>	<u>Allowance for</u> <u>Doubtful Fees</u>	<u>Total</u>
Electric	\$ 4,969,196	\$ 2,180,335	\$ (126,500)	\$ 7,023,031
Airport	1,236,459	-	(7,844)	1,228,615
Nonmajor Enterprise Funds:				
Wastewater	982,069	638,775	(3,000)	1,617,844
Water	903,013	564,009	(3,000)	1,464,022
Stormwater	202,229	130,867	-	333,096
Total	<u>\$ 8,292,966</u>	<u>\$ 3,513,986</u>	<u>\$ (140,344)</u>	<u>\$ 11,666,608</u>

6. Departmental and Other Receivables

Departmental and other receivables, as reported in the governmental funds, represent the following receivables, net of allowance for doubtful accounts depending on the aging of the receivables:

	<u>Gross</u>	<u>Allowance</u> <u>for Doubtful</u> <u>Accounts</u>	<u>Total</u>
Police tickets	\$ 2,237,794	\$ (1,684,652)	\$ 553,142
Local option sales tax	519,793	-	519,793
Ambulance and fire	1,219,728	(423,954)	795,774
Parking facilities	31,379	-	31,379
Church Street marketplace	95,491	-	95,491
Code enforcement	450,480	(117,190)	333,290
Equipment maintenance	105,208	-	105,208
Recycling	104,867	-	104,867
Franchise fees	135,823	-	135,823
Gross receipts tax	312,434	-	312,434
Other	105,472	-	105,472
Total	<u>\$ 5,318,469</u>	<u>\$ (2,225,796)</u>	<u>\$ 3,092,673</u>

7. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2021.

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Community and economic development	\$ 881,767	\$ -	\$ 881,767
Capital project grants	838,512	-	838,512
Airport improvement program (AIP) grants	-	5,351,447	5,351,447
State Revolving Loan program	-	2,116,993	2,116,993
Total	<u>\$ 1,720,279</u>	<u>\$ 7,468,440</u>	<u>\$ 9,188,719</u>

8. Loans Receivables

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

The following is a summary of the governmental funds loans receivables at June 30, 2021:

	<u>Receivable</u>	Less: <u>Discount</u>	Less: <u>Allowance</u>	<u>Total</u>
Community and Economic Development Loans:				
HODAG loans	\$ 7,415,942	\$ -	\$ (5,932,754)	\$ 1,483,188
Housing and urban development programs:				
HOME loans	10,825,252	(4,870,410)	(4,115,316)	1,839,526
Lead paint loans	2,793,418	(162,239)	(1,984,851)	646,328
Other CEDO loans	348,024	(74,196)	(90,252)	183,576
BCDC relief loan from Champlain Housing:	<u>132,983</u>	<u>-</u>	<u>-</u>	<u>132,983</u>
Total CEDO Loans	<u>\$ 21,515,619</u>	<u>\$ (5,106,845)</u>	<u>\$ (12,123,173)</u>	<u>\$ 4,285,601</u>

The following is a summary of the Primary Government's loans receivable at June 30, 2021:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
CEDO and BCDC loans on fund basis	\$ 4,285,601	\$ -	\$ 4,285,601
Airport loan for \$1,400,000 to assist in financing construction of the Aviation Support Hanger. The terms require annual payments of \$93,172 for 20 years with an interest rate of 3%, maturing in June 2026.	<u>-</u>	<u>432,105</u>	<u>432,105</u>
Total loans receivable	4,285,601	432,105	4,717,706
Less: amount due within one year	<u>(45,962)</u>	<u>(81,321)</u>	<u>(127,283)</u>
Loans receivable, net of current portion	<u>\$ 4,239,639</u>	<u>\$ 350,784</u>	<u>\$ 4,590,423</u>

9. Capital Lease Receivable

The governmental activities have one capital lease receivable from Westlake Parking, LLC dated 7/26/2007. The annual lease payment is \$72,000, including interest at 7% annually, maturing on 7/26/2026 with a lump sum payment of \$448,000. The lease requires an annual contribution of \$6,000 to Burlington Community Development Corporation (BCDC).

On the fund basis BCDC, a nonmajor special revenue fund, reports the receivable and an offsetting unavailable revenue (deferred inflow).

10. Interfund Accounts

Interfund receivable and payable accounts as of June 30, 2021 are as follows:

<u>Fund</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
General fund	\$ 5,214,557	\$ -
Nonmajor governmental funds:		
Parking facilities	-	3,226,229
Church street marketplace	-	241,080
Community development corporation	<u>-</u>	<u>1,747,248</u>
Total	<u>\$ 5,214,557</u>	<u>\$ 5,214,557</u>

The composition of advances to/from other funds (amounts considered to be long-term) as of June 30, 2021 is as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General fund	\$ 1,077,207	\$ -
Major capital project fund	<u>-</u>	<u>1,077,207</u>
Total	<u>\$ 1,077,207</u>	<u>\$ 1,077,207</u>

The City reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements. The following is an analysis of interfund transfers made in fiscal year 2021:

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
General fund	\$ 4,725,933	\$ 5,191,230
Capital project fund	5,303,616	-
Nonmajor governmental funds:		
Special revenue funds:		
Traffic	-	55,000
Parking Facilities	-	64,400
Community and economic development	126,541	-
TIF waterfront	-	185,121
TIF downtown	-	26,237
Church street marketplace	117,643	-
Impact fees	-	191,167
Permanent funds:		
Cemetery	<u>-</u>	<u>60,399</u>
Subtotal Nonmajor Governmental funds	244,184	582,324
 <u>Business-type Funds:</u>		
Major fund:		
Electric fund	-	2,696,171
Wastewater	-	1,182,304
Nonmajor funds:		
Water	-	464,643
Stormwater	<u>-</u>	<u>157,061</u>
Subtotal Business-type Funds:	<u>-</u>	<u>4,500,179</u>
Grand Total	<u>\$ 10,273,733</u>	<u>\$ 10,273,733</u>

Significant transfers include Electric, Wastewater, Water and Stormwater primarily for payments in lieu of taxes to General Fund. General Fund transfer out to Capital Project fund is primarily use of assigned fund balance for capital projects.

11. Capital Assets

Capital asset activity for the City's governmental and business-type activities for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 15,751,200	\$ -	\$ -	\$ 15,751,200
Construction in progress	34,544,991	11,050,483	-	45,595,474
Antiques and works of art	<u>52,000</u>	<u>-</u>	<u>-</u>	<u>52,000</u>
Total capital assets, not being depreciated	50,348,191	11,050,483	-	61,398,674
Capital assets, being depreciated:				
Land improvements	12,727,258	62,505	-	12,789,763
Buildings and building improvements	58,835,227	178,500	-	59,013,727
Vehicles, machinery, equipment and furniture	29,263,119	2,920,496	(1,120,914)	31,062,701
Book collections	2,730,166	-	-	2,730,166
Infrastructure	<u>144,373,252</u>	<u>5,578,807</u>	<u>-</u>	<u>149,952,059</u>
Total capital assets, being depreciated	247,929,022	8,740,308	(1,120,914)	255,548,416
Less accumulated depreciation for:				
Land improvements	(2,888,929)	(415,954)	-	(3,304,883)
Buildings and building improvements	(16,888,843)	(860,496)	-	(17,749,339)
Vehicles, machinery, equipment and furniture	(20,061,248)	(1,713,303)	1,094,996	(20,679,555)
Book collections	(2,262,045)	(164,405)	-	(2,426,450)
Infrastructure	<u>(86,622,483)</u>	<u>(4,117,428)</u>	<u>-</u>	<u>(90,739,911)</u>
Total accumulated depreciation	<u>(128,723,548)</u>	<u>(7,271,586)</u>	<u>1,094,996</u>	<u>(134,900,138)</u>
Total capital assets, being depreciated, net	<u>119,205,474</u>	<u>1,468,722</u>	<u>(25,918)</u>	<u>120,648,278</u>
Governmental activities capital assets, net	<u>\$ 169,553,665</u>	<u>\$ 12,519,205</u>	<u>\$ (25,918)</u>	<u>\$ 182,046,952</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 56,870,553	\$ -	\$ (1,900,000)	\$ 54,970,553
Construction in progress	<u>38,291,354</u>	<u>28,869,791</u>	<u>(5,612,902)</u>	<u>61,548,243</u>
Total capital assets, not being depreciated	95,161,907	28,869,791	(7,512,902)	116,518,796
Capital assets, being depreciated:				
Land improvements	126,826,085	-	-	126,826,085
Buildings and building improvements	86,084,344	-	-	86,084,344
Vehicles, machinery, equipment and furniture	27,197,234	624,838	(362,631)	27,459,441
Distribution and collection systems	<u>254,277,308</u>	<u>5,228,315</u>	<u>(1,243,746)</u>	<u>258,261,877</u>
Total capital assets, being depreciated	494,384,971	5,853,153	(1,606,377)	498,631,747
Less accumulated depreciation for:				
Land improvements	(47,982,893)	(1,958,860)	-	(49,941,753)
Buildings and building improvements	(63,172,640)	(4,502,713)	-	(67,675,353)
Vehicles, machinery, equipment and furniture	(20,828,427)	(848,626)	343,472	(21,333,581)
Distribution and collection systems	<u>(137,147,986)</u>	<u>(6,493,544)</u>	<u>1,027,019</u>	<u>(142,614,511)</u>
Total accumulated depreciation	<u>(269,131,946)</u>	<u>(13,803,743)</u>	<u>1,370,491</u>	<u>(281,565,198)</u>
Total capital assets, being depreciated, net	<u>225,253,025</u>	<u>(7,950,590)</u>	<u>(235,886)</u>	<u>217,066,549</u>
Business-type activities capital assets, net	<u>\$ 320,414,932</u>	<u>\$ 20,919,201</u>	<u>\$ (7,748,788)</u>	<u>\$ 333,585,345</u>

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

Governmental Activities:

General government	\$ 136,724
Public safety	1,025,519
Public works	4,361,906
Community development	208,040
Culture and recreation	<u>1,539,397</u>
Total depreciation expense - governmental activities	<u>\$ 7,271,586</u>

Business-Type Activities:

Electric	\$ 5,296,419 *
Airport	6,335,496
Wastewater	1,212,003
Water	856,626
Stormwater	<u>103,199</u>
Total depreciation expense - business-type activities	<u>\$ 13,803,743</u>

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

A summary of the Burlington School District's capital assets activity is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Burlington School District:				
Capital assets, not being depreciated:				
Land	\$ 2,251,677	\$	\$	\$ 2,251,677
Construction in progress	<u>552,473</u>	<u>227,651</u>	<u>(552,473)</u>	<u>227,651</u>
Total capital assets, not being depreciated	2,804,150	227,651	(552,473)	2,479,328
Capital assets, being depreciated:				
Buildings and building improvements	65,168,980	3,595,030	-	68,764,010
Vehicles, machinery, equipment and furniture	<u>5,684,723</u>	<u>418,323</u>	<u>(690,664)</u>	<u>5,412,382</u>
Total capital assets, being depreciated	70,853,703	4,013,353	(690,664)	74,176,392
Less accumulated depreciation for:				
Buildings and building improvements	(19,711,845)	(1,735,407)	-	(21,447,252)
Vehicles, machinery, equipment and furniture	<u>(4,558,957)</u>	<u>(307,508)</u>	<u>680,881</u>	<u>(4,185,584)</u>
Total accumulated depreciation	<u>(24,270,802)</u>	<u>(2,042,915)</u>	<u>680,881</u>	<u>(25,632,836)</u>
Total capital assets, being depreciated, net	<u>46,582,901</u>	<u>1,970,438</u>	<u>(9,783)</u>	<u>48,543,556</u>
Burlington School District capital assets, net	<u>\$ 49,387,051</u>	<u>\$ 2,198,089</u>	<u>\$ (562,256)</u>	<u>\$ 51,022,884</u>

12. Regulatory Assets and Regulatory Deferred Inflows of Resources

For the Electric Department, regulatory assets and regulatory deferred inflows of resources at June 30, 2021 comprise the following:

Deferred depreciation expense to be recovered in future years	\$ 1,370,699
COVID-19 capitalized personnel costs	<u>245,193</u>
Total regulatory assets	<u>\$ 1,615,892</u>
Deferred depreciation expense - McNeil Plant	\$ 3,002,391
Deferred depreciation expense - operating	<u>1,855,513</u>
Total regulatory deferred inflows of resources	<u>\$ 4,857,904</u>

Provisions for depreciation of capital assets are reported using the straight-line method at rates based upon the estimated service lives and salvage values of the several classes of property. However, a portion of the current depreciation expense is only recoverable through future rates. The difference is included in deferred charges (calculated as the straight-line depreciation expense less the depreciation expense on a sinking fund basis) and will be recovered in future years. The Department recorded straight-line depreciation of \$4,812,009 for the year ended June 30, 2021. In 2021, \$202,298 of deferred depreciation expense was realized. Unamortized deferred depreciation balance of \$1,370,699 remained at June 30, 2021. The deferred inflows represent accumulated deferred depreciation balances that became negative due to the fact that the financed assets were close to being fully depreciated when compared to the future debt sinking fund requirements.

13. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the City that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions and OPEB will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes.

14. Short-Term Debt

A. Grant Anticipation Note (GAN)

In November 2021, the Airport renewed the GAN 3.065%. The beginning balance of \$498,672 at July 1, 2020 was paid off with no additional drawdowns during the fiscal year 2021. The unused limit at June 30, 2021 was \$10,000,000.

B. Revenue Anticipation Note

In February 2012, the City issued on behalf of the Electric Department, a \$5,000,000 General Obligation Revenue Anticipation Note (Line of Credit) with a local bank, placing the Line of Credit directly with the Electric Department. On June 22, 2020, this Line of Credit was renewed for a two-year term to May 18, 2022. The Electric Department had the entire Line of Credit balance of \$5,000,000 available for use during fiscal year 2021 and there was no activity during the year.

C. State Revolving Loan Interim Notes

The Wastewater Fund had an interim loan from the State of Vermont EPA Clean Water State Revolving Fund with a beginning balance of \$1,161,799 at July 1, 2020 and additional drawdowns of \$4,074,464 during the fiscal year 2021. The Water and Stormwater Funds had new EPA loans with drawdowns of \$1,286,404 during the fiscal year 2021.

15. Long-Term Obligations – Primary Government

A. Types of Long-Term Obligations

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

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

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

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

Certificates of Participation (COPS) – The City enters into agreements for the purpose of financing the acquisition and/or renovation of land and buildings. These agreements qualify as long-term debt obligations for accounting purposes (even though they include clauses that allow for cancellation of the certificate of participation in the

event the City does not appropriate funds in future years). The Certificates of Participation are reported in governmental activities because all of the debt is expected to be repaid from general governmental revenues.

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

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

Compensated Absences – It is the policy of the City to permit certain employees to accumulate earned but unused benefits. The City allows employees to carryover up to 360 hours of vested vacation time to the next fiscal year. The City also allows all employees hired prior to July 1, 2000 to carry over the lesser of 25% of their sick leave balance or 120 hours. City employees hired after July 1, 2000 may carryover earned sick leave balances; however, it is not a vested benefit upon termination. Compensated absences are paid by the applicable fund where the employee is charged.

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

Pension and Other Post-employment Benefits – The City has recorded a liability for the governmental and business-type activities in the Statement of Net Position and in the individual enterprise funds which represent their actuarially determined liabilities for pension and other post-employment benefits. These costs relate to retirement and subsidized health care and life insurance for retirees during the period from retirement to the date of eligibility for social security benefits. Our proprietary fund pension and OPEB liabilities are liquidated by the Electric, Airport, and other enterprise funds. Remaining pension and OPEB liabilities are paid by the general fund.

A detailed listing of the general obligation bonds and other debt payable is as follows:

	Serial Maturities Through	Interest Rate(s) %	Amount Issued	Amount Outstanding as of 6/30/21
<u>Governmental Activities:</u>				
Non-TIF Public offering general obligation and revenue bonds:				
General Improvements 2011 Series B	06/30/2030	2.00 - 4.75%	\$ 1,000,000	\$ 500,000
Public Improvement Bonds 2012 Series A	06/30/2023	5.00%	1,000,000	90,000
Public Improvement Bonds 2012 Series A	06/30/2023	5.00%	2,000,000	185,000
Taxable G.O. Bonds 2013 Series A - Fiscal Stability	11/01/2028	3.50 - 5.25%	9,000,000	5,320,000
Public Improvement Bonds 2014 Series A	11/15/2034	0.51 - 3.99%	2,000,000	1,400,000
Public Improvement Bonds 2015 Series A	06/30/2023	5.00%	2,000,000	155,000
Refunding Bond Series 2016A	06/30/2030	3.00 - 5.00%	2,195,000	980,000
Public Improvement Bonds 2016 Series B	11/01/2036	4.00 - 5.00%	2,000,000	1,740,000
Refunding Bond Series 2016C	11/01/2029	2.00 - 5.00%	2,545,000	2,155,000
Public Improvement Bonds 2017 Series A	11/01/2036	1.20 - 3.85%	5,267,000	4,262,000
Public Improvement Bonds 2017 Series B	11/01/2032	5.00%	2,730,000	2,730,000
Public Improvement Bonds 2017 Series C	11/01/2037	2.00 - 5.00%	2,000,000	1,800,000
Public Improvement Bonds 2018 Series A - UVM & Champlain College	11/01/2037	4.00 - 5.00%	5,650,000	5,100,000
Public Improvement Bonds 2018 Series A - Fire Truck	11/01/2030	4.00 - 5.00%	3,000,000	2,615,000
Public Improvement Bonds 2018 Series A - G.O. Capital	11/01/2038	4.00 - 5.00%	6,000,000	5,630,000
Public Improvement Bonds 2018 Series B - City Portion	11/01/2038	5.00%	2,000,000	1,880,000
Public Improvement Bonds 2019 Series A - City Portion	11/01/2039	3.00 - 5.00%	2,000,000	1,945,000
Public Improvement Bonds 2019 Series A - Sustainable Bonds	11/01/2039	3.00 - 5.00%	10,500,000	10,200,000
Taxable G.O. Bonds Refunding 2019 Series C - City Portion	11/01/2035	1.844 - 3.031%	9,225,000	9,065,000
Total non-TIF public offering general obligation and revenue bonds				57,752,000
<u>Governmental Activities:</u>				
TIF public offering general obligation bonds:				
Refunding COP Series 2016A - Lakeview Garage Project	06/30/2025	3.00 - 5.00%	5,145,000	2,150,000
General Obligation Tax Increment Bonds, Series 2017D	11/01/2035	2.00 - 5.00%	3,400,000	2,995,000
General Obligation Tax Increment Bonds, Series 2018C	05/01/2025	5.00%	405,000	260,000
General Obligation Tax Increment Bonds, Series 2018D	11/01/2035	5.00%	1,570,000	1,445,000
General Obligation Waterfront Tax Increment Bonds Series 2018E	05/01/2025	4.30%	745,000	470,000
General Obligation Waterfront Tax Increment Bonds Series 2019	06/30/2025	2.61%	4,360,000	4,141,546
Total TIF public offering general obligation bonds				11,461,546
Total public offering general obligation and revenue bonds				
				69,213,546
TIF direct borrowing debt:				
HUD Section 108 - US Guaranteed Notes 2014	06/15/2025	5.00%	2,091,000	945,000
Total TIF direct borrowing debt				945,000
BCDC direct borrowing loans:				
Aviation support hanger	06/01/2026	3.00%	1,400,000	761,742
Total BCDC direct borrowing loans				761,742
Total direct borrowing debt:				
				1,706,742
TIF direct placement debt:				
Special Obligation Tax Increment Financing Bond	11/15/2024	0.51 - 4.28%	7,800,000	3,120,000
Total TIF direct placement debt				3,120,000
BCDC direct placement loans:				
Gilbane property	10/30/2025	6.25%	324,049	128,823
Relief long term notes	11/15/2024	3.25 - 4.00%	996,116	132,985
Total BCDC direct placement loans				261,808
Total direct placement debt				3,381,808
Total Governmental Activities:				\$ 74,302,096

The HUD Section 108-US guaranteed notes, originally issued in 2003 and 2005, have a variable rate of interest based on the three (3) month LIBOR rate plus 0.2%.

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

<u>Business-Type Activities:</u>	<u>Serial</u> <u>Maturities</u> <u>Through</u>	<u>Interest</u> <u>Rate(s) %</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>6/30/21</u>
Public offering general obligation bonds:				
Electric General Improvements 2011 Series B	11/01/2031	2.00 - 4.75%	\$ 1,000,000	\$ 640,000
Electric Public Improvement 2012 Series A	11/01/2032	5.00%	2,000,000	185,000
Electric Public Improvement 2012 Series A	11/01/2032	5.00%	1,750,000	160,000
Electric Taxable Public Improvement 2012 Series B	11/01/2032	6.00%	1,250,000	915,000
Electric G.O. Public Improvement Bonds 2014 Series 3	11/01/2034	2.78%	3,000,000	2,100,000
Electric G.O. Public Improvement Bonds 2015 Series A	11/01/2035	5.00%	3,000,000	235,000
Electric G.O. Refunding Bond 2016 Series A	11/01/2029	2.00-5.00%	10,235,000	7,990,000
Electric G.O. Public Improvement Bonds 2016 Series B	11/01/2036	4.00 - 5.00%	3,000,000	2,610,000
Electric G.O. Refunding Bond 2016 Series C	11/01/2029	2.00 - 5.00%	7,785,000	6,585,000
Electric Taxable Refunding 2016 Series D	11/01/2029	1.15 - 3.25%	9,680,000	7,890,000
Electric G.O. Public Improvement Bonds 2017 Series C	11/01/2037	2.00 - 5.00%	3,000,000	2,695,000
Electric G.O. Public Improvement Bonds 2018 Series B	11/01/2038	5.00%	3,000,000	2,815,000
Electric G.O. Public Improvement Bonds 2019 Series A	11/01/2040	4.39%	3,000,000	2,915,000
Electric G.O. Public Improvement Bonds 2019 Series C	11/01/2036	2.59%	8,130,000	7,970,000
Electric Bond Anticipation Note 2020	10/21/2021	0.72%	3,000,000	3,000,000
Total public offering general obligation bonds				48,705,000
Other public offering debt:				
Electric Revenue Bonds 2011 Series A	07/01/2031	4.25 - 5.75%	8,775,000	315,000
Electric Revenue Bonds 2011 Series B	07/01/2031	7.25 - 8.25%	3,135,000	145,000
Airport Revenue Refunding 2012 Series A	07/01/2028	4.00 - 5.00%	17,670,000	11,520,000
Electric Revenue Bonds 2014 Series A	07/01/2035	3.78%	12,000,000	9,225,000
Electric Revenue Bonds 2014 Series B	07/01/2035	3.36%	5,820,000	2,535,000
Airport Revenue Refunding 2014 Series A	07/01/2030	0.67 - 3.59%	15,660,000	9,515,000
Water System Revenue Bonds 2017 Series A	11/01/2036	2.00 - 5.00%	3,250,000	2,885,000
Electric Revenue Bonds 2017 Series A	07/01/2031	4.00 - 5.00%	4,010,000	4,010,000
Taxable Electric Revenue Bonds 2017 Series B	07/01/2031	2.20 - 3.65%	5,410,000	4,755,000
Water System Revenue Bonds 2018 Series A	11/01/2038	4.00 - 5.00%	2,000,000	1,875,000
Water System Revenue Bonds 2018 Series B	11/01/2038	5.00%	2,000,000	1,880,000
Airport Revenue Refunding 2021 Series A	07/01/2030	1.20 - 3.00%	5,175,000	5,175,000
Total other public offering debt				53,835,000
Total public offering debt:				102,540,000
Direct borrowing debt:				
Stormwater Revenue Obligation Bond (VMBB)	10/01/2031	0.00%	1,204,000	298,167
Wastewater State of VT-EPA 2006 Series 1 (Siphon)	02/01/2027	0.00%	1,650,000	607,862
Wastewater State of VT-EPA 2001 Series 1 (Digester)	08/01/2027	0.00%	2,500,000	723,451
Wastewater State of VT-EPA 2009 Series I (Turbo)	10/01/2031	0.00%	120,000	36,757
Water State Revolving Loan RF3-295	11/01/2034	1.00%	253,340	154,450
Total direct borrowing debt				1,820,687
Direct placement debt:				
Wastewater VT Municipal Bond Bank 2014 Series 1	11/15/2033	0.643 - 4.723%	14,645,620	9,519,653
Total direct placement debt				9,519,653
Total Business-Type Activities:				\$ 113,880,340

B. Future Debt Service

The annual payments to retire all governmental general obligation long-term debt outstanding as of June 30, 2021 are as follows:

Year Ending June 30,	Governmental Activities					
	Public Offering General Obligation		Direct Borrowing		Direct Placement	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 4,260,636	\$ 2,978,045	\$ 299,947	\$ 33,055	\$ 852,175	\$ 166,603
2023	4,400,636	2,726,220	303,970	25,639	855,595	136,293
2024	4,540,637	2,463,242	308,095	18,284	838,096	103,841
2025	8,404,637	2,270,504	493,495	11,598	822,688	69,656
2026	4,095,000	2,001,132	124,418	5,487	13,254	47,641
2027 - 2031	20,624,000	7,162,280	176,817	3,046	-	146,604
2032 - 2036	15,783,000	3,250,799	-	-	-	31,569
2037 - 2041	7,105,000	492,276	-	-	-	-
Total	\$ 69,213,546	\$ 23,344,498	\$ 1,706,742	\$ 97,109	\$ 3,381,808	\$ 702,207

The annual payments to retire all business-type long-term debt outstanding as of June 30, 2021 are as follows:

Year Ending June 30,	Business-Type Activities					
	Public Offering General Obligation and Revenue Bonds		Direct Borrowing		Direct Placement	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 8,810,000	\$ 3,472,896	\$ 226,308	\$ 4,421	\$ 732,281	\$ 369,440
2023	5,635,000	3,682,904	230,912	4,201	732,281	345,881
2024	8,690,000	3,671,882	235,609	3,975	732,281	320,766
2025	9,070,000	3,302,386	240,402	3,743	732,281	294,273
2026	8,775,000	2,803,879	245,294	3,503	732,281	266,546
2027 - 2031	45,525,000	8,335,125	514,062	13,661	3,661,405	885,825
2032 - 2036	12,740,000	2,168,884	116,162	6,495	2,196,843	144,725
2037 - 2041	3,295,000	253,125	11,938	342	-	-
Total	\$ 102,540,000	\$ 27,691,081	\$ 1,820,687	\$ 40,341	\$ 9,519,653	\$ 2,627,456

C. Changes in General Long-Term Liabilities

During the year ended June 30, 2021, the following changes occurred in long-term liabilities for the City's governmental and business-type activities:

	Total Balance 7/1/2020	Additions	Refunding	Reductions	Total Balance 6/30/2021	Less Current Portion	Equals Long Term Portion
Governmental Activities:							
Bonds payable:							
General obligation bonds	\$ 73,584,182	\$ -	\$ -	\$ (4,370,636)	\$ 69,213,546	\$ (4,260,636)	\$ 64,952,910
Revenue bonds	3,583,671	-	-	(3,583,671)	-	-	-
Debt from direct borrowings and direct placements	8,066,580	-	-	(2,978,030)	5,088,550	(1,152,122)	3,936,428
Add unamortized premium	6,136,354	-	-	(407,879)	5,728,475	(408,052)	5,320,423
Subtotal bonds payable	91,370,787	-	-	(11,340,216)	80,030,571	(5,820,810)	74,209,761
Obligations under capital leases	1,790,582	3,467,485	-	(677,799)	4,580,268	(994,502)	3,585,766
Compensated absences	2,650,005	2,032,642	-	(1,586,504)	3,096,143	(309,614)	2,786,529
Insurance reserves	1,463,427	-	-	(441,906)	1,021,521	(616,072)	405,449
Net pension liability	56,323,943	10,341,379	-	-	66,665,322	-	66,665,322
Total OPEB liability	5,086,132	273,519	-	-	5,359,651	-	5,359,651
Total	\$ 158,684,876	\$ 16,115,025	\$ -	\$ (14,046,425)	\$ 160,753,476	\$ (7,740,998)	\$ 153,012,478

	Total Balance 7/1/2020	Additions	Refunding	Reductions	Total Balance 6/30/2021	Less Current Portion	Equals Long Term Portion
Business-type Activities:							
Bonds payable:							
General obligation bonds	\$ 48,995,000	\$ 3,000,000	\$ -	\$ (3,290,000)	\$ 48,705,000	\$ (3,420,000)	\$ 45,285,000
Revenue bonds	58,095,000	5,175,000	(5,085,000)	(4,350,000)	53,835,000	(2,070,000)	51,765,000
Debt from direct borrowings and direct placements	12,072,621	-	-	(732,281)	11,340,340	(958,589)	10,381,751
Add unamortized premium	5,977,995	-	-	(506,371)	5,471,624	(177,581)	5,294,043
Less unamortized discount	(1,609,110)	70,142	-	-	(1,538,968)	-	(1,538,968)
Subtotal	123,531,506	8,245,142	(5,085,000)	(8,878,652)	117,812,996	(6,626,170)	111,186,826
Obligations under capital leases	4,508,623	-	-	(731,307)	3,777,316	(743,713)	3,033,603
Compensated absences	1,654,056	232,343	-	(190,188)	1,696,211	(625,203)	1,071,008
Net pension liability	18,830,053	4,447,186	-	(1,157,394)	22,119,845	-	22,119,845
Total OPEB liability	1,498,104	80,564	-	-	1,578,668	-	1,578,668
Other noncurrent liabilities	390,532	-	-	(1,353)	389,179	-	389,179
Total	\$ 150,412,874	\$ 13,005,235	\$ (5,085,000)	\$ (10,958,894)	\$ 147,374,215	\$ (7,995,086)	\$ 139,379,129

D. Advanced Refunding

On March 16, 2021, the Airport issued taxable airport revenue refunding bonds 2021 Series A (the “refunding bonds”) in the amount of \$5,175,000 with variable interest rates ranging from 1.2% to 3.0% and released debt service reserves of \$2,157,700 to partially advance refund \$5,085,000 of the 2012 and 2014 Series A Revenue Bond payments with interest rates of 4-5% maturing on July 1, 2021, January 1, 2022 and July 1, 2022. After issuance costs and discount of \$329,908, and funding of the new debt service reserve of \$258,962, the net proceeds were \$6,743,830. The net proceeds from the issuance of the refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the refunded bonds mature. The advance refunding met the requirements of an in-substance debt defeasance and the refunded bonds were removed from the Airport’s financial statements.

As a result of the advance refunding, the Airport reduced its total debt service cash flow requirements by \$1,589,226, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$481,634. Defeased debt at June 30, 2021 is \$5,085,000.

16. Capital Lease Obligations

Primary Government

The City is the lessee of certain equipment under capital leases expiring in various years through 2030.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital lease for airport equipment. The rental payments are to be made in equal annual installments of \$74,487 including interest at 2.77% annually, maturing on August 10, 2025.	\$ -	\$ 344,620
Capital lease for general fund, traffic, and airport equipment. The rental payments are to be made in equal semiannual installments of \$201,469 including interest at 2.37% annually, maturing on September 2, 2024.	498,152	588,951
Capital lease for airport. The rental payments are to be made in equal semiannual installments of \$172,507 including interest at 2.99% annually, maturing on September 18, 2027.	-	2,024,452
Capital lease for airport and parks vehicles, and DPW equipment. The rental payments are to be made in equal semiannual installments of \$172,696 (inclusive of the Pension System) including interest at 2.465% annually, maturing on September 30, 2023.	618,303	214,140
Capital lease for wastewater truck. The rental payments are to be made in equal monthly installments of \$1,812 including interest at 3.76% annually, maturing on February 20, 2025.	-	74,366
Capital lease for general fund vehicles. The rental payments are to be made in equal monthly installments of \$102,833, including interest at 3.45%, maturing on May 15, 2023.	195,345	-
Capital lease for water truck. The rental payments are to be made in equal annual installments of \$16,338 including interest at 4.15% annually, maturing on March 15, 2026.	-	72,427
Capital lease for water equipment and vehicles. The rental payments are to be made in equal semiannual installments of \$159,498, including interest at 1.64% annually, maturing on June 19, 2027.	968,134	458,360
Capital lease for general fund vehicles. The rental payments are to be made in semiannual installments that range from \$320,181 to \$153,457, including interest at 1.10% annually, maturing on November 1, 2030.	<u>2,300,334</u>	<u>-</u>
Total capital lease obligations	4,580,268	3,777,316
Less: amount due within one year	<u>(994,502)</u>	<u>(743,713)</u>
Capital lease obligation, net of current portion	<u>\$ 3,585,766</u>	<u>\$ 3,033,603</u>

Future minimum lease payments under the capital and operating leases consisted of the following as of June 30, 2021:

Fiscal <u>Year</u>	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
2022	\$ 1,064,687	\$ 841,494
2023	1,051,824	826,289
2024	807,861	766,656
2025	610,748	633,485
2026	333,177	934,250
Thereafter	<u>916,952</u>	<u>90,824</u>
Total minimum lease payments	4,785,249	4,092,998
Less amounts representing interest	<u>(204,981)</u>	<u>(315,682)</u>
Present Value of Minimum Lease Payments	<u>\$ 4,580,268</u>	<u>\$ 3,777,316</u>

The following is an analysis for the leased assets included in capital assets at June 30, 2021:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Machinery, vehicles and equipment	\$ 10,142,092	\$ 7,294,141
Less: accumulated depreciation	<u>(2,863,942)</u>	<u>(1,414,739)</u>
Equipment under capital leases, net	<u>\$ 7,278,150</u>	<u>\$ 5,879,402</u>

Burlington Employees Retirement System

The System is the lessee of the PTG Software System under a master capital lease entered into in fiscal year 2017 and fiscal year 2018 with an immaterial balance remaining at June 30, 2021.

17. Long-Term Obligations of Burlington School District

A. Bonds Payable

All bonds payable and notes from direct borrowings payable are direct obligations of the Burlington School District, for which its full faith and credit are pledged. The Burlington School District is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Burlington School District.

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

<u>School District:</u>	<u>Serial</u> <u>Maturities</u> <u>Through</u>	<u>Interest</u> <u>Rate(s) %</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>6/30/21</u>
General obligation bonds, net of premiums:				
G.O. School 2010 Series A Qualified School Constr.	11/1/2026	6.50%	9,700,000	\$ 9,700,000
G.O. School 2010 Series B Taxable GO Public Impr.	11/1/2026	6.50%	2,000,000	2,000,000
General Improvements 2011 Series B	11/1/2031	2.00 - 4.75%	2,000,000	1,280,000
G.O. Public Improvements 2012 Series A	6/30/2023	5.00%	440,000	300,000
G.O. Public Improvement Bonds 2014 Series A	11/15/2034	0.51 - 3.99%	2,000,000	1,400,000
G.O. Public Improvement Bonds 2015 Series A	6/30/2023	5.00%	230,000	155,000
G.O. Public Improvement Bonds 2016 Series A	3/15/2036	2.00 - 5.00%	4,005,000	2,405,000
G.O. Public Improvement Bonds 2016 Series B	11/1/2036	4.00 - 5.00%	2,000,000	1,740,000
G.O. Public Improvement Bonds 2016 Series C	11/1/2029	2.00 - 5.00%	1,650,000	1,400,000
G.O. Public Improvement Bonds 2017 Series C	11/1/2037	2.00 - 5.00%	2,300,000	2,065,000
G.O. Public Improvement Bonds 2018 Series B	11/1/2038	5.00%	8,000,000	7,510,000
G.O. Public Improvement Bonds 2019 Series A	11/1/2039	4.00%	6,000,000	5,830,000
G.O. Public Improvement Refunding Bonds 2019 Series C	11/1/2035	1.84 - 3.03%	5,495,000	5,385,000
Subtotal School District				41,170,000
Plus: unamortized premiums				1,559,808
Total School District				<u>\$ 42,729,808</u>

B. Future Debt Service

The annual payments to retire the Burlington School District's bonds payable outstanding as of June 30, 2021 are as follows (amounts include unamortized bond premiums):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,831,166	\$ 1,983,658	\$ 3,814,824
2023	1,911,166	1,910,672	3,821,838
2024	1,901,166	1,835,575	3,736,741
2025	1,991,166	1,760,172	3,751,338
2026	1,966,166	1,597,959	3,564,125
2027 - 2031	20,585,002	3,459,171	24,044,173
2032 - 2036	7,154,837	1,500,134	8,654,971
2037 - 2041	5,389,139	891,975	6,281,114
Total	<u>\$ 42,729,808</u>	<u>\$ 14,939,316</u>	<u>\$ 57,669,124</u>

18. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the City that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes.

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

The Electric Department's regulatory deferred inflows of resources are disclosed in Note 12.

19. Governmental Funds - Balances

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

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

The following types of fund balances are reported at June 30, 2021:

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

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

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

Assigned - This fund balance classification includes general fund amounts that are constrained by the City's intent to use the resources for a specific purpose in subsequent years.

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

Following is a breakdown of the City's fund balances at June 30, 2021:

	General Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Advances to other funds	\$ 1,077,207	\$ -	\$ -	\$ 1,077,207
Inventory and prepaid expenditures	482,501	-	369,120	851,621
Nonexpendable permanent funds	-	-	1,252,060	1,252,060
Total Nonspendable	<u>1,559,708</u>	<u>-</u>	<u>1,621,180</u>	<u>3,180,888</u>
Restricted				
Future debt payments	1,771,612	-	-	1,771,612
Police equitable sharing funds	325,876	-	-	325,876
Community development	-	-	3,161,116	3,161,116
TIF waterfront	-	-	2,459,889	2,459,889
TIF downtown	-	-	2,524,845	2,524,845
Impact fees	-	-	1,519,210	1,519,210
Capital improvement program	-	13,426,159	-	13,426,159
Expendable permanent funds	-	-	105,264	105,264
Total Restricted	<u>2,097,488</u>	<u>13,426,159</u>	<u>9,770,324</u>	<u>25,293,971</u>
Committed				
Public records restoration	429,977	-	-	429,977
Compressed natural gas	174,484	-	-	174,484
Fire alarm surcharge	108,173	-	-	108,173
Traffic	79,300	-	333,785	413,085
Library books and donations	78,015	-	-	78,015
Parking and other projects	23,000	-	-	23,000
Telecom sale proceeds	-	-	893,629	893,629
Total Committed	<u>892,949</u>	<u>-</u>	<u>1,227,414</u>	<u>2,120,363</u>
Assigned for				
Health insurance reserve - limits	1,500,000	-	-	1,500,000
Liability insurance reserve	1,000,000	-	-	1,000,000
Great Streets - Champlain College	780,000	-	-	780,000
Early learning initiative grant	762,117	-	-	762,117
WC reserve - limits	750,000	-	-	750,000
Fleet reserve	650,000	-	-	650,000
Reappraisal	445,203	-	-	445,203
Capital proceeds	300,000	-	-	300,000
Snow removal reserve	250,000	-	-	250,000
Permitting reserve - (trades & zoning)	200,000	-	-	200,000
Brookfield development fees	139,414	-	-	139,414
Facility repair reserve	114,646	-	-	114,646
Other purposes	377,600	-	-	377,600
Total Assigned	<u>7,268,980</u>	<u>-</u>	<u>-</u>	<u>7,268,980</u>
Unassigned				
	<u>9,272,827</u>	<u>(2,077,207)</u>	<u>(5,292,210)</u>	<u>1,903,410</u>
Total Unassigned	<u>9,272,827</u>	<u>(2,077,207)</u>	<u>(5,292,210)</u>	<u>1,903,410</u>
Total Fund Balance	<u>\$ 21,091,952</u>	<u>\$ 11,348,952</u>	<u>\$ 7,326,708</u>	<u>\$ 39,767,612</u>

20. Retirement System (GASB 68)

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

A. Plan Description

The System is a cost sharing, single employer, defined benefit pension plan covering substantially all of its employees except elective officials, other than the mayor, and the majority of the public-school teachers, who are eligible for the Vermont State Teacher's Retirement System. The plan is broken down into Class A participants and Class B participants. Class A participants are composed of firemen and policemen. Class B participants include all other covered City employees. The City's total covered payroll was \$50,603,498. The System does not issue a stand-alone financial report.

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

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

There are 880 active members and 767 retirees or beneficiaries currently receiving benefits. Additionally, there are 627 former employees with vested rights.

B. Benefits Provided

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

All eligible City Class B employees vest 20% after three years of creditable service, and 20% for each year thereafter until they are 100% 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% 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% of AFC times creditable service

at age 65 in excess of 25 years and a yearly COLA based on the CPI. Class B retirees could alternatively elect to choose an accrual rate of 1.9% for service up to June 30, 2006 and 1.8% thereafter and one half the yearly COLA, or an accrual rate of 2.2% for service up to June 30, 2006 and 2.0% thereafter and no COLA. The half and no COLA options have been eliminated for new hires after January 1, 2006 and they are only entitled to a 1.4% accrual rate. Employees may retire prior to age 65 and receive reduced retirement benefits. Creditable service or an actuarial increase is used after age 65. For Class B IBEW participants hired after October 30, 2012, the number of years used in the calculation of AFC was changed from three years to five. Also, the disability retirement was revised from 75% of pay to 66⅔% of pay.

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

C. Contributions

Participants contribute a set percentage of their gross regular compensation annually. Class A participants contribute 12.28% of earnable compensation for the first 35 years of creditable service, and none thereafter. Class B participants, who elected to continue to be eligible for early retirement benefits at 2% per year deduction between ages 55 and 65 contribute 6.2%. All other Class B participants contribute 4.84%.

The Board establishes employer contributions based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by the System members during the year, with an additional amount to finance a portion of any unfunded accrued liability. The calculation of the actuarially determined contribution is governed by the applicable provisions of the Retirement Code.

D. Net Pension Liability

The components of the net pension liability as of June 30, 2021, measured as of June 30, 2020, is shown below:

Total pension liability	\$ 293,171,198
System fiduciary net position	<u>(194,588,161)</u>
Net pension liability	<u>\$ 98,583,037</u>
Plan fiduciary net position as a percentage of the net pension liability	66.37%

Target Allocations – The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block

approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real rate of Return</u>
Large Cap Core Equity	30.00%	7.50%
SMID Cap Core Equity	18.00%	10.20%
International Equity	10.00%	5.50%
Emerging Markets Equity	10.00%	10.10%
Private Equity	2.00%	10.90%
Real Estate / Timber	10.00%	8.40%
Core Fixed Income	20.00%	3.30%

Discount Rate – The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current System members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the System’s net pension liability calculated using the discount rate of 7.30%, as well as what the System’s net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.30%) or one percentage-point higher (8.30%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Primary government	\$ 119,186,165	\$ 88,785,167	\$ 63,356,059
Discretely presented component unit	<u>13,010,750</u>	<u>9,797,870</u>	<u>7,081,052</u>
Net Pension Liability	<u>\$ 132,196,915</u>	<u>\$ 98,583,037</u>	<u>\$ 70,437,111</u>

E. Deferred Outflows and (Inflows) of Resources

For the year ended June 30, 2021, the City recognized pension expense of \$13,874,301 and the School District recognized pension expense of \$1,150,463. In addition, the City reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Primary Government:		
Fiscal year 2021 deferred pension contributions	\$ 9,150,913	\$ -
Changes in proportional share of contributions	1,071,604	(1,109,492)
Difference between expected and actual pension experience	2,731,516	(327,337)
Changes in assumptions	2,308,583	(1,690,643)
Difference between projected and actual investment earnings	<u>6,467,471</u>	<u>-</u>
Total Primary Government ⁽¹⁾	21,730,087	(3,127,472)
Discretely Presented Component Unit:		
Changes in proportional share of contributions	91,649	(53,761)
Difference between expected and actual pension experience	301,436	(36,123)
Changes in assumptions	254,763	(186,571)
Difference between projected and actual investment earnings	<u>713,717</u>	<u>-</u>
Total Discretely Presented Component Unit	<u>1,361,565</u>	<u>(276,455)</u>
Total	<u>\$ 23,091,652</u>	<u>\$ (3,403,927)</u>

Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized in pension expense in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

	<u>Deferred Outflows/ (Inflows) of Resources</u>
Year ended June 30:	
2022	\$ 720,077
2023	4,410,229
2024	2,564,091
2025	<u>1,757,305</u>
Total Primary Government	9,451,702
Year ended June 30:	
2022	86,191
2023	529,683
2024	278,420
2025	<u>190,816</u>
Total Discretely Presented Component Unit	<u>1,085,110</u>
Total	<u>\$ 10,536,812</u>

F. Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 31.1%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

21. Retirement System (GASB 67)

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

A. Actuarial Assumptions

The total actuarially determined contribution to the system for 2021 was \$10,236,862. A summary of the actuarial assumptions as of the latest actuarial valuation is shown below:

Valuation Date	June 30, 2020
Actuarial cost method	Entry Age Normal Actuarial Cost Method (level percentage of salary)
Actuarial assumptions:	
Investment rate of return	7.30% (Prior 7.40%)
Inflation rate	2.60%
Post-employment cost-of-living adjustment	Increases averaging 3.00% per year were assumed
Assumed annual rates of salary increases	3.50% - 10.00%

Actuarial valuation of the ongoing System involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study covering the period July 1, 2012 to June 30, 2017.

Actuarial valuation of the ongoing System involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases.

Mortality rates were based on the RP-2014 Mortality Tables. This mortality assumption was selected based on the most recently published mortality study released by the Society of Actuaries.

Discount Rate – The discount rate used to measure the total pension liability was 7.3%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current System members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability – The components of the net pension liability, measured as of June 30, 2021, were as follows:

Total pension liability	\$ 311,947,397
Plan fiduciary net position	<u>(248,934,922)</u>
Net pension liability	<u>\$ 63,012,475</u>
Plan fiduciary net position as a percentage of the net pension liability	79.80%

22. Vermont State Teachers’ Retirement System

A. Plan Description

All of the teachers employed by the Burlington School District (BSD), a component unit of the City participate in the Vermont State Teachers’ Retirement System (“VSTRS”), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, covering nearly all public day school and nonsectarian private Union teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State of Vermont that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2019 (the most recent period available), the retirement system consisted of 22,951 participating members.

The plan was established effective July 1, 1947, and is governed by *Title 16, V.S.A. Chapter 55*. Subsequent Vermont state legislation, *Act 74*, which became effective on July 1, 2010, contained numerous changes to the plan benefits available to current and future members, as well as a change in access to health care coverage after retirement, resulting from a multi-party agreement to provide sustainability of quality pension and retiree health benefits for Vermont teachers.

The general administration and responsibility for formulating administrative policy and procedures of the retirement System for its members and their beneficiaries is vested in the Board of Trustees consisting of six members. They are the Secretary of Education (ex-officio), the State Treasurer (ex-officio), the Commissioner of Financial Regulation (ex-officio), two members and one alternate elected by active members of the System under rules adopted by the Board and one retired member and one alternate elected by the board of directors of Association of Retired Teachers of Vermont. The Chair is elected by the Board and acts as executive officer of the Board.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. The Vermont State Agency of Administration issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for the

VSTRS. That report may be viewed on the State’s Department of Finance & Management website at: http://finance.vermont.gov/reports_and_publications/ACFR.

B. Benefits Provided

The VSTRS provides retirement, and disability benefits, annual cost-of-living adjustments, health care and death benefits to plan members and beneficiaries. There are two levels of contributions and benefits in the System: Group A - for public school teachers employed within the State of Vermont prior to July 1, 1981 and elected to remain in Group A; and Group C - for public school teachers employed within the State of Vermont on or after July 1, 1990. Group C also includes those teachers hired prior to July 1, 1990 and were in Group B on July 1, 1990. When *Act 74* became effective on June 30, 2010, Group C was further bifurcated into Groups 1 and 2. Group 1 contains members who were at least 57 years of age or had at least 25 years of service, and Group 2 contains members who were less than 57 years of age and had less than 25 years of service.

Benefits available to each group are based on average final compensation (AFC) and years of creditable service, and the full chart is disclosed in the stand-alone BSD financial statements.

C. Contributions

VSTRS is a cost-sharing, public employee retirement system with one exception: all risks and costs are not shared by the School District but are the liability of the State of Vermont. VSTRS is funded through State and employee contributions and trust fund investment earnings; and the School District has no legal obligation for paying benefits. Required contributions to the System are made by the State of Vermont based upon a valuation report prepared by the System’s actuary, which varies by plan group. The Vermont State Teachers Retirement System estimates the contributions on behalf of the School District’s employees included in the teacher’s retirement plan which approximates \$7,093,826 or 19% of total payroll for employees covered under the plan.

Employee contribution rates by plan group follow:

<u>VSTRS</u>	<u>Group A</u>	<u>Group C - Group 1</u>	<u>Group C - Group 2</u>
Employee Contributions	5.5% of gross salary	5.0% of gross salary with 5 or more years of service as of 7/1/14 6.0% of gross salary if less than 5 years of service as of 7/1/14	5.0% of gross salary with 5 or more years of service as of 7/1/14 6.0% of gross salary if less than 5 years of service as of 7/1/14

Employee contributions totaled \$1,866,796 during the year and were paid by the School District to the State of Vermont. The School District has no other liability under the plan. The School District’s total payroll for all employees covered under this plan was \$37,335,924 for the year ended June 30, 2021. Beginning in 2016, school districts that pay for teachers with federal dollars are required to include costs of pensions in the federal grant, lowering the liability for the State. Federally funded pension costs

reimbursed to the State by the Supervisory Union for the fiscal year ending June 30, 2021 were \$264,128. The Supervisory Union's total payroll for all federally funded employees covered under this plan was \$1,390,147 for the year ended June 30, 2021.

D. Pension Liabilities

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB No. 68 and the State is treated as a nonemployer to VSTRS. Since the School District does not contribute directly to VSTRS, no net pension liability was recorded at June 30, 2020. The State's portion of the collective net pension liability that was associated with the School District was \$89,906,447 as of June 30, 2021.

The State of Vermont's proportionate share of the net pension liability associated with the School District is equal to the collective net pension liability, actuarially measured as of June 30, 2020, multiplied by the School District's proportionate share percentage. The School District's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2020, the School District's proportion was 4.607921% which was an increase of 0.022371% from its proportion measured as of June 30, 2019.

E. Pension Expense

For the year ended June 30, 2021, the School District recognized total pension expense and revenue of \$13,232,826 for support provided by the State of Vermont for the VSTRS plan.

F. Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using the actuarial assumptions outlined below. These assumptions were selected on the basis of the experience study that was performed on July 27, 2015:

Investment Rate of Return – 7.00% net of pension plan investment expenses, including inflation.

Inflation – The separately stated assumptions for investment return, salary increases and cost of living adjustments for the VSTRS plan is consistent with an expected annual inflation rate of 2.30% per year.

Salary Increases – Representative values of the assumed annual rates of future salary increases for the VSTRS plan are based on age and are between 3.30% and 10.50%.

Deaths After Retirement – The VSTRS plan used 98% of the RP-2006 White Collar Employee with generational projection using Scale SSA-2017 for pre-retirement, 98% of the RP-2006 White Collar Annuitant with generational projection using Scale SSA-

2017 for healthy retirees, and the RP-2006 Disabled Mortality Table with generational projection using Scale SSA-2017 for disabled retirees.

Inactive Members - Valuation liability for the VSTRS plan equals 100% of accumulated contributions.

Future Administrative Expenses - No provisions were made, expenses of the System are paid by the State.

Unknown Data for Participants - For the VSTRS plan, it is the same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married - 85% of male members and 35% of female members are assumed to be married.

Cost-of-Living Adjustments – Adjustments for the VSTRS plan are assumed to occur on January 1 following one year of retirement. For the VSTRS plan this occurs at the rate of 2.40% per annum for Group A members and 1.40% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement). The January 1, 2020 COLA is assumed to be 1.60% for Group A and 1.00% for Group C.

Actuarial Cost Method – Uses the Entry Age Actuarial Cost Method. Entry age is the age at date of employment, or, if date is unknown, current age minus years of service. Normal Cost and Accrued Actuarial Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

For the VSTRS plan, the *asset valuation method* used equals the preliminary asset value plus 20% of the difference between the market and preliminary asset values. The preliminary asset value is equal to the previous year's asset value (for valuation purposes) adjusted for contributions less benefit payments and expenses and expected investment income. If necessary, a further adjustment is made to ensure that the valuation assets are within 20% of the market value.

The *long-term expected rate of return* on the VSTRS plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class. These best estimate ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real rate of Return</u>
Global Equity	29.00%	7.07%
US Equity - Large Cap	4.00%	6.19%
US Equity - Small/Mid Cap	3.00%	6.93%
Non-US Equity - Large Cap	5.00%	7.01%
Non-US Equity - Small Cap	2.00%	7.66%
Emerging Markets Debt	4.00%	3.66%
Core Bonds	20.00%	0.39%
Private & Alternative Credit	10.00%	6.03%
US TIPS	3.00%	-0.20%
Core Real Estate	5.00%	4.06%
Non-Core Real Estate	3.00%	6.43%
Private Equity	10.00%	11.27%
Infrastructure/Farmland	2.00%	5.44%

G. Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the VSTRS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

23. Other Post-Employment Benefits (OPEB)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The City's post-employment benefit plan is a single-employer plan.

A. City OPEB Plan

All the following OPEB disclosures are based on a measurement date of June 30, 2021.

General Information about the OPEB Plan

Plan Description

The City provides post-employment healthcare benefits for retired employees through the City’s plan. The OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75.

The City indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the City who participate in this single-employer plan pay 100% of the healthcare premiums to participate in the City’s healthcare program. Since they are included in the same pool as active employees, the insurance rates are implicitly higher for current employees due to the age consideration. This increased rate is an implicit subsidy the City pays for the retirees.

In addition, the City allows certain retired employees to purchase health insurance through the City at the City’s group rate. GASB 75 recognizes this as an implied subsidy and requires accrual of this liability.

Benefits Provided

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

Contributions

The employees contribute 5.58% of their compensation for fiscal year 2021.

Plan Membership

At July 1, 2021 (the last full valuation date), the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries	
currently receiving benefit payments	398
Active plan members	<u>673</u>
Total	<u><u>1,071</u></u>

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Rate of annual aggregate payroll growth	2.60%
Discount rate	2.16%
Healthcare cost trend rates	6.50% in 2019, reducing by 0.2% each year to an ultimate rate of 4.60% per year rate for 2029 and later

Since the OPEB plan is not funded, the selection of the discount rate is consistent with the GASB 75 standard linking the discount rate to the 20- year AA municipal bond index for unfunded OPEB plans. The discount rate was based on the published Bond Buyer GO 20-Bond Municipal Index effective as of June 30, 2021.

Mortality rates were as follows:

- Class A: RP-2014 Adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scale MP-2019.
- Class B: RP-2014 Adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scale MP-2019, set forward two years.
- Disabled: RP-2014 Adjusted to 2006 Disabled Mortality Table, projected to the valuation date with Scale MP-2019.

The actuarial assumptions used in the valuation were based on the results of the experience study that was performed for the five-year period ending June 30, 2017.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.16% (prior 2.21%). The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2021.

Changes in the Total OPEB Liability

The following summarizes the changes in the total OPEB liability for the past year.

	Total OPEB <u>Liability</u>
Balance as of June 30, 2020	\$ 6,584,236
Changes for the year:	
Service cost	422,580
Interest	155,461
Differences between expected and actual experience	(324,780)
Changes in assumptions or other inputs	45,326
Benefit payments	<u>55,496</u>
Net Changes	<u>354,083</u>
Balance as of June 30, 2021	<u>\$ 6,938,319</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability calculated using the discount rate of 2.16%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (1.16%) or one percentage-point higher (3.16%) than the current rate:

1% <u>Decrease</u>	Current Discount <u>Rate</u>	1% <u>Increase</u>
\$ 7,942,131	\$ 6,938,319	\$ 6,107,206

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

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

1% <u>Decrease</u>	Healthcare Cost Trend <u>Rates</u>	1% <u>Increase</u>
\$ 6,237,545	\$ 6,938,319	\$ 7,797,756

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

For the year ended June 30, 2021, the City recognized an OPEB expense of \$ ____. At June 30, 2021, the City reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Difference between expected and actual experience	\$ 68,517	\$ (724,229)
Change in assumptions	1,211,497	(68,238)
Changes in proportional share of contributions	<u>333,283</u>	<u>(333,283)</u>
Total	<u>\$ 1,613,297</u>	<u>\$ (1,125,750)</u>

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

<u>Year Ended June 30:</u>	
2022	\$ 117,542
2023	117,542
2024	117,533
2025	117,740
2026	38,686
Thereafter	<u>(21,496)</u>
Total	<u>\$ 487,547</u>

B. Burlington School District OPEB Plan

Plan Description

In addition to providing pension benefits, the City provides post-employment health-care insurance benefits for retired employees from the Burlington School District.

Benefits Provided

The City provides medical benefits in various options for both active employees and retirees. Each class of employees are eligible for explicit subsidies based on dates of enrollment and years of service. Spouses of retirees are able to remain on the applicable plan as long as the retiree is covered. Surviving spouses are allowed to continue coverage only as permitted by COBRA.

The City provides life insurance benefits to certain classes of employees. Office personnel retired on/before June 30, 2018 and AFSCME (Bus, Food, Technology Services, and Maintenance) employees are eligible to obtain \$10,000 in life insurance at normal, disability, or termination retirement with the premiums being paid by the School District.

Eligibility

All employees are eligible for disability retirement with 10 years of service. All employees are eligible to retire after termination with the District if at termination the employee is age 50 with 15 years of service. Retiree health benefits will commence at age 55 for these terminated employees. Retiree health benefits are only available to Teachers, Administrative Staff, and Paraeducators.

Teachers/Administrative Staff

Certified teachers and staff are eligible for retiree health care benefits until age 65 once they meet the District's retirement eligibility requirements:

1. Age 55 and 15 years of service
2. 30 years of service

Paraeducators

Paraeducators are eligible for retiree health care benefits until age 65 once they meet the District's retirement eligibility requirements, which is age 55 with 20 years of service.

Food, Maintenance, Bus, Technology Services

Food, Maintenance, Technology Services, and Bus personnel are eligible for subsidized life insurance once they meet the School District's retirement eligibility requirements, which are as follows:

1. Age 55
2. 25 years of service

These groups are only eligible for subsidized life insurance and are ineligible to continue health coverage with the District at retirement.

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Retirees and spouses	37
Active plan members	<u>678</u>
Total	<u><u>715</u></u>

The active participants' number above may include active employees who currently have no health care coverage.

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to OPEB

At June 30, 2021, the District reported a liability of \$6,606,515 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

For the year ended June 30, 2021, the District recognized OPEB expense of \$560,687. At June 30, 2021, the District reported deferred outflows of resources and deferred (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 166,332	\$ 269,810
Change in assumptions	<u>302,278</u>	<u>365,167</u>
Total	<u><u>\$ 468,610</u></u>	<u><u>\$ 634,977</u></u>

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

<u>Year Ended June 30:</u>	
2022	\$ (97,151)
2023	(97,148)
2024	(20,059)
2025	(66,214)
2026	38,034
Thereafter	<u>76,171</u>
Total	\$ <u>(166,367)</u>

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2021. The discount rate determination is based on the yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The rate of 2.19% per annum for June 30, 2021 was based upon a measurement date of June 30, 2021. The sensitivity of the total and net OPEB liability to changes in discount rate are as follows:

1% Decrease <u>(1.19%)</u>	Current Discount Rate <u>(2.19%)</u>	1% Increase <u>(3.19%)</u>
\$ 6,989,872	\$ 6,606,515	\$ 6,227,887

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of the total and net OPEB liability to changes in healthcare cost trend rates are as follows:

<u>1% Decrease</u>	Healthcare Cost Trend Rates	<u>1% Increase</u>
\$ 5,834,164	\$ 6,606,515	\$ 7,514,429

Actuarial Methods, Inputs and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

The total OPEB liability for the Plan was determined as of June 30, 2021 based on an actuarial valuation date of June 30, 2021.

Discount Rate: 2.19% as of June 30, 2021 and 2.66% for July 1, 2020

Experience Study

Best actuarial practices call for a periodic assumption review and Nyhart recommends the School District to complete an actuarial assumption review (also referred to as an experience study). The actuarial assumptions have not been updated since at least the 2010 valuation.

Health Care Trend Rates

<u>FYE</u>	<u>Rates</u>	<u>FYE</u>	<u>Rates</u>
2022	7.5%	2025	6.0%
2023	7.0%	2026	5.5%
2024	6.5%	2027	5.0%
		2028+	4.5%

Inflation Rate: 2.3% per year

Mortality:

Teachers and Admin employees and retirees: SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2020

Non-Teacher Employees and retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020

Disabled Retirees: SOA Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Table fully generational using Scale MP-2020

Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020

Salary Increase Rate

General wage inflation of 2.3% plus merit/productivity increases based on the assumptions used in the City of Burlington actuarial valuation as of June 30, 2019 for Non-Teachers and Vermont State Teachers Retirement System (VSTRS) OPEB actuarial valuation as of June 30, 2020 for Teachers/Admin.

Benefit Changes

There have been no substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2018.

24. Other Post Employment Benefit (OPEB) Plans – Burlington School District

Vermont State Teachers' Retirement System

A. Plan Description

The Vermont State Teachers' Retirement System provides postemployment benefits to eligible VSTRS employees who retire from the System through a cost-sharing, multiple-employer postemployment benefit (OPEB) plan (the Plan).

The plan covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2019, the Plan consisted of 6,898 retired members or beneficiaries currently receiving benefits and 9,892 active members.

Vermont Statute Title 16 Chapter 55 assigns the authority to VSTRS to establish and amend the benefits provisions of the Plan and to establish maximum obligations of the Plan members to contribute to the Plan. Management of the Plan is vested in the Vermont State Teachers' Retirement System Board of Trustees, which consists of the Secretary of Education (ex-officio), the State Treasurer (ex-officio), the Commissioner of Financial Regulation (ex-officio), two trustees and one alternate who are members of the system (each elected by the system under rules adopted by the Board) and one trustee and one alternate who are retired members of the system receiving retirement benefits (who are elected by the Association of Retired Teachers of Vermont).

All assets of the Plan are held in a single trust and are available to pay OPEB benefits to all members. The Vermont State Agency of Administration issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for the VSTRS. That report may be viewed on the State's Department of Finance & Management website at: http://finance.vermont.gov/reports_and_publications/ACFR.

B. Benefits Provided

VSTRS retirees and their spouses are eligible for medical, prescription drug, and dental benefits on a lifetime basis if the retiree is eligible for pension benefits, as described in the Notes to Financial Statements for Defined Benefit Plans.

C. Contributions

The contributions chart is disclosed in the stand-alone Burlington School District financial statements.

Premium Reduction Option: Participants retiring on or after January 1, 2007 with a VSTRS premium subsidy have a one-time option to reduce the VSTRS subsidy percentage during the retiree's life so that a surviving spouse may continue to receive the same VSTRS subsidy for the spouse's lifetime. If the retiree elects the joint and survivor pension option but not the Premium Reduction Option, spouses are covered for the spouse's lifetime but pay 100% of the plan premium after the retiree's death.

D. OPEB Liabilities

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB 75 and the State is treated as a nonemployer to VSTRS. Since the District does not contribute directly to VSTRS, no net OPEB liability was recorded at June 30, 2021. The State's portion of the collective net OPEB liability that was associated with the District was \$50,334,572.

The State of Vermont's proportionate share of the net OPEB liability associated with the District is equal to the collective net OPEB liability, actuarially measured as of June 30, 2020, multiplied by the District's proportionate share percentage. The District's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2020, the District's proportion was 3.99671% which was an increase of 0.00788% from its proportion measured as of June 30, 2019.

E. OPEB Expense

For the year ended June 30, 2021, the District recognized total OPEB expense and revenue of \$5,293,465 for support provided by the State of Vermont for the Plan.

F. Discount Rate

The discount rate is the single rate of return, that when applied to all projected benefit payments, results in an actuarial present value that is the sum of the actuarial present value of projected benefit payments projected to be funded by plan assets using a long term rate of return, and the actuarial present value of projected benefit payments using a yield or index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

G. Healthcare Trend Rate

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The trend rate assumptions were developed using Segal's internal guidelines, which are established each year using data sources such as the 2019 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and CPI statistics published by the Bureau of Labor Statistics.

H. Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2020, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

Amortization

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

Asset Valuation Method

The Asset Valuation Method used equals the preliminary asset value plus 20% of the difference between the market and preliminary asset values. The preliminary asset value is equal to the previous year's asset value (for valuation purposes) adjusted for contributions less benefit payments and expenses and expected investment income. If necessary, a further adjustment is made to ensure that the valuation assets are within 20% of the market value.

The long-term expected rate of return on both plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class. These best estimate ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real rate of Return</u>
Large cap equity	20.00%	7.25%
International equity	15.00%	9.00%
Emerging international equity	5.00%	11.25%
Core bonds	60.00%	2.50%
Inflation		2.00%

Assumptions

The actuarial assumptions used to calculate the actuarially determined contribution rates can be found in the Report on the Actuarial Valuation of Post-Retirement Benefits of the Vermont State Teachers' Retirement System Prepared as of June 30, 2016 completed by Buck Consulting. As of June 30, 2020, they are as follows:

Discount Rate	2.21%
Salary Increase Rate	Varies by age
Non-Medicare	6.925% graded to 4.50% over 11 years
Medicare	6.140% graded to 4.50% over 12 years
Retiree Contributions	Equal to health trend
Pre-retirement Mortality	PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using Scale MP-2019.
Post-retirement Mortality	Retirees: PubT-2010 Teacher Healthy Headcount-Weighted Table Spouses: 109 % of the Pub-2010 Contingent Survivor Headcount-Weighted Table, both Retiree RP- Retirees and Spouses with generational projection using Scale MP-2019.

I. Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2020 with the following exceptions:

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year

is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was twenty-eight years as of July 1, 2020. For the fiscal year ended June 30, 2020, there were no changes in assumptions except for the discount rate being increased from 3.50% to 2.21%.

25. Defined Contribution Plans

The City also offers its employees a Defined Contribution Plan (DCP) in accordance with Internal Revenue Code Section 457(b) through the International City/County Management Association's (ICMA) Retirement Corporation, which is also supplemented with the Post Employment Health Plan (PEHP) for its police and fire employees. The DCP permit full-time employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, or death. The PEHP permits contributions to offset medical expenses upon separation from service or retirement. 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 for safeguarding purposes only. The investments are self-directed by employees.

26. Commitments and Contingencies

A. Burlington International Airport

Grants

Amounts received or receivable from grantor agencies, including possible grant assurance violations at the Fund, are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Fund expects such amounts, if any, to be immaterial.

Construction Commitments

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

B. Electric Department Commitments and Contingencies

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

In addition to energy provided by its owned generation, BED purchases a portion of its electricity requirements pursuant to long-term (greater than one year in duration) contracts. During the fiscal year ended June 30, 2021, long-term sources of purchased power included:

- New York Power Authority (NYPA) power from hydro stations on the Niagara and St. Lawrence rivers under contracts through September 1, 2025 (Niagara) and through April 30, 2032 (St. Lawrence).
- Under the Vermont Wind contract, BED receives 16 MW (40%) of Vermont Wind's wind farm in northeast Vermont (Sheffield) through October 18, 2026. BED's 16 MW entitlement is expected to provide approximately 10% of BED's annual energy requirements.
- BED purchases energy from the Georgia Mountain Community Wind (GMCW) project with commercial operation on December 31, 2012. Pursuant to a 25-year contract, BED receives 10MW (100%) entitlement from Georgia Mountain's wind farm in Milton/Georgia, Vermont. GMCW is expected to produce energy sufficient to meet 9% of BED's annual energy needs.
- Deliveries pursuant to a ten-year contract with Hancock began in December 2016. Under the contract, BED will receive 13.5 MW (26.5%) of Hancock's wind farm. It is expected to produce energy sufficient to meet approximately 11% of BED's annual energy needs.
- Prior to 2017, BED has received energy from long term purchases from a number of small in-state resources under a state mandated feed-in tariff program (called Standard Offer Resources). Effective January 1, 2017, BED was exempted from purchasing energy from these high-priced resources (in recognition of its 100% renewable energy purchases). BED expects this exemption to continue through at least 2022.
- Purchase of the output from 7 small in-city solar projects under long-term agreements that amount to 414kW.
- The Burlington City Council, the Vermont Public Service Board, and the voters of Burlington have approved a 23-year energy-only contract with Hydro-Quebec. The contract was executed and deliveries began (for BED) in November 2015. Under the contract, BED will receive 5 MW of contract energy for the period November 1, 2015 to October 31, 2020 and a second (additional) 4 MW of contract energy for the period November 1, 2020 to October 31, 2038. BED's entitlement is expected to provide approximately

6%-15% of BED’s annual energy requirements depending on whether one, or both, contract entitlements are flowing in a particular year.

- In 2013, BED entered a long-term power agreement to purchase the output of a proposed 2.5 MW solar generating facility to be located in Burlington (South Forty Solar). This facility came online in January of 2018 and provides the Department with VT Class 2 RECs as well as energy and reduced capacity and transmission requirements.
- In 2017, BED signed a two-year contract with Great River Hydro with deliveries beginning January 1, 2019. In 2019, this contract was extended for five additional years from 2021 through 2024. The Department receives 7.5 MW during 16 peak hours of each day, along with the attributed RECs (that qualify as VT Class I). This contract is sourced from one or more hydro facilities in the State of Vermont.

Energy and Capacity Payments under these long-term power supply contracts were \$13,317,777 for the year ended June 30, 2021. Budgeted commitments under these long-term contracts and long-term contracts approved and executed for future delivery periods total approximately \$73,117,592 for the 5-year period from July 1, 2021 to June 30, 2026.

<u>Fiscal Year</u>	<u>Budgeted Commitment</u>
2022	\$ 15,276,117
2023	15,485,182
2024	15,710,027
2025	14,797,663
2026	<u>11,848,603</u>
Total	<u>\$ 73,117,592</u>

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

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

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

	<u>2021</u>
McNeil Generating Station and Gas Turbine	38.0%
Winooski One	5.0%
New York Power Authority	6.0%
Vermont Electric Power Producers	0.1%
Wind Production	24.0%
Hydro-Quebec	13.0%
Great River Hydro	12.0%
In-City Solar	<u>1.0%</u>
Total	<u>99.1%</u>

Note the percentages are relative to the Department’s total sources rather than a percentage of requirements, and the Department sells RECs associated with much of the above generation and the above table should not be considered a representation of BED’s renewability. In fiscal year 2020, the sources of energy shown above exceed BED’s annual energy requirement.

C. Other Funds’ Commitments and Contingencies

Grant Programs

The City participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for, or including, the year ended June 30, 2021 have not yet been conducted. Accordingly, the City’s compliance with grant application requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

D. General Commitments and Contingencies

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

Insurance Reserves

Starting fiscal year 2016, the City has a large-deductible worker’s compensation plan with Travelers Indemnity Company and maintains a fund in its budget to cover claims as they occur up to the insurance limit. Prior to fiscal year 2016, the City

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

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

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

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

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

At June 30, 2021, the City has recorded an estimated liability of \$605,164 and \$10,908 in the general fund, which represents the short term payable for health and dental claims, respectively, as of June 30, 2021. A long-term reserve liability of \$405,449 is included for claims incurred but not reported on the governmental statement of net position. This consists of \$403,723 for workers’ compensation claims and \$1,726 for dental claims incurred on or before June 30, 2021, but not paid by the City as of that date.

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

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

27. Deferred Compensation

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

28. Fund Balance Reclassification / Net Position Restatement

The Capital Project Fund was reclassified out of the nonmajor governmental funds as of July 1, 2020 and into a major fund. This reclassification resulted in a decrease in beginning fund balance of nonmajor governmental funds of \$20,491,976. The Electric department is a fiscal agent and fund administrator under 30 V.S.A Section 209(d)(3) for electric efficiency and TEPF. As a result of the implementation of GASB Statement No. 84, the EEU activities were moved to a custodial fund, resulting in the beginning net position of the newly established custodial fund of \$2,936,494. This had no effect on the beginning net position of the Electric Department's proprietary fund. The Burlington School District Discretely Presented Component Unit's beginning net position was reduced by \$1,228,558 for correction of errors and reclassification of activities. The Wastewater Fund was reclassified to a major fund reducing the beginning net position of nonmajor enterprise funds by \$13,923,290.

29. Subsequent Events

Management has evaluated subsequent events through February 25, 2022, which is the date the Annual Comprehensive Financial Report was available to be issued.

City

On November 1, 2021, the City has issued \$6,125,000 General Obligation Bond Public Improvement Refunding Bonds, Series 2021A maturing November 1, 2041 with interest rates ranging between 3% and 5%.. On November 2, 2021, the City has issued \$7,000,000 General Obligation Bond Anticipation Note, Series 2021 maturing October 27, 2022 with an interest rate of 0.44%.

Airport

On November 17, 2021, the Airport has issued \$10,000,000 Grant Anticipation Note with an interest rate equal to the daily simple secured overnight financing rate (SOFR) rate plus 1%, with a floor of 1.25%, which was the effective interest rate to the Airport at closing and maturity date of November 16, 2022, as well as an \$11,100,000 Revenue Anticipation Note with an interest rate of 1.85% and maturity date of November 16, 2021.

30. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 87, *Leases*, effective for the City beginning with its fiscal year ending June 30, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements. The City is currently evaluating the impact of the pronouncement on its financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BURLINGTON, VERMONT
PENSION LIABILITY**

SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (GASB 68)

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

Burlington Employees' Retirement System (BERS)

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2021	June 30, 2020	100.00%	\$98,583,037	\$50,694,990	194.46%	66.37%
June 30, 2020	June 30, 2019	100.00%	\$83,437,732	\$50,482,389	165.28%	70.00%
June 30, 2019	June 30, 2018	100.00%	\$75,685,982	\$49,012,028	154.42%	71.41%
June 30, 2018	June 30, 2017	100.00%	\$87,310,528	\$54,282,231	160.85%	66.77%
June 30, 2017	June 30, 2016	100.00%	\$89,153,906	\$48,107,717	185.32%	63.75%
June 30, 2016	June 30, 2015	100.00%	\$68,164,434	\$44,765,172	152.27%	70.35%
June 30, 2015	June 30, 2014	100.00%	\$53,829,773	\$45,788,172	117.56%	75.31%

Vermont State Teachers' Retirement System (VSTRS)

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	State of Vermont's Total Proportionate Share of the Net Pension Liability Associated with BSD	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2021	June 30, 2020	4.61%	-	\$89,906,447	\$32,780,844	-	50.00%
June 30, 2020	June 30, 2019	4.59%	-	\$71,563,284	\$31,498,868	-	54.96%
June 30, 2019	June 30, 2018	4.49%	-	\$67,882,065	\$30,377,299	-	51.84%
June 30, 2018	June 30, 2017	4.55%	-	\$67,400,147	\$30,079,258	-	53.98%
June 30, 2017	June 30, 2016	4.66%	-	\$60,991,444	\$30,171,373	-	55.31%
June 30, 2016	June 30, 2015	4.80%	-	\$56,961,562	\$26,774,383	-	58.22%
June 30, 2015	June 30, 2014	4.94%	-	\$47,328,006	\$27,991,613	-	64.02%
June 30, 2014	June 30, 2013	4.87%	-	\$49,254,692	\$29,978,065	-	60.59%

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

See Independent Auditors' Report.

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

SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

<u>Fiscal Year</u>	<u>Actuarially Determined Employer Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2021	\$ 10,236,862	\$ 10,236,862	\$ -	\$ 52,121,603	19.64%
June 30, 2020	\$ 9,715,893	\$ 9,715,893	\$ -	\$ 50,694,990	19.17%
June 30, 2019	\$ 9,516,913	\$ 9,516,913	\$ -	\$ 50,482,389	18.85%
June 30, 2018	\$ 9,172,822	\$ 9,172,822	\$ -	\$ 49,012,028	18.72%
June 30, 2017	\$ 9,219,098	\$ 9,219,098	\$ -	\$ 45,650,372	20.20%
June 30, 2016	\$ 9,149,159	\$ 9,149,159	\$ -	\$ 48,107,717	19.02%
June 30, 2015	\$ 8,840,768	\$ 8,840,768	\$ -	\$ 44,765,172	19.75%

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

See Independent Auditors' Report.

CITY OF BURLINGTON, VERMONT
PENSION LIABILITY
SCHEDULE OF CHANGES IN THE
EMPLOYERS' NET PENSION LIABILITY (GASB 67)
REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 6,708,721	\$ 6,513,321	\$ 6,374,840	\$ 6,670,325	\$ 5,939,730	\$ 5,327,448	\$ 5,915,439	\$ 5,314,021
Interest	21,120,066	20,435,116	19,718,409	19,961,295	19,571,180	18,268,523	17,419,148	16,598,877
Changes of benefit terms	3,851,406	-	-	(138,534)	-	(414,295)	(3,167,853)	-
Differences between expected and actual experience	3,263,952	3,175,481	1,831,931	(1,453,843)	(4,272,574)	6,852,487	4,312,195	-
Changes of assumptions	2,243,904	2,234,083	2,147,915	(7,508,856)	10,370,856	-	-	-
Benefit payments, including refunds of member contributions	<u>(18,411,849)</u>	<u>(17,337,994)</u>	<u>(16,617,928)</u>	<u>(15,616,191)</u>	<u>(14,770,644)</u>	<u>(13,971,175)</u>	<u>(12,602,652)</u>	<u>(11,932,108)</u>
Net change in total pension liability	18,776,200	15,020,007	13,455,167	1,914,196	16,838,548	16,062,988	11,876,277	9,980,790
Total pension liability - beginning	<u>293,171,197</u>	<u>278,151,190</u>	<u>264,696,023</u>	<u>262,781,827</u>	<u>245,943,279</u>	<u>229,880,291</u>	<u>218,004,014</u>	<u>208,023,224</u>
Total pension liability - ending (a)	311,947,397	293,171,197	278,151,190	264,696,023	262,781,827	245,943,279	229,880,291	218,004,014
Plan Fiduciary Net Position								
Contributions - employer	10,236,862	9,715,892	9,543,529	9,172,822	9,219,098	9,149,159	8,840,768	8,920,879
Contributions - member	3,522,346	3,458,775	3,604,228	3,624,939	2,712,823	2,304,971	2,167,652	2,148,842
Net investment income (loss)	59,811,708	4,500,108	9,561,727	16,762,760	21,882,460	(2,088,531)	(557,357)	19,625,825
Benefit payments, including refunds of member contributions	(18,411,849)	(17,337,994)	(16,617,928)	(15,616,191)	(14,770,644)	(13,971,175)	(12,602,652)	(11,932,108)
Administrative expense	(762,205)	(411,980)	(338,039)	(385,309)	(361,811)	(320,908)	(306,795)	(253,796)
Other	<u>(50,100)</u>	<u>(50,100)</u>	<u>(50,100)</u>	<u>(20,278)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,927</u>
Net change in plan fiduciary net position	54,346,762	(125,299)	5,703,417	13,538,743	18,681,926	(4,926,484)	(2,458,384)	18,515,569
Plan fiduciary net position - beginning	<u>194,588,160</u>	<u>194,713,459</u>	<u>189,010,042</u>	<u>175,471,299</u>	<u>156,789,373</u>	<u>161,715,857</u>	<u>164,174,241</u>	<u>145,658,672</u>
Plan fiduciary net position - ending (b)	<u>248,934,922</u>	<u>194,588,160</u>	<u>194,713,459</u>	<u>189,010,042</u>	<u>175,471,299</u>	<u>156,789,373</u>	<u>161,715,857</u>	<u>164,174,241</u>
Net pension liability (asset) - ending (a-b)	<u>\$ 63,012,475</u>	<u>\$ 98,583,037</u>	<u>\$ 83,437,731</u>	<u>\$ 75,685,981</u>	<u>\$ 87,310,528</u>	<u>\$ 89,153,906</u>	<u>\$ 68,164,434</u>	<u>\$ 53,829,773</u>

Schedule of Investment Returns

Annual money weighted rate of return, net of investment expense	31.10%	5.25%	5.20%	9.80%	10.25%	-1.30%	-0.15%	13.62%
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*Schedules are intended to show information for 10 years.
Additional years will be displayed as they become available.*

See notes to the Burlington's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

**CITY OF BURLINGTON, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

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

(Unaudited)

Changes in Total OPEB Liability

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 422,580	\$ 239,652	\$ 213,616	\$ 216,056
Interest	155,461	191,430	200,377	179,050
Differences between expected and actual experience	(324,780)	(463,076)	(227,919)	163,021
Changes of assumptions	45,326	1,524,927	207,752	(162,358)
Benefit payments, including refunds of member contributions	<u>55,496</u>	<u>(243,673)</u>	<u>(45,401)</u>	<u>(385,708)</u>
Net change in total OPEB liability	354,083	1,249,260	348,425	10,061
Total OPEB liability - beginning	<u>6,584,236</u>	<u>5,334,976</u>	<u>4,986,551</u>	<u>4,976,490</u>
Total OPEB liability - ending	<u>\$ 6,938,319</u>	<u>\$ 6,584,236</u>	<u>\$ 5,334,976</u>	<u>\$ 4,986,551</u>
Covered employee payroll	\$ 42,461,912	\$ 41,385,879	\$ 40,224,487	\$ 39,205,153
Total OPEB liability as a percentage of covered employee payroll	16.34%	15.91%	13.26%	12.72%

There are no assets accumulated in a trust that meets the criteria of GASB codification P52.101 to pay related benefits for the OPEB plan.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the City's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

**CITY OF BURLINGTON, VERMONT
BURLINGTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

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

(Unaudited)

Changes in Total OPEB Liability

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 564,340	\$ 352,070	\$ 315,649	\$ 491,916
Interest on unfunded liability - time value of money	165,143	217,893	213,029	240,585
Changes of benefit terms		-	-	(1,128,881)
Differences between expected and actual experience	125,483	(77,737)	112,870	(653,961)
Changes of assumptions	178,792	(547,751)	164,085	191,382
Benefit payments	<u>(141,645)</u>	<u>(170,085)</u>	<u>(108,152)</u>	<u>(251,451)</u>
Net change in total OPEB liability	892,113	(225,610)	697,481	(1,110,410)
Total OPEB liability - beginning	<u>5,714,402</u>	<u>5,940,012</u>	<u>5,242,531</u>	<u>6,352,941</u>
Total OPEB liability - ending	<u>\$ 6,606,515</u>	<u>\$ 5,714,402</u>	<u>\$ 5,940,012</u>	<u>\$ 5,242,531</u>
Covered payroll	\$ 37,609,262	\$ 38,782,212	\$ 33,983,834	\$ 35,931,858
Total OPEB liability as a percentage of covered payroll	17.6%	14.7%	17.5%	14.6%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the City's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

**SUPPLEMENTARY STATEMENTS
AND SCHEDULES**

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**Combining Financial Statements
and
Other Supplementary Schedules**

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

- Traffic: The Traffic Division provides planning, engineering, operations, and maintenance of the traffic signs, markings, and signals that allow the transportation system to operate safely and efficiently for all modes of travel.
- Parking Facilities: The Parking Facilities fund is used to account for the Marketplace parking garage, College Street garage, and various public parking spaces.
- Community and Economic Development: The Community and Economic Development Office (CEDO) works with the community to foster economic vitality, preserve and enhance neighborhoods, improve the quality of life and the environment, and promote equity and opportunity for all residents of Burlington.
- Tax Increment Financing - Waterfront: The Waterfront TIF fund is utilized for enhancing public infrastructure and making the waterfront area more accessible and vibrant.
- Tax Increment Financing - Downtown: The Downtown TIF fund is utilized for enhancing public infrastructure in the Downtown District, including structured parking, utility upgrades and renovations, and streetscape improvements.
- Church Street Marketplace: Church Street Marketplace manages the public right of way for a four-block pedestrian mall and business improvement district. This includes maintenance, marketing and administrative services.
- ARPA: The ARPA fund is used to account for activities reimbursed through federal grants under the ARPA program.
- Impact Fees: Impact fees are assessed against new development to help offset the costs of new infrastructure required by the City's growth. These funds are restricted for the use of capital improvement projects.
- Community Development Corporation (BCDC): The organization's primary purpose is to carry out the industrial and economic development within the City. As such, the purposes of the Corporation include fostering, encouraging and assisting the physical location of business enterprises in the Greater Burlington area and otherwise fulfilling the purposes of a "local development corporation".
- Telecom Sales Proceeds: The fund is used for holding proceeds of the sale for future City programs.

DEBT SERVICE FUNDS

Debt service funds are established to account for tax increment revenues covering debt service expenditures for districts established under 24 V.S.A.

PERMANENT FUNDS

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

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

CITY OF BURLINGTON, VERMONT

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds				
	<u>Traffic</u>	<u>Parking Facilities</u>	<u>Community and Economic Development</u>	<u>TIF Waterfront</u>	<u>TIF Downtown</u>
ASSETS					
Cash and short-term investments	\$ 434,318	\$ -	\$ 3,665,823	\$ 2,459,889	\$ 2,524,845
Investments	-	-	-	-	-
Receivables, net of allowance:					
Departmental and other	-	31,379	-	-	-
Intergovernmental	-	-	881,767	-	-
Loans	-	-	4,152,618	-	-
Capital lease	-	-	-	-	-
Accrued interest	-	-	1,209,352	-	-
Prepaid expenditures	225	545	-	-	-
Inventory	368,350	-	-	-	-
Total Assets	<u>\$ 802,893</u>	<u>\$ 31,924</u>	<u>\$ 9,909,560</u>	<u>\$ 2,459,889</u>	<u>\$ 2,524,845</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 77,835	\$ 113,950	\$ 62,164	\$ -	\$ -
Accrued liabilities	21,213	15,687	76,539	-	-
Unearned revenue	-	-	14,781	-	-
Due to other funds	-	3,226,229	-	-	-
Other liabilities	-	-	-	-	-
Total Liabilities	99,048	3,355,866	153,484	-	-
Deferred Inflows of Resources:					
Unavailable revenues	1,485	24,384	6,594,960	-	-
Fund Balances:					
Nonspendable	368,575	545	-	-	-
Restricted	-	-	3,161,116	2,459,889	2,524,845
Committed	333,785	-	-	-	-
Unassigned	-	(3,348,871)	-	-	-
Total Fund Balances	702,360	(3,348,326)	3,161,116	2,459,889	2,524,845
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 802,893</u>	<u>\$ 31,924</u>	<u>\$ 9,909,560</u>	<u>\$ 2,459,889</u>	<u>\$ 2,524,845</u>

(continued)

See Independent Auditor's Report.

CITY OF BURLINGTON, VERMONT

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2021

(continued)

	Special Revenue Funds					Subtotals
	Church Street Marketplace	ARPA	Impact Fees	Community Development Corporation	Telecom Sales Proceeds	
ASSETS						
Cash and short-term investments	\$ -	\$ 9,424,461	\$ 1,521,353	\$ -	\$ 893,629	\$ 20,924,318
Investments	-	-	-	-	-	-
Receivables, net of allowance:						
Departmental and other	95,491	-	-	-	-	126,870
Intergovernmental	-	-	-	-	-	881,767
Loans	-	-	-	132,983	-	4,285,601
Capital lease	-	-	-	641,713	-	641,713
Accrued interest	-	-	-	-	-	1,209,352
Prepaid expenditures	-	-	-	-	-	770
Inventory	-	-	-	-	-	368,350
Total Assets	\$ 95,491	\$ 9,424,461	\$ 1,521,353	\$ 774,696	\$ 893,629	\$ 28,438,741
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 2,940	\$ 2,677	\$ -	\$ -	\$ -	\$ 259,566
Accrued liabilities	15,102	-	-	-	-	128,541
Unearned revenue	32,461	9,421,784	-	-	-	9,469,026
Due to other funds	241,080	-	-	1,747,248	-	5,214,557
Other liabilities	-	-	2,143	-	-	2,143
Total Liabilities	291,583	9,424,461	2,143	1,747,248	-	15,073,833
Deferred Inflows of Resources:						
Unavailable revenues	-	-	-	774,695	-	7,395,524
Fund Balances:						
Nonspendable	-	-	-	-	-	369,120
Restricted	-	-	1,519,210	-	-	9,665,060
Committed	-	-	-	-	893,629	1,227,414
Unassigned	(196,092)	-	-	(1,747,247)	-	(5,292,210)
Total Fund Balances	(196,092)	-	1,519,210	(1,747,247)	893,629	5,969,384
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 95,491	\$ 9,424,461	\$ 1,521,353	\$ 774,696	\$ 893,629	\$ 28,438,741

(continued)

CITY OF BURLINGTON, VERMONT

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2021

(continued)

	Permanent Funds					Subtotals	Nonmajor Governmental Funds
	Cemetery	Loomis Library	Lolita Deming Estate	Mary E. Waddell	WEZF 93 FM DARE		
ASSETS							
Cash and short-term investments	\$ 33,649	\$ 10,948	\$ 11,382	\$ 13,886	\$ 2,236	\$ 72,101	\$ 20,996,419
Investments	1,285,223	-	-	-	-	1,285,223	1,285,223
Receivables, net of allowance:							
Departmental and other	-	-	-	-	-	-	126,870
Intergovernmental	-	-	-	-	-	-	881,767
Loans	-	-	-	-	-	-	4,285,601
Capital lease	-	-	-	-	-	-	641,713
Accrued interest	-	-	-	-	-	-	1,209,352
Prepaid expenditures	-	-	-	-	-	-	770
Inventory	-	-	-	-	-	-	368,350
Total Assets	<u>\$ 1,318,872</u>	<u>\$ 10,948</u>	<u>\$ 11,382</u>	<u>\$ 13,886</u>	<u>\$ 2,236</u>	<u>\$ 1,357,324</u>	<u>\$ 29,796,065</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 259,566
Accrued liabilities	-	-	-	-	-	-	128,541
Unearned revenue	-	-	-	-	-	-	9,469,026
Due to other funds	-	-	-	-	-	-	5,214,557
Other liabilities	-	-	-	-	-	-	2,143
Total Liabilities	-	-	-	-	-	-	15,073,833
Deferred Inflows of Resources:							
Unavailable revenues	-	-	-	-	-	-	7,395,524
Fund Balances:							
Nonspendable	1,248,574	-	2,486	-	1,000	1,252,060	1,621,180
Restricted	70,298	10,948	8,896	13,886	1,236	105,264	9,770,324
Committed	-	-	-	-	-	-	1,227,414
Unassigned	-	-	-	-	-	-	(5,292,210)
Total Fund Balances	<u>1,318,872</u>	<u>10,948</u>	<u>11,382</u>	<u>13,886</u>	<u>2,236</u>	<u>1,357,324</u>	<u>7,326,708</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,318,872</u>	<u>\$ 10,948</u>	<u>\$ 11,382</u>	<u>\$ 13,886</u>	<u>\$ 2,236</u>	<u>\$ 1,357,324</u>	<u>\$ 29,796,065</u>

CITY OF BURLINGTON, VERMONT

Combining Statement of Revenues, Expenditures
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

	Special Revenue Funds				
	<u>Traffic</u>	<u>Parking Facilities</u>	<u>Community and Economic Development</u>	<u>TIF Waterfront</u>	<u>TIF Downtown</u>
Revenues:					
Taxes	\$ -	\$ 154,652	\$ 204,743	\$ 2,521,766	\$ 1,233,743
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	2,850,722	-	-
Charges for services	1,503,787	1,266,467	36,574	-	-
Contributions	-	-	7,562	-	-
Investment income	1,875	2,351	179	-	-
Loan repayments	-	-	86,038	-	-
Other	36,361	-	85,710	-	-
Total Revenues	1,542,023	1,423,470	3,271,528	2,521,766	1,233,743
Expenditures:					
Current:					
General government	-	-	-	-	-
Public works	1,703,167	1,978,619	-	-	-
Community development	-	-	4,254,476	-	-
Capital outlay	78,602	96,767	-	-	-
Debt service:					
Principal	12,816	3,702,824	-	1,782,916	205,000
Interest and bond issue costs	6,735	49,236	-	355,189	268,175
Total Expenditures	1,801,320	5,827,446	4,254,476	2,138,105	473,175
Excess (deficiency) of revenues over (under) expenditures	(259,297)	(4,403,976)	(982,948)	383,661	760,568
Other Financing Sources (Uses):					
Transfers in	-	-	126,541	-	-
Transfers out	(55,000)	(64,400)	-	(185,121)	(26,237)
Total Other Financing Sources (Uses)	(55,000)	(64,400)	126,541	(185,121)	(26,237)
Net change in fund balances	(314,297)	(4,468,376)	(856,407)	198,540	734,331
Fund Balances, beginning of year, as restated	1,016,657	1,120,050	4,017,523	2,261,349	1,790,514
Fund Balances, end of year	\$ 702,360	\$ (3,348,326)	\$ 3,161,116	\$ 2,459,889	\$ 2,524,845

(continued)

See Independent Auditor's Report.

CITY OF BURLINGTON, VERMONT

Combining Statement of Revenues, Expenditures
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

(continued)

	Special Revenue Funds					Subtotals
	Church Street Marketplace	ARPA	Impact Fees	Community Development Corporation	Telecom Sale Proceeds	
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,114,904
Licenses and permits	2,435	-	-	-	-	2,435
Intergovernmental	-	6,957	-	-	-	2,857,679
Charges for services	385,750	-	122,294	364,003	-	3,678,875
Contributions	23,000	-	-	-	-	30,562
Investment income	-	-	4,119	77,204	568	86,296
Loan repayments	-	-	-	-	-	86,038
Other	-	-	-	71,214	-	193,285
Total Revenues	411,185	6,957	126,413	512,421	568	11,050,074
Expenditures:						
Current:						
General government	-	6,957	-	-	308,869	315,826
Public works	-	-	-	-	-	3,681,786
Community development	621,669	-	-	61,710	-	4,937,855
Capital outlay	-	-	-	-	-	175,369
Debt service:						
Principal	-	-	-	2,006,857	-	7,710,413
Interest and bond issue costs	5,166	-	-	68,660	-	753,161
Total Expenditures	626,835	6,957	-	2,137,227	308,869	17,574,410
Excess (deficiency) of revenues over (under) expenditures	(215,650)	-	126,413	(1,624,806)	(308,301)	(6,524,336)
Other Financing Sources (Uses):						
Transfers in	117,643	-	-	-	-	244,184
Transfers out	-	-	(191,167)	-	-	(521,925)
Total Other Financing Sources (Uses)	117,643	-	(191,167)	-	-	(277,741)
Net change in fund balances	(98,007)	-	(64,754)	(1,624,806)	(308,301)	(6,802,077)
Fund Balances, beginning of year	(98,085)	-	1,583,964	(122,441)	1,201,930	12,771,461
Fund Balances, end of year	\$ (196,092)	\$ -	\$ 1,519,210	\$ (1,747,247)	\$ 893,629	\$ 5,969,384

(continued)

CITY OF BURLINGTON, VERMONT

Combining Statement of Revenues, Expenditures
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

(continued)

	Permanent Funds					Subtotals	Nonmajor Governmental Funds
	Cemetery	Loomis Library	Lolita Deming Estate	Mary E. Waddell	WEZF 93 FM DARE		
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,114,904
Licenses and permits	-	-	-	-	-	-	2,435
Intergovernmental	-	-	-	-	-	-	2,857,679
Charges for services	-	-	-	-	-	-	3,678,875
Contributions	-	-	-	-	-	-	30,562
Investment income	14,725	-	29	-	-	14,754	101,050
Loan repayments	-	-	-	-	-	-	86,038
Other	17,114	-	-	-	-	17,114	210,399
Total Revenues	31,839	-	29	-	-	31,868	11,081,942
Expenditures:							
Current:							
General government	-	-	-	-	-	-	315,826
Public works	-	-	-	-	-	-	3,681,786
Community development	-	-	-	-	-	-	4,937,855
Capital outlay	-	-	-	-	-	-	175,369
Debt service:							
Principal	-	-	-	-	-	-	7,710,413
Interest and bond issue costs	-	-	-	-	-	-	753,161
Total Expenditures	-	-	-	-	-	-	17,574,410
Excess (deficiency) of revenues over (under) expenditures	31,839	-	29	-	-	31,868	(6,492,468)
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	-	-	244,184
Transfers out	(60,399)	-	-	-	-	(60,399)	(582,324)
Total Other Financing Sources (Uses)	(60,399)	-	-	-	-	(60,399)	(338,140)
Net change in fund balances	(28,560)	-	29	-	-	(28,531)	(6,830,608)
Fund Balances, beginning of year	1,347,432	10,948	11,353	13,886	2,236	1,385,855	14,157,316
Fund Balances, end of year	\$ 1,318,872	\$ 10,948	\$ 11,382	\$ 13,886	\$ 2,236	\$ 1,357,324	\$ 7,326,708

See Independent Auditor's Report.

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See Independent Auditor's Report.

NON-MAJOR PROPRIETARY (ENTERPRISE) FUNDS

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

- Water: Delivery of potable water to residents of Burlington and wholesale to the Colchester Fire District.
- Stormwater: Stormwater addresses state and federal stormwater requirements to improve the water quality of Lake Champlain and the Winooski Rivers, as well as the streams that flow into them.

CITY OF BURLINGTON, VERMONT
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2021

	<u>Water</u>	<u>Stormwater</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Current:			
Cash and cash equivalents	\$ 5,287,923	\$ 2,238,330	\$ 7,526,253
Receivables, net of allowance for uncollectibles:			
User fees	1,464,022	333,096	1,797,118
Intergovernmental	84,385	53,110	137,495
Inventory	305,842	-	305,842
Prepaid expenses	<u>1,140</u>	<u>-</u>	<u>1,140</u>
Total current assets	7,143,312	2,624,536	9,767,848
Noncurrent:			
Restricted cash	864,025	-	864,025
Capital assets:			
Land and construction in progress	343,145	413,850	756,995
Capital assets, net of accumulated depreciation	<u>16,593,662</u>	<u>2,283,349</u>	<u>18,877,011</u>
Total noncurrent assets	<u>17,800,832</u>	<u>2,697,199</u>	<u>20,498,031</u>
TOTAL ASSETS	24,944,144	5,321,735	30,265,879
Deferred Outflows of Resources:			
Pension related	576,749	-	576,749
OPEB related	<u>65,375</u>	<u>-</u>	<u>65,375</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>642,124</u>	<u>-</u>	<u>642,124</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ <u>25,586,268</u>	\$ <u>5,321,735</u>	\$ <u>30,908,003</u>

(continued)

See Independent Auditor's Report.

CITY OF BURLINGTON, VERMONT
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2021

(continued)

	<u>Water</u>	<u>Stormwater</u>	<u>Total</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities:			
Current:			
Accounts payable	\$ 306,772	\$ 198,288	\$ 505,060
Accrued liabilities	76,951	9,148	86,099
Note payable	124,606	1,161,798	1,286,404
Other liabilities	30,258	-	30,258
Current portion of long-term liabilities:			
Bonds payable	306,074	-	306,074
State revolving loans	7,662	22,225	29,887
Capital leases payable	107,851	-	107,851
Compensated absences payable	206,945	-	206,945
Total current liabilities	<u>1,167,119</u>	<u>1,391,459</u>	<u>2,558,578</u>
Noncurrent:			
Bonds payable	7,104,410	-	7,104,410
State revolving loans	146,788	275,942	422,730
Capital leases payable	422,936	-	422,936
Net pension liability	1,379,559	-	1,379,559
Total OPEB liability	<u>135,670</u>	<u>-</u>	<u>135,670</u>
Total noncurrent liabilities	<u>9,189,363</u>	<u>275,942</u>	<u>9,465,305</u>
TOTAL LIABILITIES	10,356,482	1,667,401	12,023,883
Deferred Inflows of Resources:			
Pension related	92,104	-	92,104
OPEB related	15,496	-	15,496
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>107,600</u>	<u>-</u>	<u>107,600</u>
NET POSITION			
Net investment in capital assets	10,927,102	2,399,031	13,326,133
Restricted for:			
Debt service/renewal and replacements	864,025	-	864,025
Unrestricted	<u>3,331,059</u>	<u>1,255,303</u>	<u>4,586,362</u>
TOTAL NET POSITION	<u>15,122,186</u>	<u>3,654,334</u>	<u>18,776,520</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 25,586,268</u>	<u>\$ 5,321,735</u>	<u>\$ 30,908,003</u>

See Independent Auditor's Report.

CITY OF BURLINGTON, VERMONT

NONMAJOR PROPRIETARY FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Water</u>	<u>Stormwater</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 6,606,571	\$ 1,654,802	\$ 8,261,373
Miscellaneous	<u>854,035</u>	<u>-</u>	<u>854,035</u>
Total Operating Revenues	7,460,606	1,654,802	9,115,408
Operating Expenses:			
Personnel	3,142,009	143,474	3,285,483
Nonpersonnel	2,172,381	933,468	3,105,849
Depreciation and amortization	<u>856,626</u>	<u>103,199</u>	<u>959,825</u>
Total Operating Expenses	<u>6,171,016</u>	<u>1,180,141</u>	<u>7,351,157</u>
Operating Income	1,289,590	474,661	1,764,251
Nonoperating Revenues (Expenses):			
Intergovernmental	28,229	124,213	152,442
Investment income	2,044	55	2,099
Interest expense	(336,159)	-	(336,159)
Other income	47,224	-	47,224
Loss on disposal of capital assets	<u>(15,129)</u>	<u>-</u>	<u>(15,129)</u>
Total Nonoperating Revenues (Expenses)	<u>(273,791)</u>	<u>124,268</u>	<u>(149,523)</u>
Income Before Transfers	1,015,799	598,929	1,614,728
Transfer out	<u>(464,643)</u>	<u>(157,061)</u>	<u>(621,704)</u>
Change in Net Position	551,156	441,868	993,024
Net Position at Beginning of Year	<u>14,571,030</u>	<u>3,212,466</u>	<u>17,783,496</u>
Net Position at End of Year	<u>\$ 15,122,186</u>	<u>\$ 3,654,334</u>	<u>\$ 18,776,520</u>

See Independent Auditors' Report.

CITY OF BURLINGTON, VERMONT
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Water</u>	<u>Stormwater</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 7,422,626	\$ 1,632,998	\$ 9,055,624
Payments to suppliers	(1,973,085)	(933,944)	(2,907,029)
Payments for wages and benefits	(3,103,704)	(139,953)	(3,243,657)
Other receipts	<u>1,150</u>	<u>-</u>	<u>1,150</u>
Net Cash Provided by Operating Activities	2,346,987	559,101	2,906,088
Cash Flows From Noncapital Financing Activities:			
Payment in lieu of taxes	(472,484)	(23,870)	(496,354)
Intergovernmental revenues	28,229	124,213	152,442
Transfers in	7,841	-	7,841
Transfers out	<u>-</u>	<u>(133,191)</u>	<u>(133,191)</u>
Net Cash Used for Noncapital Financing Activities	(436,414)	(32,848)	(469,262)
Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(370,353)	(224,851)	(595,204)
Proceeds from bonds and loans	40,221	457,938	498,159
Principal paid on:			
Revenue bonds	(250,000)	-	(250,000)
Capital lease obligations	(112,459)	-	(112,459)
Interest paid on outstanding debt, including issue costs	<u>(336,159)</u>	<u>-</u>	<u>(336,159)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	(1,028,750)	233,087	(795,663)
Cash Flows From Investing Activities:			
Receipt of interest & dividends	<u>2,044</u>	<u>55</u>	<u>2,099</u>
Net Increase in Cash	883,867	759,395	1,643,262
Cash and cash equivalents at beginning of year	<u>5,268,081</u>	<u>1,478,935</u>	<u>6,747,016</u>
Cash and cash equivalents at end of year	<u>\$ 6,151,948</u>	<u>\$ 2,238,330</u>	<u>\$ 8,390,278</u>

(continued)

See Independent Auditors' Report.

CITY OF BURLINGTON, VERMONT
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

(continued)

	<u>Water</u>	<u>Stormwater</u>	<u>Total</u>
Adjustments to Reconcile Operating Income to Net Cash			
Provided by Operating Activities:			
Operating income	\$ 1,289,590	\$ 474,661	\$ 1,764,251
Depreciation and amortization*	856,626	103,199	959,825
Other revenues	1,150	-	1,150
Changes in assets, liabilities, and deferred outflows/inflows:			
(Increase)/decrease in receivables	(40,119)	(19,715)	(59,834)
(Increase)/decrease in inventory	2,255	-	2,255
(Increase)/decrease in prepaids	694	-	694
(Increase)/decrease in deferred outflows	(140,939)	-	(140,939)
Increase/(decrease) in accounts payable	196,348	(476)	195,872
Increase/(decrease) in accrued liabilities	22,376	1,432	23,808
Increase/(decrease) in net pension liability	307,261	-	307,261
Increase/(decrease) in total OPEB liability	6,922	-	6,922
Increase/(decrease) in compensated absences	12,657	-	12,657
Increase/(decrease) in other operating assets/liabilities	2,139	-	2,139
Increase/(decrease) in deferred inflows	<u>(169,973)</u>	<u>-</u>	<u>(169,973)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 2,346,987</u>	<u>\$ 559,101</u>	<u>\$ 2,906,088</u>

See Independent Auditors' Report.

**STATISTICAL
SECTION**



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CITY OF BURLINGTON, VERMONT

STATISTICAL SECTION

The City of Burlington's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

	<u>Page</u>
<i>Financial Trends</i>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	148 - 152
<i>Revenue Capacity</i>	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	153 – 156
<i>Debt Capacity</i>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	157 - 161
<i>Demographic and Economic Information</i>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	162 - 163
<i>Operating Information</i>	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the service the government provides and the activities it performs.	164 - 166

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

	2021	2020	2019	2018	2017	2016	2015 ⁽¹⁾	2014	2013	2012
Governmental Activities										
Net Investment in Capital Assets	\$ 109,918,281	\$ 96,007,615	\$ 97,957,996	\$ 93,012,142	\$ 98,441,690	\$ 92,236,468	\$ 82,986,888	\$ 104,389,306	\$ 101,991,786	\$ 111,373,478
Restricted	17,617,345	16,942,282	15,219,592	14,323,497	13,086,695	17,725,332	16,799,937	15,285,119	13,949,243	10,773,209
Unrestricted	(39,224,471)	(20,057,332)	(17,670,970)	(21,948,854)	(22,193,434)	(21,734,316)	(25,449,498)	(5,306,520)	7,927,203	2,958,684
Total Governmental Activities Net Position	88,311,155	92,892,565	95,506,618	85,386,785	89,334,951	88,227,484	74,337,327	114,367,905	123,868,232	125,105,371
Business-type Activities										
Net Investment in Capital Assets	228,051,299	211,158,128	206,504,803	203,832,616	188,464,010	179,096,254	172,629,734	156,804,042	149,806,307	139,041,152
Restricted	23,609,161	26,048,179	25,574,212	25,304,795	22,670,943	20,812,890	19,319,510	32,017,674	31,999,045	39,020,023
Unrestricted	28,656,273	25,842,140	25,272,176	27,453,407	29,639,505	27,982,661	22,266,988	28,692,499	12,449,872	3,526,400
Total Business-type Activities Net Position	280,316,733	263,048,447	257,351,191	256,590,818	240,774,458	227,891,805	214,216,232	217,514,215	194,255,224	181,587,575
Primary Government										
Net Investment in Capital Assets	337,969,580	307,165,743	304,462,799	296,844,758	286,905,700	271,332,722	255,616,622	261,193,348	251,798,093	250,414,630
Restricted	41,226,506	42,990,461	40,793,804	39,628,292	35,757,638	38,538,222	36,119,447	47,302,793	45,948,288	49,793,232
Unrestricted	(10,568,198)	5,784,808	7,601,206	5,504,553	7,446,071	6,248,345	(3,182,510)	23,385,979	20,377,075	6,485,084
Total Primary Government Net Position	\$ 368,627,888	\$ 355,941,012	\$ 352,857,809	\$ 341,977,603	\$ 330,109,409	\$ 316,119,289	\$ 288,553,559	\$ 331,882,120	\$ 318,123,456	\$ 306,692,946

Source: Each respective Comprehensive Annual Financial Report

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

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

	2021	2020	2019	2018	2017	2016	2015 ⁽¹⁾	2014	2013	2012
Expenses										
Governmental Activities:										
General Government	\$ 15,818,581	\$ 13,761,909	\$ 14,432,574	\$ 11,768,830	\$ 12,334,976	\$ 11,353,565	\$ 12,393,196	\$ 12,702,289	\$ 14,800,538	\$ 13,479,552
Public Safety	34,671,835	34,539,638	30,902,537	31,141,584	29,094,586	23,500,758	24,915,179	22,692,852	24,499,396	22,702,099
Education	-	-	-	-	-	-	-	77,470,770	77,438,762	70,038,411
Public Works	16,422,312	15,614,059	18,170,065	20,307,873	16,128,749	15,484,410	17,038,012	14,172,277	13,051,255	13,409,033
Culture and Recreation	12,626,487	13,222,555	13,288,900	12,469,970	14,185,639	10,066,735	10,736,031	9,965,826	8,584,443	9,453,885
Community Development	6,052,053	5,790,513	4,841,160	4,138,818	4,942,418	4,895,091	4,931,161	4,068,608	8,470,457	4,743,445
Interest and related costs	3,369,155	3,186,711	3,452,278	3,031,328	2,147,709	1,782,295	1,581,846	3,087,143	2,330,680	1,541,535
Total Governmental Activities	88,960,423	86,115,385	85,087,514	82,858,403	78,834,077	67,082,854	71,595,425	144,159,765	149,175,531	135,367,960
Business-type Activities:										
Electric	58,937,546	61,751,695	65,188,585	63,111,205	63,449,764	63,912,747	62,408,788	65,061,544	58,972,894	58,154,956
Airport	22,106,092	23,077,643	23,490,832	21,861,382	20,368,534	19,753,724	20,288,983	20,772,761	20,192,615	19,983,379
Telecom	-	-	-	-	-	-	-	6,791,829	6,118,395	6,109,867
Wastewater	6,403,096	-	-	-	-	-	-	7,289,587	6,648,603	6,863,244
Water	6,507,175	-	-	-	-	-	-	-	-	-
Stormwater	1,180,141	-	-	-	-	-	-	-	-	-
Nonmajor	-	16,145,046	22,087,293	22,752,348	22,126,474	20,803,532	19,931,149	8,302,064	8,048,347	7,725,191
Total Business-Type Activities	95,134,050	100,974,384	110,766,710	107,724,935	105,944,772	104,470,003	102,628,920	108,217,785	99,980,854	98,836,637
Total Expenses	184,094,473	187,089,769	195,854,224	190,583,338	184,778,849	171,552,857	174,224,345	252,377,550	249,156,385	234,204,597
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	5,374,748	5,413,493	5,783,844	4,470,554	5,204,079	5,043,853	5,289,088	4,938,750	4,372,982	4,566,523
Public Safety	6,034,683	7,875,882	6,364,052	5,899,089	5,737,200	6,997,158	5,587,200	6,526,060	5,174,000	6,298,499
Education	-	-	-	-	-	-	-	1,036,876	4,575,124	3,112,442
Public Works	4,939,896	5,062,264	8,373,019	8,830,665	8,448,998	8,898,625	7,475,742	7,766,867	7,265,536	7,019,336
Culture and Recreation	2,824,720	3,745,290	4,650,473	4,485,817	4,068,846	4,277,482	4,074,232	3,849,129	3,722,853	3,328,668
Community Development	995,855	491,935	313,478	393,178	315,042	221,533	714,715	250,361	214,897	131,415
Operating Grants and Contributions	7,251,577	3,840,247	4,989,785	4,305,455	4,110,352	4,515,575	5,922,165	84,297,547	76,620,402	77,050,104
Capital Grants and Contributions	2,323,823	2,850,272	2,792,967	2,191,005	3,232,947	4,688,216	3,112,726	2,339,931	5,193,962	3,476,470
Total Governmental Activities	29,745,302	29,279,383	33,267,618	30,575,763	31,117,464	34,642,442	32,175,868	111,005,521	107,139,756	104,983,457
Business-type Activities:										
Charges for Services										
Electric	56,027,448	55,586,746	57,562,557	58,240,571	60,223,551	62,505,682	62,622,315	63,381,532	59,965,267	58,837,344
Airport	10,956,151	18,031,121	21,906,295	21,122,992	18,589,325	18,470,124	19,030,728	18,794,078	17,915,076	17,478,275
Telecom	-	-	-	-	-	-	-	7,246,329	6,959,342	6,701,375
Wastewater	7,997,538	-	-	-	-	-	-	7,726,659	7,751,070	7,588,128
Water	7,460,606	-	-	-	-	-	-	-	-	-
Stormwater	1,654,802	-	-	-	-	-	-	-	-	-
Nonmajor	-	16,829,429	23,553,092	25,199,526	24,582,213	24,151,054	21,464,113	8,943,170	8,756,986	8,304,743
Operating Grants and Contributions	7,829,276	2,422,651	325,454	172,648	218,384	205,387	-	-	-	-
Capital Grants and Contributions	19,532,185	8,747,918	10,483,527	15,034,601	11,025,482	9,118,954	7,431,502	7,722,603	7,976,875	8,454,165
Total Business-type Activities	111,458,006	101,617,865	113,830,925	119,770,338	114,638,955	114,451,201	110,548,658	113,814,371	109,324,616	107,364,030
Total Program Revenues	141,203,308	130,897,248	147,098,543	150,346,101	145,756,419	149,093,643	142,724,526	224,819,892	216,464,372	212,347,487
Net (Expense)/Revenue										
Governmental Activities	(59,215,121)	(56,836,002)	(51,819,896)	(52,282,640)	(47,716,613)	(32,440,412)	(39,419,557)	(33,154,244)	(42,035,775)	(30,384,503)
Business-type Activities	16,323,956	643,481	3,064,215	12,045,403	8,694,183	9,981,198	7,919,738	5,596,586	9,343,762	8,527,393
Total Net Expense	\$ (42,891,165)	\$ (56,192,521)	\$ (48,755,681)	\$ (40,237,237)	\$ (39,022,430)	\$ (22,459,214)	\$ (31,499,819)	\$ (27,557,658)	\$ (32,692,013)	\$ (21,857,110)

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Revenues										
Governmental Activities:										
Property Taxes	\$ 39,532,493	\$ 37,873,006	\$ 35,648,435	\$ 33,898,685	\$ 33,253,448	\$ 31,409,270	\$ 33,054,429	\$ 29,494,623	\$ 28,272,251	\$ 27,884,131
Gross Receipts Taxes	2,232,616	3,127,599	4,295,784	4,256,325	4,034,408	3,906,652	3,665,158	3,190,082	2,902,808	2,761,865
Local Option Sales Tax	2,472,926	2,500,822	2,519,691	2,537,181	2,329,007	2,239,937	2,179,587	2,125,034	2,126,646	2,157,170
Payments in Lieu of Taxes	1,356,734	5,749,014	5,726,314	5,466,512	5,248,985	5,079,036	2,395,762	2,257,824	3,534,236	3,392,592
Franchise Fees	2,076,347	2,075,759	2,137,957	2,142,580	2,161,617	2,376,990	2,128,227	2,193,447	2,157,022	2,176,076
Impact Fees	122,294	604,445	507,907	456,837	346,411	138,723	349,714	82,262	272,852	385,702
Interest and Penalties on Delinquent Taxes	611,103	431,415	498,980	400,071	303,370	339,034	356,550	368,602	278,419	331,971
Unrestricted Investment Earnings	391,205	911,468	723,079	334,817	249,012	193,991	100,725	634,071	52,148	27,695
Other Revenues	1,337,814	924,174	1,934,224	1,138,937	1,698,196	642,968	1,175,521	1,048,832	296,973	-
Additions to permanent funds	-	2,072	16,822	153	3,846	3,968	67,115	25,715	20,005	34,565
Special items	-	-	-	-	(2,154,349)	-	-	(16,936,492)	-	(29,251,302)
Transfers	4,500,179	22,175	7,930,536	-	-	-	28,921	(97,572)	(97,500)	(54,728)
Total Governmental Activities	54,633,711	54,221,949	61,939,729	50,632,098	47,473,951	46,330,569	45,501,709	24,386,428	39,815,860	9,845,737
Business-type Activities:										
Nonoperating grants	125,331	989,780	1,095,955	-	-	-	-	-	-	-
Unrestricted investment earnings	118,861	444,119	536,989	233,657	158,415	184,630	127,214	291,397	269,758	271,471
Dividends from associated companies	4,326,608	4,268,944	4,282,667	4,147,819	3,516,718	3,236,147	3,128,753	2,907,831	2,619,286	-
Other revenues	1,053,709	168,958	1,444,855	109,565	513,337	273,598	429,794	(368,970)	370,226	185,004
Special items	-	(795,851)	(606,888)	-	-	-	-	16,936,492	-	-
Transfers	(4,500,179)	(22,175)	(7,930,536)	-	-	-	(28,921)	97,572	97,500	54,728
Total Business-type Activities	1,124,330	5,053,775	(1,176,958)	4,491,041	4,188,470	3,694,375	3,656,840	19,864,322	3,356,770	511,203
Total Primary Government	55,758,041	59,275,724	60,762,771	55,123,139	51,662,421	50,024,944	49,158,549	44,250,750	43,172,630	10,356,940
Change in Net Position										
Governmental Activities	(4,581,410)	(2,614,053)	10,119,833	(1,650,542)	(242,662)	13,890,157	6,082,152	(8,767,816)	(2,219,915)	(20,538,766)
Business-type Activities	17,448,286	5,697,256	1,887,257	16,536,444	12,882,653	13,675,573	11,576,578	25,460,908	12,700,532	9,038,596
Total Change in Net Position	\$ 12,866,876	\$ 3,083,203	\$ 12,007,090	\$ 14,885,902	\$ 12,639,991	\$ 27,565,730	\$ 17,658,730	\$ 16,693,092	\$ 10,480,617	\$ (11,500,170)

Source: Each respective Comprehensive Annual Financial Report

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

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

	2021	2020	2019	2018	2017	2016	2015 ⁽¹⁾	2014	2013	2012
All Governmental Funds										
Nonspendable	\$ 3,180,888	\$ 2,759,993	\$ 3,024,595	\$ 2,387,669	\$ 3,037,839	\$ 3,856,421	\$ 3,486,412	\$ 3,958,011	\$ 21,441,396	\$ 24,261,046
Restricted	25,293,971	36,941,442	33,756,452	29,439,449	18,528,173	10,330,002	9,525,627	6,424,997	7,604,997	7,740,185
Committed	2,120,363	5,070,945	4,370,914	5,796,567	5,559,637	5,915,503	4,133,553	6,831,663	3,558,828	8,769,100
Assigned	7,268,980	11,000,463	10,182,818	6,564,153	3,619,252	-	-	-	208,962	262,810
Unassigned	1,903,410	5,120,057	7,866,652	8,318,152	4,358,533	4,046,532	2,385,971	(2,997,049)	(9,011,184)	(20,338,070)
Total All Other Governmental Funds	<u>\$ 39,767,612</u>	<u>\$ 60,892,900</u>	<u>\$ 59,201,431</u>	<u>\$ 52,505,990</u>	<u>\$ 35,103,434</u>	<u>\$ 24,148,458</u>	<u>\$ 19,531,563</u>	<u>\$ 14,217,622</u>	<u>\$ 23,802,999</u>	<u>\$ 20,695,071</u>
General Fund										
Nonspendable	\$ 1,559,708	\$ 1,119,120	\$ 1,708,447	\$ 1,114,361	\$ 1,825,280	\$ 2,661,874	\$ 2,321,904	\$ 2,845,487	\$ 20,334,968	\$ 23,132,150
Restricted	2,097,488	4,929,072	207,221	568,007	560,372	38,500	17,265	17,265	17,261	3,867,936
Committed	892,949	576,734	467,314	577,407	1,209,754	2,779,209	1,624,950	2,058,049	1,041,535	3,345,215
Assigned	7,268,980	11,000,463	10,182,818	6,564,153	3,619,252	-	-	-	208,962	262,810
Unassigned	9,272,827	8,618,219	9,497,207	9,713,896	8,409,087	6,520,495	4,287,378	71,822	(2,178,623)	(14,982,331)
Total General Fund	<u>\$ 21,091,952</u>	<u>\$ 26,243,608</u>	<u>\$ 22,063,007</u>	<u>\$ 18,537,824</u>	<u>\$ 15,623,745</u>	<u>\$ 12,000,078</u>	<u>\$ 8,251,497</u>	<u>\$ 4,992,623</u>	<u>\$ 19,424,103</u>	<u>\$ 15,625,780</u>
All Other Governmental Funds										
Nonspendable	\$ 1,621,180	\$ 1,640,873	\$ 1,316,148	\$ 1,273,308	\$ 1,212,559	\$ 1,194,547	\$ 1,164,508	\$ 1,112,524	\$ 1,106,428	\$ 1,128,896
Restricted	23,196,483	32,012,370	33,549,231	28,871,442	17,967,801	10,291,502	9,508,362	6,407,732	7,587,736	3,872,249
Committed	1,227,414	4,494,211	3,903,600	5,219,160	4,349,883	3,136,294	2,508,603	4,773,614	2,517,293	5,423,885
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(7,369,417)	(3,498,162)	(1,630,555)	(1,395,744)	(4,050,554)	(2,473,963)	(1,901,407)	(3,068,871)	(6,832,561)	(5,355,739)
Total All Other Governmental Funds	<u>\$ 18,675,660</u>	<u>\$ 34,649,292</u>	<u>\$ 37,138,424</u>	<u>\$ 33,968,166</u>	<u>\$ 19,479,689</u>	<u>\$ 12,148,380</u>	<u>\$ 11,280,066</u>	<u>\$ 9,224,999</u>	<u>\$ 4,378,896</u>	<u>\$ 5,069,291</u>

Source: Each respective Comprehensive Annual Financial Report

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

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

	2021	2020	2019	2018	2017	2016	2015 ⁽¹⁾	2014	2013	2012
Revenues										
Taxes	\$ 44,557,992	\$ 43,387,460	\$ 43,233,045	\$ 40,923,397	\$ 39,781,518	\$ 39,097,706	\$ 38,770,459	\$ 35,721,358	\$ 33,509,448	\$ 33,409,559
Payments in lieu of taxes	1,356,734	5,749,014	5,726,314	5,466,512	5,248,985	5,079,036	2,395,762	2,257,824	3,534,236	3,391,718
Licenses and permits	3,303,733	4,011,578	4,505,473	4,749,082	5,570,707	5,082,269	3,866,933	4,396,587	4,070,213	5,270,706
Intergovernmental	7,884,093	4,444,005	6,069,799	7,155,317	6,857,683	8,569,938	8,717,811	86,426,117	78,334,827	73,660,719
Charges for services	19,064,811	20,863,873	23,667,671	21,987,715	21,090,765	21,499,084	21,781,930	21,636,460	23,437,932	18,154,362
Contributions	1,605,268	684,238	884,119	815,074	1,373,500	538,878	-	-	-	-
Investment income	391,204	911,468	723,081	340,281	249,013	193,993	100,725	634,070	52,148	675,834
Fines and forfeits	-	-	-	-	-	-	-	-	-	1,572,016
Loan repayments	86,038	89,536	884,262	87,177	57,357	104,033	122,544	245,074	46,741	4,873,509
Other revenue	929,764	926,249	1,623,512	883,075	585,799	601,849	1,230,412	1,160,440	415,290	5,536,858
Total Revenues	<u>79,179,637</u>	<u>81,067,421</u>	<u>87,317,276</u>	<u>82,407,630</u>	<u>80,815,327</u>	<u>80,766,786</u>	<u>76,986,576</u>	<u>152,477,930</u>	<u>143,400,835</u>	<u>146,545,281</u>
Expenditures										
Current:										
General government	14,652,152	13,359,906	13,387,383	11,467,656	12,202,374	11,400,333	11,158,205	13,643,302	13,704,648	13,339,250
Public safety	30,618,604	30,917,348	28,614,540	27,882,465	26,493,268	25,561,099	24,668,195	22,734,841	23,507,829	21,768,729
Education	-	-	-	-	-	-	-	76,037,906	81,284,025	70,399,945
Public works	8,095,161	11,354,670	10,670,815	10,249,398	11,991,808	9,788,601	9,455,450	8,378,414	6,533,226	8,994,691
Culture and Recreation	10,746,269	11,996,243	13,319,453	12,175,770	11,241,909	12,100,903	11,624,098	10,355,792	7,348,962	8,263,436
Community development	5,771,944	4,461,396	4,465,263	3,839,541	4,636,189	4,125,042	4,081,123	3,915,514	8,463,496	4,739,169
Capital Outlay ⁽²⁾	23,328,941	16,750,497	14,710,892	20,194,752	11,062,639	13,179,734	9,483,616	7,239,386	9,121,280	8,770,755
Debt Service:										
Principal	11,551,630	6,293,729	7,026,187	4,996,847	4,545,560	4,117,610	3,373,102	4,950,428	4,729,974	3,976,551
Interest and bond issue costs	3,507,889	4,204,442	3,354,995	2,642,648	2,094,364	1,805,722	1,568,269	2,763,625	1,873,163	2,072,080
Total Expenditures	<u>108,272,590</u>	<u>99,338,231</u>	<u>95,549,528</u>	<u>93,449,077</u>	<u>84,268,111</u>	<u>82,079,044</u>	<u>75,412,058</u>	<u>150,019,208</u>	<u>156,566,603</u>	<u>142,324,606</u>
Excess (Deficiency) of Revenues over Expenditures	(29,092,953)	(18,270,810)	(8,232,252)	(11,041,447)	(3,452,784)	(1,312,258)	1,574,518	2,458,722	(13,165,768)	4,220,675
Other Financing Sources (Uses)										
Issuance of bonds and loans	-	9,225,000	6,113,659	24,739,547	10,966,360	5,062,083	5,934,807	3,989,967	14,250,000	3,560,000
Issuance of refunding debt	-	20,639,850	-	-	2,545,000	8,785,000	-	-	-	-
Bond premium	-	2,214,241	404,347	2,689,456	1,067,582	1,138,975	-	-	419,080	-
Payment to refunding escrow	-	(12,138,987)	-	-	(2,837,850)	(10,044,139)	-	-	-	-
Sale of capital assets	-	-	-	-	949,986	-	-	1,000,000	-	-
Issuance of leases	3,467,485	-	479,151	1,015,000	1,699,383	987,234	683,718	-	261,242	1,621,586
Issuance of notes	-	-	-	-	-	-	-	-	-	1,000,000
Transfers in	10,273,734	7,704,985	13,140,055	3,993,825	2,804,088	4,532,340	4,363,550	4,190,396	1,854,249	2,630,787
Transfers out	(5,773,554)	(7,682,810)	(5,209,519)	(3,993,825)	(2,804,088)	(4,532,340)	(4,334,629)	(4,287,968)	(1,951,749)	(2,685,515)
Total Other Financing Sources (Uses)	<u>7,967,665</u>	<u>19,962,279</u>	<u>14,927,693</u>	<u>28,444,003</u>	<u>14,390,461</u>	<u>5,929,153</u>	<u>6,647,446</u>	<u>4,892,395</u>	<u>14,832,822</u>	<u>6,126,858</u>
Special Items	-	-	-	-	-	-	-	(16,936,492)	-	-
Net Change in Fund Balances	<u>\$ (21,125,288)</u>	<u>\$ 1,691,469</u>	<u>\$ 6,695,441</u>	<u>\$ 17,402,556</u>	<u>\$ 10,937,677</u>	<u>\$ 4,616,895</u>	<u>\$ 8,221,964</u>	<u>\$ (9,585,375)</u>	<u>\$ 1,667,054</u>	<u>\$ 10,347,533</u>
Debt Service as a Percentage of Noncapital Expenditures⁽³⁾	20.51%	14.80%	15.09%	11.11%	9.89%	9.53%	7.99%	5.71%	4.69%	4.74%

Source: Each respective Comprehensive Annual Financial Report

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

⁽²⁾ Certain capital expenditures from various functions have been capitalized on the Statement of Net Position.

⁽³⁾ Capital outlay purchases from the reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities are used to calculate this ratio.

CITY OF BURLINGTON, VERMONT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value	Estimated Actual Value	Total Direct Tax Rate
2021	\$ 3,915,820,752	\$ 5,378,760,856	\$ 0.8995
2020	3,866,923,799	5,171,758,458	0.8714
2019	3,837,641,750	4,770,128,090	0.8303
2018	3,821,048,690	4,607,608,267	0.7971
2017	3,787,167,109	4,474,474,608	0.7826
2016	3,736,048,309	4,267,608,304	0.7926
2015	3,646,921,910	4,137,177,436	0.7958
2014	3,617,870,130	4,019,395,477	0.7584
2013	3,587,077,000	4,056,808,890	0.7153
2012	3,563,141,000	3,957,600,400	0.7280

Source: Most recent official statement

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

Fiscal Year	City of Burlington	After Act 68			
		State-wide Education Taxes		Total Taxes	
		Residential	Nonresidential	Residential	Nonresidential
2021	\$ 0.8995	\$ 2.0576	\$ 2.1773	\$ 2.9571	\$ 3.0768
2020	0.8714	1.9368	2.0528	2.8082	2.9242
2019	0.8303	1.8498	1.9765	2.6801	2.8068
2018	0.7971	1.7903	1.8624	2.5874	2.6595
2017	0.7826	1.7237	1.8161	2.5063	2.5987
2016	0.7926	1.6544	1.7535	2.4470	2.5461
2015	0.7958	1.6358	1.7187	2.4316	2.5145
2014	0.7584	1.5257	1.6055	2.2841	2.3639
2013	0.7153	1.4302	1.5684	2.1455	2.2837
2012	0.7280	1.3019	1.5441	2.0299	2.2721

Notes:

Tax rates are per \$100 of assessed value.

Source: Most recent Official Statement

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

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed value
Bayberry LLC	\$ 30,871,100	1	0.79%			
Fortieth Burlington LLC	26,816,000	2	0.68%	14,100,000	7	0.40%
Diamondrock Burlington Owner LLC	25,933,400	3	0.66%			
UVM/Redstone Lofts LLC	25,042,600	4	0.64%			
Burlington Harbor Hotel Group LLC	16,833,400	5	0.43%	16,833,000	4	0.48%
Burlington Electric Dept./CVPS	14,902,700	6	0.38%	14,902,723	5	0.42%
Antonio B Pomerleau LLC	14,649,300	7	0.37%	14,649,300	6	0.42%
Catamount/Van Ness LLC	14,533,100	8	0.37%			
Vermont Gas Systems Inc.	13,099,700	9	0.33%	7,709,000	16	0.22%
41 Cherry Street LLC	12,712,200	10	0.32%			
Vermont Electric Power	11,220,200	11	0.29%	25,376,450	2	0.72%
New Northgate Housing LLC	11,089,000	12	0.28%	11,089,000	9	0.31%
BTC Mall Associates	10,860,000	13	0.28%			
UVM/ Catamount Redstone Apts LLC	10,000,000	14	0.26%	7,830,000	13	0.22%
Howard Opera House Assoc LLC	9,001,300	15	0.23%	9,001,300	11	0.26%
Lakeside Ovens LLC	8,830,700	16	0.23%			
South Meadow LP	8,728,800	17	0.22%	9,923,300	10	0.28%
100 Bank LLC	7,882,300	18	0.20%			
Lake and College LLC	7,754,500	19	0.20%	7,754,500	14	0.22%
Investors Corporation of Vermont (30 Main St.)	7,721,200	20	0.20%	7,721,200	15	0.22%
Rad Bur LLC				25,933,400	1	0.74%
Burlington Town Center				20,837,900	3	0.59%
May Department Stores CO.				11,123,400	8	0.32%
MP Vermont LLC				7,882,300	12	0.22%
Investors Corporation of Vermont (2nd Location)				7,649,000	17	0.22%
Courthouse Plaza LLC				7,060,000	18	0.20%
UVM / Centennial Court LP				6,679,600	19	0.19%
Nick & Morrisey Development LLC				6,576,000	20	0.19%
	<u>\$ 288,481,500</u>		<u>7.37%</u>	<u>\$ 240,631,373</u>		<u>6.82%</u>

Source: Most recent Official Statement

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

Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
\$ 117,350,406	\$ 116,228,230	99.04%	\$ -	\$ 116,228,230	99.04%
110,431,040	109,137,882	98.83%	908,904	110,046,786	99.65%
104,952,969	104,053,074	99.14%	830,435	104,883,509	99.93%
99,731,639	98,880,869	99.15%	838,517	99,719,386	99.99%
96,064,036	95,568,777	99.48%	486,490	96,055,267	99.99%
93,015,324	92,467,139	99.41%	540,322	93,007,461	99.99%
89,907,261	89,275,258	99.30%	610,989	89,886,247	99.98%
83,526,157	82,869,824	99.21%	643,035	83,512,859	99.98%
78,862,874	78,330,310	99.32%	507,150	78,837,460	99.97%
76,089,194	75,617,383	99.38%	435,574	76,052,957	99.95%

Source: Most recent Official Statement for fiscal years 2010 - 2019 and Form 411 Billed Grand List and activity in the City's general ledger for fiscal year 2020.

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

Fiscal Year	Governmental Activities			Business-type Activities				Total Debt Outstanding	Estimated Population ⁽¹⁾	Debt per Capita	Percentage of Personal Income ⁽²⁾
	Bonds Payable, Unamortized Premiums, and Unamortized Discounts	Notes	Capital Leases	Bonds Payable, Unamortized Premiums, and Unamortized Discounts	State Revolving Loans	Notes	Capital Leases				
2021	\$ 80,030,613	\$ -	\$ 4,580,268	\$ 115,992,309	\$ 1,820,687	\$ -	\$ 3,777,316	\$ 206,201,193	44,743	\$ 4,609	16.18%
2020	91,370,787	-	1,790,582	122,008,986	1,522,520	-	4,508,623	221,201,498	42,819	5,166	19.06%
2019	77,932,346	-	2,465,159	126,700,200	1,694,663	-	4,650,126	213,442,494	42,899	4,975	19.72%
2018	60,657,254	-	2,738,077	127,204,846	1,863,365	-	10,890,570	203,354,112	42,239	4,814	19.08%
2017	52,906,348	-	2,301,048	125,601,230	2,082,176	-	7,319,392	190,210,194	44,020	4,321	17.12%
2016	45,636,800	-	1,206,228	131,844,248	228,006	-	6,553,118	185,468,400	42,452	4,369	17.31%
2015	46,423,144	-	1,086,318	131,432,505	228,006	-	6,834,297	186,004,270	42,452	4,382	17.40%
2014	63,903,739	-	1,370,191	131,440,972	-	-	1,152,142	197,867,044	42,613	4,643	18.43%
2013	63,358,572	-	1,946,424	139,548,085	-	-	1,714,567	206,567,648	42,738	4,833	19.19%
2012	51,756,866	1,000,000	2,749,589	136,589,433	-	2,000,000	2,320,054	196,415,942	42,637	4,607	18.29%

Source: Each respective Comprehensive Annual Financial Report

⁽¹⁾ United States Census Bureau

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

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

Fiscal Year	Total Debt*	Less: Debt Payable from Enterprise Fund Revenues	Net Governmental Debt	Population ⁽¹⁾	Debt per Capita	Assessed Value	Ratio of Debt to Assessed Value
2021	\$ 197,843,609	\$ 117,812,996	\$ 80,030,613	44,743	\$ 1,789	\$ 3,915,820,752	2.04%
2020	214,902,293	123,531,506	91,370,787	42,819	2,134	3,866,923,799	2.36%
2019	206,327,209	128,394,863	77,932,346	42,899	1,817	3,837,641,750	2.03%
2018	189,725,465	129,068,211	60,657,254	42,239	1,436	3,821,048,690	1.59%
2017	180,589,754	127,683,406	52,906,348	44,020	1,202	3,787,167,109	1.40%
2016	177,709,054	132,072,254	45,636,800	42,452	1,075	3,736,048,309	1.22%
2015	178,083,655	131,660,511	46,423,144	42,452	1,094	3,646,921,910	1.27%
2014	195,344,711	131,440,972	63,903,739	42,613	1,500	3,617,870,130	1.77%
2013	202,906,657	139,548,085	63,358,572	42,738	1,482	3,587,077,000	1.77%
2012	191,346,299	138,589,433	52,756,866	42,637	1,237	3,563,141,000	1.48%

* Does not include capital leases

Sources: Each respective Comprehensive Annual Financial Report and the United States Census Bureau (as indicated below).

⁽¹⁾ United States Census Bureau

CITY OF BURLINGTON, VERMONT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2021

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to the City	Amount Applicable to the City of Burlington
Direct:			
City of Burlington - Bonds and Loans	\$ 74,302,096	100.0%	\$ 74,302,096
City of Burlington - Capital Leases	4,580,268	100.0%	4,580,268
Subtotal - Direct Debt			<u>78,882,364</u>
Overlapping:			
Burlington School District		100.0%	41,170,000
Subtotal - Overlapping Debt			<u>41,170,000</u>
Grand Total Direct and Overlapping Debt			<u><u>\$ 120,052,364</u></u>

Source: Outstanding debt for the Burlington School District is from the financial statements of the School District reported a discretely presented component unit for the City of Burlington.

Note: The Burlington School District is within geographic boundaries of the City. The debt of this overlapping government is borne by the property taxpayers of the City. When considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account.

Enterprise funds debt is excluded from the City's direct debt above as that is being repaid with user fees.

CITY OF BURLINGTON, VERMONT
LEGAL DEBT MARGIN INFORMATION
JUNE 30, 2021

Grand List Valuation	\$ 5,333,527,100
Legal Debt Margin:	
Debt Limitation - Ten Times Last Grand List	53,335,271,000
Debt Applicable to Limitation	80,030,613
Legal Debt Margin	\$ 53,255,240,387
Debt as Percentage of Debt Limit	0.15%

LEGAL DEBT MARGIN
PRECEDING NINE YEARS

Fiscal Year	Debt Limit	Applicable Debt	Legal Debt Margin	Debt as Percentage of Debt Limit
2020	\$ 387,308,720	\$ 91,370,787	\$ 295,937,933	23.59%
2019	382,748,400	77,932,346	304,816,054	20.36%
2018	382,104,869	60,657,254	321,447,615	15.87%
2017	378,715,711	52,906,348	325,809,363	13.97%
2016	377,855,052	45,636,800	332,218,252	12.08%
2015	373,604,831	46,423,144	327,181,687	12.43%
2014	364,692,191	63,903,739	300,788,452	17.52%
2013	361,787,013	63,358,572	298,428,441	17.51%
2012	358,707,700	52,756,866	305,950,834	14.71%

Source: Most recent Official Statement

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

Fiscal Year	Gross Revenues*	Operating Expenses*	Net Revenues (as defined)	PFC Revenues Available for DS	Funds Available for DS	25% PFC Revenue For DS coverage	Adjusted funds Available for DS	Debt Service	Debt Service Coverage	Adjusted Debt Service Coverage
2021	\$ 16,763	\$ 12,943	\$ 3,820	\$ 1,128	\$ 4,948	\$ 282	\$ 5,230	\$ 3,605	1.37	1.45
2020	18,377	14,462	3,915	832	4,747	208	4,955	3,610	1.31	1.37
2019	18,347	13,838	4,509	981	5,490	245	5,735	3,660	1.50	1.57
2018	17,716	13,404	4,312	1,180	5,492	295	5,787	3,662	1.50	1.58
2017	16,625	12,327	4,298	1,176	5,474	294	5,768	3,650	1.50	1.58
2016	16,677	12,376	4,301	1,087	5,388	272	5,660	3,386	1.59	1.67
2015	16,933	12,347	4,586	1,284	5,870	321	6,191	3,956	1.48	1.56
2014	16,382	12,508	3,874	1,291	5,165	323	5,488	3,402	1.52	1.61
2013	15,890	11,731	4,159	1,938	6,097	485	6,582	4,268	1.43	1.54
2012	15,080	11,259	3,821	1,939	5,760	485	6,245	4,195	1.37	1.49

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

Source: Data from each respective Annual Financial Report.

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

Calendar Year	Population ^(1,2)	Per Capita Income ^{(1,2)*}	Personal Income	State-wide Per Capita Income ⁽³⁾	State-wide Median Family Income ⁽¹⁾	Unemployment Rate		Enrollment Grades 9-12 ⁽²⁾	High School Graduation Rate ⁽²⁾
						Burlington City ⁽³⁾	State-wide ⁽³⁾		
2021	44,743	\$ 28,480	\$ 1,274,280,640	\$ 58,650	\$ 61,973	2.80%	5.60%	988	74%
2020	42,819	27,105	1,160,608,995	53,805	60,076	8.70%	9.50%	990	74%
2019	42,899	25,231	1,082,384,669	53,523	58,214	1.90%	2.10%	1,005	84%
2018	42,239	25,234	1,065,858,926	54,173	50,324	1.30%	2.70%	1,029	89%
2017	44,020	25,234	1,110,800,680	52,225	57,513	2.10%	2.70%	1,048	91%
2016	42,452	25,234	1,071,233,768	49,984	56,154	3.10%	3.60%	1,067	88%
2015	42,452	25,188	1,069,280,976	47,214	54,447	3.20%	4.10%	1,070	96%
2014	42,613	25,188	1,073,336,244	45,483	54,267	3.50%	4.40%	1,048	87%
2013	42,738	25,188	1,076,484,744	44,545	54,168	3.80%	5.00%	1,048	83%
2012	42,637	25,188	1,073,940,756	41,572	53,422	4.30%	5.50%	1,086	85%

Sources:

- ⁽¹⁾ United States Census Bureau
- ⁽²⁾ Vermont Economic-Demographic Profile
*Using MFRA Data
- ⁽³⁾ Vermont Department of Labor, Economic & Labor Market Information

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

Employer	Calendar Year 2021			Calendar Year 2012		
	Employees ^(1,2)	Rank	Percentage of Total City Employment ⁽³⁾	Employees ⁽²⁾	Rank	Percentage of Total City Employment ⁽³⁾
University of Vermont Medical Center	5,591	1	16.86%			
University of Vermont	3,991	2	12.04%	3,343	3	10.07%
Global Foundries	2,500	3	7.54%			
Howard Center	1,500	4	4.52%	809	5	2.44%
City of Burlington and Burlington School District	1,394	5	4.20%			
Walmart	1,273	6	3.84%			
Dealer.com	1,100	7	3.32%	546	9	1.64%
People's United Bank	876	8	2.64%	1,000	4	3.01%
Adecco	775	9	2.34%	775	6	2.33%
Ben & Jerry's Homemade, Inc.	735	10	2.22%	735	7	2.21%
IBM				5,000	1	15.06%
Fletcher Allen Health Care				4,951	2	14.91%
GE Healthcare				700	8	2.11%
FairPoint Communications				545	10	1.64%
	<u>19,735</u>		<u>59.53%</u>	<u>18,404</u>		<u>55.44%</u>

Sources:

⁽¹⁾ Chittenden County

⁽²⁾ Vermont Business Magazine, Vermont Business Directory

⁽³⁾ Vermont Department of Labor

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

Full-time Equivalent Employees										
Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government:										
Mayor's Office	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00
Clerk/Treasurer's Office	20.15	18.78	18.80	20.00	20.00	26.51	21.00	19.00	20.00	20.00
Payroll	3.25	3.85	3.85	4.00	4.00	4.00	4.00	3.00	3.00	4.00
Central Computer	7.00	7.00	6.00	6.00	6.00	4.00	6.00	3.00	3.00	3.20
City Attorney's Office	8.50	8.60	9.00	8.50	8.00	8.00	8.00	7.00	7.00	7.50
Human Resources	6.00	8.00	7.00	7.00	6.00	6.00	5.50	5.50	5.50	6.00
Racial Equity Inclusion & Belonging	12.00	-	-	-	-	-	-	-	-	-
City Assessor	5.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Planning and Zoning	6.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
GF-CEDO	13.77	6.97	6.03	5.34	4.68	1.70	-	-	-	-
Public Safety:										
Fire	93.80	83.80	85.80	84.80	81.80	80.80	79.80	79.80	79.80	79.80
Police	121.70	146.70	147.70	144.70	141.20	139.20	136.20	137.20	137.20	138.20
DPW Inspection	-	-	4.00	5.00	5.00	5.00	4.00	4.00	4.00	3.00
Code Enforcement	20.00	21.00	12.00	12.00	12.00	12.00	12.00	11.00	11.00	11.00
Public Works:										
Highways	52.35	44.35	41.35	42.55	43.45	43.45	42.90	42.90	43.60	42.60
Public Works Administration	5.00	6.00	6.00	5.00	4.00	4.00	4.00	6.00	6.00	6.00
Culture and Recreation	100.00	87.88	90.00	90.50	88.00	85.00	81.80	78.80	75.48	71.25
General Fund Total	478.52	457.93	452.53	450.39	439.13	434.66	420.20	412.20	410.58	406.55
Burlington Electric	117.60	118.00	118.00	129.00	129.00	131.90	125.00	128.00	125.00	123.00
Burlington Telecom	-	-	-	30.00	24.00	26.00	25.00	21.00	24.50	22.00
Burlington International Airport	54.00	51.80	51.40	51.00	39.50	39.00	42.00	41.00	-	-
Water**	32.25	30.25	24.50	24.50	-	-	-	-	-	-
Stormwater**	1.65	1.65	2.90	2.50	-	-	-	-	-	-
Wastewater**	16.25	15.25	16.25	15.65	-	-	-	-	-	-
Total Employees	700.27	674.88	665.58	703.04	631.63	631.56	612.20	602.20	560.08	551.55

*Data is not available at the time of publication.

** Separation FTE with carve out of fund

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

Function/Program	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government:										
Full-time equivalent positions filled	478.52	453.93	452.53	450.39	439.13	434.66	420.20	412.20	410.58	406.55
Tax bills mailed	10,629	10,700	10,682	10,686	10,670	10,714	10,737	10,685	10,633	11,106
Active recreation programs	254	311	286	290	283	285	-	-	-	-
Recreation participants	5,075	4,979	5,381	2,148	4,863	4,762	-	-	-	-
Birth certificates recorded	2,144	2,135	2,328	2,145	2,283	2,177	2,252	2,257	2,207	2,254
Marriage licenses recorded	265	320	377	360	375	229	401	599	366	362
Death certificates recorded	983	934	943	992	947	489	1,045	965	1,036	931
Dog licenses issued	855	828	946	1,082	1,153	1,175	1,256	1,191	1,234	1,248
Public Safety:										
Total cases	21,310	26,953	28,848	29,684	30,517	28,608	28,243	31,182	31,353	29,978
Number of traffic tickets	259	423	467	632	803	1,990	1,938	1,793	1,895	1,616
Number of traffic warnings	738	1,461	1,703	2,095	2,289	3,507	4,822	4,432	4,524	3,996
Fire incident responses	7,539	8,137	8,229	7,895	7,598	7,305	7,338	7,326	7,241	7,160
Water System:										
Average daily consumption (gallons)	3,849,000	3,716,000	3,640,000	3,638,333	3,703,666	3,753,328	3,976,008	3,649,433	3,953,940	4,242,691
Wastewater System:										
Average daily treatment (gallons)	4,182,000	6,235,000	6,153,000	5,288,000	4,722,000	4,917,000	5,132,000	5,692,000	5,677,000	5,736,000
Sludge disposed (tons)	9,086	9,093	9,928	9,467	8,651	8,633	8,583	8,402	8,287	8,322
Burlington International Airport										
Enplanements	186,799	519,874	693,208	623,489	597,799	595,244	600,402	617,301	605,505	652,793
Burlington Electric Department										
Sales to Customers - KWHs	317	315	331	330	336.2	338.2	336.2	342.8	341.4	342.5

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

Function/Program	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government:										
Number of general government buildings	3	3	3	3	3	3	3	3	3	3
Public Safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of police vehicles	44	44	45	45	45	45	45	44	44	42
Number of fire stations	5	5	5	5	5	5	5	5	5	5
Number of fire vehicles	22	23	20	20	20	28	27	26	26	26
Public Works:										
Number of public works buildings	2	2	2	2	2	2	2	2	2	2
Miles of streets	95	95	95	95	95	95	95	95	95	95
Miles of sidewalks	130	130	130	130	130	130	127	127	127	127
Culture and Recreation:										
Number of culture and recreation facilities	4	4	6	6	6	6	5	5	5	5
Acres of parks	520	520	540	540	540	540	540	540	540	540
Water:										
Number of water treatment facilities	3	3	3	3	3	3	3	3	3	3
Miles of water mains	110	110	110	110	110	110	110	110	110	110
Wastewater:										
Number of wastewater facilities	3	3	3	3	3	3	3	3	3	3
Miles of sanitary sewers	89	89	89	89	89	89	89	89	89	89
Burlington International Airport:										
Number of facilities	23	23	23	23	23	23	23	23	23	23
Burlington Electric Department:										
Number of facilities	10	10	10	10	10	12	12	12	12	12