
CITY OF BURLINGTON VERMONT

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



FOR FISCAL YEAR ENDED
JUNE 30, 2017

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CITY OF BURLINGTON, VERMONT
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017



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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January 30, 2018

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 Comprehensive Annual Financial Report of the City of Burlington for the Fiscal Year ended June 30, 2017, 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 2017 represents the second year that the City of Burlington has compiled a Comprehensive Annual Financial Report (CAFR). 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 Comprehensive Annual Financial Report for the fiscal year ending June 30, 2016. The compilation of this report required a substantial time investment by the Clerk/Treasurer's Office, but we are proud to continue our commitment to expanded disclosures of our financial position and results of operations.

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

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial

statements. MD&A complements this letter of transmittal and should be read in conjunction with it for additional narrative overview and analysis of the City's activities.

THE CITY OF BURLINGTON

The source for this section is the *Introduction to Official Statement*, dated November 29, 2017.

Description of the City

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

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

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

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

Form of Government

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

City Services

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

Community Amenities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Economic Activity

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

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

Employment Data

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

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

Housing Market

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

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

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

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

Acknowledgements

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

Respectfully submitted,

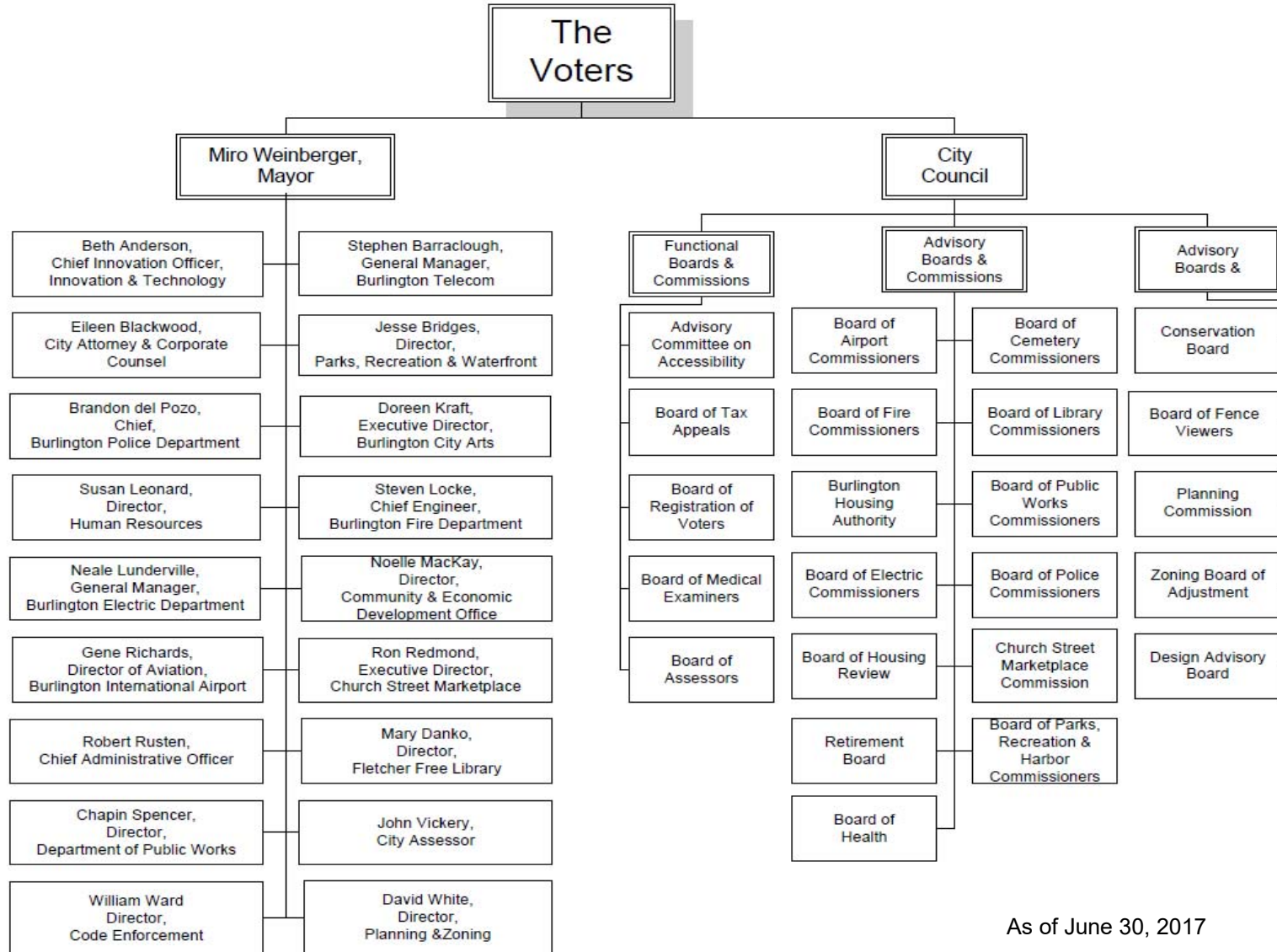


Beth Anderson
Interim Chief Administrative Officer



Rich Goodwin
Director Financial Operations

City of Burlington Organizational Chart



As of June 30, 2017

**CITY OF BURLINGTON, VERMONT
PRINCIPAL OFFICIALS**

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

City Council

<i>Sharon Foley Bushor</i>	<i>Ward 1</i>	1987	2018
<i>Max Tracy</i>	<i>Ward 2</i>	2012	2018
<i>Sara Moore</i>	<i>Ward 3</i>	2015	2018
<i>Kurt Wright</i>	<i>Ward 4</i>	2013	2018
<i>William “Chip” Mason</i>	<i>Ward 5</i>	2012	2018
<i>Karen Paul</i>	<i>Ward 6</i>	2008	2018
<i>Ali Dieng</i>	<i>Ward 7</i>	2017	2018
<i>Adam Roof</i>	<i>Ward 8</i>	2015	2018
<i>Richard Deane</i>	<i>East District</i>	2017	2019
<i>Jane Knodell, President</i>	<i>Central District</i>	2013	2019
<i>Dave Hartnett</i>	<i>North District</i>	2011	2019
<i>Joan Shannon</i>	<i>South District</i>	2003	2019

Clerk Treasurer Office

<i>Beth Anderson</i>	<i>Interim Chief Administrative Officer</i>
<i>Rich Goodwin</i>	<i>Director Financial Operations</i>
<i>Ann Barton</i>	<i>Comptroller</i>
<i>Darlene Bayko</i>	<i>Banking and Cash Operations Manager</i>
<i>Amy Bovee</i>	<i>Assistant City Clerk</i>
<i>Lori Olberg</i>	<i>License / Voter/ Records Coordinator</i>

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

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

As of June 30, 2017



Government Finance Officers Association

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Vermont**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morrill

Executive Director/CEO

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**FINANCIAL
SECTION**

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INDEPENDENT AUDITORS' REPORT

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burlington, Vermont (the City), as of and for the year ended June 30, 2017, 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 40 percent, 27 percent, and 59 percent, of the assets and deferred outflows, net position and revenues of the business-type activities respectively. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Burlington Electric Enterprise Fund and its effects on the business-type activities, is based solely on the report of the other auditors. Also, we did not audit the financial statements of the Burlington School District, which represents 100 percent of the aggregate discretely presented component units. The financial statements of Burlington School District were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School District is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are

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

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the City, as of June 30, 2017, 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 the Pension and OPEB schedules appearing on pages 117 to 120 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 30, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Melanson Heath

January 30, 2018

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BASIC FINANCIAL STATEMENTS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Burlington (the City), we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial 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 Airport, Electric, Telecom, Wastewater, Water, and Stormwater. The proprietary fund financial statements provide separate information for the Airport and Electric which are considered to be major funds.

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

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

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

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets and deferred outflows exceeded liabilities and deferred inflows by \$330,109,409 (i.e., net position), a change of \$12,639,991 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$35,103,434, a change of \$10,937,677 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,409,087, a change of \$1,888,592 in comparison to the prior year.
- Total net position of the City's component unit, the Burlington School District, amounted to \$14,008,647, an increase of \$397,848 for the year
- The nonspendable portion of the governmental funds balance was \$3,037,839 which consists of inventories, prepaid assets, and permanent funds, as well as general fund advances to other funds not expected to be repaid within a short period of time. \$18,528,173 of the governmental funds balance is restricted for specific purposes. In addition, \$5,559,637 is committed for purposes funded by dedicated revenue. The City has assigned \$3,619,252 for the fiscal year 2018 budget. This leaves the City with a total unassigned fund balance of \$4,358,533. The City's general fund unassigned fund balance was \$8,409,087. See the note to the financial statements for definitions of types of fund balances.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	<u>NET POSITION (000s)</u>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 55,272	\$ 47,197	\$ 110,272	\$ 97,796	\$ 165,544	\$ 144,993
Capital assets	140,393	134,091	308,448	299,941	448,841	434,032
Total assets	195,665	181,288	418,720	397,737	614,385	579,025
Deferred outflows of resources	22,935	11,476	10,257	7,070	33,192	18,546
Total assets and deferred outflows	\$ 218,600	\$ 192,764	\$ 428,977	\$ 404,807	\$ 647,577	\$ 597,571
Long-term liabilities outstanding	\$ 117,064	\$ 93,519	\$ 170,337	\$ 164,264	\$ 287,401	\$ 257,783
Other liabilities	9,012	9,248	17,296	12,651	26,308	21,899
Total liabilities	126,076	102,767	187,633	176,915	313,709	279,682
Deferred inflows of resources	3,189	1,770	569	-	3,758	1,770
Net position:						
Net investment in capital assets	98,442	92,236	188,464	179,096	286,906	271,332
Restricted	13,086	17,725	22,671	20,813	35,757	38,538
Unrestricted	(22,193)	(21,734)	29,640	27,983	7,447	6,249
Total net position	89,335	88,227	240,775	227,892	330,110	316,119
Total liabilities, deferred inflows of resources and net position	\$ 218,600	\$ 192,764	\$ 428,977	\$ 404,807	\$ 647,577	\$ 597,571

CHANGES IN NET POSITION (000s)

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for services	\$ 23,774	\$ 25,439	\$ 103,395	\$ 105,128	\$ 127,169	\$ 130,567
Operating grants and contributions	4,110	4,516	218	205	4,328	4,721
Capital grants and contributions	3,233	4,688	11,026	9,119	14,259	13,807
General revenues:						
Property taxes	33,253	31,409	-	-	33,253	31,409
Rooms and meals tax	4,034	3,907	-	-	4,034	3,907
Local sales option tax	2,329	2,240	-	-	2,329	2,240
Payment in lieu of tax	5,249	5,079	-	-	5,249	5,079
Franchise fees	2,162	2,377	-	-	2,162	2,377
Impact fees	346	139	-	-	346	139
Interest and penalties on delinquent taxes	303	339	-	-	303	339
Investment income	249	194	159	185	408	379
Dividends from associated companies	-	-	3,517	3,236	3,517	3,236
Other revenue	1,699	642	513	274	2,212	916
Total revenues	<u>80,741</u>	<u>80,969</u>	<u>118,828</u>	<u>118,147</u>	<u>199,569</u>	<u>199,116</u>
Expenses:						
Governmental activities:						
General government	12,335	11,354	-	-	12,335	11,354
Public safety	29,095	23,501	-	-	29,095	23,501
Public works	16,129	15,484	-	-	16,129	15,484
Culture and recreation	14,186	10,067	-	-	14,186	10,067
Community development	4,941	4,895	-	-	4,941	4,895
Interest on long-term debt	2,148	1,782	-	-	2,148	1,782
Business-type activities:						
Electric	-	-	63,450	63,913	63,450	63,913
Airport	-	-	20,369	19,754	20,369	19,754
Non-major	-	-	22,126	20,804	22,126	20,804
Total expenses	<u>78,834</u>	<u>67,083</u>	<u>105,945</u>	<u>104,471</u>	<u>184,779</u>	<u>171,554</u>
Change in net position before transfers, additions to permanent fund principal, and special items	1,907	13,886	12,883	13,676	14,790	27,562
Additions to permanent fund principal	4	4	-	-	4	4
Special item	(2,154)	-	-	-	(2,154)	-
Change in net position	<u>(243)</u>	<u>13,890</u>	<u>12,883</u>	<u>13,676</u>	<u>12,640</u>	<u>27,566</u>
Net position - beginning of year, as restated	<u>89,578</u>	<u>74,337</u>	<u>227,892</u>	<u>214,216</u>	<u>317,470</u>	<u>288,553</u>
Net position - end of year	<u>\$ 89,335</u>	<u>\$ 88,227</u>	<u>\$ 240,775</u>	<u>\$ 227,892</u>	<u>\$ 330,110</u>	<u>\$ 316,119</u>

The largest portion of net position \$286,905,700 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 \$35,757,638 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$7,446,071 represents a combination of our governmental activities and business-type activities or enterprise funds. Our governmental activities unrestricted net position is \$(22,193,434). 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 \$29,639,505. The majority of this balance is derived from our Electric Enterprise Fund.

Governmental activities. Governmental activities for the year resulted in a change in net position of \$(242,662). Key elements of this change are as follows:

Capital grants and contributions	\$ 3,232,947
Change in net pension liability, net of related deferred outflows/inflows and net OPEB obligation	(3,430,891)
Other	<u>(44,718)</u>
Total	<u>\$ (242,662)</u>

Business-type activities. Business-type activities for the year resulted in a change in net position of \$12,882,653. 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 \$35,103,434, a change of \$10,937,677 in comparison to the prior year. Key elements of this change are as follows:

General fund revenues and transfers in, in excess of expenditures and other financing uses	\$ 3,623,667
Special revenue fund revenues, transfers in and issuance of debt in excess of expenditures and transfers out (mostly Traffic and Downtown TIF)	1,846,382
Capital project fund revenues and other financing sources in excess of expenditures and transfers out	5,463,782
Other	<u>3,846</u>
Total	<u>\$ 10,937,677</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 \$8,409,087, while total fund balance was \$15,623,745.

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

<u>City General Fund</u>	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 8,409,087	\$ 6,520,495	\$ 1,888,592	14.2%
Total fund balance	\$ 15,623,745	\$ 12,000,078	\$ 3,623,667	26.3%

The general fund unassigned fund balance positive increase of \$1,888,592 results from the positive operating results reported in the budget and actual comparative schedule.

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

Unassigned fund balance, June 30, 2016	\$ 6,520,495
Budgeted surplus	975,084
Actual revenues greater than budgeted	836,962
Actual expenditures less than budgeted	2,060,641
Use of surplus for FY 18	(2,571,668)
Timing	<u>(249,021)</u>
Subtotal	7,572,493
Reduction in non-spendable fund balance	<u>836,594</u>
Unassigned fund balance, June 30, 2017	<u><u>\$ 8,409,087</u></u>

The City issued \$9,000,000 in fiscal stability bonds in fiscal year 2013 to reduce reliance on tax anticipation notes. In accordance with the Governmental Accounting Standards Board's Statement 54, the City has classified the \$7,410,000 remaining on the issue as a component of unassigned fund balance because the authorized stability bonds do not contain any specific spending purpose constraints. In fact, the bonds were issued as taxable bonds since the purpose was not to finance specific capital governmental projects for the City as is customarily financed by tax-exempt bonds.

Without the issues of the stability bonds, the City's unassigned fund balance would have been \$999,087. In accordance with the bond resolution, as stated by Bond Council; the City can use the proceeds for working capital, and cash flow needs.

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

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

	<u>Unrestricted Net Position</u>		
	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
Electric	\$ 17,717,352	\$ 17,766,036	\$ (48,684)
Airport	5,903,887	4,062,573	1,841,314
Nonmajor funds:			
Telecom	(710,074)	95,877	(805,951)
Wastewater	2,906,296	3,015,900	(109,604)
Water	2,973,129	2,417,855	555,274
Stormwater	<u>848,915</u>	<u>624,420</u>	<u>224,495</u>
Total	<u>\$ 29,639,505</u>	<u>\$ 27,982,661</u>	<u>\$ 1,656,844</u>

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

- The Electric Department net position at June 30, 2017 increased \$1,103,639 when compared to net position at June 30, 2016 primarily due to lower costs in 2017 for production expenses related to the purchase of woodchips at the Joseph C. McNeil Generating Station. Net position at June 30, 2016 increased \$3,507,635 when compared to net position at June 30, 2015 due to lower costs in 2016 associated with the reduction and replacement of positions related to the voluntary buyout and increased capital contributions offsetting capital projects.
- The Burlington International Airport’s unrestricted net position increased from the previous year due to a variety of reasons including principal debt service payments being less than asset depreciation (which reduced net investment in capital assets and increased unrestricted net position) and operations. For additional information, please refer the separate financial statements issued for the Airport Enterprise Fund.
- The Burlington Telecom’s unrestricted net position decreased during fiscal year 2017 despite an overall increase in net position of \$2,033,930. Telecom’s cash flows provided by operations were used to 1) acquire additional capital assets resulting in a \$2,146,107 increase in net investment in capital assets component of net position, and 2) deposits increase in the Revenue Fund by \$693,774, thereby leaving unrestricted net position reduced by (\$805,951).
- The net increase in the Wastewater, Water and Stormwater Funds (which are managed on a combined basis) is primarily the result of operations due to increased user fees.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

The City approved a fiscal year 2017 budget of \$69,173,467 including dedicated taxes, tax increment financing and interdepartmental charges that were netted against appropriations for the presentation on the budget and actual statement in the financial statements. The

following is a reconciliation of the approved fiscal year 2017 appropriation with the amounts reported on the General fund budget and actual comparison statement on page 42:

City approved appropriation	\$ 69,713,467
Less dedicated taxes:	
Capital streets program	(2,251,805)
Open space	(197,079)
Housing Trust	(197,079)
Pennies for parks	(364,960)
Less tax increment	(3,077,690)
Less interdepartmental charges	(2,622,475)
Less other charges	<u>(465,416)</u>
Appropriation reported	<u>\$ 60,536,963</u>

The City's adopted general fund budget for fiscal year 2017 after amendments resulted in a surplus of \$975,084. The adjusted actual performance (budgetary basis) resulted in revenues and other sources exceeding expenditures and other uses by \$836,962. This variance is primarily attributable to:

- Revenue from housing and development licenses and certificates exceeded budget expectations by over \$500,000 due to several large projects requiring additional permitting including, but not limited to, BC Community Housing, Burlington Town Center, University of Vermont, and Champlain College. This revenue is included in charges for services category.
- Revenue from building permits exceeded expectations by over \$1,000,000.
- A bond premium of \$746,987 was recognized in fiscal 2017.
- Various departments had significant unspent appropriations including, but not limited to, Police Department \$349,000 most from salaries and wages, Public Works \$350,000, and Parks & Recreation \$335,000. Non-departmental expenses were over budget by (\$263,000), partially caused by two budgeted attrition account lines totaling \$350,000. Additionally, bond proceeds exceeded budgeted revenue and offset over-expense.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental activities at year-end amounted to \$140,393,076 (net of accumulated depreciation), a change of \$1,754,309 from the prior year. Total investment in capital assets for business-type activities at year-end amounted to \$308,448,156 (net of accumulated depreciation), a change of \$8,506,642 from the prior year. This investment in capital assets includes land, construction in progress, buildings, improvements, infrastructure, intangible assets, and vehicles, machinery, equipment, and furniture.

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

- Parks special projects \$2,477,559
- Street capital \$3,117,772
- Traffic capital \$1,571,031

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 12 on pages 78 to 82 of this report.

Change in credit rating. On November 27, 2017 Moody’s Investor Service (Moody’s) assigned an A2 rating (from A3) to the City’s general obligation debt with a stable outlook. Moody’s rated the certificates of participation at Baa1 and Baa2, with a stable outlook.

Long-term debt. The table below outlines our long-term debt 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 Other Debt		
	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
Governmental Activities:			
City	\$ 52,906,348	\$ 44,244,286	\$ 8,662,062
Business-Type Activities:			
Electric	74,520,714	74,720,714	(200,000)
Airport	35,025,000	37,040,000	(2,015,000)
Wastewater	14,302,946	15,190,949	(888,003)
Water	3,478,005	228,006	3,249,999
Stormwater	356,741	375,504	(18,763)
Subtotal bussiness-type	<u>127,683,406</u>	<u>127,555,173</u>	128,233
Component Unit:			
School District	<u>29,072,143</u>	<u>28,199,286</u>	<u>872,857</u>
Subtotal bussiness-type	<u>29,072,143</u>	<u>28,199,286</u>	<u>872,857</u>
Total	<u>\$ 209,661,897</u>	<u>\$ 199,998,745</u>	<u>\$ 9,663,152</u>

Additional information on the City’s long-term debt can be found in Note 17 on pages 84 to 93 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>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
Governmental Activities:			
City	\$ 53,984,047	\$ 40,988,644	\$ 12,995,403
Business-Type Activities:			
Electric	16,198,638	12,674,005	3,524,633
Airport	2,631,042	2,169,468	461,574
Telecom	1,006,801	1,124,029	(117,228)
Wastewater	1,256,143	856,352	399,791
Water	<u>1,712,439</u>	<u>1,169,736</u>	<u>542,703</u>
Subtotal bussiness-type	22,805,063	17,993,590	4,811,473
Component Unit:			
School District	<u>12,364,796</u>	<u>9,182,200</u>	<u>3,182,596</u>
Total	<u>\$ 89,153,906</u>	<u>\$ 68,164,434</u>	<u>\$ 20,989,472</u>

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

Mayor’s Overview

Management Discussion and FY 18 Budget Summary

With the City’s finances restored to a strong position, this budget will advance important community goals while also making prudent and strategic investments now that are designed to help reduce future taxpayer costs. The total budget reflects feedback from four work sessions in May with the City Council, and includes over \$200 million in total annual expenditures. This memo summarizes the highlights of the FY18 budget.

Summary: The FY18 budget makes strategic investments in public safety, efforts to support the most vulnerable - Burlington’s children, sustainability, infrastructure, technology and organizational efficiency measures, which were all achieved without a General City Tax increase.

Highlights of the budget include:

- Hiring 3.5 new police officers, the first increase in sworn officers in 15 years.
- Full-year funding for 3 new firefighters, the first increase in more than 15 years.

- Dramatically increased funding in streets, sidewalks, water lines, the Bike Path, and other capital investments as a result of last November’s overwhelming voter approval of the Sustainable Infrastructure Plan.
- A major investment in early childhood education with a new \$500,000 initiative to expand high-quality infant and toddler child care options within the City.
- Matching funds for a year-round warming shelter pilot that will build on the success of the winter warming shelter in improving the health of some of our most vulnerable residents while also reducing taxpayer costs.
- The creation of a new \$500,000 Green Revolving Loan Fund to expand and improve energy efficiency efforts across City properties.
- Funding for the purchase of Computer Assisted Dispatch software that will allow the City to modernize and improve its emergency response efforts.
- Funding for much needed improvement in the City’s permitting and code enforcement processes and the technology that supports them.
- Maintaining of the additional \$175,000 funding for Housing Trust Fund.
- Increasing financial support for Howard Center Street Outreach Program.
- Funding for four evaluations focused on how to provide better service at reduced cost. These are: evaluation of City fleet (vehicles), consolidation of two fire stations, capital asset management, and analysis of general fund structure.

These and other investments have been achieved while maintaining the General City Tax reduction implemented last fiscal year, keeping the cost to the City of the pension system flat for the third year in a row as was negotiated in the last round of collective bargaining, an increase of over \$800,000 in General Fund contributions towards health insurance and a 2.75% COLA increase for City employees. With all of this, and even with the expected increase in the debt service tax to pay for the first year of the voter-approved Sustainable Infrastructure Plan, the total municipal tax in FY18 will be only .18% greater (less than 2 tenths of a penny) than the FY15 rate.

Early Achievement of the Unassigned Fund Balance Policy Target Has Created New Opportunities

The FY16 audit released at the beginning of 2017 confirmed that the City had achieved its Unassigned Fund Balance goal of \$6 million (approximately 10 percent of the City’s General Fund budget) 2 years ahead of the schedule we had set when Fund Balance Policy was created and adopted by the Administration and City Council in 2015.

Securing Continued Benefits of Retirement System Reforms

The work completed by representatives of the City’s four bargaining units, the City Council, and the City Administration as part of the Retirement Committee in 2014 and 2015, alongside the methodical work of the City’s negotiating team, has helped place our retirement system on more stable footing for future years and helped control taxpayer costs. Even with the previous year’s downturn in the market, with a corresponding reduction in pension assets and addressed by the contractual “triggers’ that on a one-time basis increased employee

contribution due to the downturn, these efforts are a major reason the City's total FY18 pension cost will remain at the same level as the prior year for the third year in a row.

Proactive Investments in Public Safety

Burlington remains one of the safest cities in America. However, like cities across the country, we are facing major law enforcement and public health challenges in the form of a growing opioid crisis, an increase in the number of requests for service related to mental health issues, and public demands for changes in the way we police. Our public safety departments have performed bravely and effectively and built the public's trust amidst these rising challenges, utilizing innovative strategies, data, transparency, and unwavering commitment. However, as the challenges continue to grow, it is time to get our police officers and firefighters more help. The FY18 budget does that in numerous ways:

- Adding 3.5 new police officers in FY18 and an additional 1.5 officers in FY19, bringing the Burlington Police Department to a total of 105 sworn officers. The increase in the number of police is meant to support the Department's community policing orientation, allowing our officers to spend more time getting to know the neighborhoods they patrol and allowing us to maintain the new emphasis on foot patrols.
- Hiring 3 new firefighters, the first increase in more than 15 years that will significantly be paid for from reduced overtime costs. The budget also includes funds to expand the City's recently initiated Paramedicine program that is enabling the City to provide a higher standard of care during emergencies than we were previously able to achieve. And, the City's Capital Program continues to upgrade the Fire Department's vehicles. In addition, we add a new dispatch software going in.

The FY18 Budget Continues Expanded Infrastructure Investment

The City has bonded for \$8 million to support new sidewalk and street repairs and \$3 million to help reline our aging water pipes. This additional investment is focused on:

- Enhanced sidewalk funding. In FY18 we will triple the historic level of sidewalk replacement as we work to address chronic underfunding of this key infrastructure.
- \$3 million for continuing the expansion and rebuilding of the Bike Path from North Beach all the way to the northern City limits in Colchester – a 3-mile stretch with work commencing immediately following the Council's June 5 approval of the contract.
- Substantial investments in City facilities, especially in critical deferred maintenance items identified in our recent independent study of City facilities.

Conclusion: the FY18 Budget represents continued progress in numerous areas that the Administration and the City Council have worked on for years, includes steps to continue the City's efforts to appropriately reduce operating costs while maintain/increase its services, and creates new opportunities created by the joint successes in recent years.

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, 2017

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Current:				
Cash and cash equivalents	\$ 31,607,632	\$ 28,857,081	\$ 60,464,713	\$ 16,683,683
Restricted cash	-	367,500	367,500	-
Investments	8,977,312	995,942	9,973,254	197,872
Restricted investments	-	606,206	606,206	-
Receivables, net of allowance for uncollectibles:				
Property taxes	1,873,130	-	1,873,130	-
User fees	-	11,726,403	11,726,403	-
Departmental and other	2,804,084	-	2,804,084	246,946
Intergovernmental	1,694,139	5,120,479	6,814,618	1,283,434
Passenger facility charges	-	402,711	402,711	-
Loan	82,084	72,136	154,220	-
Capital lease	20,659	-	20,659	-
Inventory	500,416	5,564,812	6,065,228	38,224
Prepaid expenses	246,671	118,704	365,375	18,323
Other assets	64,568	1,674,638	1,739,206	-
Total current assets	47,870,695	55,506,612	103,377,307	18,468,482
Noncurrent:				
Restricted cash	-	13,392,442	13,392,442	-
Restricted investments	-	9,278,501	9,278,501	-
Receivables, net of current portion:				
Loan	5,418,204	661,948	6,080,152	-
Capital lease	712,779	-	712,779	-
Accrued interest	1,270,411	-	1,270,411	-
Investment in associated companies	-	29,002,866	29,002,866	-
Regulatory assets and other prepaid charges	-	2,429,340	2,429,340	-
Capital assets:				
Land and construction in progress	26,368,761	66,856,477	93,225,238	2,251,677
Intangible asset	-	5,100,000	5,100,000	-
Other capital assets, net of accumulated depreciation	114,024,315	236,491,679	350,515,994	40,136,309
Total noncurrent assets	147,794,470	363,213,253	511,007,723	42,387,986
TOTAL ASSETS	195,665,165	418,719,865	614,385,030	60,856,468
DEFERRED OUTFLOWS OF RESOURCES:				
Related to pensions	22,520,031	9,775,905	32,295,936	5,711,627
Deferred amount on refunding	415,069	481,364	896,433	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 218,600,265	\$ 428,977,134	\$ 647,577,399	\$ 66,568,095

(continued)

(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	\$ 4,235,206	\$ 8,200,488	\$ 12,435,694	\$ 1,799,018
Accrued payroll and benefits payable	1,156,948	151,408	1,308,356	-
Accrued liabilities	62,594	-	62,594	1,392,434
Accrued interest payable	309,919	797,141	1,107,060	-
Unearned revenue	791,385	1,900,977	2,692,362	-
Note payable	-	503,158	503,158	-
Line of credit	2,106,123	1,865,191	3,971,314	-
Other liabilities	350,938	3,271,856	3,622,794	-
Payable from restricted assets	-	606,206	606,206	-
Current portion of long-term liabilities:				
General obligation bonds	1,886,565	2,675,000	4,561,565	1,015,812
Revenue bonds	-	4,586,124	4,586,124	-
Other debt	2,320,355	-	2,320,355	-
State revolving loan	-	167,321	167,321	-
Capital lease	527,824	482,988	1,010,812	9,742
Compensated absences	223,436	-	223,436	255,768
Insurance reserves	929,364	-	929,364	-
	<u>14,900,657</u>	<u>25,207,858</u>	<u>40,108,515</u>	<u>4,472,774</u>
Noncurrent, net of current portion:				
General obligation bonds	35,826,652	47,560,593	83,387,245	29,320,548
Revenue bonds	-	75,874,363	75,874,363	-
State revolving loan	-	1,914,855	1,914,855	-
Other debt	15,161,850	-	15,161,850	-
Net pension liability	53,984,047	22,805,063	76,789,110	12,364,796
Net OPEB obligation	1,275,947	682,835	1,958,782	2,990,863
Capital lease	1,773,224	6,836,404	8,609,628	-
Compensated absences	2,010,921	1,195,152	3,206,073	2,199,269
Insurance reserves	1,143,394	-	1,143,394	-
Regulatory liabilities	-	4,843,254	4,843,254	-
Other noncurrent liabilities	-	713,037	713,037	417,409
	<u>111,176,035</u>	<u>162,425,556</u>	<u>273,601,591</u>	<u>47,292,885</u>
TOTAL LIABILITIES	126,076,692	187,633,414	313,710,106	51,765,659
DEFERRED INFLOWS OF RESOURCES:				
Related to pensions	3,188,622	569,262	3,757,884	793,789
NET POSITION:				
Net investment in capital assets	98,441,690	188,464,010	286,905,700	12,041,884
Restricted externally or constitutionally for:				
Education	-	-	-	3,467,619
Community development	8,776,547	-	8,776,547	-
Debt service/renewal and replacements/capital projects	-	14,150,479	14,150,479	-
Contingency reserve	-	1,440,242	1,440,242	-
Revenue fund	-	1,356,987	1,356,987	-
Deposits with bond trustees	-	5,723,235	5,723,235	-
Permanent funds:				
Nonspendable	909,230	-	909,230	-
Spendable	380,061	-	380,061	-
Restricted by enabling legislation	3,020,857	-	3,020,857	-
Unrestricted	<u>(22,193,434)</u>	<u>29,639,505</u>	<u>7,446,071</u>	<u>(1,500,856)</u>
TOTAL NET POSITION	89,334,951	240,774,458	330,109,409	14,008,647
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ <u>218,600,265</u>	\$ <u>428,977,134</u>	\$ <u>647,577,399</u>	\$ <u>66,568,095</u>

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

CITY OF BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
Governmental Activities:					
General government	\$ 12,334,976	\$ 5,204,079	\$ 269,596	\$ -	\$ (6,861,301)
Public safety	29,094,586	5,737,200	112,910	12,481	(23,231,995)
Public works	16,128,749	8,448,998	403,715	2,603,405	(4,672,631)
Culture and recreation	14,185,639	4,068,846	208,701	617,061	(9,291,031)
Community development	4,942,418	315,042	3,115,430	-	(1,511,946)
Interest on long-term debt	<u>2,147,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,147,709)</u>
Total Governmental Activities	78,834,077	23,774,165	4,110,352	3,232,947	(47,716,613)
Business-Type Activities:					
Electric	63,449,764	60,223,551	-	531,453	(2,694,760)
Airport	20,368,534	18,589,325	177,238	10,434,029	8,832,058
Nonmajor	<u>22,126,474</u>	<u>24,582,213</u>	<u>41,146</u>	<u>60,000</u>	<u>2,556,885</u>
Total Business-Type Activities	<u>105,944,772</u>	<u>103,395,089</u>	<u>218,384</u>	<u>11,025,482</u>	<u>8,694,183</u>
Total Primary Government	\$ <u>184,778,849</u>	\$ <u>127,169,254</u>	\$ <u>4,328,736</u>	\$ <u>14,258,429</u>	\$ <u>(39,022,430)</u>
Discretely Presented Component Unit:					
Burlington School District	\$ <u>91,296,397</u>	\$ <u>694,049</u>	\$ <u>28,637,897</u>	\$ <u>-</u>	\$ <u>(61,964,451)</u>
Total component units	\$ <u>91,296,397</u>	\$ <u>694,049</u>	\$ <u>28,637,897</u>	\$ <u>-</u>	\$ <u>(61,964,451)</u>

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

(continued)

CITY OF BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

(continued)

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
Change in Net Position				
Net (expenses) revenue from previous page	\$ (47,716,613)	\$ 8,694,183	\$ (39,022,430)	\$ (61,964,451)
General Revenues:				
Property taxes	33,253,448	-	33,253,448	-
Gross receipts taxes	4,034,408	-	4,034,408	-
Local option sales tax	2,329,007	-	2,329,007	-
Payments in lieu of taxes	5,248,985	-	5,248,985	-
Franchise fees	2,161,617	-	2,161,617	-
Impact fees	346,411	-	346,411	-
Interest and penalties on delinquent taxes	303,370	-	303,370	-
General state support	-	-	-	57,685,817
Unrestricted investment earnings	249,012	158,415	407,427	615,906
Dividends from associated companies	-	3,516,718	3,516,718	-
Other revenues	1,698,196	513,337	2,211,533	4,060,576
Additions to permanent funds	3,846	-	3,846	-
Special item - impairment of capital asset	(2,154,349)	-	(2,154,349)	-
Total general revenues, additions to permanent funds, and special items	<u>47,473,951</u>	<u>4,188,470</u>	<u>51,662,421</u>	<u>62,362,299</u>
Change in Net Position	(242,662)	12,882,653	12,639,991	397,848
Net Position:				
Beginning of year, as restated	<u>89,577,613</u>	<u>227,891,805</u>	<u>317,469,418</u>	<u>13,610,799</u>
End of year	<u>\$ 89,334,951</u>	<u>\$ 240,774,458</u>	<u>\$ 330,109,409</u>	<u>\$ 14,008,647</u>

CITY OF BURLINGTON, VERMONT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2017

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 7,412,020	\$ 24,195,613	\$ 31,607,633
Investments	7,726,532	1,250,780	8,977,312
Receivables, net of allowance for uncollectibles:			
Property and other taxes	1,873,130	-	1,873,130
Departmental and other	2,438,630	365,454	2,804,084
Intergovernmental	-	1,694,139	1,694,139
Loans	-	5,500,288	5,500,288
Capital lease	-	733,438	733,438
Accrued interest	-	1,270,411	1,270,411
Due from other funds	94,856	-	94,856
Advances to other funds	1,383,664	221,588	1,605,252
Inventory	197,088	303,329	500,417
Prepaid expenditures	244,528	-	244,528
Other current assets	<u>64,444</u>	<u>2,266</u>	<u>66,710</u>
TOTAL ASSETS	\$ <u>21,434,892</u>	\$ <u>35,537,306</u>	\$ <u>56,972,198</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,299,505	\$ 2,935,701	\$ 4,235,206
Intergovernmental payable	-	276,372	276,372
Accrued payroll and benefits payable	1,064,527	92,422	1,156,949
Accrued liabilities	11,221	51,372	62,593
Unearned revenue	569,049	222,334	791,383
Line of credit	-	2,106,123	2,106,123
Due to other funds	-	94,856	94,856
Advances from other funds	-	1,605,252	1,605,252
Insurance reserve	929,364	-	929,364
Other liabilities	<u>14,973</u>	<u>100,953</u>	<u>115,926</u>
TOTAL LIABILITIES	3,888,639	7,485,385	11,374,024
Deferred Inflows of Resources			
Unavailable revenues	1,922,508	8,572,232	10,494,740
Fund Balances:			
Nonspendable	1,825,280	1,212,559	3,037,839
Restricted	560,372	17,967,801	18,528,173
Committed	1,209,754	4,349,883	5,559,637
Assigned	3,619,252	-	3,619,252
Unassigned	<u>8,409,087</u>	<u>(4,050,554)</u>	<u>4,358,533</u>
TOTAL FUND BALANCES	<u>15,623,745</u>	<u>19,479,689</u>	<u>35,103,434</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>21,434,892</u>	\$ <u>35,537,306</u>	\$ <u>56,972,198</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, 2017

Total governmental fund balances	\$ 35,103,434
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	140,393,076
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	10,494,740
• Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as an increase in pension expense in the year ended June 30, 2017.	5,699,821
• Deferred outflows of resources related to pension resulting from changes in proportional share of contributions, difference between expected and actual pension experience and investment earnings which will be recognized as an increase in pension expense in the years ended June 30, 2017 through June 30, 2020.	16,820,210
• Deferred debt expense for refunding is net of amortization on the statement of net position, whereas all debt expense is reported when paid in the governmental funds.	415,069
• Deferred inflows of resources related to pension resulting from changes in proportion and differences between employer contributions and proportionate share of contributions will be recognized as a reduction of pension expense in the years ending June 30, 2017 through June 30, 2019.	(3,188,622)
• Long-term liabilities, including bonds and other debt payable and net pension obligation, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
General obligation bonds and other debt payable, net of related unamortized premiums	(55,195,422)
Capital lease payable	(2,301,048)
Compensated absences payable	(2,234,357)
Insurance reserves, long-term	(1,143,394)
Net other post-employment benefits payable	(1,275,947)
Net pension obligation	(53,984,047)
Accrued interest on long-term obligations	(309,919)
Other	41,357
Net position of governmental activities	<u>\$ 89,334,951</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, 2017

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Taxes	\$ 33,299,788	\$ 6,481,730	\$ 39,781,518
Payments in lieu of taxes	5,248,985	-	5,248,985
Licenses and permits	5,444,412	126,295	5,570,707
Intergovernmental	891,752	5,965,931	6,857,683
Charges for services	14,655,823	6,434,942	21,090,765
Contributions	579,611	793,889	1,373,500
Investment income	233,787	15,226	249,013
Loan repayments	-	57,357	57,357
Other	284,262	301,537	585,799
	<u>60,638,420</u>	<u>20,176,907</u>	<u>80,815,327</u>
Total Revenues			
Expenditures:			
Current:			
General government	12,151,374	51,000	12,202,374
Public safety	26,493,268	-	26,493,268
Public works	5,802,487	6,189,321	11,991,808
Culture and recreation	10,577,570	664,339	11,241,909
Community development	709,717	3,926,472	4,636,189
Capital outlay	-	11,062,639	11,062,639
Debt service:			
Principal	2,232,229	2,313,331	4,545,560
Interest and bond issue costs	1,425,429	668,935	2,094,364
	<u>59,392,074</u>	<u>24,876,037</u>	<u>84,268,111</u>
Total Expenditures			
Excess (deficiency) of revenues over (under) expenditures	1,246,346	(4,699,130)	(3,452,784)
Other Financing Sources (Uses):			
Issuance of bonds and loans	-	10,966,360	10,966,360
Issuance of refunding debt	2,545,000	-	2,545,000
Payment to refunding escrow	(2,837,850)	-	(2,837,850)
Bond premium	1,067,582	-	1,067,582
Issuance of capital lease	1,699,383	-	1,699,383
Sale of capital assets	949,986	-	949,986
Transfers in	13,617	2,790,471	2,804,088
Transfers out	(1,060,397)	(1,743,691)	(2,804,088)
	<u>2,377,321</u>	<u>12,013,140</u>	<u>14,390,461</u>
Total Other Financing Sources (Uses)			
Net change in fund balances	3,623,667	7,314,010	10,937,677
Fund Balances, at Beginning of Year, as restated	<u>12,000,078</u>	<u>12,165,679</u>	<u>24,165,757</u>
Fund Balances, at End of Year	<u>\$ 15,623,745</u>	<u>\$ 19,479,689</u>	<u>\$ 35,103,434</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, 2017

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 10,937,677																																
<ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Capital outlay purchases</td> <td style="width: 20%; text-align: right;">10,520,418</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(6,562,791)</td> </tr> <tr> <td>Loss on disposal of capital assets</td> <td style="text-align: right;">(48,969)</td> </tr> <tr> <td>Impairment of capital asset</td> <td style="text-align: right;">(2,154,349)</td> </tr> </table> • Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, etc.) differ between the two statements. This amount represents the net change in deferred inflows. (1,185,805) • The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Issuance of debt</td> <td style="width: 20%; text-align: right;">(13,511,360)</td> </tr> <tr> <td>Issuance of capital leases</td> <td style="text-align: right;">(1,699,383)</td> </tr> <tr> <td>Repayments of debt and capital leases</td> <td style="text-align: right;">4,545,560</td> </tr> <tr> <td>Defeasance of debt refunding</td> <td style="text-align: right;">2,685,000</td> </tr> <tr> <td>Bond premium activity</td> <td style="text-align: right;">(896,560)</td> </tr> <tr> <td>Deferred amount on refunding activity</td> <td style="text-align: right;">95,995</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. (53,346) • Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Change in net pension obligation</td> <td style="width: 20%; text-align: right;">(12,995,403)</td> </tr> <tr> <td>Change in pension related deferred outflows</td> <td style="text-align: right;">11,383,732</td> </tr> <tr> <td>Change in pension related deferred inflows</td> <td style="text-align: right;">(1,418,385)</td> </tr> <tr> <td>Change in compensated absences</td> <td style="text-align: right;">(205,328)</td> </tr> <tr> <td>Change in net OPEB obligation</td> <td style="text-align: right;">(195,507)</td> </tr> <tr> <td>Change in insurance reserves</td> <td style="text-align: right;">516,142</td> </tr> </table> 		Capital outlay purchases	10,520,418	Depreciation	(6,562,791)	Loss on disposal of capital assets	(48,969)	Impairment of capital asset	(2,154,349)	Issuance of debt	(13,511,360)	Issuance of capital leases	(1,699,383)	Repayments of debt and capital leases	4,545,560	Defeasance of debt refunding	2,685,000	Bond premium activity	(896,560)	Deferred amount on refunding activity	95,995	Change in net pension obligation	(12,995,403)	Change in pension related deferred outflows	11,383,732	Change in pension related deferred inflows	(1,418,385)	Change in compensated absences	(205,328)	Change in net OPEB obligation	(195,507)	Change in insurance reserves	516,142
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>(242,662)</u>																																

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

CITY OF BURLINGTON, VERMONT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Adjusted Actual Amounts	Variance With Final Budget
	Original Budget	Final Budget		
Revenues and other sources:				
Taxes and special assessments	\$ 31,278,078	\$ 31,278,078	\$ 30,970,781	\$ (307,297)
Local option sales tax	2,181,438	2,181,438	2,329,007	147,569
Payments in lieu of taxes	5,194,978	5,194,978	5,248,985	54,007
Licenses and permits	4,125,200	4,125,200	5,444,412	1,319,212
Intergovernmental	716,021	827,824	891,752	63,928
Charges for services	14,592,886	14,854,094	14,655,823	(198,271)
Investment income	90,000	90,000	233,787	143,787
Contributions and donations	651,700	680,087	579,611	(100,476)
Transfers in	657,012	652,012	13,617	(638,395)
Other	488,200	514,188	284,262	(229,926)
Sale of land	200,000	200,000	949,985	749,985
Bond premium	-	-	746,987	746,987
Use of fund balance	914,148	914,148	-	(914,148)
Total Revenues and Other Sources	61,089,661	61,512,047	62,349,009	836,962
Expenditures and other uses:				
Nondepartmental	2,691,584	2,643,701	2,907,130	(263,429)
City council	2,528,717	2,479,217	2,388,083	91,134
Mayor	398,326	398,326	386,275	12,051
Clerk treasurer	2,665,812	2,670,832	2,530,316	140,516
City attorney	1,141,768	1,141,768	1,053,785	87,983
Planning and zoning	846,263	846,263	794,238	52,025
City assessor	308,289	308,289	277,495	30,794
Human resources	700,890	700,890	664,232	36,658
Information technology	1,398,879	1,398,879	900,799	498,080
Fire	9,827,184	9,924,634	9,913,659	10,975
Police	15,650,466	15,903,537	15,555,001	348,536
Code enforcement	1,091,412	1,091,412	1,024,608	66,804
Public works	4,674,952	4,327,352	3,977,442	349,910
Library	2,152,283	2,161,283	2,089,301	71,982
Parks and recreation	6,891,811	7,071,887	6,737,279	334,608
Burlington city arts	1,937,055	1,946,055	1,750,990	195,065
Community and economic development	932,811	1,026,020	709,717	316,303
Debt service	3,763,053	3,503,005	3,755,575	(252,570)
Transfers	474,480	993,613	1,060,397	(66,784)
Total Expenditures and Other Uses	60,076,035	60,536,963	58,476,322	2,060,641
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ <u>1,013,626</u>	\$ <u>975,084</u>	\$ <u>3,872,687</u>	\$ <u>2,897,603</u>

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

CITY OF BURLINGTON, VERMONT

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2017

	Business-Type Activities Enterprise Funds			<u>Total</u>
	<u>Electric</u>	<u>Airport</u>	Nonmajor Enterprise <u>Funds</u>	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Current:				
Cash and cash equivalents	\$ 13,053,826	\$ 5,763,681	\$ 10,039,574	\$ 28,857,081
Restricted cash	-	-	367,500	367,500
Investments	-	-	995,942	995,942
Restricted investments	606,206	-	-	606,206
Receivables, net of allowance for uncollectibles:				
User fees	6,819,675	1,229,358	3,677,370	11,726,403
Intergovernmental	-	4,560,110	560,369	5,120,479
Passenger facility charges	-	402,711	-	402,711
Loan	-	72,136	-	72,136
Inventory	4,768,298	303,847	492,667	5,564,812
Prepaid expenses	-	8,119	110,585	118,704
Other current assets	1,213,438	455,000	6,200	1,674,638
Total current assets	26,461,443	12,794,962	16,250,207	55,506,612
Noncurrent:				
Restricted cash	-	10,595,213	2,797,229	13,392,442
Restricted investments	5,723,235	3,555,266	-	9,278,501
Loan receivable, net of current portion	-	661,948	-	661,948
Investment in associated companies	29,002,866	-	-	29,002,866
Regulatory assets and other prepaid charges	2,429,340	-	-	2,429,340
Capital assets:				
Land and construction in progress	4,098,957	61,664,518	1,093,002	66,856,477
Intangible asset	-	-	5,100,000	5,100,000
Capital assets, net of accumulated depreciation	95,708,049	98,578,749	42,204,881	236,491,679
Total noncurrent assets	136,962,447	175,055,694	51,195,112	363,213,253
TOTAL ASSETS	163,423,890	187,850,656	67,445,319	418,719,865
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	6,104,933	1,479,949	2,191,023	9,775,905
Deferred amount on refunding	481,364	-	-	481,364
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 170,010,187</u>	<u>\$ 189,330,605</u>	<u>\$ 69,636,342</u>	<u>\$ 428,977,134</u>

(continued)

(continued)

	Business-Type Activities Enterprise Funds			
	<u>Electric</u>	<u>Airport</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
LIABILITIES:				
Current:				
Accounts payable	\$ 2,951,053	\$ 3,573,457	\$ 1,675,978	\$ 8,200,488
Accrued payroll and benefits payable	-	78,298	73,110	151,408
Accrued interest	-	797,141	-	797,141
Unearned revenue	-	1,385,224	515,753	1,900,977
Note payable	-	-	503,158	503,158
Line of credit	-	1,865,191	-	1,865,191
Other current liabilities	1,952,406	1,405	1,318,045	3,271,856
Payable from restricted assets:				
Deposits with bond trustees	606,206	-	-	606,206
Current portion of long-term liabilities:				
General obligation bonds payable	2,675,000	-	-	2,675,000
Revenue bonds payable	1,475,000	2,283,793	827,331	4,586,124
State revolving loan	-	-	167,321	167,321
Capital leases payable	-	295,436	187,552	482,988
Total current liabilities	<u>9,659,665</u>	<u>10,279,945</u>	<u>5,268,248</u>	<u>25,207,858</u>
Noncurrent, net of current portion:				
General obligation bonds payable	47,560,593	-	-	47,560,593
Revenue bonds payable	26,118,703	34,075,822	15,679,838	75,874,363
State revolving loan	-	-	1,914,855	1,914,855
Net pension liability	16,198,638	2,631,042	3,975,383	22,805,063
Net OPEB obligation	261,213	139,084	282,538	682,835
Capital leases payable	-	1,318,609	5,517,795	6,836,404
Compensated absences payable	606,260	230,462	358,430	1,195,152
Regulatory liabilities	4,843,254	-	-	4,843,254
Other noncurrent liabilities	713,037	-	-	713,037
Total noncurrent liabilities	<u>96,301,698</u>	<u>38,395,019</u>	<u>27,728,839</u>	<u>162,425,556</u>
TOTAL LIABILITIES	<u>105,961,363</u>	<u>48,674,964</u>	<u>32,997,087</u>	<u>187,633,414</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	-	196,858	372,404	569,262
NET POSITION:				
Net investment in capital assets	40,608,237	120,404,417	27,451,356	188,464,010
Restricted:				
For debt service/renewal and replacements/capital projects	-	14,150,479	-	14,150,479
For contingency reserve	-	-	1,440,242	1,440,242
For revenue fund	-	-	1,356,987	1,356,987
Deposits with bond trustees	5,723,235	-	-	5,723,235
Unrestricted	<u>17,717,352</u>	<u>5,903,887</u>	<u>6,018,266</u>	<u>29,639,505</u>
TOTAL NET POSITION	<u>64,048,824</u>	<u>140,458,783</u>	<u>36,266,851</u>	<u>240,774,458</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
	<u>\$ 170,010,187</u>	<u>\$ 189,330,605</u>	<u>\$ 69,636,342</u>	<u>\$ 428,977,134</u>

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, 2017

	Business-Type Activities			Total
	Enterprise Funds			
	Electric	Airport	Nonmajor Enterprise Funds	
Operating Revenues:				
Charges for services	\$ 47,439,527	\$ 16,211,216	\$ 24,196,642	\$ 87,847,385
Intergovernmental	-	177,238	41,146	218,384
Miscellaneous	12,784,024	-	385,571	13,169,595
Total Operating Revenues	60,223,551	16,388,454	24,623,359	101,235,364
Operating Expenses:				
Personnel	-	4,594,148	6,402,406	10,996,554
Nonpersonnel	-	7,955,944	9,406,046	17,361,990
Electric department	51,065,240	-	-	51,065,240
Depreciation and amortization	5,914,766	6,158,871	3,202,994	15,276,631
Payments in lieu of taxes	-	-	1,457,416	1,457,416
Total Operating Expenses	56,980,006	18,708,963	20,468,862	96,157,831
Operating Income (Loss)	3,243,545	(2,320,509)	4,154,497	5,077,533
Nonoperating Revenues (Expenses):				
Dividends from associated companies	3,516,718	-	-	3,516,718
Passenger facility charges	-	2,378,109	-	2,378,109
Investment income	126,468	24,140	7,807	158,415
Stormwater design	-	-	(503,158)	(503,158)
Other income/expense - net	155,213	106,071	68,898	330,182
Interest expense	(3,100,176)	(1,659,571)	(987,534)	(5,747,281)
Restructuring fees	-	-	(166,920)	(166,920)
Amortization of bond premium	-	183,155	-	183,155
Gain/loss on disposal of capital assets	(1,107,797)	-	-	(1,107,797)
Total Nonoperating Revenues (Expenses)	(409,574)	1,031,904	(1,580,907)	(958,577)
Income Before Contributions and Other	2,833,971	(1,288,605)	2,573,590	4,118,956
Capital contributions	531,453	10,434,029	60,000	11,025,482
Payment in lieu of taxes	(2,261,785)	-	-	(2,261,785)
Change in Net Position	1,103,639	9,145,424	2,633,590	12,882,653
Net Position at Beginning of Year	62,945,185	131,313,359	33,633,261	227,891,805
Net Position at End of Year	\$ 64,048,824	\$ 140,458,783	\$ 36,266,851	\$ 240,774,458

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, 2017

	Electric	Airport	Nonmajor Enterprise Funds	Total
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 47,453,036	\$ 16,434,689	\$ 24,651,774	\$ 88,539,499
Receipts of operating grants	-	177,238	41,146	218,384
Payments from electric department	(49,061,009)	-	-	(49,061,009)
Payments to suppliers	-	(6,528,477)	(8,023,999)	(14,552,476)
Payments for wages and benefits	-	(4,082,725)	(6,492,161)	(10,574,886)
Payment in lieu of taxes	-	-	(1,457,416)	(1,457,416)
Payments for other expenses	-	(288,706)	-	(288,706)
Other receipts	<u>12,666,338</u>	<u>324,958</u>	<u>59,564</u>	<u>13,050,860</u>
Net Cash Provided by Operating Activities	11,058,365	6,036,977	8,778,908	25,874,250
Cash Flows From Noncapital Financing Activities:				
Payment in lieu of taxes	(2,275,586)	-	-	(2,275,586)
Receipt from loan receivable	-	70,007	-	70,007
Interest paid on cash deficit to general fund	-	(292)	-	(292)
Design costs financed by revolving loan	-	-	(503,158)	(503,158)
Restructuring fees	<u>-</u>	<u>-</u>	<u>(166,920)</u>	<u>(166,920)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	(2,275,586)	69,715	(670,078)	(2,875,949)
Cash Flows From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(8,076,376)	(11,394,487)	(3,655,200)	(23,126,063)
Proceeds from bonds and notes payable	20,465,000	-	3,250,000	23,715,000
Proceeds from premium	134,209	-	451,652	585,861
Deposit with escrow agent for purchase of land	-	(455,000)	-	(455,000)
Proceeds from sale of capital assets	17,925	-	-	17,925
Capital grants/contributions	531,453	8,508,617	60,000	9,100,070
Passenger facility charges	-	2,287,878	-	2,287,878
Drawdowns on line of credit	-	5,307,921	-	5,307,921
Repayment of line of credit	-	(4,089,332)	-	(4,089,332)
Principal paid on:				
General obligation bonds	(20,665,000)	-	-	(20,665,000)
Revenue bonds	-	(2,015,000)	(751,045)	(2,766,045)
State revolving loans	-	-	(155,721)	(155,721)
Capital lease obligations	-	(285,965)	(264,654)	(550,619)
Interest paid on outstanding debt, including issue costs	<u>(3,121,499)</u>	<u>(1,699,899)</u>	<u>(987,533)</u>	<u>(5,808,931)</u>
Net Cash Used by Capital and Related Financing Activities	(10,714,288)	(3,835,267)	(2,052,501)	(16,602,056)
Cash Flows From Investing Activities:				
Net (additions)/reductions to restricted cash and investments	(303,777)	(802,962)	(2,062,613)	(3,169,352)
Purchase of investment in associated companies	(3,012,310)	-	-	(3,012,310)
Receipt of interest & dividends	<u>3,520,494</u>	<u>24,139</u>	<u>7,809</u>	<u>3,552,442</u>
Net Cash Provided/(Used) by Investing Activities	<u>204,407</u>	<u>(778,823)</u>	<u>(2,054,804)</u>	<u>(2,629,220)</u>
Net Increase in Cash	(1,727,102)	1,492,602	4,001,525	3,767,025
Cash and cash equivalents at beginning of year	<u>14,780,928</u>	<u>4,271,079</u>	<u>6,038,049</u>	<u>25,090,056</u>
Cash and cash equivalents at end of year	<u>\$ 13,053,826</u>	<u>\$ 5,763,681</u>	<u>\$ 10,039,574</u>	<u>\$ 28,857,081</u>

(continued)

(continued)

	<u>Electric</u>	<u>Airport</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash				
Provided by (used for) Operating Activities:				
Operating income/(loss)	\$ 3,243,545	\$ (2,320,509)	\$ 4,154,497	\$ 5,077,533
Depreciation and amortization	6,169,865	6,158,871	3,202,994	15,531,730
Other operating revenues	119,994	106,069	59,564	285,627
Changes in assets, liabilities, and deferred outflows/inflows:				
(Increase)/decrease in receivables	(458,790)	153,389	9,221	(296,180)
(Increase)/decrease in unbilled revenues	91,372	-	-	91,372
(Increase)/decrease in inventory	248,843	(56,302)	330,267	522,808
(Increase)/decrease in prepaids	-	(8,119)	-	(8,119)
(Increase)/decrease in deferred outflows - related to pensions	(2,420,517)	(201,116)	(571,953)	(3,193,586)
Increase/(decrease) in accounts payable	419,206	1,338,224	690,699	2,448,129
Increase/(decrease) in customer deposits	-	-	14,115	14,115
Increase/(decrease) in accrued payroll and benefits	-	16,428	22,551	38,979
Increase/(decrease) in accrued liabilities	-	-	391,549	391,549
Increase/(decrease) in deferred charges	128,512	-	46,225	174,737
Increase/(decrease) in net pension liability	3,524,633	461,574	825,266	4,811,473
Increase/(decrease) in other post employment benefits liability	-	-	15,600	15,600
Increase/(decrease) in compensated absences	-	37,679	37,109	74,788
Increase/(decrease) in unearned revenue	-	267	-	267
Increase/(decrease) in retainage payable	-	152,259	-	152,259
Increase/(decrease) in other operating assets/liabilities	(8,298)	1,405	(30,468)	(37,361)
Increase/(decrease) in deferred inflows - related to pensions	-	196,858	372,404	569,262
Capitalized labor	-	-	(790,732)	(790,732)
Net Cash Provided by Operating Activities	<u>\$ 11,058,365</u>	<u>\$ 6,036,977</u>	<u>\$ 8,778,908</u>	<u>\$ 25,874,250</u>
Statement of noncash transactions:				
Vehicles acquired under capital lease financing	\$ -	\$ 1,252,900	\$ -	\$ 1,252,900

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

CITY OF BURLINGTON, VERMONT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

	Pension Trust <u>Fund</u>	Private Purpose Trust <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 527,128	\$ 37,857
Investments:		
Equity	125,794,032	-
Fixed income	30,657,024	-
Real assets	3,098,281	-
Realty investors	15,477,947	-
Due from component unit	28,610	-
Deposit	<u>216,000</u>	<u>-</u>
Total Assets	175,799,022	37,857
LIABILITIES		
Current:		
Accounts payable	128,920	-
Accrued liabilities	1,913	-
Compensated absences	1,690	-
Capital lease payable	28,486	-
Noncurrent, net of current portion:		
Capital lease payable	<u>166,714</u>	<u>-</u>
Total Liabilities	327,723	-
NET POSITION		
Held in trust for:		
Employees' pension benefits	175,471,299	-
Individuals and organizations	<u>-</u>	<u>37,857</u>
Total Net Position	<u>\$ 175,471,299</u>	<u>\$ 37,857</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, 2017

	Pension Trust <u>Fund</u>	Private Purpose <u>Trust Funds</u>
Additions:		
Contributions:		
Employer - pension	\$ 9,219,098	\$ -
Plan members	<u>2,712,823</u>	<u>-</u>
Total Contributions	11,931,921	-
Investment earnings:		
Investment income	2,577,351	-
Net increase in the fair value of investments	<u>19,581,122</u>	<u>9</u>
Total Investment Earnings	22,158,473	9
Less Investment Expenses	<u>(276,013)</u>	<u>-</u>
Net Investment Earnings	<u>21,882,460</u>	<u>9</u>
Total Additions	33,814,381	9
Deductions:		
Benefits - pension	14,770,644	-
Administrative expenses	<u>361,811</u>	<u>-</u>
Total deductions	<u>15,132,455</u>	<u>-</u>
Change in net position	18,681,926	9
Net position:		
Beginning of year	<u>156,789,373</u>	<u>37,848</u>
End of year	<u>\$ 175,471,299</u>	<u>\$ 37,857</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 because it is fiscally dependent on the City but does not provide services almost entirely to the City:

Burlington School District – the organization’s primary purpose is to carry out the vision of education in the community. The Burlington School District is governed by a separately elected School Board, the legal entity for conducting a system of public education within the geographic area of a school district. The system was created by, and is governed by, state statutes. Members of a board are, therefore, state officers chosen by citizens of a district to represent them and the state in the legislative management of public schools. The Board of School Commissioners has the dual responsibility for implementing 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. 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, telephone, cable and internet access, hot lunch sales and other miscellaneous fees for service. Nonoperating revenues result from certain nonexchange transactions or ancillary activities. Non-operating revenues consist of investment earnings, electric services rendered to customers upon their request, passenger facility charges, grant income and building rents from buildings purchased for future expansion.

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

The City reports on the following major governmental funds:

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

The City reports on the following major Enterprise funds:

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

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 Funds – These funds are used to report trust arrangements under which resources are to be used for the benefit of firemen injured in the line of duty, Christmas gifts for servicemen overseas, 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.

C. Measurement Focus

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

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

D. Basis of Accounting

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

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

property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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

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

E. Cash and Short-Term Investments

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

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

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

F. Investments

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

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

G. Interfund Receivables and Payables

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

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

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

H. Jointly Owned Facilities

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

McNeil Station	50.0%
Highgate Station	7.7%

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

I. Investments in Associated Companies

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

During the year ended June 30, 2017, there was no offer of equity investment from VELCO/Transco.

Schedule of Ownership in Associated Companies:

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	12,121,420
VT Transco, LLC, B Units	<u>15,427,250</u>
	<u>\$ 29,002,866</u>

J. Inventories

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

K. Capital Assets

City:

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

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

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

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

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

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

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 13, Regulatory Assets and Other Prepaid Charges.

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

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

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

The depreciable lives of utility plant are as follows:

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

Discretely Presented Component Unit – School District:

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

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

Estimated useful lives are as follows:

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

L. Renewable Energy Credit Sales

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

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

In February 2015, the Department commissioned a 500 kw AC solar array at the Burlington International Airport. The Department owns 100% of this resource, and leases space on the parking garage roof under a long-term agreement between the Department and the Burlington International Airport. The Airport solar array is designed to help reduce the Department’s peak demand and energy needs during high-priced periods. There are several other solar arrays in Burlington that the Department purchases energy from and receives RECs as well.

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

For the year ended June 30, 2017, REC revenue for McNeil, Winooski One hydro facility, and the solar arrays was \$5,411,494, \$753,364, and \$37,658, respectively. For the year ended June 30, 2016, REC revenue for McNeil, Winooski One hydro facility, and the solar arrays was \$7,761,875, \$687,844, and \$20,889, respectively.

The Department also receives RECs from Vermont Standard Offer projects purchased by the Vermont Purchasing Agent. Energy from these projects is assigned to BED pro-rata based on retail sales, and BED receives RECs in an amount equal to the energy it receives from these projects. 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.

The Department receives RECs from the Vermont Wind Project in Sheffield (the Department is entitled to 40% of the output of the 40 MW project). During FY 2013, commercial operations commenced at the Georgia Mountain Community Wind Farm (the Department has entitlement to the full 10 MW of output from the project). Additionally, the Department receives RECs from its entitlement to 13.5 MW of the 52 MW Hancock Wind Project, which began in November 2016. The RECs from all of these wind facilities are qualified for participation in most of the high value New England REC markets, making the sale of these RECs a significant source of revenue.

The Department purchases Class II RECs to replace the Class I RECs that are sold in the market to maintain its status as 100% renewably sourced. At the end of 2016, these purchases exceeded the load that needed to be offset. Due to this, 68,000 Class II Hydro RECs were sold into the market for 2016.

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

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

M. Pollution Remediation Obligations

The Electric Department faces possible liability as a potentially responsible party (PRP) with respect to the cleanup of certain hazardous waste sites. The City is currently a PRP as a landowner of a hazardous waste superfund site in Burlington, Vermont that is the subject of a remediation investigation by the Environmental Protection Agency (the EPA). The Department has agreed to share on an equal basis all past and future costs incurred in connection with any and all settlements or actions resulting from the designation of the City as a PRP at this site. In light of a recent agreement between the City and the EPA concerning the remediation plan at the site, the Department believes that the likelihood of any liability material to the financial position of the Department is remote and as such, no liability has been accrued as of June 30, 2017.

N. Compensated Absences

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

O. Liabilities to be Paid from Restricted Assets

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

P. Long-Term Obligations

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

Q. Fund Equity

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

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

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

- 1) Nonspendable funds represents amounts that cannot be spent because they are either (a) not in spendable form (i.e., inventory or prepaid items) or (b) legally or contractually required to be maintained intact (i.e., perpetual care). This fund balance classification includes general fund reserves for prepaid expenditures, inventory, and nonmajor governmental fund reserves for the principal portion of permanent trust funds
- 2) Restricted funds represent amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. In the case of capital project funds, these funds are restricted for projects financed by bonds.

- 3) Committed funds represent amounts that can only be used for specific purposes pursuant to constraints imposed by formal action, resolutions, of the City's highest level of decision-making authority, the City Council. Subsequent City Council meeting 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.
- 5) Unassigned funds represent the residual classification for the general fund and include all amounts not contained in other classifications. Unassigned amounts are available for any purpose. Temporary fund balance deficits are reported as negative amounts in the unassigned classification in other governmental funds. Positive unassigned amounts are reported only in the general fund.

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

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

R. *Use of Estimates*

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

2. **Stewardship, Compliance, and Accountability**

A. *Liquidity Risk*

During fiscal year 2013, the City issued a \$9,000,000 Stability Bond to decrease its reliance on short-term cash flow financing. Prior to the issuance of the stability bonds, the City faced liquidity risk which is the risk of not having sufficient liquid financial resources to meet obligations when they fall due, or having to incur excessive costs to do so. Primarily as a result of the Burlington Telecom (BT) deficit and various capital project and enterprise funds deficits, the City had relied on short-

term borrowing to obtain cash to pay operating expenditures. On July 1, 2013, the City signed a Revolving Tax Anticipation Line of Credit for \$10,000,000 which matured on June 30, 2014, and renewed on July 1, 2014.

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

The City's current plans include:

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

B. Budgetary Information

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

- 1) Departments, and departments with commission approval, prepare detailed recommendations to the Mayor on the budget. Prior to June 15, the Mayor, with the assistance of the other members of the Board of Finance, prepares and submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and estimated revenues.
- 2) Prior to July 1, the budget is legally enacted through passage of a resolution of the City Council.
- 3) The Mayor may propose, with the advice of the Board of Finance, amendments to the budget. Such proposed amendments require a majority approval of the City Council. The amount of such proposed amendments may be decreased by a simple majority vote of the City Council. Such proposed amendments may be increased above the level proposed by the Mayor only with a two-thirds vote of the City Council.
- 4) The Board of Finance is authorized to transfer budgeted amounts between line items within an appropriation account or within accounts of a department. Any revisions which increase the total expenditures of any department function or fund above the original appropriation must be approved by resolution of the City Council.

- 5) That portion of the designated fund balance that consists of operating and capital improvement carry-overs, represents unexpended appropriations, which are allowed to be carried over to later years as provided for by City Charter or by resolution of the City Council. All other unexpended appropriations lapse at the close of the fiscal year. The City Charter specifically prohibits expenditures in excess of appropriations, except on an emergency basis for health, police, fire and public welfare.
- 6) The City of Burlington tax rate can change each year by the cost of CCTA, Retirement, County and Debt Service without voter approval. However, any rate change on the tax rate for other purposes, above the maximum approved tax rate previously approved by voters, must be approved by City voters.
- 7) Title III, Section 70(a) of the Burlington City Charter defines the legal level of budgeting control at the department level. Excerpts of Section 70(a) are as follows:

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

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

C. Budgetary Basis

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

D. Budget/GAAP Reconciliation

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

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

<u>General Fund</u>	Revenues and Other <u>Financing Sources</u>	Expenditures and Other <u>Financing Uses</u>
Revenues/expenditures (GAAP Basis)	\$ 60,638,420	\$ 59,392,074
Other financing sources/uses (GAAP Basis)	6,275,567	3,898,247
Reverse expenditure with future funding source	-	(249,021)
Reverse refunding gross up	(2,865,595)	(2,865,595)
Reverse gross up of capital leases	<u>(1,699,383)</u>	<u>(1,699,383)</u>
Budgetary Basis	<u>\$ 62,349,009</u>	<u>\$ 58,476,322</u>

E. Budget Over Expenditures

The Nondepartmental line was overspent by \$263,429 due to attrition. The Debt service line was overspent by \$252,570 due to additional costs covered by a bond premium. The Transfers line was over spent by \$66,784 due to the bond premium used to finance a capital project.

F. Deficit Fund Equity

Certain individual funds reflected unassigned fund balance deficits as of June 30, 2017. 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. Cash and Cash Equivalents

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

Primary Government – The deposits at June 30, 2017 totaled \$76,637,543, of which \$38,082,505 were insured or collateralized by the FDIC and the FHLB Pittsburgh letter of credit up to \$20,000,000 and FHLB Cincinnati letter of credit up to \$20,000,000. At June 30, 2017, \$38,555,038 remains uncollateralized and exposed to custodial credit risk.

Discretely Presented Component Unit – School District – At June 30, 2017, the School District has an outstanding irrevocable standby letter of credit issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits held at TD, Bank, N.A. This letter of credit, which expires at the close of business on July 10, 2017, authorizes one draw only up to the amount of \$22,000,000. There were no draws for the year ended June 30, 2017.

Component Unit Fiduciary in Nature – BERS – At June 30, 2017, the System’s deposits exceeded collateralization levels when combined with the City.

4. Investments

Primary Government, Excluding Electric Department

A. Investments

The City’s investments include various certificates of deposits for a total of \$3,994,000 and US Treasury and other US Government obligation securities in the amount of \$9,534,520.

B. Credit Risk

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

C. Custodial Credit Risk

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

D. Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. At June 30, 2017, the City did not have any investments in any one issuer (other than U.S. Treasury and Government agencies securities) that represented 5% or more of City investments.

E. Interest Rate Risk

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

F. Foreign Currency Risk

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

G. Fair Value

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

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

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

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

The City categorizes its fair value investments as follows:

<u>Description</u>	<u>Fair Value Measurements Using:</u>		
	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level:			
Debt securities:			
Federal agency securities	\$ 8,008,025	\$ -	\$ 8,008,025
US Treasury notes	<u>1,526,495</u>	<u>-</u>	<u>1,526,495</u>
Total	<u>\$ 9,534,520</u>	<u>\$ -</u>	<u>\$ 9,534,520</u>

Burlington Electric Department

A. Investments

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

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

B. Concentration of Credit Risk

Concentration of credit risk of investments is the risk of loss attributable to the magnitude of a government's investment in a single issuer. The Electric Department invests its current operating cash in money market accounts with TD Bank, KeyBank, and Northfield Savings and its restricted noncurrent funds in several money market accounts with its bond trustees (US Bank and Peoples United), which exceed 18% of the total investment balance at June 30, 2017. The invested balance of current money market funds at June 30, 2017 was \$2,206,053. The invested balance on noncurrent money market funds at June 30, 2017 was \$3,499,498. The invested balance of noncurrent Certificates of Deposit at June 30, 2017 was \$2,757,396.

C. Interest Rate Risk

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

The Electric Department's investments as of June 30, 2017 (all of which are restricted by Bond resolution) only included money market funds and certificates of deposit.

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

	<u>6/30/17</u>
Bond funds:	
Renewal and replacement fund	\$ 1,408,608
Debt service fund	2,090,889
Debt service reserve fund	<u>2,757,397</u>
	6,256,894
Accrued interest receivable	<u>72,547</u>
Total	<u>\$ 6,329,441</u>

D. Fair Value

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

Discretely Presented Component Unit – School District

A. Credit Risk

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

B. Custodial Credit Risk

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

At June 30, 2017, the School District's investments of \$197,872 in certificates of deposit were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

C. Interest Rate Risk

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

Burlington Employees Retirement System

A. Credit Risk

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

B. Custodial Credit Risk

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

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

C. Concentration of Credit Risk

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

EB DV Non-SL Stock Index Fund	\$ 53,766,431
EB DL Smid Cap Stock Index Fund	\$ 31,874,587
EB DV Non-SL International Stock Index Fund	\$ 19,344,046
EB DV Non-SL Emerging Markets Stock Index Fund	\$ 18,651,478
EB DV Non-SL Intermediate Govt/Credit Bond Index Fund	\$ 30,657,024

D. Interest Rate Risk

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

E. Foreign Currency Risk

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

F. Fair Value

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

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

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

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

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

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

The System categorizes its investments as follows:

Investments measured at the net asset value (NAV):	Value	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Hamilton Lane Secondary Fund II LP	\$ 413,090	\$ 417,305	N/A (a)	N/A
Hamilton Lane Private Equity Offshore Fund VII Series A LP	1,097,094	195,175	N/A (a)	N/A
Hamilton Lane Private Equity Offshore Fund VII Series B LP	647,307	174,774	N/A (a)	N/A
Sustainable Woodlands Fund II LP	3,098,281	-	N/A (a)	N/A
EB DV Non-SL Stock Index Fund	53,766,431	-	daily	1 day
EB DL Smid Cap Stock Index Fund	31,874,587	-	daily	1 day
EB DV Non-SL International Stock Index Fund	19,344,046	-	daily	1 day
EB DV Non-SL Emerging Markets Stock Index Fund	18,651,478	-	weekly	2 days
EB DV Non-SL Intermediate Govt/Credit Bond Index Fund	30,657,024	-	daily	1 day
USB Realty Investors LLC - Trumbull Prop	<u>15,477,946</u>	-	N/A (a)	N/A
Total	\$ <u>175,027,284</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 mostly likely will result in a loss. Partnership agreements are entered into with the intent of holding them to maturity when the partnerships sell all the remaining assets and declares distributions. Therefore, redemptions are not typically eligible until end of partnership terms.

5. Taxes Receivable

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

Taxes receivable at June 30, 2017 consist of the following:

Property taxes:		
2017	\$	602,638
2016		142,263
2015		53,861
Prior years		758,857
Gross receipts taxes		466,859
Allowance for doubtful taxes		<u>(151,348)</u>
Total	\$	<u>1,873,130</u>

6. User Fees Receivable

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

User fees receivable and related allowance for doubtful accounts at June 30, 2017 consist of the following:

	Billed <u>Service Fees</u>	Estimated <u>Unbilled Fees</u>	Allowance for <u>Doubtful Fees</u>	<u>Total</u>
Electric	\$ 5,047,210	\$ 2,072,118	\$ (299,653)	\$ 6,819,675
Airport	1,255,679	-	(26,321)	1,229,358
Nonmajor Enterprise Funds:				
Telecom	1,023,726	3,878	(114,447)	913,157
Wastewater	786,428	551,617	(3,000)	1,335,045
Water	712,453	431,736	(3,000)	1,141,189
Stormwater	168,406	119,573	-	287,979
Total	<u>\$ 8,993,902</u>	<u>\$ 3,178,922</u>	<u>\$ (446,421)</u>	<u>\$ 11,726,403</u>

7. Departmental and Other Receivables

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

		Allowance for Doubtful	
	<u>Gross</u>	<u>Accounts</u>	<u>Total</u>
Police tickets	\$ 1,807,420	\$ (1,098,135)	\$ 709,285
Local option sales tax	571,604	-	571,604
Ambulance and fire	528,712	(192,889)	335,823
Waterfront access	280,141	-	280,141
Street franchise fees	253,579	-	253,579
Code enforcement	74,600	(31,813)	42,787
Recycling	71,924	-	71,924
Other	545,768	(6,827)	538,941
Total	<u>\$ 4,133,748</u>	<u>\$ (1,329,664)</u>	<u>\$ 2,804,084</u>

8. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2017.

	Governmental	Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Community development grants	\$ 1,202,393	\$ -	\$ 1,202,393
Capital project grants	491,746	-	491,746
Airport improvement program (AIP) grants	-	4,560,110	4,560,110
Stormwater revolving loan	-	503,158	503,158
Other state receivable	-	57,211	57,211
Total	<u>\$ 1,694,139</u>	<u>\$ 5,120,479</u>	<u>\$ 6,814,618</u>

9. 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 Fund's major components loans receivables at June 30, 2017:

Community and Economic Development loans:	<u>Receivable</u>	Less: <u>Discount</u>	Less: <u>Allowance</u>	<u>Total</u>
HODAG loans	\$ 7,415,942	\$ -	\$ (6,949,348)	\$ 466,594
Housing and Urban Development Programs:				
HOME loans	7,982,790	(2,862,485)	(4,185,254)	935,051
Lead paint loans	2,625,634	(199,518)	(1,821,340)	604,776
CEDO admin loan	2,006,678	(220,742)	-	1,785,936
Other loans	<u>1,392,595</u>	<u>(104,637)</u>	<u>(301,807)</u>	<u>986,151</u>
Total CEDO loans	<u>\$ 21,423,639</u>	<u>\$ (3,387,382)</u>	<u>\$ (13,257,749)</u>	<u>\$ 4,778,508</u>

The following is a summary of the Primary Government's major components of loans receivable at June 30, 2017:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
CEDO loans, from above	\$ 4,778,508	\$ -	\$ 4,778,508
1993 relief loans (3) from Champlain Housing Trust Corporation, offset by loans payable. The total quarterly payments are \$21,588 including interest rates between 3.25% - 4.00%, maturing in FY2024 and FY2025.	527,005	-	527,005
Multi-generational loan receivable from Champlain Housing Trust Corporation, offset by loan payable. The monthly payment is \$1,879, maturing on October 1, 2028.	194,775	-	194,775
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>734,084</u>	<u>734,084</u>
Total loans receivable	5,500,288	734,084	6,234,372
Less: amount due within one year	<u>(82,084)</u>	<u>(72,136)</u>	<u>(154,220)</u>
Loans receivable, net of current portion	<u>\$ 5,418,204</u>	<u>\$ 661,948</u>	<u>\$ 6,080,152</u>

10. 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).

Expected future receipts of the lease receivables are as follows:

Fiscal Year	Principal	Interest	Total
2018	\$ 20,659	\$ 51,341	\$ 72,000
2019	22,105	49,895	72,000
2020	23,653	48,347	72,000
2021	25,309	46,691	72,000
2022	27,080	44,920	72,000
2023-2027	<u>614,632</u>	<u>193,368</u>	<u>808,000</u>
Total	<u>\$ 733,438</u>	<u>\$ 434,562</u>	<u>\$ 1,168,000</u>

11. Interfund Advances and Transfers

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The composition of advances to/from other funds (amounts considered to be long-term) as of June 30, 2017 is as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General fund	\$ 1,383,664	\$ -
Other Nonmajor Governmental funds:		
Community and economic development	-	245,183
Community development corporation	-	221,588
Champlain parkway	-	144,858
Wayfinding	-	13,111
Parks	-	448,785
Downtown westlake	221,588	234,879
Great streets	-	296,848
Total	<u>\$ 1,605,252</u>	<u>\$ 1,605,252</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 2017:

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
General fund	\$ 13,617	\$ 1,060,397
Nonmajor funds:		
Special Revenue funds:		
Traffic	-	10,665
Community and economic development	253,250	-
TIF waterfront	-	464,570
Church street market place	11,000	-
Dedicated taxes	182,480	206,978
Capital Project funds:		
Champlain parkway	26,146	-
Waterfront access	574,682	-
Capital improvement program	124,018	1,047,861
Wayfinding	10,665	-
FEMA	10,580	-
Parks	1,100,000	-
Great streets	441,614	-
Other	56,036	-
Permanent funds:		
Cemetery	-	13,617
Subtotal Nonmajor Governmental funds	<u>2,790,471</u>	<u>1,743,691</u>
Grand Total	<u>\$ 2,804,088</u>	<u>\$ 2,804,088</u>

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

12. Capital Assets

Capital asset activity for the City's Governmental and Business-Type Activities, as well as each enterprise fund, for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 14,673,099	\$ 37,857	\$ -	\$ 14,710,956
Construction in progress	24,975,094	4,560,317	(17,929,606)	11,605,805
Antiques and works of art	52,000	-	-	52,000
Total capital assets, not being depreciated	<u>39,700,193</u>	<u>4,598,174</u>	<u>(17,929,606)</u>	<u>26,368,761</u>
Capital assets, being depreciated:				
Land improvements	3,344,865	8,908,910	-	12,253,775
Buildings and building improvements	57,520,913	1,269,254	-	58,790,167
Vehicles, machinery, equipment and furniture	22,940,226	1,822,068	(699,632)	24,062,662
Book collections	2,000,116	186,766	-	2,186,882
Infrastructure	116,267,751	9,510,503	-	125,778,254
Total capital assets, being depreciated	<u>202,073,871</u>	<u>21,697,501</u>	<u>(699,632)</u>	<u>223,071,740</u>
Less accumulated depreciation for:				
Land improvements	(1,397,839)	(260,307)	-	(1,658,146)
Buildings and building improvements	(13,457,650)	(853,190)	-	(14,310,840)
Vehicles, machinery, equipment and furniture	(16,920,838)	(1,473,232)	650,663	(17,743,407)
Book collections	(1,525,227)	(195,078)	-	(1,720,305)
Infrastructure	(69,833,743)	(3,780,984)	-	(73,614,727)
Total accumulated depreciation	<u>(103,135,297)</u>	<u>(6,562,791)</u>	<u>650,663</u>	<u>(109,047,425)</u>
Total capital assets, being depreciated, net	<u>98,938,574</u>	<u>15,134,710</u>	<u>(48,969)</u>	<u>114,024,315</u>
Governmental activities capital assets, net	<u>\$ 138,638,767</u>	<u>\$ 19,732,884</u>	<u>\$ (17,978,575)</u>	<u>\$ 140,393,076</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities-Combined Enterprise Funds:				
Capital assets, not being depreciated:				
Land	\$ 26,323,895	\$ 5,537,979	\$ -	\$ 31,861,874
Construction in progress	34,681,937	9,104,676	(8,792,010)	34,994,603
Total capital assets, not being depreciated	<u>61,005,832</u>	<u>14,642,655</u>	<u>(8,792,010)</u>	<u>66,856,477</u>
Capital assets, being depreciated:				
Land improvements	107,528,610	5,555,068	-	113,083,678
Buildings and building improvements	86,951,619	17,731	-	86,969,350
Vehicles, machinery, equipment and furniture	26,943,753	4,899,538	(280,078)	31,563,213
Distribution and collection systems	239,456,581	8,823,588	(6,238,456)	242,041,713
Intangible asset	6,000,000	-	-	6,000,000
Total capital assets, being depreciated	<u>466,880,563</u>	<u>19,295,925</u>	<u>(6,518,534)</u>	<u>479,657,954</u>
Less accumulated depreciation for:				
Land improvements	(51,861,983)	(3,751,336)	-	(55,613,319)
Buildings and building improvements	(34,783,643)	(2,524,106)	-	(37,307,749)
Vehicles, machinery, equipment and furniture	(18,147,418)	(1,785,761)	202,860	(19,730,319)
Distribution and collection systems	(122,551,837)	(7,247,325)	5,284,274	(124,514,888)
Intangible asset	(600,000)	(300,000)	-	(900,000)
Total accumulated depreciation	<u>(227,944,881)</u>	<u>(15,608,528)</u>	<u>5,487,134</u>	<u>(238,066,275)</u>
Total capital assets, being depreciated, net	<u>238,935,682</u>	<u>3,687,397</u>	<u>(1,031,400)</u>	<u>241,591,679</u>
Business-type activities capital assets, net	<u>\$ 299,941,514</u>	<u>\$ 18,330,052</u>	<u>\$ (9,823,410)</u>	<u>\$ 308,448,156</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Electric Enterprise Fund:				
Capital assets, not being depreciated:				
Land	\$ 1,335,521	\$ -	\$ -	\$ 1,335,521
Construction in progress	<u>2,339,727</u>	<u>6,431,867</u>	<u>(6,008,158)</u>	<u>2,763,436</u>
Total capital assets, not being depreciated	<u>3,675,248</u>	<u>6,431,867</u>	<u>(6,008,158)</u>	<u>4,098,957</u>
Capital assets, being depreciated:				
Distribution and collection systems	<u>185,315,039</u>	<u>7,477,550</u>	<u>(6,189,969)</u>	<u>186,602,620</u>
Total capital assets, being depreciated	185,315,039	7,477,550	(6,189,969)	186,602,620
Less accumulated depreciation for:				
Distribution and collection systems	<u>(89,885,143)</u>	<u>(6,248,794)</u>	<u>5,239,366</u>	<u>(90,894,571)</u>
Total accumulated depreciation	<u>(89,885,143)</u>	<u>(6,248,794)</u>	<u>5,239,366</u>	<u>(90,894,571)</u>
Total capital assets, being depreciated, net	<u>95,429,896</u>	<u>1,228,756</u>	<u>(950,603)</u>	<u>95,708,049</u>
Electric Enterprise Fund capital assets, net	<u>\$ 99,105,144</u>	<u>\$ 7,660,623</u>	<u>\$ (6,958,761)</u>	<u>\$ 99,807,006</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Airport Enterprise Fund:				
Capital assets, not being depreciated:				
Land	\$ 23,931,372	\$ 5,537,979	\$ -	\$ 29,469,351
Construction in progress	<u>32,187,874</u>	<u>2,636,809</u>	<u>(2,629,516)</u>	<u>32,195,167</u>
Total capital assets, not being depreciated	<u>56,119,246</u>	<u>8,174,788</u>	<u>(2,629,516)</u>	<u>61,664,518</u>
Capital assets, being depreciated:				
Land improvements	77,609,575	5,555,068	-	83,164,643
Buildings and building improvements	85,607,593	2,053	-	85,609,646
Vehicles, machinery, equipment and furniture	<u>10,627,298</u>	<u>1,544,994</u>	<u>-</u>	<u>12,172,292</u>
Total capital assets, being depreciated	173,844,466	7,102,115	-	180,946,581
Less accumulated depreciation for:				
Land improvements	<u>(35,567,085)</u>	<u>(3,019,034)</u>	<u>-</u>	<u>(38,586,119)</u>
Buildings and building improvements	<u>(34,511,833)</u>	<u>(2,491,712)</u>	<u>-</u>	<u>(37,003,545)</u>
Vehicles, machinery, equipment and furniture	<u>(6,130,043)</u>	<u>(648,125)</u>	<u>-</u>	<u>(6,778,168)</u>
Total accumulated depreciation	<u>(76,208,961)</u>	<u>(6,158,871)</u>	<u>-</u>	<u>(82,367,832)</u>
Total capital assets, being depreciated, net	<u>97,635,505</u>	<u>943,244</u>	<u>-</u>	<u>98,578,749</u>
Airport Enterprise Fund capital assets, net	<u>\$ 153,754,751</u>	<u>\$ 9,118,032</u>	<u>\$ (2,629,516)</u>	<u>\$ 160,243,267</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Telecom Nonmajor Enterprise Fund:				
Capital assets, not being depreciated:				
Land	\$ 157,800	\$ -	\$ -	\$ 157,800
Total capital assets, not being depreciated	<u>157,800</u>	<u>-</u>	<u>-</u>	<u>157,800</u>
Capital assets, being depreciated:				
Buildings and building improvements	1,249,991	15,678	-	1,265,669
Vehicles, machinery, equipment and furniture	2,774,226	2,804,219	-	5,578,445
Intangible asset	6,000,000	-	-	6,000,000
Total capital assets, being depreciated	<u>10,024,217</u>	<u>2,819,897</u>	<u>-</u>	<u>12,844,114</u>
Less accumulated depreciation for:				
Buildings and building improvements	(266,637)	(28,633)	-	(295,270)
Vehicles, machinery, equipment and furniture	(437,403)	(538,451)	-	(975,854)
Intangible asset	(600,000)	(300,000)	-	(900,000)
Total accumulated depreciation	<u>(1,304,040)</u>	<u>(867,084)</u>	<u>-</u>	<u>(2,171,124)</u>
Total capital assets, being depreciated, net	<u>8,720,177</u>	<u>1,952,813</u>	<u>-</u>	<u>10,672,990</u>
Telecom Enterprise Fund capital assets, net	<u>\$ 8,877,977</u>	<u>\$ 1,952,813</u>	<u>\$ -</u>	<u>\$ 10,830,790</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Wastewater Nonmajor Enterprise Fund:				
Capital assets, not being depreciated:				
Land	\$ 847,952	\$ -	\$ -	\$ 847,952
Total capital assets, not being depreciated	<u>847,952</u>	<u>-</u>	<u>-</u>	<u>847,952</u>
Capital assets, being depreciated:				
Land improvements	29,919,035	-	-	29,919,035
Buildings and building improvements	94,035	-	-	94,035
Vehicles, machinery, equipment and furniture	11,981,171	453,255	(255,595)	12,178,831
Distribution and collection systems	17,689,669	43,046	-	17,732,715
Total capital assets, being depreciated	<u>59,683,910</u>	<u>496,301</u>	<u>(255,595)</u>	<u>59,924,616</u>
Less accumulated depreciation for:				
Land improvements	(16,294,898)	(732,302)	-	(17,027,200)
Buildings and building improvements	(5,173)	(3,761)	-	(8,934)
Vehicles, machinery, equipment and furniture	(10,615,967)	(501,169)	181,376	(10,935,760)
Distribution and collection systems	(7,904,225)	(355,484)	-	(8,259,709)
Total accumulated depreciation	<u>(34,820,263)</u>	<u>(1,592,716)</u>	<u>181,376</u>	<u>(36,231,603)</u>
Total capital assets, being depreciated, net	<u>24,863,647</u>	<u>(1,096,415)</u>	<u>(74,219)</u>	<u>23,693,013</u>
Wastewater Enterprise Fund capital assets, net	<u>\$ 25,711,599</u>	<u>\$ (1,096,415)</u>	<u>\$ (74,219)</u>	<u>\$ 24,540,965</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Water Nonmajor Enterprise Fund:				
Capital assets, not being depreciated:				
Land	\$ 51,250	\$ -	\$ -	\$ 51,250
Construction in progress	<u>-</u>	<u>36,000</u>	<u>-</u>	<u>36,000</u>
Total capital assets, not being depreciated	<u>51,250</u>	<u>36,000</u>	<u>-</u>	<u>87,250</u>
Capital assets, being depreciated:				
Vehicles, machinery, equipment and furniture	1,561,058	97,070	(24,483)	1,633,645
Distribution and collection systems	<u>35,108,760</u>	<u>824,444</u>	<u>(48,487)</u>	<u>35,884,717</u>
Total capital assets, being depreciated	36,669,818	921,514	(72,970)	37,518,362
Less accumulated depreciation for:				
Vehicles, machinery, equipment and furniture	(964,005)	(98,016)	21,484	(1,040,537)
Distribution and collection systems	<u>(24,571,192)</u>	<u>(581,487)</u>	<u>44,908</u>	<u>(25,107,771)</u>
Total accumulated depreciation	<u>(25,535,197)</u>	<u>(679,503)</u>	<u>66,392</u>	<u>(26,148,308)</u>
Total capital assets, being depreciated, net	<u>11,134,621</u>	<u>242,011</u>	<u>(6,578)</u>	<u>11,370,054</u>
Water Enterprise Fund capital assets, net	<u>\$ 11,185,871</u>	<u>\$ 278,011</u>	<u>\$ (6,578)</u>	<u>\$ 11,457,304</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Stormwater Nonmajor Enterprise Fund:				
Capital assets, not being depreciated				
Construction in Progress	\$ 154,336	\$ -	\$ (154,336)	\$ -
Total capital assets, not being depreciated	<u>154,336</u>	<u>-</u>	<u>(154,336)</u>	<u>-</u>
Capital assets, being depreciated:				
Distribution and collection systems	<u>1,343,113</u>	<u>478,548</u>	<u>-</u>	<u>1,821,661</u>
Total capital assets, being depreciated	1,343,113	478,548	-	1,821,661
Less accumulated depreciation for:				
Distribution and collection systems	<u>(191,277)</u>	<u>(61,560)</u>	<u>-</u>	<u>(252,837)</u>
Total accumulated depreciation	<u>(191,277)</u>	<u>(61,560)</u>	<u>-</u>	<u>(252,837)</u>
Total capital assets, being depreciated, net	<u>1,151,836</u>	<u>416,988</u>	<u>-</u>	<u>1,568,824</u>
Other Nonmajor Enterprise Funds capital assets, net	<u>\$ 1,306,172</u>	<u>\$ 416,988</u>	<u>\$ (154,336)</u>	<u>\$ 1,568,824</u>

In fiscal year 2017, \$2,154,349 in construction in progress costs associated with the City's Champlain Parkway were deemed impaired and are reported as a Special Item in the Statement of Activities.

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

Governmental Activities:	
General government	\$ 257,285
Public safety	772,770
Public works	4,398,935
Community development	200,323
Culture and recreation	<u>933,478</u>
Total depreciation expense - governmental activities	<u>\$ 6,562,791</u>

Business-Type Activities:

Electric	\$ 6,248,794 *
Airport	6,158,871
Telecom	867,084
Wastewater	1,592,716
Water	679,503
Stormwater	<u>61,560</u>
Total depreciation expense - business-type activities	<u>\$ 15,608,528</u>

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

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

	<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>2,135,480</u>	<u>-</u>	<u>(2,135,480)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>4,387,157</u>	<u>-</u>	<u>(2,135,480)</u>	<u>2,251,677</u>
Capital assets, being depreciated:				
Buildings and building improvements	51,577,651	3,540,216	-	55,117,867
Vehicles, machinery, equipment and furniture	<u>6,763,007</u>	<u>134,494</u>	<u>-</u>	<u>6,897,501</u>
Total capital assets, being depreciated	<u>58,340,658</u>	<u>3,674,710</u>	<u>-</u>	<u>62,015,368</u>
Less accumulated depreciation for:				
Buildings and building improvements	(14,031,072)	(1,705,058)	-	(15,736,130)
Vehicles, machinery, equipment and furniture	<u>(5,908,689)</u>	<u>(234,241)</u>	<u>-</u>	<u>(6,142,930)</u>
Total accumulated depreciation	<u>(19,939,761)</u>	<u>(1,939,299)</u>	<u>-</u>	<u>(21,879,060)</u>
Total capital assets, being depreciated, net	<u>38,400,897</u>	<u>1,735,411</u>	<u>-</u>	<u>40,136,308</u>
School capital assets, net	<u>\$ 42,788,054</u>	<u>\$ 1,735,411</u>	<u>\$ (2,135,480)</u>	<u>\$ 42,387,985</u>

13. Regulatory Assets and Other Prepaid Charges

For the Electric Department, regulatory and other prepaid charges at June 30, 2017 comprise the following:

Deferred depreciation expense to be recovered in future years	\$ 2,122,673
Deferred VPSB accounting orders	133,567
Retirement of meters	<u>173,100</u>
Total	<u>\$ 2,429,340</u>

A. Deferred Depreciation Expense to be Recovered in Future Years

Provisions for depreciation of capital assets, with the exception of the Joseph C. McNeil Generating Station (the McNeil Station) and the Highgate Converter Station (the Highgate Station), are reported using the straight-line method at rates based upon the estimated service lives and salvage values of the several classes of property. Depreciation of capital assets for the McNeil Station and the Highgate Station are calculated using the straight-line method. However, a portion of the current depreciation expense is only recoverable through future rates. The difference is included in deferred charges (calculated as the straight-line depreciation expense less the depreciation expense on a sinking fund basis) and will be recovered in future years. The Department recorded straight-line depreciation of \$5,789,384 for the year ended June 30, 2017. In 2017 \$212,494 of deferred depreciation expense was realized. Unamortized deferred depreciation balance of \$2,122,673 remained at June 30, 2017.

B. Deferred-VPSB Accounting Orders

In 2012, the Department obtained an accounting order from the Vermont Public Service Board (VPSB) related to costs for the McNeil Station turbine overhaul. The total deferred cost was \$935,044 and will be amortized over seven years (84 months) beginning July 2011. Amortization expense related to the deferred overhaul charges was \$133,566 for 2017, and has been reported as a component of production expense. The unamortized balance at June 30, 2017 is \$133,567.

C. Deferred Retirement of Meters

Due to the Smart Grid/Meter project in 2012-2013, under a Department of Public Service directive, the depreciated book value of certain retired meters has been deferred and will be amortized over a five-year period. Amortization expense related to the deferred write off was \$128,512 for 2017. The unamortized balance at June 30, 2017 is \$173,100.

14. 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, in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions, are more fully discussed in Note 23.

15. Accounts Payable and Accrued Expenses

Accounts payable represent fiscal year 2017 expenditures paid on or after July 1, 2017.

16. Line of Credit

In December 2015, the City issued a \$2,200,000 Parking Revenue Note with KeyBank, with an interest rate of 2.50%. In fiscal 2017 the City extended the note until March 3, 2017 when it was paid off. The City issued a \$5,200,000 note with Northfield Savings Bank on May 4, 2017 which matures on May 3, 2018. The note is solely payable from net revenues, after payment of operating expenses, of the City's parking system. During the year drawdowns amounted to \$2,939,312 while repayments were \$1,666,817, leaving an outstanding balance at June 30, 2017 of \$2,106,123.

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 May 25, 2017, this Line of Credit was renewed for a two-year term to May 18, 2019. The Electric Department had the entire Line of Credit balance of \$5,000,000 available for use during fiscal year 2017.

In September 2015, City issued on behalf of the Airport, a Grant Anticipation Line of Credit in the principal amount of up to \$7,000,000. On September 20, 2016, this line of credit was renewed for one year to September 19, 2017. The note was secured by AIP grant reimbursements. During the year drawdowns on the grant amounted to \$5,307,921 while repayments were \$4,089,403, leaving an outstanding balance at June 30, 2017 of \$1,865,191.

17. Long-Term Obligations – Primary Government

A. Types of Long-Term Obligations

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Governmental Activities:</u>	<u>Serial</u> <u>Maturities</u>	<u>Interest</u> <u>Rate(s) %</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>6/30/17</u>
General obligation bonds:				
General Improvements 2007 Series A	11/01/2027	3.50 - 4.25%	\$ 1,000,000	\$ 45,000
General Improvements 2009 Series C	11/01/2029	2.00 - 4.125%	1,000,000	90,000
General Improvements 2009 Series C	11/01/2029	2.00 - 4.125%	1,000,000	90,000
General Improvements 2009 Series C - Street Impr.	11/01/2029	2.00 - 4.125%	2,250,000	205,000
General Improvements 2011 Series A	11/01/2031	3.00 - 4.75%	1,000,000	820,000
General Improvements 2011 Series A - Fire	11/01/2031	3.00 - 4.75%	1,325,000	1,085,000
General Improvements 2011 Series A - Street Paving	11/01/2031	3.00 - 4.75%	3,250,000	2,660,000
General Improvements 2011 Series B	11/01/2031	2.00 - 4.75%	1,000,000	815,000
Public Improvement Bonds 2012 Series A	11/01/2032	5.00%	1,000,000	870,000
Public Improvement Bonds 2012 Series A	11/01/2032	5.00%	2,000,000	1,745,000
Taxable G.O. Bonds 2013 Series A - Fiscal Stability	11/01/2028	3.50 - 5.25%	9,000,000	7,410,000
Public Improvement Bonds 2013 Series B	11/01/2033	4.00 - 6.75%	2,000,000	1,307,143
Public Improvement Bonds 2014 Series A	11/15/2034	0.51 - 3.99%	2,000,000	1,800,000
Public Improvement Bonds 2015 Series A	11/1/2035	5.00%	2,000,000	1,945,000
Refunding Bond Series 2016A	6/30/2030	3.00 - 5.00%	1,570,000	1,995,000
Public Improvement Bonds 2016 Series B	11/1/2036	4.00 - 5.00%	2,000,000	2,000,000
Refunding Bond Series 2016C	11/1/2029	2.00 - 5.00%	2,545,000	2,545,000
Public Improvement Bonds 2017 Series A	11/1/2036	1.20 - 3.85%	5,267,000	5,267,000
Public Improvement Bonds 2017 Series B	11/1/2032	5.00%	2,730,000	2,730,000
Total general obligation bonds				35,424,143

(continued)

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<u>Governmental Activities:</u>	Serial Maturities <u>Through</u>	Interest Rate(s) %	Amount Issued	Amount Outstanding as of 6/30/17
Other debt:				
HUD Section 108 - US Guaranteed Notes 1999	08/01/2017	5.40 - 6.20%	1,930,000	395,000
HUD Section 108 - US Guaranteed Notes 2003	08/01/2022	3.25%	3,602,000	220,000
HUD Section 108 - US Guaranteed Notes 2005	08/01/2018	variable	1,827,000	800,000
Special Obligation Tax Increment Financing Bond	11/15/2024	0.51 - 4.28%	7,800,000	4,356,789
HUD Section 108 - US Guaranteed Notes 2014	06/15/2025	5.00%	2,091,000	1,709,000
Refunding COP Series 2016A - Lakeview Garage Project	6/30/2025	3.00-5.00%	5,145,000	4,485,000
Refunding COP Series 2016B - DPW Facility Project	6/30/2021	3.00-5.00%	1,445,000	1,180,000
Total other debt				13,145,789
BCDC loans:				
Gilbane property	10/30/2025	6.25%	325,571	218,048
Airport support hanger	11/1/2020	4.09%	2,977,500	2,234,367
Refinancing VEDA	11/19/2020	3.75%	560,000	428,137
Relief long term notes	11/15/2024	3.25-4.00%	996,116	527,005
Multigenerational center	10/1/2028	5.00%	302,282	194,775
Aviation support hanger	6/1/2026	3.00%	1,400,000	734,084
Total BCDC loans				4,336,416
Total Governmental Activities:				\$ 52,906,348

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

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

<u>Business-Type Activities:</u>	Serial Maturities <u>Through</u>	Interest Rate(s) %	Amount Issued	Amount Outstanding as of 6/30/17
General obligation bonds:				
Electric 2007 Series A Bonds	11/01/2027	3.50 - 4.25%	\$ 1,000,000	\$ 45,000
Electric 2009 Series A Bonds	11/01/2029	2.00 - 4.375%	12,750,000	1,130,000
Electric 2009 Series B Bonds	11/01/2029	4.00 - 6.00%	8,250,000	680,000
Electric 2009 Series C Bonds	11/01/2029	2.00 - 4.125%	10,985,000	985,000
Electric 2009 Series D Bonds	11/01/2029	1.45 - 5.60%	4,615,000	390,000
Electric 2009 Series C Bonds	11/01/2029	2.00 - 4.125%	1,000,000	90,000
Electric 2009 Series C Bonds	11/01/2029	2.00 - 4.125%	1,000,000	90,000
Electric General Improvements 2011 Series A	11/01/2031	3.00 - 4.75%	1,000,000	820,000
Electric General Improvements 2011 Series B	11/01/2031	2.00 - 4.75%	1,000,000	815,000
Electric Public Improvement 2012 Series A	11/01/2032	5.00%	2,000,000	1,745,000
Electric Public Improvement 2012 Series A	11/01/2032	5.00%	1,750,000	1,525,000
Electric Taxable Public Improvement 2012 Series B	11/01/2032	6.00%	1,250,000	1,105,000
Electric G.O. Public Improvement Bonds 2013 Series B	11/01/2033	4.00 - 6.75%	3,000,000	1,960,714
Electric G.O. Public Improvement Bonds 2014 Series 3	11/01/2034	2.78%	3,000,000	2,700,000
Electric G.O. Public Improvement Bonds 2015 Series A	11/1/2035	5.00%	3,000,000	2,915,000
Electric G.O. Refunding Bond 2016 Series A	11/1/2029	2.00-5.00%	10,235,000	10,145,000
Electric G.O. Public Improvement Bonds 2016 Series B	11/1/2036	4.00 - 5.00%	3,000,000	3,000,000
Electric G.O. Refunding Bond 2016 Series C	11/1/2029	2.00 - 5.00%	7,785,000	7,785,000
Electric Taxable Refunding 2016 Series D	11/1/2029	1.15 - 3.25%	6,220,000	6,220,000
Electric Taxable Refunding 2016 Series D	11/1/2029	1.15 - 3.25%	3,460,000	3,460,000
Total general obligation bonds				47,605,714

(continued)

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<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>6/30/17</u>
Other debt:				
Electric Revenue Bonds 2011 Series A	07/01/2031	4.25 - 5.75%	8,775,000	8,070,000
Electric Revenue Bonds 2011 Series B	07/01/2031	7.25 - 8.25%	3,135,000	2,940,000
Electric Revenue Bonds 2014 Series A	07/01/2035	3.78%	12,000,000	11,120,000
Electric Revenue Bonds 2014 Series B	07/01/2035	3.36%	5,820,000	4,785,000
Wastewater State of VT-EPA 2006 Series 1 (Siphon)	02/01/2027	0.00%	1,650,000	843,662
Stormwater Revenue Obligation Bond	10/01/2031	0.00%	1,204,000	356,740
Wastewater State of VT-EPA 2009 Series I (Turbo)	10/01/2031	0.00%	120,000	43,977
Wastewater State of VT-EPA 2001 Series 1 (Digester)	08/01/2027	0.00%	2,500,000	966,530
Airport Revenue Refunding 2012 Series A	07/01/2028	4.00 - 5.00%	17,670,000	17,670,000
Airport Revenue Refunding 2012 Series B	07/01/2018	3.50%	7,130,000	2,780,000
Wastewater VT Municipal Bond Bank 2014 Series 1	11/15/2033	0.643 - 4.723%	14,645,620	12,448,777
Water State Revolving Loan RF3-295	11/01/2034	1.00%	253,340	228,006
Airport Revenue Refunding 2014 Series A	07/01/2030	0.67 - 3.59%	15,660,000	14,575,000
Water System Revenue Bonds 2017 Series	11/1/2036	2.00 - 5.00%	3,250,000	3,250,000
Total other debt				<u>80,077,692</u>
Total Business-Type Activities:				<u>\$ 127,683,406</u>

B. Future Debt Service

The annual payments to retire all governmental general obligation long-term debt outstanding as of June 30, 2017 are as follows:

<u>Governmental</u> <u>Activities Combined</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 4,122,491	\$ 2,227,485	\$ 6,349,976
2019	5,245,331	2,076,737	7,322,068
2020	3,633,458	1,934,380	5,567,838
2021	5,435,846	1,760,406	7,196,252
2022	3,376,013	1,613,505	4,989,518
2023 - 2027	16,043,955	5,756,086	21,800,041
2028 - 2032	10,311,254	2,397,275	12,708,529
2033 - 2037	<u>4,738,000</u>	<u>519,946</u>	<u>5,257,946</u>
Total	<u>\$ 52,906,348</u>	<u>\$ 18,285,820</u>	<u>\$ 71,192,168</u>

The annual payments to retire all business-type (and each Enterprise fund) long-term debt outstanding as of June 30, 2017 are as follows:

Business-Type Activities

<u>Combined All Enterprise Funds</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 7,178,741	\$ 5,197,083	\$ 12,375,824
2019	7,542,556	4,965,041	12,507,597
2020	7,661,447	4,698,382	12,359,829
2021	7,905,422	4,415,540	12,320,962
2022	8,189,477	4,113,122	12,302,599
2023 - 2027	44,678,358	15,154,116	59,832,474
2028 - 2032	36,178,722	5,511,422	41,690,144
2033 - 2037	8,348,683	641,413	8,990,096
Total	<u>\$ 127,683,406</u>	<u>\$ 44,696,119</u>	<u>\$ 172,379,525</u>

<u>Electric Enterprise Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 4,150,000	\$ 3,070,361	\$ 7,220,361
2019	4,305,000	2,924,409	7,229,409
2020	4,370,000	2,775,987	7,145,987
2021	4,495,000	2,630,039	7,125,039
2022	4,645,000	2,473,782	7,118,782
2023 - 2027	24,957,143	9,310,704	34,267,847
2028 - 2032	21,958,571	3,657,165	25,615,736
2033 - 2037	5,640,000	423,489	6,063,489
Total	<u>\$ 74,520,714</u>	<u>\$ 27,265,936</u>	<u>\$ 101,786,650</u>

<u>Airport Enterprise Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,110,000	\$ 1,551,838	\$ 3,661,838
2019	2,195,000	1,465,063	3,660,063
2020	2,245,000	1,364,675	3,609,675
2021	2,355,000	1,249,675	3,604,675
2022	2,480,000	1,128,800	3,608,800
2023 - 2027	14,275,000	3,756,650	18,031,650
2028 - 2032	9,365,000	705,550	10,070,550
Total	<u>\$ 35,025,000</u>	<u>\$ 11,222,251</u>	<u>\$ 46,247,251</u>

<u>Wastewater Non-major Enterprise Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 891,117	\$ 436,690	\$ 1,327,807
2019	894,294	424,683	1,318,977
2020	897,533	409,497	1,307,030
2021	900,839	390,948	1,291,787
2022	904,210	369,440	1,273,650
2023 - 2027	4,574,022	1,465,285	6,039,307
2028 - 2032	3,773,194	729,873	4,503,067
2033 - 2034	1,467,737	62,858	1,530,595
Total	\$ <u>14,302,946</u>	\$ <u>4,289,274</u>	\$ <u>18,592,220</u>

<u>Water Non-major Enterprise Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 8,485	\$ 138,194	\$ 146,679
2019	128,740	150,886	279,626
2020	129,002	148,223	277,225
2021	134,272	144,878	279,150
2022	139,550	141,100	280,650
2023 - 2027	762,225	621,477	1,383,702
2028 - 2032	960,544	418,834	1,379,378
2033 - 2037	1,215,187	155,066	1,370,253
Total	\$ <u>3,478,005</u>	\$ <u>1,918,658</u>	\$ <u>5,396,663</u>

<u>Stormwater Non-major Enterprise Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 19,139	\$ -	\$ 19,139
2019	19,522	-	19,522
2020	19,912	-	19,912
2021	20,311	-	20,311
2022	20,717	-	20,717
2023 - 2027	109,968	-	109,968
2028 - 2032	121,413	-	121,413
2033	25,759	-	25,759
Total	\$ <u>356,741</u>	\$ <u>-</u>	\$ <u>356,741</u>

C. Changes in General Long-Term Liabilities

During the year ended June 30, 2017, the following changes occurred in long-term liabilities for the City's Governmental and Business-Type Activities, as well as each enterprise fund:

	Total Balance 7/1/2016	Additions	Reduction	Refunding	Total Balance 6/30/2017	Less Current Portion	Equal Long Term Portion
Governmental Activities							
General obligation bonds	\$ 27,219,286	\$ 12,542,000	\$ (1,652,143)	\$ (2,685,000)	\$ 35,424,143	\$ (1,730,000)	\$ 33,694,143
Add unamortized premium	1,392,514	1,067,582	(156,565)	(14,457)	2,289,074	(156,565)	2,132,509
Subtotal	28,611,800	13,609,582	(1,808,708)	(2,699,457)	37,713,217	(1,886,565)	35,826,652
Other debt	18,822,567	969,360	(2,309,722)	-	17,482,205	(2,320,355)	15,161,850
Net pension obligation	40,988,644	12,995,403	-	-	53,984,047	-	53,984,047
Net OPEB obligation	1,080,440	195,507	-	-	1,275,947	-	1,275,947
Obligations under capital leases	1,206,228	1,699,383	(604,563)	-	2,301,048	(527,824)	1,773,224
Compensated absences	2,029,029	1,510,461	(1,305,133)	-	2,234,357	(223,436)	2,010,921
Insurance reserves	2,578,345	-	(505,587)	-	2,072,758	(929,364)	1,143,394
Total	\$ 95,317,053	\$ 30,979,696	\$ (6,533,713)	\$ (2,699,457)	\$ 117,063,579	\$ (5,887,544)	\$ 111,176,035

	Total Balance 7/1/2016	Additions	Reduction	Total Balance 6/30/2017	Less Current Portion	Equal Long Term Portion
Business-type Activities - Combined						
All Enterprise Funds						
General obligation bonds	\$ 46,375,714	\$ 20,465,000	\$ (19,235,000)	\$ 47,605,714	\$ (2,675,000)	\$ 44,930,714
Add unamortized premium	2,535,360	941,855	(38,832)	3,438,383	-	3,438,383
Subtract unamortized discount	(30,438)	(807,646)	29,580	(808,504)	-	(808,504)
Subtotal	48,880,636	20,599,209	(19,244,252)	50,235,593	(2,675,000)	47,560,593
Revenue bonds payable	78,941,562	3,250,000	(4,196,045)	77,995,517	(4,336,420)	73,659,097
Add unamortized premium	2,240,165	451,652	(226,847)	2,464,970	(249,704)	2,215,266
Subtotal	81,181,727	3,701,652	(4,422,892)	80,460,487	(4,586,124)	75,874,363
State revolving loan	2,237,896	-	(155,720)	2,082,176	(167,321)	1,914,855
Net pension liability	17,993,590	4,928,701	(117,228)	22,805,063	-	22,805,063
Net OPEB obligation	667,235	15,600	-	682,835	-	682,835
Obligations under capital leases	6,553,118	1,252,900	(486,626)	7,319,392	(482,988)	6,836,404
Compensated absences	1,489,490	330,649	(624,987)	1,195,152	-	1,195,152
Other noncurrent liabilities	5,259,997	-	296,294	5,556,291	-	5,556,291
Total	\$ 164,263,689	\$ 30,828,711	\$ (24,755,411)	\$ 170,336,989	\$ (7,911,433)	\$ 162,425,556

	Total Balance 7/1/2016	Additions	Reduction	Total Balance 6/30/2017	Less Current Portion	Equal Long Term Portion
Electric Enterprise Fund						
General obligation bonds	\$ 46,375,714	\$ 20,465,000	\$ (19,235,000)	\$ 47,605,714	\$ (2,675,000)	\$ 44,930,714
Add unamortized premium	2,535,360	941,855	(38,832)	3,438,383	-	3,438,383
Subtract unamortized discount	(30,438)	(807,646)	29,580	(808,504)	-	(808,504)
Subtotal	48,880,636	20,599,209	(19,244,252)	50,235,593	(2,675,000)	47,560,593
Revenue bonds	28,345,000	-	(1,430,000)	26,915,000	(1,475,000)	25,440,000
Add unamortized premium	722,396	-	(43,693)	678,703	-	678,703
Subtotal	29,067,396	-	(1,473,693)	27,593,703	(1,475,000)	26,118,703
Net pension liability	12,674,005	3,524,633	-	16,198,638	-	16,198,638
Net OPEB obligation	261,213	-	-	261,213	-	261,213
Compensated absences	975,386	-	(369,126)	606,260	-	606,260
Other noncurrent liabilities	5,259,997	-	296,294	5,556,291	-	5,556,291
Total	\$ 97,118,633	\$ 24,123,842	\$ (20,790,777)	\$ 100,451,698	\$ (4,150,000)	\$ 96,301,698

	Total Balance 7/1/2016	Additions	Reduction	Total Balance 6/30/2017	Less Current Portion	Equal Long Term Portion
<u>Airport Enterprise Fund</u>						
Revenue bonds	\$ 37,040,000	\$ -	\$ (2,015,000)	\$ 35,025,000	\$ (2,110,000)	\$ 32,915,000
Add unamortized premium	1,517,769	-	(183,154)	1,334,615	(173,793)	1,160,822
Subtotal	38,557,769	-	(2,198,154)	36,359,615	(2,283,793)	34,075,822
Net pension liability	2,169,468	461,574	-	2,631,042	-	2,631,042
Net OPEB obligation	139,084	-	-	139,084	-	139,084
Obligations under capital leases	647,110	1,252,900	(285,965)	1,614,045	(295,436)	1,318,609
Compensated absences	192,783	129,498	(91,819)	230,462	-	230,462
Total	\$ 41,706,214	\$ 1,843,972	\$ (2,575,938)	\$ 40,974,248	\$ (2,579,229)	\$ 38,395,019

	Total Balance 7/1/2016	Additions	Reduction	Total Balance 6/30/2017	Less Current Portion	Equal Long Term Portion
<u>Telecom Non-Major Enterprise Fund</u>						
Net pension liability	\$ 1,124,029	\$ -	\$ (117,228)	\$ 1,006,801	\$ -	\$ 1,006,801
Net OPEB obligation	122,362	15,600	-	137,962	-	137,962
Obligations under capital leases	5,898,641	-	(193,294)	5,705,347	(187,552)	5,517,795
Compensated absences	97,881	96,017	(73,885)	120,013	-	120,013
Total	\$ 7,242,913	\$ 111,617	\$ (384,407)	\$ 6,970,123	\$ (187,552)	\$ 6,782,571

	Total Balance 7/1/2016	Additions	Reduction	Total Balance 6/30/2017	Less Current Portion	Equal Long Term Portion
<u>Wastewater Non-Major Enterprise Fund</u>						
Revenue bonds	\$ 13,181,058	\$ -	\$ (732,281)	\$ 12,448,777	\$ (732,281)	\$ 11,716,496
State revolving loans	2,009,890	-	(155,720)	1,854,170	(158,836)	1,695,334
Compensated absences	78,419	59,583	(25,577)	112,425	-	112,425
Net pension liability	856,352	399,791	-	1,256,143	-	1,256,143
Net OPEB obligation	60,919	-	-	60,919	-	60,919
Total	\$ 16,186,638	\$ 459,374	\$ (913,578)	\$ 15,732,434	\$ (891,117)	\$ 14,841,317

	Total Balance 7/1/2016	Additions	Reduction	Total Balance 6/30/2017	Less Current Portion	Equal Long Term Portion
<u>Water Non-Major Enterprise Fund</u>						
Revenue bonds	\$ -	\$ 3,250,000	\$ -	\$ 3,250,000	\$ -	\$ 3,250,000
Add unamortized premium	-	451,652	-	451,652	(75,911)	375,741
Subtotal	-	3,701,652	-	3,701,652	(75,911)	3,625,741
State revolving loans	228,006	-	-	228,006	(8,485)	219,521
Obligations under capital leases	7,367	-	(7,367)	-	-	-
Compensated absences	145,021	66,568	(85,597)	125,992	-	125,992
Net pension liability	1,169,736	542,703	-	1,712,439	-	1,712,439
Net OPEB obligation	81,040	-	-	81,040	-	81,040
Total	\$ 1,631,170	\$ 4,310,923	\$ (92,964)	\$ 5,849,129	\$ (84,396)	\$ 5,764,733

	Total Balance 7/1/2016	Additions	Reduction	Total Balance 6/30/2017	Less Current Portion	Equal Long Term Portion
<u>Stormwater Non-Major Enterprise Fund</u>						
Revenue bonds	\$ 375,504	\$ -	\$ (18,764)	\$ 356,740	\$ (19,139)	\$ 337,601
Net OPEB obligation	2,617	-	-	2,617	-	2,617
Total	\$ 378,121	\$ -	\$ (18,764)	\$ 359,357	\$ (19,139)	\$ 340,218

D. Advanced Refunding

On November 1, 2016, the City issued refunding bond series 2016C in the amount of \$2,545,000 with interest rates ranging from 2.00% to 5.00% to advance refund

series 2009C for street improvements in the amount of \$1,425,000 and other prior projects totaling \$1,260,000 with interest rates ranging from 2.00% to 4.125%. The 2009C was an interest only bond until November 1, 2019 when principal payments were scheduled to begin. The net proceeds on this refunding were \$2,837,850 after a premium of \$332,117, net of discount of \$11,522 and cost of issuance, insurance and contingency fees of \$27,745. The proceeds were used to purchase U.S. government securities and were deposited in an irrevocable trust with an escrow agent to provide debt service payments until called on November 1, 2018. As a result of refunding, the City reduced its total debt service requirement by \$153,505 with a net present value savings of \$129,875 (economic gain).

The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the City's financial statements. Defeased debt at June 30, 2017 was \$2,685,000.

18. Capital Lease Obligations

Primary Government

The City is the lessee of certain equipment under capital leases expiring in various years through 2034.

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Capital lease for airport equipment. The rental payments are to be made in equal semiannual installments of \$86,730 including interest at 3.214% annually, maturing on June 26, 2020.	\$ -	\$ 492,325
Capital lease for public works vehicle. The rental payments are to be made in equal annual installments of \$7,996 including interest at 5.95% annually, maturing on June 12, 2019.	14,670	-
Capital lease for public works vehicle and plow gear. The rental payments are to be made in equal annual installments of \$27,812 including interest at 2.67% annually, maturing on April 2, 2020.	78,781	-
Capital lease for public works vehicle. The rental payments are to be made in equal annual installments of \$38,929 including interest at 3.28% annually, maturing on October 15, 2018.	74,189	-
Capital lease for public works sidewalk tractor. The rental payments are to be made in equal annual installments of \$27,540, maturing in fiscal year 2019.	51,280	-
Capital lease for parks and recreation 2015 ford E350 cut away. The rental payments are to be made in equal annual installments of \$10,584 including interest at 5.95% annually, maturing on March 11, 2019.	19,418	-
Capital lease for public works 2016 ford F450. The rental payments are to be made in equal annual installments of \$11,044 including interest at 5.45% annually, maturing on July 22, 2019.	29,824	-
Capital lease for public works and parks vehicles and equipment. The rental payments are to be made in equal annual installments of \$92,442 including interest at 2.33% annually, maturing on October 20, 2019.	264,786	-

(continued)

(continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital lease for parks and fire vehicles and equipment. The rental payments are to be made in equal annual installments of \$81,413 including interest at 2.591% annually, maturing on October 20, 2019.	231,973	-
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.	-	589,706
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.	1,536,127	532,015
Capital lease for telecom bucket truck. The rental payments are to be made in equal monthly installments of \$753 including interest at 0.60% annually, maturing on November 1, 2017.	-	3,700
Capital lease for telecom truck. The rental payments are to be made in equal monthly installments of \$1,143 including interest at 0.64% annually, maturing on November 8, 2018.	-	30,210
Capital lease for telecom ford focus. The rental payments are to be made in equal monthly installments of \$346 including interest at 0.61% annually, maturing on September 1, 2019.	-	8,594
Capital lease for telecom ford E350 bucket van. The rental payments are to be made in equal monthly installments of \$1,270 including interest at 19.08% annually, maturing on June 1, 2020.	-	40,754
Capital lease for Burlington Telecom with Blue Water Holdings LLC. The rental payments are to be made in equal monthly installments of \$46,544 including interest at 7% annually, maturing on December 30, 2034.	-	5,622,088
Total capital lease obligations	2,301,048	7,319,392
Less: amount due within one year	<u>(527,824)</u>	<u>(482,988)</u>
Capital lease obligation, net of current portion	<u>\$ 1,773,224</u>	<u>\$ 6,836,404</u>

Future minimum lease payments under the capital and operating leases consisted of the following as of June 30, 2017:

<u>Fiscal Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2018	\$ 554,303	\$ 918,157
2019	554,303	928,922
2020	469,254	932,750
2021	256,542	721,868
2022	256,542	721,868
Thereafter	<u>384,805</u>	<u>7,409,194</u>
Total minimum lease payments	2,475,749	11,632,759
Less amounts representing interest	<u>(174,701)</u>	<u>(4,313,367)</u>
Present Value of Minimum Lease Payments	<u>\$ 2,301,048</u>	<u>\$ 7,319,392</u>

The following is an analysis for the leased assets included in capital assets at June 30, 2017:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Machinery, vehicles and equipment	\$ 2,746,202	\$ 8,950,593
Less: accumulated depreciation	<u>(494,793)</u>	<u>(568,892)</u>
Equipment under capital leases, net	<u>\$ 2,251,409</u>	<u>\$ 8,381,701</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. The rental payments are to be made in equal semiannual installments of \$16,300 including interest at 2.465% annually, maturing on September 30, 2023.

Future minimum lease payments consisted of the following as of June 30, 2017:

<u>Fiscal Year</u>	<u>Pension System</u>
2018	\$ 32,600
2019	32,599
2020	32,599
2021	32,599
2022	32,599
Thereafter	<u>48,899</u>
Total minimum lease payments	211,895
Less amounts representing interest	<u>(16,695)</u>
Present Value of Minimum Lease Payments	<u>\$ 195,200</u>

The lease payable is offset by a deposit on capital lease, as the assets were not yet placed in service as of June 30, 2017.

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

On December 31, 2014, after receiving approval from Vermont’s Public Service Board for the transaction, the City executed a lease and other agreements with Blue Water Holdings, LLC (BWH), conveying primarily the fiber optic network and the related capital assets for a consideration of \$6M to BWH and leasing back the assets to the City for BT to provide phone, internet, and cable television service to its residents and businesses under its trade name “Burlington Telecom”. Under the sale leaseback arrangement, BT began making periodic lease payments to BWH on January 31, 2015 in monthly amounts of \$46,544, including interest payment of 7%, maturing on December 30, 2034. The transaction has been accounted for as a financing arrangement, wherein the right of use of the fiber optic network and the related assets (ROU) is reported on BT’s books as an intangible asset and the financing obligation in the amount of \$6M is reported under capital leases payable. After the first amendment to the agreements, BT owned the capital additions and improvements to the ROU acquired since December 31, 2014, and therefore the transactions are accounted for as capital assets. The arrangement with BWH contemplated entering into a

binding asset sale agreement to a third party by December 31, 2017, including both the assets owned by BWH and the capital additions and improvements acquired since December 31, 2014 by the City. An asset purchase agreement with Champlain Broadband, LLC, a subsidiary of Schurz Communications, Inc., was entered into on December 29, 2017. That transaction must be approved by the Vermont Public Utilities Commission (PUC), and a petition for approval is expected to be filed by the end of February 2018. A final closing of the sale of Burlington Telecom is expected in 2018.

20. Long-Term Obligations of Burlington School District

A. Bonds Payable

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

<u>School District:</u>	<u>Serial</u> <u>Maturities</u> <u>Through</u>	<u>Interest</u> <u>Rate(s) %</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u> <u>as of</u> <u>6/30/17</u>
General obligation bonds, net of premiums:				
G.O. School 2007 Series A Bonds	11/1/2027	3.50 - 4.25%	\$ 750,000	\$ 35,000
G.O. School 2009 Series C Bonds	11/1/2029	2.00 - 4.125%	750,000	70,000
G.O. School 2009 Series C Bonds	11/1/2029	2.00 - 4.125%	2,000,000	180,000
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	1,630,000
Public Improvement Bonds 2012 Series A	6/30/2033	5.00%	3,250,000	2,835,000
G.O. Public Improvement Bonds 2013 Series B	11/1/2033	4.00 - 6.75%	2,000,000	1,307,143
G.O. Public Improvement Bonds 2014 Series A	11/15/2034	0.51 - 3.99%	2,000,000	1,800,000
G.O. Public Improvement Bonds 2015 Series A	11/1/2035	5.00%	2,000,000	1,945,000
G.O. Public Improvement Bonds 2016 Series A	3/15/2036	2.00 - 5.00%	4,005,000	3,920,000
G.O. Public Improvement Bonds 2016 Series B	11/1/2036	4.00 - 5.00%	2,000,000	2,000,000
G.O. Public Improvement Bonds 2016 Series C	11/1/2029	2.00 - 5.00%	1,650,000	1,650,000
Subtotal School District				29,072,143
Plus: unamortized premiums				1,264,217
Total School District				<u>\$ 30,336,360</u>

B. Future Debt Service

The annual payments to retire the Burlington School District's notes payable outstanding as of June 30, 2017 are as follows (amounts include unamortized bond premiums):

<u>School</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 930,000	\$ 1,526,281	\$ 2,456,281
2019	940,000	1,496,292	2,436,292
2020	970,000	1,462,122	2,432,122
2021	1,015,000	1,424,526	2,439,526
2022	1,040,000	1,382,797	2,422,797
2023 - 2027	5,731,429	5,769,883	11,501,312
2028 - 2032	16,310,714	1,067,336	17,378,050
2033 - 2037	2,135,000	183,576	2,318,576
Total	<u>\$ 29,072,143</u>	<u>\$ 14,312,813</u>	<u>\$ 43,384,956</u>

21. 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 pensions are more fully described in Note 23.

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.

22. 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, 2017:

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 encumbrances that are carried forward to its subsequent year.

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, 2017:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Inventory and prepaid expenditures	\$ 441,616	\$ 303,329	\$ 744,945
Advances to other funds	1,383,664	-	1,383,664
Nonexpendable permanent funds	-	909,230	909,230
Total Nonspendable	<u>1,825,280</u>	<u>1,212,559</u>	<u>3,037,839</u>
Restricted			
Police equitable sharing funds	560,372	-	560,372
Community development	-	2,062,672	2,062,672
TIF waterfront	-	1,901,690	1,901,690
TIF downtown	-	603,180	603,180
Impact fees	-	515,987	515,987
Waterfront access	-	72,020	72,020
Capital improvement program	-	12,365,203	12,365,203
FEMA	-	66,988	66,988
Expendable permanent funds	-	380,061	380,061
Total Restricted	<u>560,372</u>	<u>17,967,801</u>	<u>18,528,173</u>
Committed			
Public works - snow removal	250,000	-	250,000
Reappraisal	230,000	-	230,000
Library books and donations	173,467	-	173,467
Public records restoration	162,601	-	162,601
Compressed natural gas	152,871	-	152,871
Organizational study	100,000	-	100,000
CCTA and County tax	36,669	-	36,669
Plan BTV south	35,191	-	35,191
Wellness	23,960	-	23,960
Parking	23,000	-	23,000
Other committed	21,995	-	21,995
Traffic	-	2,868,642	2,868,642
Dedicated taxes:			
Pennies for parks	-	344,355	344,355
Greenbelt	-	211,559	211,559
Conservation legacy	-	660,926	660,926
Bike path	-	211,389	211,389
Other capital	-	53,012	53,012
Total Committed	<u>1,209,754</u>	<u>4,349,883</u>	<u>5,559,637</u>
Assigned			
Encumbered for:			
Permit reform	600,000	-	600,000
Health insurance consulting	500,000	-	500,000
Green revolving loan	500,000	-	500,000
Future debt payments	427,250	-	427,250
Computer aided dispatch (CAD)	350,000	-	350,000
Information technology	283,789	-	283,789
Housing trust	175,000	-	175,000
Trades inspection program	126,330	-	126,330
CEDO project manager	125,000	-	125,000
Fleet analysis	100,000	-	100,000
Attorney policy/compliance officer	75,000	-	75,000
Warming shelter pilot	60,000	-	60,000
Other assigned	296,883	-	296,883
Total Assigned	<u>3,619,252</u>	<u>-</u>	<u>3,619,252</u>
Unassigned	8,409,087	(4,050,554)	4,358,533
Total Unassigned	<u>8,409,087</u>	<u>(4,050,554)</u>	<u>4,358,533</u>
Total Fund Balance	<u>\$ 15,623,745</u>	<u>\$ 19,479,689</u>	<u>\$ 35,103,434</u>

23. Retirement System

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

A. Plan Description

The System is a cost sharing, single employer, defined benefit pension plan covering substantially all of its employees except elective officials, other than the mayor, and the majority of the public-school teachers, who are eligible for the Vermont State Teacher's Retirement System. The plan is broken down into Class A participants and Class B participants. Class A participants are composed of firemen and policemen. Class B participants include all other covered City employees. The City's total covered payroll was \$48,107,717. 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 854 active members and 660 retirees or beneficiaries currently receiving benefits. Additionally, there are 376 former employees with vested rights.

B. Benefits Provided

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

rate only. Employees may retire prior to age 55 and receive reduced retirement benefits. Class A employees have unreduced benefits after 25 years of service, regardless of age.

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

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

C. Contributions

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

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

It is the policy of the City of Burlington to fund, by actuarially determined periodic contributions, the normal cost of the Plan plus a provision for amortization of past service cost over a thirty (30) year period from date of establishment. The contribution rate for normal cost is determined using the projected unit credit cost method

with costs allocated based on earnings of plan members. The City funded one hundred percent (100%) of the annual required contribution in 2017.

D. Summary of Significant Accounting Policies

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

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

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

E. Actuarial Assumptions

The total actuarially determined contribution to the system for 2016 was \$9,149,159. A summary of the actuarial assumptions as of the latest actuarial valuation is shown below:

Valuation Date	June 30, 2016
Actuarial cost method	Entry Age Normal - Level Percentage of Pay
Actuarial assumptions:	
Investment rate of return	8.0%
Inflation rate	3.0%
Projected salary increases	3.8 - 8.8%
Post-retirement cost-of-living adjustment	Increases averaging 3.0% per year were assumed

Actuarial valuation of the ongoing System involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the most recent actuarial experience study for the five year period ending June 30, 2012.

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

F. Net Pension Liability

The components of the net pension liability (i.e., the retirement system’s liability determined in accordance with GASB No. 67 less the fiduciary net position) as of June 30, 2016, is shown below:

Total pension liability	\$ 245,943,279
System fiduciary net position	<u>(156,789,373)</u>
Net Pension Liability	<u>\$ 89,153,906</u>
Primary government	\$ 76,789,110
Discretely presented component unit	<u>12,364,796</u>
Total Net Pension Liability	<u>\$ 89,153,906</u>
System fiduciary net position as a percentage of the total pension liability	63.75%

Actuarial valuation of the ongoing System involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Employers’ Net Pension Liability presents multi-year end information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. These schedules are presented in the Required Supplementary Information section. The Total Pension Liability as of June 30, 2016, is based on the results of an actuarial valuation date of June 30, 2016, and rolled-forward using generally accepted actuarial procedures.

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real rate of Return</u>
US Large Cap	30.09%	7.16%
US Mid Cap	8.99%	9.04%
US Small Cap	8.99%	9.03%
MSCI EAFE	9.31%	5.61%
MSCI Emerging Markets	10.40%	8.22%
Intermediate Government Credit	27.74%	1.72%
Real Estate	2.08%	6.63%
Private Equity	1.56%	8.31%
Cash	0.84%	0.86%

Discount Rate – The discount rate used to measure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current System members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the System’s net pension liability calculated using the discount rate of 8 percent, as well as what the System’s net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (7%) or 1 percentage-point higher (9%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Primary government	\$ 101,916,867	\$ 76,789,110	\$ 55,789,190
Discretely presented component unit	<u>16,410,937</u>	<u>12,364,796</u>	<u>8,983,330</u>
Total Net Pension Liability	<u>\$ 118,327,804</u>	<u>\$ 89,153,906</u>	<u>\$ 64,772,520</u>

G. Deferred Outflows and Inflows of Resources

For the year ended June 30, 2017, the City recognized pension expense of \$13,214,068 and the School District recognized pension expense of \$2,048,196. 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 2017 deferred pension contributions	\$ 7,979,499	\$ -
Changes in proportional share of contributions	1,584,653	(1,855,260)
Difference between expected and actual pension experience	6,278,154	-
Difference between projected and actual investment earnings	<u>17,312,946</u>	<u>(2,761,940)</u>
Total Primary Government ⁽¹⁾	33,155,252	(4,617,200)
Discretely Presented Component Unit:		
Fiscal year 2017 deferred pension contributions	1,293,261	-
Changes in proportional share of contributions	619,661	(349,054)
Difference between expected and actual pension experience	1,010,926	-
Difference between projected and actual investment earnings	<u>2,787,779</u>	<u>(444,735)</u>
Total Discretely Presented Component Unit	<u>5,711,627</u>	<u>(793,789)</u>
Total	<u>\$ 38,866,879</u>	<u>\$ (5,410,989)</u>

⁽¹⁾ Gross amounts are reported in the note. Burlington Electric amounts are netted on the Statements of Net Position.

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, 2018. 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:	
2018	\$ 6,003,461
2019	5,654,408
2020	6,331,491
2021	<u>2,569,193</u>
Total Primary Government	20,558,553
Year ended June 30:	
2018	887,126
2019	1,236,180
2020	1,087,574
2021	<u>413,697</u>
Total Discretely Presented Component Unit	<u>3,624,577</u>
Total	<u>\$ 24,183,130</u>

H. Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was negative 1.30%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

24. Post-Employment Healthcare and Life Insurance Benefits

Other Post-Employment Benefits

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

A. Plan Description

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

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

B. Benefits Provided

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

C. Funding Policy

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

D. Annual OPEB Costs and Net OPEB Obligation

The City's fiscal 2017 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The City has elected not to pre-fund OPEB liabilities. The following table shows the components of the City's annual OPEB cost for the year ending June 30, 2017, the amount actually contributed to the plan, and the change in the City's net OPEB obligation based on an actuarial valuation as of June 30, 2016 for the City.

Annual Required Contribution (ARC)	\$ 335,996
Interest on net OPEB obligation	69,907
Adjustment to ARC	<u>(58,256)</u>
Annual OPEB cost	347,647
Contributions made	<u>(136,540)</u>
Increase in net OPEB obligation	211,107
Net OPEB obligation - beginning of year	<u>1,747,675</u>
Net OPEB obligation - end of year	<u><u>\$ 1,958,782</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 347,647	39.3%	1,958,782
2016	343,117	36.5%	\$ 1,747,675
2015	325,681	66.3%	1,529,910
2014	442,314	86.2%	1,420,191
2013	335,169	108.3%	1,359,145
2012	365,319	32.4%	1,387,098
2011	345,427	34.3%	1,140,113
2010	324,800	0.8%	913,000

E. Funded Status and Funding Progress

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

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

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

F. Actuarial Methods and Assumptions

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

In the June 30, 2015 City actuarial valuation, the projected unit credit cost method was used. The actuarial value of assets was not determined as the City has not advance funded its obligation. The actuarial assumptions included a 4% investment rate of return, which assumes an inflation rate of 3.00% and a real rate of return of 1.0%, and an initial annual healthcare cost trend rate of 8%, which decreases to a 5% long-term rate for all healthcare benefits after six years for the City. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on an open basis. This has been calculated assuming the amortization payment increases at a rate of 4%.

25. Commitments and Contingencies

A. Burlington International Airport

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

On or around July 29, 2014, Mansfield Heliflight, Inc. (“Mansfield”) filed a Part 16 Complaint with the FAA against the City, alleging the City has prevented Mansfield from becoming a Fixed-Base Operator (“FBO”) at BTV, and that its efforts in this regard effectively granted an exclusive right to Heritage Aviation, Inc. On September 5, 2017, the FAA dismissed the complaint and found that the Airport had not violated its grant assurances. The FAA did make some recommendations, including that the City issue a request for proposals to select a second qualified FBO. However, Mansfield Heliflight has appealed, and the appeal is being briefed. The City believes that Mansfield’s claims are without merit.

Other Claims

The City has been sued along with United Airlines for an injury suffered by a passenger who slipped and fell on ice on the jet bridge. *Messier v. United Airlines and City of Burlington*. That claim is being defended by insurance defense counsel, and monetary damages are still unspecified.

A claim has been made for a slip and fall on ice in April 2015, but no lawsuit has yet been filed on that claim. Currently, insurance has been handling the claim, and it is expected that insurance defense counsel will be retained if a suit is filed.

The City does not believe that any of the above-referenced matters will have a material, adverse effect upon the financial position of the Fund.

Construction Commitments

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

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.

B. Electric Department Commitments and Contingencies

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

In addition to energy provided by its owned generation, BED purchases a portion of its electricity requirements pursuant to long-term (greater than one year in duration) contracts. During the fiscal years ended June 30, 2017 and 2016, long-term sources of purchased power included:

- New York Power Authority (NYPA) power from hydro stations on the Niagara and St. Lawrence rivers under contracts through September 1, 2025 (Niagara) and through April 30, 2017 (St. Lawrence). Renewal discussions for the St. Lawrence river contract are underway.
- Vermont Electric Power Producers, Inc. (VEPP) which is agent for 11 hydro facilities located within Vermont (contracts expire between 2016 and 2020).
- Deliveries pursuant to a ten-year contract with Vermont Wind commenced in September 2011 (for test energy), with the official ten-year contract start date being October 19, 2011 when commercial energy production began. Under the contract, BED receives 16 MW (40%) of Vermont Wind's wind farm in northeast Vermont (Sheffield). BED's 16 MW entitlement is expected to provide approximately 9.5% of BED's annual energy requirements.
- BED purchases energy from the Georgia Mountain Community Wind (GMCW) project with commercial operation on December 31, 2012. Pursuant to a 25-year contract, BED receives 10MW (100%) entitlement from Georgia Mountain's wind farm in Milton/Georgia, Vermont. GMCW is expected to produce energy sufficient to meet 9.2% of BED's energy needs.
- Deliveries pursuant to a ten-year contract with Hancock began in December 2016. Before reaching commercial operation, the BED received test energy for the month of November and partial month of December. Under the contract, BED will receive 13.5 MW (26.5%) of Hancock's wind farm.
- Long-term purchases from a number of small in-state resources under a state mandated feed-in tariff program (called Standard Offer resources). 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 2018.
- Purchase of the output from 6 small in-city solar projects under long-term agreements.
- BED is purchasing energy and Renewal Energy Credits (RECs) from Nextera for a 5-year period beginning January 1, 2013. For calendar year 2013 and 2014, hourly energy was 10 MW, for the final 3 years (calendar 2015 –

2017), the volume is 5 MW per hour. The delivered energy is unit contingent on a portfolio of hydro facilities, and includes RECs from those units equal in volume to the energy purchased.

- The Burlington City Council, the Vermont Public Service Board, and the voters of Burlington have approved a 23-year energy-only contract with Hydro-Quebec. The contract 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). On September 7, 2017, BED was notified that all pre-construction conditions had been met and that construction would be commencing.

Payments under these long-term power supply contracts were \$14,495,724 and \$12,632,234 for the years ended June 30, 2017 and 2016, respectively, with the increase from 2016 being largely due to new wind contract with Hancock Wind. Budgeted commitments under these long-term contracts and long-term contracts approved and executed for future delivery periods total approximately \$71,700,219 for the 5-year period from July 1, 2017 to June 30, 2022.

<u>Fiscal Year</u>	<u>Budgeted Commitment</u>
2018	\$ 14,056,042
2019	13,820,631
2020	15,034,772
2021	16,119,018
2022	<u>12,669,756</u>
	<u>\$ 71,700,219</u>

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

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

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

	<u>2017</u>
McNeil Generating Station and Gas Turbine	39%
Winooski One	8%
New York Power Authority	5%
Vermont Electric Power Producers	2%
Standard Offer	1%
Wind Production	25%
Hydro-Quebec	8%
Nextera	<u>12%</u>
Total	<u>100%</u>

Note that the BED sells Renewable Energy Credits (RECs) associated with much of the above generation and the above table should not be considered a representation of the BED's renewability.

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, 2017 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.

Refunds

The City has become aware of an error in the installation of a limited number of electronic meter reading devices. The error had an impact on a number of commercial accounts, and may have resulted in inaccurate reporting of actual usage for such meters. The City has implemented steps to correct such error and is continuing, with an outside consultant, to investigate the exact impact on the water and wastewater funds. The estimate of this one-time extraordinary charge to the City's water and wastewater enterprise funds is currently estimated to be approximately \$2,000,000, but may be lower or greater depending upon completion of the City's review. The City does not expect such extraordinary expense to adversely impact the City's ability to meet its respective rate covenants for the City's outstanding water and wastewater revenue bonds. The effect of the

billing adjustments on the fiscal year 2017 overbilling is reported as refunds payable. The remaining amount will be accrued once the amount is determined.

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 for the 2012 policy year.

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

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

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

At June 30, 2017, the City has recorded an estimated liability of \$929,364 in the General Fund, which represents the short term payable for health claims as of June 30, 2017. A long-term reserve liability of \$1,143,394 is included for claims incurred but not reported on the governmental statement of net position.

This consists of \$1,130,395 for workers' compensation claims and \$13,499 for dental claims incurred on or before June 30, 2017, 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.

26. Deferred Compensation

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

27. Subsequent Events

Subsequent to year-end, the City issued the following debt:

	<u>Amount</u>	Approximate Interest <u>Rate</u>	Maturity <u>Date</u>
<u>Governmental Activities:</u>			
G.O. Public Improvement Bond 2016 Series B - City	\$ 2,200,000	4.5%	11/1/2036
G.O. Obligation TIF Bond 2017 Series D - City	3,745,000	4.0%	11/1/2035
<u>Business-Type Activities:</u>			
G.O. Public Improvement Bond 2016 Series B - Electric	3,300,000	4.5%	11/1/2036
Revenue Refunding Bond 2017 Series A - Electric	4,010,000	4.5%	7/1/2031
Revenue Refunding Bond 2017 Series D - Electric	5,410,000	4.5%	4/1/2031
<u>Component Unit - Burlington School District:</u>			
G.O. Public Improvement Bond 2016 Series B - School	<u>2,200,000</u>	4.5%	11/1/2036
Total	<u>\$ 20,865,000</u>		

Sale of Burlington Telecom

On December 31, 2017, the City sold Burlington Telecom to a third party. Details of the Sale are outlined in Note 19.

28. Beginning Fund Balance/Net Position Restatement

The City implemented GASB 80, *Blending Requirements for Certain Component Units*, effective fiscal year 2017. The City is the sole corporate member of a non-for-profit organization, Burlington Community Development Corporation (BCDC) and guarantees BCDC’s debt. Therefore, the beginning (July 1, 2016) fund balance/net position of the City has been restated as follows:

Government-Wide Financial Statements:

	Governmental Activities	Discretely Presented Component Units
As previously reported, June 30, 2016	\$ 88,227,484	\$ 14,980,622
Due to GASB 80, BCDC was reclassified from a discretely presented component unit to a nonmajor special revenue fund.	<u>1,350,129</u>	<u>(1,350,129)</u>
As restated, July 1, 2017	<u>\$ 89,577,613</u>	<u>\$ 13,630,493</u>

Fund Basis Financial Statements:

	Nonmajor Governmental Funds
As previously reported, June 30, 2016	\$ 12,148,380
Due to GASB 80, BCDC was reclassified from a discretely presented component unit to a nonmajor special revenue fund, as converted from accrual to modified accrual basis.	<u>17,299</u>
As restated, July 1, 2017	<u>\$ 12,165,679</u>

29. Implementation of New GASB Standard

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, replacing requirements of Statements No. 45 and 57, effective for the City beginning with its year ending June 30, 2018. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specific criteria and for employers whose employees are provided with defined contribution OPEB.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

REQUIRED SUPPLEMENTAL INFORMATION

JUNE 30, 2017
(Unaudited)

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
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%

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**

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

SCHEDULE OF PENSION CONTRIBUTIONS

REQUIRED SUPPLEMENTAL INFORMATION

JUNE 30, 2017
(Unaudited)

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	Contributions in Relation to the <u>Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2017	\$ 9,149,159	\$ 9,149,159	\$ -	\$ 48,107,717	19.02%
June 30, 2016	\$ 8,840,768	\$ 8,840,768	\$ -	\$ 44,765,172	19.75%
June 30, 2015	\$ 8,920,879	\$ 8,920,879	\$ -	\$ 45,788,172	19.48%

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**

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

**SCHEDULE OF CHANGES IN THE
EMPLOYERS' NET PENSION LIABILITY**

REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2017
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service	\$ 5,327,448	\$ 5,915,439	\$ 5,314,021
Interest on unfunded liability - time value of \$	18,268,523	17,419,148	16,598,877
Changes of benefit terms	(414,295)	(3,167,853)	-
Differences between expected and actual experience	6,852,487	4,312,195	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	<u>(13,971,175)</u>	<u>(12,602,652)</u>	<u>(11,932,108)</u>
Net change in total pension liability	16,062,988	11,876,277	9,980,790
Total pension liability - beginning	<u>229,880,291</u>	<u>218,004,014</u>	<u>208,023,224</u>
Total pension liability - ending (a)	<u>\$ 245,943,279</u>	<u>\$ 229,880,291</u>	<u>\$ 218,004,014</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 9,149,159	\$ 8,840,768	\$ 8,920,879
Contributions - member	2,304,971	2,167,652	2,148,842
Net investment income	(2,088,531)	(557,357)	19,625,825
Benefit payments, including refunds of member contributions	(13,971,175)	(12,602,652)	(11,932,108)
Administrative expense	(320,908)	(306,795)	(253,796)
Other	-	-	5,927
Net change in plan fiduciary net position	<u>(4,926,484)</u>	<u>(2,458,384)</u>	<u>18,515,569</u>
Plan fiduciary net position - beginning	<u>161,715,857</u>	<u>164,174,241</u>	<u>145,658,672</u>
Plan fiduciary net position - ending (b)	<u>\$ 156,789,373</u>	<u>\$ 161,715,857</u>	<u>\$ 164,174,241</u>
Net pension liability (asset) - ending (a-b)	<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	-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 Independent Auditors' Report.

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

June 30, 2017
(Unaudited)

Other Post-Employment Benefits

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

See Independent Auditors' Report.

**SUPPLEMENTARY STATEMENTS
AND SCHEDULES**

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**Combining Financial Statements
and
Other Supplementary Schedules**

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

CAPITAL PROJECT FUNDS

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

- Champlain Parkway: This fund is used to account for the construction of a new City street from I89 to the City's center.
- Waterfront Access: This fund is used to account for access improvements to waterfront and college streets including a new road and skate park.
- Capital Improvement Program: This fund is used to account for our Capital Street program utilizes dedication tax funding to replace City Street infrastructure.
- Traffic Capital: This fund is used to account for multi-year capital investment in parking infrastructure improvements.
- Wayfinding: This fund is used to account for the creation of new directional signage including gateway, downtown, parking facilities, destination, recreation, and education directional.
- FEMA: This fund is used to account for Federal Emergency Management funding for declared emergencies including the 2012 Spring flooding.
- Parks: This fund is used to account for the parks department dedicated funding for parks and waterfront improvements.
- Downtown Westlake: This fund is used to account for funding for a two-story parking structure to service area hotel users.
- Great Streets: This fund is used to account for specific development improvements to the City's downtown core which includes Streetscape Upgrades to: Main Street, St. Paul Street, and the Market Street garage improvements/repairs.
- Other: This fund is used to account for Other Projects that are over \$50,000 and cross multiple fiscal years.

PERMANENT FUNDS

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

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

CITY OF BURLINGTON, VERMONT

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2017

	Special Revenue Funds			
	<u>Traffic</u>	<u>Community and Economic Development</u>	<u>TIF Waterfront</u>	<u>TIF Downtown</u>
ASSETS				
Cash and short-term investments	\$ 3,021,966	\$ 2,200,631	\$ 1,943,230	\$ 603,180
Investments	-	-	-	-
Receivables, net of allowance:				
Departmental and other	51,832	-	-	-
Intergovernmental	-	1,202,393	-	-
Loans	-	4,778,508	-	-
Capital lease	-	-	-	-
Accrued interest	-	1,270,411	-	-
Advances to other funds	-	-	-	-
Inventory	303,329	-	-	-
Other current assets	<u>123</u>	<u>2,143</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 3,377,250</u>	<u>\$ 9,454,086</u>	<u>\$ 1,943,230</u>	<u>\$ 603,180</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 155,982	\$ 290,983	\$ -	\$ -
Intergovernmental payable	-	-	41,540	-
Accrued payroll and benefits payable	26,367	42,231	-	-
Accrued liabilities	-	4,362	-	-
Unearned revenue	-	94,781	-	-
Line of credit	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	245,183	-	-
Other liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	182,349	677,540	41,540	-
Deferred Inflows of Resources:				
Unavailable revenues	22,930	6,713,874	-	-
Fund Balances:				
Nonspendable	303,329	-	-	-
Restricted	-	2,062,672	1,901,690	603,180
Committed	2,868,642	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>3,171,971</u>	<u>2,062,672</u>	<u>1,901,690</u>	<u>603,180</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,377,250</u>	<u>\$ 9,454,086</u>	<u>\$ 1,943,230</u>	<u>\$ 603,180</u>

Special Revenue Funds				
<u>Church Street Marketplace</u>	<u>Impact Fees</u>	<u>Dedicated Taxes</u>	<u>Community Development Corporation</u>	<u>Subtotals</u>
\$ 42,097	\$ 615,009	\$ 1,428,229	\$ 32,210	\$ 9,886,552
-	-	-	-	-
33,481	-	-	-	85,313
-	-	-	-	1,202,393
-	-	-	721,780	5,500,288
-	-	-	733,438	733,438
-	-	-	-	1,270,411
-	-	-	-	-
-	-	-	-	303,329
-	-	-	-	2,266
<u>\$ 75,578</u>	<u>\$ 615,009</u>	<u>\$ 1,428,229</u>	<u>\$ 1,487,428</u>	<u>\$ 18,983,990</u>
\$ 16,075	\$ 72,885	\$ -	\$ -	\$ 535,925
-	-	-	-	41,540
13,539	-	-	-	82,137
-	26,137	-	-	30,499
49,553	-	-	78,000	222,334
-	-	-	-	-
-	-	-	-	-
-	-	-	221,588	466,771
-	-	-	-	-
<u>79,167</u>	<u>99,022</u>	<u>-</u>	<u>299,588</u>	<u>1,379,206</u>
-	-	-	1,233,629	7,970,433
-	-	-	-	303,329
-	515,987	-	-	5,083,529
-	-	1,428,229	-	4,296,871
<u>(3,589)</u>	<u>-</u>	<u>-</u>	<u>(45,789)</u>	<u>(49,378)</u>
<u>(3,589)</u>	<u>515,987</u>	<u>1,428,229</u>	<u>(45,789)</u>	<u>9,634,351</u>
<u>\$ 75,578</u>	<u>\$ 615,009</u>	<u>\$ 1,428,229</u>	<u>\$ 1,487,428</u>	<u>\$ 18,983,990</u>

(continued)

(continued)

	Capital Project Funds					
	Champlain <u>Parkway</u>	Waterfront <u>Access</u>	Capital Improvement <u>Program</u>	Traffic <u>Capital</u>	<u>Wayfinding</u>	<u>FEMA</u>
ASSETS						
Cash and short-term investments	\$ 112,298	\$ 138,748	\$ 13,493,573	\$ -	\$ -	\$ 66,988
Investments	-	-	-	-	-	-
Receivables, net of allowance:						
Departmental and other	-	280,141	-	-	-	-
Intergovernmental	316,061	-	170,606	-	5,079	-
Loans	-	-	-	-	-	-
Capital lease	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 428,359</u>	<u>\$ 418,889</u>	<u>\$ 13,664,179</u>	<u>\$ -</u>	<u>\$ 5,079</u>	<u>\$ 66,988</u>
OF						
RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 179,047	\$ 66,728	\$ 992,724	\$ 885,658	\$ 794	\$ -
Intergovernmental payable	-	-	234,832	-	-	-
Accrued payroll and benefits payable	-	-	3,165	-	-	-
Accrued liabilities	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Line of credit	-	-	-	2,106,123	-	-
Due to other funds	-	-	-	94,856	-	-
Advances from other funds	144,858	-	-	-	13,111	-
Other liabilities	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	323,905	66,728	1,230,721	3,086,637	13,905	-
Deferred Inflows of Resources:						
Unavailable revenues	249,312	280,141	68,255	-	4,091	-
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	72,020	12,365,203	-	-	66,988
Committed	-	-	-	-	-	-
Unassigned	(144,858)	-	-	(3,086,637)	(12,917)	-
	<u>(144,858)</u>	<u>72,020</u>	<u>12,365,203</u>	<u>(3,086,637)</u>	<u>(12,917)</u>	<u>66,988</u>
Total Fund Balances	<u>(144,858)</u>	<u>72,020</u>	<u>12,365,203</u>	<u>(3,086,637)</u>	<u>(12,917)</u>	<u>66,988</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 428,359</u>	<u>\$ 418,889</u>	<u>\$ 13,664,179</u>	<u>\$ -</u>	<u>\$ 5,079</u>	<u>\$ 66,988</u>

(continued)

Capital Project Funds					Permanent Funds		
<u>Parks</u>	<u>Downtown Westlake</u>	<u>Great Streets</u>	<u>Other</u>	<u>Subtotals</u>	<u>Cemetery</u>	<u>Loomis Library</u>	<u>Lolita Deming Estate</u>
\$ 226,914	\$ 2,159	\$ 30,032	\$ 199,838	\$ 14,270,550	\$ 199	\$ 10,948	\$ 11,242
-	-	-	-	-	1,250,780	-	-
-	-	-	-	280,141	-	-	-
-	-	-	-	491,746	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	221,588	-	-	221,588	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>226,914</u>	<u>223,747</u>	<u>30,032</u>	<u>199,838</u>	<u>15,264,025</u>	<u>1,250,979</u>	<u>10,948</u>	<u>11,242</u>
\$ 226,914	\$ 223,747	\$ 30,032	\$ 199,838	\$ 15,264,025	\$ 1,250,979	\$ 10,948	\$ 11,242
\$ 219,794	\$ -	\$ 30,031	\$ 25,000	\$ 2,399,776	\$ -	\$ -	\$ -
-	-	-	-	234,832	-	-	-
7,120	-	-	-	10,285	-	-	-
-	-	-	20,873	20,873	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,106,123	-	-	-
-	-	-	-	94,856	-	-	-
448,785	234,879	296,848	-	1,138,481	-	-	-
-	-	-	100,953	100,953	-	-	-
675,699	234,879	326,879	146,826	6,106,179	-	-	-
-	-	-	-	601,799	-	-	-
-	-	-	-	-	894,796	10,948	2,486
-	-	-	-	12,504,211	356,183	-	8,756
-	-	-	53,012	53,012	-	-	-
<u>(448,785)</u>	<u>(11,132)</u>	<u>(296,847)</u>	<u>-</u>	<u>(4,001,176)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(448,785)</u>	<u>(11,132)</u>	<u>(296,847)</u>	<u>53,012</u>	<u>8,556,047</u>	<u>1,250,979</u>	<u>10,948</u>	<u>11,242</u>
\$ 226,914	\$ 223,747	\$ 30,032	\$ 199,838	\$ 15,264,025	\$ 1,250,979	\$ 10,948	\$ 11,242

(continued)

(continued)

	Permanent Funds			Nonmajor Governmental Funds
	Mary E. Waddell	WEZF 93 FM DARE	Subtotals	
ASSETS				
Cash and short-term investments	\$ 13,886	\$ 2,236	\$ 38,511	\$ 24,195,613
Investments	-	-	1,250,780	1,250,780
Receivables, net of allowance:				
Departmental and other	-	-	-	365,454
Intergovernmental	-	-	-	1,694,139
Loans	-	-	-	5,500,288
Capital lease	-	-	-	733,438
Accrued interest	-	-	-	1,270,411
Advances to other funds	-	-	-	221,588
Inventory	-	-	-	303,329
Other current assets	-	-	-	2,266
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,266</u>
Total Assets	<u>\$ 13,886</u>	<u>\$ 2,236</u>	<u>\$ 1,289,291</u>	<u>\$ 35,537,306</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,935,701
Intergovernmental payable	-	-	-	276,372
Accrued payroll and benefits payable	-	-	-	92,422
Accrued liabilities	-	-	-	51,372
Unearned revenue	-	-	-	222,334
Line of credit	-	-	-	2,106,123
Due to other funds	-	-	-	94,856
Advances from other funds	-	-	-	1,605,252
Other liabilities	-	-	-	100,953
	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,953</u>
Total Liabilities	-	-	-	7,485,385
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	8,572,232
Fund Balances:				
Nonspendable	-	1,000	909,230	1,212,559
Restricted	13,886	1,236	380,061	17,967,801
Committed	-	-	-	4,349,883
Unassigned	-	-	-	(4,050,554)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,050,554)</u>
Total Fund Balances	<u>13,886</u>	<u>2,236</u>	<u>1,289,291</u>	<u>19,479,689</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,886</u>	<u>\$ 2,236</u>	<u>\$ 1,289,291</u>	<u>\$ 35,537,306</u>

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CITY OF BURLINGTON, VERMONT

Combining Statement of Revenues, Expenditures
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2017

	Special Revenue Funds			
	<u>Traffic</u>	<u>Community and Economic Development</u>	<u>TIF Waterfront</u>	<u>TIF Downtown</u>
Revenues:				
Taxes	\$ 317,470	\$ 197,887	\$ 2,537,801	\$ 603,180
Licenses and permits	-	-	-	-
Intergovernmental	-	2,868,158	-	-
Charges for services	4,631,666	6,603	-	-
Contributions	-	15,844	-	-
Investment income	452	276	-	-
Loan repayments	-	57,357	-	-
Other	4,570	125,109	-	-
Total Revenues	4,954,158	3,271,234	2,537,801	603,180
Expenditures:				
Current:				
General government	-	-	51,000	-
Public works	3,964,584	-	-	-
Culture and recreation	-	-	-	-
Community development	-	3,900,796	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	14,995	-	1,798,633	-
Interest and bond issue costs	36,942	-	432,929	-
Total Expenditures	4,016,521	3,900,796	2,282,562	-
Excess (deficiency) of revenues over (under) expenditures	937,637	(629,562)	255,239	603,180
Other Financing Sources (Uses):				
Issuance of bonds and loans	-	-	464,570	-
Transfers in	-	253,250	-	-
Transfers out	(10,665)	-	(464,570)	-
Total Other Financing Sources (Uses)	(10,665)	253,250	-	-
Net change in fund balances	926,972	(376,312)	255,239	603,180
Fund Balances, beginning of year	2,244,999	2,438,984	1,646,451	-
Fund Balances, end of year	\$ 3,171,971	\$ 2,062,672	\$ 1,901,690	\$ 603,180

Special Revenue Funds				
<u>Church Street Marketplace</u>	<u>Impact Fees</u>	<u>Dedicated Taxes</u>	<u>Community Development Corporation</u>	<u>Subtotals</u>
\$ -	\$ -	\$ 710,974	\$ -	\$ 4,367,312
126,295	-	-	-	126,295
111,810	-	-	-	2,979,968
744,004	346,411	-	364,000	6,092,684
-	-	26,087	-	41,931
138	-	-	-	866
-	-	-	-	57,357
-	-	65,953	95,903	291,535
<u>982,247</u>	<u>346,411</u>	<u>803,014</u>	<u>459,903</u>	<u>13,957,948</u>
-	-	-	-	51,000
928,903	-	-	-	4,893,487
-	137,440	526,899	-	664,339
-	-	-	25,676	3,926,472
-	-	-	-	-
23,751	-	-	313,158	2,150,537
588	202	-	184,157	654,818
<u>953,242</u>	<u>137,642</u>	<u>526,899</u>	<u>522,991</u>	<u>12,340,653</u>
29,005	208,769	276,115	(63,088)	1,617,295
-	-	-	-	464,570
11,000	-	182,480	-	446,730
-	-	(206,978)	-	(682,213)
<u>11,000</u>	<u>-</u>	<u>(24,498)</u>	<u>-</u>	<u>229,087</u>
40,005	208,769	251,617	(63,088)	1,846,382
<u>(43,594)</u>	<u>307,218</u>	<u>1,176,612</u>	<u>17,299</u>	<u>7,787,969</u>
\$ <u><u>(3,589)</u></u>	\$ <u><u>515,987</u></u>	\$ <u><u>1,428,229</u></u>	\$ <u><u>(45,789)</u></u>	\$ <u><u>9,634,351</u></u>

(continued)

(continued)

	Capital Project Funds					
	Champlain Parkway	Waterfront Access	Capital Improvement Program	Traffic Capital	Wayfinding	FEMA
Revenues:						
Taxes	\$ -	\$ -	\$ 2,114,418	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,679,126	21,875	1,035,040	-	201,448	48,474
Charges for services	-	-	342,258	-	-	-
Contributions	-	-	372,944	-	-	-
Investment income	-	-	-	214	-	-
Loan repayments	-	-	-	-	-	-
Other	-	-	6,156	-	-	-
Total Revenues	1,679,126	21,875	3,870,816	214	201,448	48,474
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public works	1,295,834	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	-	280,141	5,784,093	1,597,219	97,670	-
Debt service:						
Principal	-	-	162,794	-	-	-
Interest and bond issue costs	-	-	14,117	-	-	-
Total Expenditures	1,295,834	280,141	5,961,004	1,597,219	97,670	-
Excess (deficiency) of revenues over (under) expenditures	383,292	(258,266)	(2,090,188)	(1,597,005)	103,778	48,474
Other Financing Sources (Uses):						
Issuance of bonds and loans	-	-	9,997,000	-	-	-
Transfers in	26,146	574,682	124,018	-	10,665	10,580
Transfers out	-	-	(1,047,861)	-	-	-
Total Other Financing Sources (Uses)	26,146	574,682	9,073,157	-	10,665	10,580
Net change in fund balances	409,438	316,416	6,982,969	(1,597,005)	114,443	59,054
Fund Balances, beginning of year	(554,296)	(244,396)	5,382,234	(1,489,632)	(127,360)	7,934
Fund Balances, end of year	\$ (144,858)	\$ 72,020	\$ 12,365,203	\$ (3,086,637)	\$ (12,917)	\$ 66,988

Capital Project Funds					Permanent Funds		
<u>Parks</u>	<u>Downtown Westlake</u>	<u>Great Streets</u>	<u>Other</u>	<u>Subtotals</u>	<u>Cemetery</u>	<u>Loomis Library</u>	<u>Lolita Deming Estate</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,114,418	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	2,985,963	-	-	-
-	-	-	-	342,258	-	-	-
350,000	-	29,014	-	751,958	-	-	-
-	-	-	529	743	13,617	-	-
-	-	-	-	-	-	-	-
-	-	-	-	6,156	3,846	-	-
350,000	-	29,014	529	6,201,496	17,463	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,295,834	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,536,041	-	767,475	-	11,062,639	-	-	-
-	-	-	-	162,794	-	-	-
-	-	-	-	14,117	-	-	-
2,536,041	-	767,475	-	12,535,384	-	-	-
(2,186,041)	-	(738,461)	529	(6,333,888)	17,463	-	-
504,790	-	-	-	10,501,790	-	-	-
1,100,000	-	441,614	56,036	2,343,741	-	-	-
-	-	-	-	(1,047,861)	(13,617)	-	-
1,604,790	-	441,614	56,036	11,797,670	(13,617)	-	-
(581,251)	-	(296,847)	56,565	5,463,782	3,846	-	-
132,466	(11,132)	-	(3,553)	3,092,265	1,247,133	10,948	11,242
\$ (448,785)	\$ (11,132)	\$ (296,847)	\$ 53,012	\$ 8,556,047	\$ 1,250,979	\$ 10,948	\$ 11,242

(continued)

(continued)

	Permanent Funds		Subtotals	Nonmajor Governmental Funds
	Mary E. Waddell	WEZF 93 FM DARE		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 6,481,730
Licenses and permits	-	-	-	126,295
Intergovernmental	-	-	-	5,965,931
Charges for services	-	-	-	6,434,942
Contributions	-	-	-	793,889
Investment income	-	-	13,617	15,226
Loan repayments	-	-	-	57,357
Other	-	-	3,846	301,537
	<u>-</u>	<u>-</u>	<u>3,846</u>	<u>301,537</u>
Total Revenues	-	-	17,463	20,176,907
Expenditures:				
Current:				
General government	-	-	-	51,000
Public works	-	-	-	6,189,321
Culture and recreation	-	-	-	664,339
Community development	-	-	-	3,926,472
Capital outlay	-	-	-	11,062,639
Debt service:				
Principal	-	-	-	2,313,331
Interest and bond issue costs	-	-	-	668,935
	<u>-</u>	<u>-</u>	<u>-</u>	<u>668,935</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,876,037</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	17,463	(4,699,130)
Other Financing Sources (Uses):				
Issuance of bonds and loans	-	-	-	10,966,360
Transfers in	-	-	-	2,790,471
Transfers out	-	-	(13,617)	(1,743,691)
	<u>-</u>	<u>-</u>	<u>(13,617)</u>	<u>(1,743,691)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(13,617)</u>	<u>12,013,140</u>
Net change in fund balances	-	-	3,846	7,314,010
Fund Balances, beginning of year	<u>13,886</u>	<u>2,236</u>	<u>1,285,445</u>	<u>12,165,679</u>
Fund Balances, end of year	<u>\$ 13,886</u>	<u>\$ 2,236</u>	<u>\$ 1,289,291</u>	<u>\$ 19,479,689</u>

NON-MAJOR PROPRIETARY (ENTERPRISE) FUNDS

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

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

CITY OF BURLINGTON, VERMONT

NONMAJOR PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2017

	Nonmajor Enterprise Funds				
	Telecom	Wastewater	Water	Stormwater	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
Current:					
Cash and cash equivalents	\$ 1,322,657	\$ 3,001,101	\$ 4,997,893	\$ 717,923	\$ 10,039,574
Restricted cash	-	-	367,500	-	367,500
Investments	-	-	995,942	-	995,942
Receivables, net of allowance for uncollectibles:					
User fees	913,157	1,335,045	1,141,189	287,979	3,677,370
Intergovernmental	-	251,579	57,211	251,579	560,369
Inventory	146,799	101,561	244,307	-	492,667
Prepaid expenses	110,000	82	503	-	110,585
Other current assets	6,200	-	-	-	6,200
Total current assets	2,498,813	4,689,368	7,804,545	1,257,481	16,250,207
Noncurrent:					
Restricted cash	1,356,987	1,440,242	-	-	2,797,229
Capital assets:					
Land and construction in progress	157,800	847,952	87,250	-	1,093,002
Intangible asset	5,100,000	-	-	-	5,100,000
Capital assets, net of accumulated depreciation	5,572,990	23,693,013	11,370,054	1,568,824	42,204,881
Total noncurrent assets	12,187,777	25,981,207	11,457,304	1,568,824	51,195,112
TOTAL ASSETS	14,686,590	30,670,575	19,261,849	2,826,305	67,445,319
Deferred Outflows of Resources - pension related	548,964	697,497	944,562	-	2,191,023
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 15,235,554	\$ 31,368,072	\$ 20,206,411	\$ 2,826,305	\$ 69,636,342
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
Liabilities:					
Current:					
Accounts payable	\$ 436,046	\$ 732,032	\$ 372,496	\$ 135,404	\$ 1,675,978
Accrued payroll	-	22,291	31,853	18,966	73,110
Unearned revenue	515,753	-	-	-	515,753
Note payable	-	251,579	-	251,579	503,158
Other current liabilities	1,275,646	-	42,399	-	1,318,045
Current portion of long-term liabilities:					
Revenue bonds payable	-	732,281	75,911	19,139	827,331
State revolving loans	-	158,836	8,485	-	167,321
Capital leases payable	187,552	-	-	-	187,552
Total current liabilities	2,414,997	1,897,019	531,144	425,088	5,268,248
Noncurrent:					
Revenue bonds payable, net of current portion	-	11,716,496	3,625,741	337,601	15,679,838
State revolving loanee, net of current portion	-	1,695,334	219,521	-	1,914,855
Net pension liability	1,006,801	1,256,143	1,712,439	-	3,975,383
Net OPEB obligation	137,962	60,919	81,040	2,617	282,538
Capital leases payable, net of current portion	5,517,795	-	-	-	5,517,795
Compensated absences payable	120,013	112,425	125,992	-	358,430
Total noncurrent liabilities	6,782,571	14,841,317	5,764,733	340,218	27,728,839
TOTAL LIABILITIES	9,197,568	16,738,336	6,295,877	765,306	32,997,087
Deferred Inflows of Resources	265,630	45,181	61,593	-	372,404
NET POSITION					
Net investment in capital assets	5,125,443	10,238,017	10,875,812	1,212,084	27,451,356
For contingency reserve	-	1,440,242	-	-	1,440,242
For revenue fund	1,356,987	-	-	-	1,356,987
Unrestricted	(710,074)	2,906,296	2,973,129	848,915	6,018,266
TOTAL NET POSITION	5,772,356	14,584,555	13,848,941	2,060,999	36,266,851
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 15,235,554	\$ 31,368,072	\$ 20,206,411	\$ 2,826,305	\$ 69,636,342

See notes to financial statements.

CITY OF BURLINGTON, VERMONT

NONMAJOR PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017

	Nonmajor Enterprise Funds				
	<u>Telecom</u>	<u>Wastewater</u>	<u>Water</u>	<u>Stormwater</u>	<u>Total</u>
Operating Revenues:					
Charges for services	\$ 8,999,941	\$ 7,569,694	\$ 6,017,451	\$ 1,609,556	\$ 24,196,642
Intergovernmental	-	-	19,789	21,357	41,146
Miscellaneous	<u>87,541</u>	<u>-</u>	<u>298,030</u>	<u>-</u>	<u>385,571</u>
Total Operating Revenues	9,087,482	7,569,694	6,335,270	1,630,913	24,623,359
Operating Expenses:					
Personnel	2,005,215	1,641,442	2,512,567	243,182	6,402,406
Nonpersonnel	3,530,393	3,059,654	2,198,919	617,080	9,406,046
Depreciation and amortization	867,084	1,594,846	679,503	61,561	3,202,994
Payments in lieu of taxes	<u>76,993</u>	<u>945,450</u>	<u>424,973</u>	<u>10,000</u>	<u>1,457,416</u>
Total Operating Expenses	<u>6,479,685</u>	<u>7,241,392</u>	<u>5,815,962</u>	<u>931,823</u>	<u>20,468,862</u>
Operating Income	2,607,797	328,302	519,308	699,090	4,154,497
Nonoperating Revenues (Expenses):					
Investment income	429	7,104	130	144	7,807
Stormwater design	-	(251,579)	-	(251,579)	(503,158)
Interest expense	(407,376)	(486,578)	(86,068)	(7,512)	(987,534)
Restructuring fees	(166,920)	-	-	-	(166,920)
Other income	<u>-</u>	<u>15,912</u>	<u>47,218</u>	<u>5,768</u>	<u>68,898</u>
Total Nonoperating Revenues (Expenses)	<u>(573,867)</u>	<u>(715,141)</u>	<u>(38,720)</u>	<u>(253,179)</u>	<u>(1,580,907)</u>
Income Before Contributions	2,033,930	(386,839)	480,588	445,911	2,573,590
Capital contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>
Change in Net Position	2,033,930	(386,839)	480,588	505,911	2,633,590
Net Position at Beginning of Year	<u>3,738,426</u>	<u>14,971,394</u>	<u>13,368,353</u>	<u>1,555,088</u>	<u>33,633,261</u>
Net Position at End of Year	<u>\$ 5,772,356</u>	<u>\$ 14,584,555</u>	<u>\$ 13,848,941</u>	<u>\$ 2,060,999</u>	<u>\$ 36,266,851</u>

See notes to financial statements.

CITY OF BURLINGTON, VERMONT
NONMAJOR PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

	Telecom Fund	Wastewater Fund	Water Fund	Stormwater Fund	Total
Cash Flows From Operating Activities:					
Receipts from customers and users	\$ 9,025,016	\$ 7,686,730	\$ 6,396,334	\$ 1,543,694	\$ 24,651,774
Receipts of operating grants	-	-	19,789	21,357	41,146
Payments to suppliers	(2,774,429)	(2,646,005)	(1,934,337)	(669,228)	(8,023,999)
Payments for wages and benefits	(2,644,353)	(1,389,857)	(2,226,392)	(231,559)	(6,492,161)
Payments in lieu of taxes	(76,993)	(945,450)	(424,973)	(10,000)	(1,457,416)
Other receipts	-	-	53,796	5,768	59,564
Net Cash Provided by Operating Activities	<u>3,529,241</u>	<u>2,705,418</u>	<u>1,884,217</u>	<u>660,032</u>	<u>8,778,908</u>
Cash Flows From Noncapital Financing Activities:					
Design costs financed by revolving loan	-	(251,579)	-	(251,579)	(503,158)
Restructuring fees	(166,920)	-	-	-	(166,920)
Cash Provided/(Used) by Noncapital Financing Activities	<u>(166,920)</u>	<u>(251,579)</u>	<u>-</u>	<u>(251,579)</u>	<u>(670,078)</u>
Cash Flows From Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(1,965,172)	(408,301)	(957,514)	(324,213)	(3,655,200)
Proceeds from revenue bonds	-	-	3,250,000	-	3,250,000
Proceeds from premium	-	-	451,652	-	451,652
Capital grants/contributions	-	-	-	60,000	60,000
Principal paid on:					
Revenue bonds	-	(732,281)	-	(18,764)	(751,045)
State revolving loans	-	(155,721)	-	-	(155,721)
Capital lease obligations	(257,287)	-	(7,367)	-	(264,654)
Interest paid on outstanding debt, including issue costs	(407,376)	(486,578)	(86,068)	(7,511)	(987,533)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(2,629,835)</u>	<u>(1,782,881)</u>	<u>2,650,703</u>	<u>(290,488)</u>	<u>(2,052,501)</u>
Cash Flows From Investing Activities:					
Increase in restricted cash and investments	(693,774)	(5,397)	(1,363,442)	-	(2,062,613)
Receipt of interest & dividends	429	7,104	132	144	7,809
Net Cash Provided/(Used) by Investing Activities	<u>(693,345)</u>	<u>1,707</u>	<u>(1,363,310)</u>	<u>144</u>	<u>(2,054,804)</u>
Net Increase/(Decrease) in Cash	39,141	672,665	3,171,610	118,109	4,001,525
Cash and cash equivalents at beginning of year	<u>1,283,516</u>	<u>2,328,436</u>	<u>1,826,283</u>	<u>599,814</u>	<u>6,038,049</u>
Cash and cash equivalents at end of year	<u>\$ 1,322,657</u>	<u>\$ 3,001,101</u>	<u>\$ 4,997,893</u>	<u>\$ 717,923</u>	<u>\$ 10,039,574</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	\$ 2,607,797	\$ 328,302	\$ 519,308	\$ 699,090	\$ 4,154,497
Depreciation and amortization	867,084	1,594,846	679,503	61,561	3,202,994
Other reconciling item	-	-	53,796	5,768	59,564
Changes in assets, liabilities, and deferred outflows/inflows					
(Increase)/Decrease in receivables	(107,490)	117,036	65,537	(65,862)	9,221
(Increase)/Decrease in inventory	287,375	18,309	24,583	-	330,267
(Increase)/Decrease in deferred outflows - related to pensions	(34,540)	(230,653)	(306,760)	-	(571,953)
Increase/(Decrease) in accounts payable	109,576	393,960	239,311	(52,148)	690,699
Increase/(Decrease) in customer deposits	(1,201)	-	15,316	-	14,115
Increase/(Decrease) in accrued payroll and benefits	-	3,260	7,668	11,623	22,551
Increase/(Decrease) in accrued liabilities	391,549	-	-	-	391,549
Increase/(Decrease) in deferred charges	46,225	-	-	-	46,225
Increase/(Decrease) in net pension liability	(117,228)	399,791	542,703	-	825,266
Increase/(Decrease) in other post employment benefits liability	15,600	-	-	-	15,600
Increase/(Decrease) in compensated absences	22,132	34,006	(19,029)	-	37,109
Other operating assets/liabilities	(32,536)	1,380	688	-	(30,468)
Increase/(Decrease) in deferred inflows - related to pensions	265,630	45,181	61,593	-	372,404
Capitalized labor	(790,732)	-	-	-	(790,732)
Net Cash Provided by Operating Activities	<u>\$ 3,529,241</u>	<u>\$ 2,705,418</u>	<u>\$ 1,884,217</u>	<u>\$ 660,032</u>	<u>\$ 8,778,908</u>

See Notes to Financial Statements

PRIVATE PURPOSE FUNDS

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

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

CITY OF BURLINGTON, VERMONT

Combining Statement of Fiduciary Net Position

Private Purpose Trust Funds

June 30, 2017

	<u>Louisa Howard</u>	<u>Walter Carpenter</u>	<u>Fireman's Relief</u>	<u>Christmas Gift</u>	<u>Total</u>
<u>ASSETS</u>					
Cash and short-term investments	\$ <u>28,088</u>	\$ <u>7,521</u>	\$ <u>628</u>	\$ <u>1,620</u>	\$ <u>37,857</u>
Total Assets	28,088	7,521	628	1,620	37,857
<u>NET POSITION</u>					
Net position held in trust	\$ <u><u>28,088</u></u>	\$ <u><u>7,521</u></u>	\$ <u><u>628</u></u>	\$ <u><u>1,620</u></u>	\$ <u><u>37,857</u></u>

CITY OF BURLINGTON, VERMONT

Combining Statement of Changes in Fiduciary Net Position

Private Purpose Trust Funds

For the Year Ended June 30, 2017

	<u>Louisa Howard</u>	<u>Walter Carpenter</u>	<u>Fireman's Relief</u>	<u>Christmas Gift</u>	<u>Total</u>
<u>ADDITIONS</u>					
Investment income	\$ <u>-</u>	\$ <u>9</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>9</u>
Total Additions	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>9</u>
Net increase	-	9	-	-	9
<u>NET POSITION</u>					
Beginning of year	<u>28,088</u>	<u>7,512</u>	<u>628</u>	<u>1,620</u>	<u>37,848</u>
End of year	<u>\$ 28,088</u>	<u>\$ 7,521</u>	<u>\$ 628</u>	<u>\$ 1,620</u>	<u>\$ 37,857</u>

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**STATISTICAL
SECTION**

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CITY OF BURLINGTON, VERMONT

STATISTICAL SECTION

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

	<u>Page</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the Town’s financial performance and well-being have changed over time.	148 - 152
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the Town’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 Town’s current levels of outstanding debt and the Town’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 Town’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 Town’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)

	2017	2016	2015 (1)	2014	2013	2012	2011	2010	2009	2008
Governmental Activities										
Net Investment in Capital Assets	\$ 98,441,690	\$ 92,236,468	\$ 82,986,888	\$ 104,389,306	\$ 101,991,786	\$ 111,373,478	\$ 140,431,453	\$ 141,325,963	\$ 135,869,663	\$ 131,531,661
Restricted	13,086,695	17,725,332	16,799,937	15,285,119	13,949,243	10,773,209	9,275,500	7,931,128	9,784,253	6,318,445
Unrestricted	(22,193,434)	(21,734,316)	(25,449,498)	(5,306,520)	7,927,203	2,958,684	(4,062,816)	(6,476,248)	(10,766,232)	(8,025,245)
Total Governmental Activities Net Position	<u>89,334,951</u>	<u>88,227,484</u>	<u>74,337,327</u>	<u>114,367,905</u>	<u>123,868,232</u>	<u>125,105,371</u>	<u>145,644,137</u>	<u>142,780,843</u>	<u>134,887,684</u>	<u>129,824,861</u>
Business-type Activities										
Net Investment in Capital Assets	188,464,010	179,096,254	172,629,734	156,804,042	149,806,307	139,041,152	134,805,081	98,953,992	77,968,937	72,812,022
Restricted	22,670,943	20,812,890	19,319,510	32,017,674	31,999,045	39,020,023	32,944,710	34,179,074	31,366,671	29,204,097
Unrestricted	29,639,505	27,982,661	22,266,988	28,692,499	12,449,872	3,526,400	4,799,188	1,160,504	12,444,615	21,079,712
Total Business-type Activities Net Position	<u>240,774,458</u>	<u>227,891,805</u>	<u>214,216,232</u>	<u>217,514,215</u>	<u>194,255,224</u>	<u>181,587,575</u>	<u>172,548,979</u>	<u>134,293,570</u>	<u>121,780,223</u>	<u>123,095,831</u>
Primary Government										
Net Investment in Capital Assets	286,905,700	271,332,722	255,616,622	261,193,348	251,798,093	250,414,630	275,236,534	240,279,955	213,838,600	204,343,683
Restricted	35,757,638	38,538,222	36,119,447	47,302,793	45,948,288	49,793,232	42,220,210	42,110,202	41,150,924	35,522,542
Unrestricted	7,446,071	6,248,345	(3,182,510)	23,385,979	20,377,075	6,485,084	736,372	(5,315,744)	1,678,383	13,054,467
Total Primary Government Net Position	<u>\$ 330,109,409</u>	<u>\$ 316,119,289</u>	<u>\$ 288,553,559</u>	<u>\$ 331,882,120</u>	<u>\$ 318,123,456</u>	<u>\$ 306,692,946</u>	<u>\$ 318,193,116</u>	<u>\$ 277,074,413</u>	<u>\$ 256,667,907</u>	<u>\$ 252,920,692</u>

Source: Each respective Annual Financial Report

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

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

	2017	2016	2015 ⁽¹⁾	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental Activities:										
General Government	\$ 12,334,976	\$ 11,353,565	\$ 12,393,196	\$ 12,702,289	\$ 14,800,538	\$ 13,479,552	\$ 13,426,363	\$ 8,396,986	\$ 7,833,861	\$ 7,731,527
Public Safety	29,094,586	23,500,758	24,915,179	22,692,852	24,499,396	22,702,099	21,931,701	20,783,010	20,708,638	20,262,074
Education	-	-	-	77,470,770	77,438,762	70,038,411	66,901,788	62,376,087	57,639,807	53,322,002
Public Works	16,128,749	15,484,410	17,038,012	14,172,277	13,051,255	13,409,033	13,101,541	12,042,610	12,111,622	11,375,602
Culture and Recreation	14,185,639	10,066,735	10,736,031	9,965,826	8,584,443	9,453,885	9,244,881	11,026,270	10,069,342	9,247,568
Community Development	4,942,418	4,895,091	4,931,161	4,068,608	8,470,457	4,743,445	5,082,322	4,734,066	4,149,542	4,104,701
Interest on Long-term Debt	2,147,709	1,782,295	1,581,846	3,087,143	2,330,680	1,541,535	2,791,517	1,752,555	1,520,465	1,796,364
Total Governmental Activities	78,834,077	67,082,854	71,595,425	144,159,765	149,175,531	135,367,960	132,480,113	121,111,584	114,033,277	107,839,838
Business-type Activities:										
Electric	63,449,764	63,912,747	62,408,788	65,061,544	58,972,894	58,154,956	56,676,147	55,160,426	54,915,355	50,408,203
Airport	20,368,534	19,753,724	20,288,983	20,772,761	20,192,615	19,983,379	16,690,935	15,623,985	16,562,164	15,071,525
Telecom	-	-	-	6,791,829	6,118,395	6,109,867	7,107,667	10,579,222	10,480,260	7,848,863
Wastewater	-	-	-	7,289,587	6,648,603	6,863,244	6,522,461	5,655,138	5,447,686	5,100,231
Nonmajor	22,126,474	20,803,532	19,931,149	8,302,064	8,048,347	7,725,191	7,485,535	6,778,199	6,791,139	6,595,387
Total Business-Type Activities	105,944,772	104,470,003	102,628,920	108,217,785	99,980,854	98,836,637	94,482,745	93,796,970	94,196,604	85,024,209
Total Expenses	184,778,849	171,552,857	174,224,345	252,377,550	249,156,385	234,204,597	226,962,858	214,908,554	208,229,881	192,864,047
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	5,204,079	5,043,853	5,289,088	4,938,750	4,372,982	4,566,523	4,629,070	1,198,950	965,261	1,105,956
Public Safety	5,737,200	6,997,158	5,587,200	6,526,060	5,174,000	6,298,499	5,823,531	5,271,957	6,309,231	5,227,594
Education	-	-	-	1,036,876	4,575,124	3,112,442	3,110,746	5,946,825	1,210,392	1,314,480
Public Works	8,448,998	8,898,625	7,475,742	7,766,867	7,265,536	7,019,336	6,744,645	1,194,606	4,993,790	4,294,457
Culture and Recreation	4,068,846	4,277,482	4,074,232	3,849,129	3,722,853	3,328,668	2,983,704	3,792,403	3,128,842	3,435,507
Community Development	315,042	221,533	714,715	250,361	214,897	131,415	158,512	1,423,809	403,704	1,388,507
Capital Outlay	-	-	-	-	-	-	-	-	302,592	429,582
Operating Grants and Contributions	4,110,352	4,515,575	5,922,165	84,297,547	76,620,402	77,050,104	72,053,237	67,279,458	59,707,134	53,039,312
Capital Grants and Contributions	3,232,947	4,688,216	3,112,726	2,339,931	5,193,962	3,476,470	1,524,271	3,050,389	4,978,575	2,161,602
Total Governmental Activities	31,117,464	34,642,442	32,175,868	111,005,521	107,139,756	104,983,457	97,027,716	89,158,397	81,999,521	72,396,997
Business-type Activities:										
Charges for Services										
Electric	60,223,551	62,505,682	62,622,315	63,381,532	59,965,267	58,837,344	59,679,347	54,033,005	50,010,832	49,624,179
Airport	18,589,325	18,470,124	19,030,728	18,794,078	17,915,076	17,478,275	16,416,564	11,724,249	12,023,774	11,384,027
Telecom	-	-	-	7,246,329	6,959,342	6,701,375	7,199,476	7,052,969	6,284,633	2,984,347
Wastewater	-	-	-	7,726,659	7,751,070	7,588,128	7,176,316	6,680,437	6,024,216	5,201,648
Nonmajor	24,582,213	24,151,054	21,464,113	8,943,170	8,756,986	8,304,743	8,106,743	7,667,023	6,987,959	7,128,916
Operating Grants and Contributions	218,384	205,387	-	-	-	-	-	429,477	386,202	145,587
Capital Grants and Contributions	11,025,482	9,118,954	7,431,502	7,722,603	7,976,875	8,454,165	26,872,882	19,074,399	11,741,445	6,374,448
Total Business-type Activities	114,638,955	114,451,201	110,548,658	113,814,371	109,324,616	107,364,030	125,451,328	106,661,559	93,459,061	82,843,152
Total Program Revenues	145,756,419	149,093,643	142,724,526	224,819,892	216,464,372	212,347,487	222,479,044	195,819,956	175,458,582	155,240,149
Net (Expense)/Revenue										
Governmental Activities	(47,716,613)	(32,440,412)	(39,419,557)	(33,154,244)	(42,035,775)	(30,384,503)	(35,452,397)	(31,953,187)	(32,033,756)	(35,442,841)
Business-type Activities	8,694,183	9,981,198	7,919,738	5,596,586	9,343,762	8,527,393	30,968,583	12,864,589	(737,543)	(2,181,057)
Total Net Expense	\$ (39,022,430)	\$ (22,459,214)	\$ (31,499,819)	\$ (27,557,658)	\$ (32,692,013)	\$ (21,857,110)	\$ (4,483,814)	\$ (19,088,598)	\$ (32,771,299)	\$ (37,623,898)

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

(continued)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Revenues										
Governmental Activities:										
Property Taxes	\$ 33,253,448	\$ 31,409,270	\$ 33,054,429	\$ 29,494,623	\$ 28,272,251	\$ 27,884,131	\$ 28,488,306	\$ 27,523,255	\$ 25,649,929	\$ 24,870,758
Gross Receipts Taxes	4,034,408	3,906,652	3,665,158	3,190,082	2,902,808	2,761,865	2,507,382	2,362,060	2,184,515	2,199,949
Local Option Sales Tax	2,329,007	2,239,937	2,179,587	2,125,034	2,126,646	2,157,170	1,998,462	1,937,967	1,885,141	2,158,372
Payments in Lieu of Taxes	5,248,985	5,079,036	2,395,762	2,257,824	3,534,236	3,392,592	2,116,319	1,093,798	970,324	1,681,879
Franchise Fees	2,161,617	2,376,990	2,128,227	2,193,447	2,157,022	2,176,076	2,047,748	2,874,784	2,727,631	1,938,684
Impact Fees	346,411	138,723	349,714	82,262	272,852	385,702	118,207	268,019	91,956	198,144
Interest and Penalties on Delinquent Ta	303,370	339,034	356,550	368,602	278,419	331,971	319,667	318,881	288,033	311,708
Unrestricted Investment Earnings	249,012	193,991	100,725	634,071	52,148	27,695	714,974	435,179	651,377	635,693
Other Revenues	1,698,196	642,968	1,175,521	1,048,832	296,973	-	-	76,337	1,220	-
Additions to permanent Funds	3,846	3,968	67,115	25,715	20,005	34,565	-	25,145	36,874	56,641
Special item	(2,154,349)	-	-	(16,936,492)	-	(29,251,302)	-	-	-	-
Transfers	-	-	28,921	(97,572)	(97,500)	(54,728)	4,626	2,930,921	2,609,579	2,630,420
Total Governmental Activities	<u>47,473,951</u>	<u>46,330,569</u>	<u>45,501,709</u>	<u>24,386,428</u>	<u>39,815,860</u>	<u>9,845,737</u>	<u>38,315,691</u>	<u>39,846,346</u>	<u>37,096,579</u>	<u>36,682,248</u>
Business-type Activities:										
Unrestricted Investment Earnings	158,415	184,630	127,214	291,397	269,758	271,471	391,421	607,153	571,356	1,698,032
Dividends from associated companies	3,516,718	3,236,147	3,128,753	2,907,831	2,619,286	-	-	-	-	-
Other Revenues	513,337	273,598	429,794	(368,970)	370,226	185,004	177,868	1,972,526	1,460,158	212,795
Special item	-	-	-	16,936,492	-	-	6,722,163	-	-	-
Transfers	-	-	(28,921)	97,572	97,500	54,728	(4,626)	(2,930,921)	(2,609,579)	(2,618,968)
Total Business-type Activities	<u>4,188,470</u>	<u>3,694,375</u>	<u>3,656,840</u>	<u>19,864,322</u>	<u>3,356,770</u>	<u>511,203</u>	<u>7,286,826</u>	<u>(351,242)</u>	<u>(578,065)</u>	<u>(708,141)</u>
Total Primary Government	51,662,421	50,024,944	49,158,549	44,250,750	43,172,630	10,356,940	45,602,517	39,495,104	36,518,514	35,974,107
Change in Net Position										
Governmental Activities	(242,662)	13,890,157	6,082,152	(8,767,816)	(2,219,915)	(20,538,766)	2,863,294	7,893,159	5,062,823	1,239,407
Business-type Activities	12,882,653	13,675,573	11,576,578	25,460,908	12,700,532	9,038,596	38,255,409	12,513,347	(1,315,608)	(2,889,198)
Total Change in Net Position	<u>\$ 12,639,991</u>	<u>\$ 27,565,730</u>	<u>\$ 17,658,730</u>	<u>\$ 16,693,092</u>	<u>\$ 10,480,617</u>	<u>\$ (11,500,170)</u>	<u>\$ 41,118,703</u>	<u>\$ 20,406,506</u>	<u>\$ 3,747,215</u>	<u>\$ (1,649,791)</u>

Source: Each respective Annual Financial Report

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

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

	2017	2016	2015 ⁽²⁾	2014	2013	2012	2011 ⁽¹⁾	2010	2009	2008
All Governmental Funds										
Nonspendable	\$ 3,037,839	\$ 3,856,421	\$ 3,486,412	\$ 3,958,011	\$ 21,441,396	\$ 24,261,046	\$ 26,651,255	\$ -	\$ -	\$ -
Restricted	18,528,173	10,330,002	9,525,627	6,424,997	7,604,997	7,740,185	5,130,240	-	-	-
Committed	5,559,637	5,915,503	4,133,553	6,831,663	3,558,828	8,769,100	2,870,793	-	-	-
Assigned	3,619,252	-	-	-	208,962	262,810	438,727	-	-	-
Unassigned	4,358,533	4,046,532	2,385,971	(2,997,049)	(9,011,184)	(20,338,070)	(24,743,477)	-	-	-
Reserved	-	-	-	-	-	-	-	4,820,275	6,278,556	3,586,543
Unreserved	-	-	-	-	-	-	-	1,155,138	(1,468,566)	1,008,781
Total All Other Governmental Funds	<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>	<u>\$ 10,347,538</u>	<u>\$ 5,975,413</u>	<u>\$ 4,809,990</u>	<u>\$ 4,595,324</u>
General Fund										
Nonspendable	\$ 1,825,280	\$ 2,661,874	\$ 2,321,904	\$ 2,845,487	\$ 20,334,968	\$ 23,132,150	\$ 25,529,737	\$ -	\$ -	\$ -
Restricted	560,372	38,500	17,265	17,265	17,261	3,867,936	1,794,807	-	-	-
Committed	1,209,754	2,779,209	1,624,950	2,058,049	1,041,535	3,345,215	2,332,434	-	-	-
Assigned	3,619,252	-	-	-	208,962	262,810	438,727	-	-	-
Unassigned	8,409,087	6,520,495	4,287,378	71,822	(2,178,623)	(14,982,331)	(16,790,895)	-	-	-
Reserved	-	-	-	-	-	-	-	2,677,175	4,013,988	1,584,181
Unreserved	-	-	-	-	-	-	-	7,238,591	4,839,768	5,550,016
Total General Fund	<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>	<u>\$ 13,304,810</u>	<u>\$ 9,915,766</u>	<u>\$ 8,853,756</u>	<u>\$ 7,134,197</u>
All Other Governmental Funds										
Nonspendable	\$ 1,212,559	\$ 1,194,547	\$ 1,164,508	\$ 1,112,524	\$ 1,106,428	\$ 1,128,896	\$ 1,121,518	\$ -	\$ -	\$ -
Restricted	17,967,801	10,291,502	9,508,362	6,407,732	7,587,736	3,872,249	3,335,433	-	-	-
Committed	4,349,883	3,136,294	2,508,603	4,773,614	2,517,293	5,423,885	538,359	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(4,050,554)	(2,473,963)	(1,901,407)	(3,068,871)	(6,832,561)	(5,355,739)	(7,952,582)	-	-	-
Reserved	-	-	-	-	-	-	-	2,143,100	2,264,568	2,002,362
Unreserved	-	-	-	-	-	-	-	(6,083,453)	(6,308,334)	(4,541,235)
Total All Other Governmental Funds	<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>	<u>\$ (2,957,272)</u>	<u>\$ (3,940,353)</u>	<u>\$ (4,043,766)</u>	<u>\$ (2,538,873)</u>

Source: Each respective Annual Financial Report

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

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

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

	2017	2016	2015 ⁽¹⁾	2014	2013	2012	2011	2010	2009	2008
Revenues										
Taxes	\$ 39,781,518	\$ 39,097,706	\$ 38,770,459	\$ 35,721,358	\$ 33,509,448	\$ 33,409,559	\$ 32,937,202	\$ 31,969,583	\$ 29,760,367	\$ 29,482,074
Payments in lieu of taxes	5,248,985	5,079,036	2,395,762	2,257,824	3,534,236	3,391,718	3,438,180	4,073,883	3,665,263	4,514,706
Licenses and permits	5,570,707	5,082,269	3,866,933	4,396,587	4,070,213	5,270,706	5,439,891	6,480,017	5,323,127	5,231,991
Intergovernmental	6,857,683	8,569,938	8,717,811	86,426,117	78,334,827	73,660,719	68,884,213	67,722,285	60,727,565	55,480,481
Charges for services	21,090,765	21,499,084	21,781,930	21,636,460	23,437,932	18,154,362	17,281,634	15,951,249	15,164,771	13,699,078
Contributions	1,373,500	538,878	-	-	-	-	-	-	-	-
Investment income	249,013	193,993	100,725	634,070	52,148	675,834	955,816	418,298	638,530	630,227
Fines and forfeits	-	-	-	-	-	1,572,016	1,609,974	1,736,306	1,812,353	1,693,492
Loan repayments	57,357	104,033	122,544	245,074	46,741	4,873,509	74,160	233,006	280,222	1,236,092
Other revenue	585,799	601,849	1,230,412	1,160,440	415,290	5,536,858	4,654,385	3,568,399	2,650,227	2,128,834
Total Revenues	80,815,327	80,766,786	76,986,576	152,477,930	143,400,835	146,545,281	135,275,455	132,153,026	120,022,425	114,096,975
Expenditures										
Current:										
General government	12,202,374	11,400,333	11,158,205	13,643,302	13,704,648	13,339,250	12,958,447	10,064,841	9,487,847	8,783,755
Public safety	26,493,268	25,561,099	24,668,195	22,734,841	23,507,829	21,768,729	21,075,037	21,067,550	20,740,944	20,432,704
Education	-	-	-	76,037,906	81,284,025	70,399,945	66,139,968	60,669,307	56,147,563	51,980,275
Public works	11,991,808	9,788,601	9,455,450	8,378,414	6,533,226	8,994,691	8,302,028	8,700,816	8,575,237	8,168,098
Culture and Recreation	11,241,909	12,100,903	11,624,098	10,355,792	7,348,962	8,263,436	8,148,833	9,947,876	9,031,010	8,287,390
Community development	4,636,189	4,125,042	4,081,123	3,915,514	8,463,496	4,739,169	5,078,399	5,265,051	5,822,484	4,193,431
Capital Outlay ⁽²⁾	11,062,639	13,179,734	9,483,616	7,239,386	9,121,280	8,770,755	19,799,363	14,159,910	10,199,057	6,816,084
Debt Service:										
Principal	4,545,560	4,117,610	3,373,102	4,950,428	4,729,974	3,976,551	3,766,324	4,285,797	4,374,613	6,502,172
Interest and bond issue costs	2,094,364	1,805,722	1,568,269	2,763,625	1,873,163	2,072,080	3,016,548	1,812,548	1,505,013	1,869,200
Total Expenditures	84,268,111	82,079,044	75,412,058	150,019,208	156,566,603	142,324,606	148,284,947	135,973,696	125,883,768	117,033,109
Excess (Deficiency) of Revenues over Expenditures	(3,452,784)	(1,312,258)	1,574,518	2,458,722	(13,165,768)	4,220,675	(13,009,492)	(3,820,670)	(5,861,343)	(2,936,134)
Other Financing Sources (Uses)										
Issuance of bonds and loans	10,966,360	5,062,083	5,934,807	3,989,967	14,250,000	3,560,000	12,361,991	5,014,085	6,142,128	1,793,374
Issuance of refunding debt	2,545,000	8,785,000	-	-	-	-	-	-	-	-
Issuance of leases	1,699,383	987,234	683,718	-	261,242	1,621,586	-	-	-	-
Payment to refunding escrow	(2,837,850)	(10,044,139)	-	-	-	-	-	-	-	-
Sale of capital assets	949,986	-	-	1,000,000	-	-	-	-	-	-
Bond premium	1,067,582	1,138,975	-	-	419,080	-	-	22,008	19,881	5,182
Issuance of notes	-	-	-	-	-	1,000,000	5,015,000	-	-	-
Transfers in	2,804,088	4,532,340	4,363,550	4,190,396	1,854,249	2,630,787	2,179,272	1,292,498	1,943,194	1,388,122
Transfers out	(2,804,088)	(4,532,340)	(4,334,629)	(4,287,968)	(1,951,749)	(2,685,515)	(2,174,646)	(1,342,498)	(2,029,194)	(1,591,170)
Total Other Financing Sources (Uses)	14,390,461	5,929,153	6,647,446	4,892,395	14,832,822	6,126,858	17,381,617	4,986,093	6,076,009	1,595,508
Special Item	-	-	-	(16,936,492)	-	-	-	-	-	-
Net Change in Fund Balances	\$ 10,937,677	\$ 4,616,895	\$ 8,221,964	\$ (9,585,375)	\$ 1,667,054	\$ 10,347,533	\$ 4,372,125	\$ 1,165,423	\$ 214,666	\$ (1,340,626)
Debt Service as a Percentage of Noncapital Expenditures⁽³⁾	9.07%	8.60%	7.50%	5.40%	4.48%	4.53%	5.28%	5.01%	5.08%	7.60%

Source: Each respective 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
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
2011	3,530,253,980	3,907,269,536	0.7200
2010	3,505,811,750	3,933,636,760	0.7120
2009	3,472,718,196	3,925,485,365	0.6700
2008	3,401,015,819	3,667,787,134	0.6700

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
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
2011	0.7200	1.2820	1.5390	2.0020	2.2590
2010	0.7120	1.2394	1.5334	1.9514	2.2454
2009	0.6700	1.1090	1.4560	1.7790	2.1260
2008	0.6700	1.0217	1.3786	1.6917	2.0486

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	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed value
Forfeith Burlington	\$ 29,120,000	1	0.78%	\$ 30,000,000	1	0.79%
Diamondrock Burlington Owner LLC	25,933,400	2	0.69%	31,120,080		0.82%
UVM/Redstone Lofts LLC	24,820,000	3	0.66%	24,820,000		0.66%
Burlington Town Center LLC	20,837,900	4	0.56%	25,005,480	3	0.66%
Burlington Harbor Hotel Group LLC	16,833,400	5	0.45%	20,200,080		0.53%
Burlington Electric Dept/CVPS	14,902,723	6	0.40%	17,883,268	4	0.47%
Antonio B Pormealeu LLC	14,649,300	7	0.39%	17,579,160	5	0.46%
Vermont Electric Power	12,033,450	8	0.32%	12,033,450		0.32%
May Department Stores Co	11,123,400	9	0.30%	13,348,080	6	0.35%
New Northgate Housing LLC	11,089,000	10	0.30%	11,089,000	7	0.29%
Howard Opera	9,001,300		0.24%	10,801,560	8	0.29%
Lake and College LLC	7,754,500		0.21%	9,305,400	10	0.25%
	<u>\$ 198,098,373</u>		<u>5.30%</u>	<u>\$ 223,185,558</u>		<u>6.56%</u>

Source: Most recent Official Statement

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2017	\$ 96,064,036	\$ 95,568,777	99.48%	\$ -	95,568,777	99.48%
2016	93,015,324	92,467,139	99.41%	470,535	92,937,674	99.92%
2015	89,907,261	89,275,258	99.30%	496,937	89,772,195	99.85%
2014	83,526,157	82,869,824	99.21%	531,197	83,401,021	99.85%
2013	78,862,874	78,330,310	99.32%	15,461	78,345,771	99.34%
2012	76,089,194	75,617,383	99.38%	354,801	75,972,184	99.85%
2011	74,818,352	74,276,290	99.28%	484,205	74,760,495	99.92%
2010	73,213,724	72,730,820	99.34%	491,548	73,222,368	100.01%
2009	67,656,483	67,163,625	99.27%	579,945	67,743,570	100.13%
2008	64,198,793	63,485,136	98.89%	1,189,522	64,674,658	100.74%

Source: Most recent Official Statement for fiscal years 2008 - 2016 and Form 411 Billed Grand List and activity in the City's general ledger for fiscal year 2017.

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

Fiscal Year	Governmental Activities*				Business-type Activities*				Total Debt Outstanding	Estimated Population ⁽¹⁾	Debt per Capita	Percentage of Personal Income ⁽²⁾
	Bonds and Loans	Revenue Bonds	Notes	Capital Leases	Bonds	Revenue Bonds and SRLs	Notes	Capital Leases				
2017	\$ 52,906,348	\$ -	\$ -	\$ 2,301,048	\$ 47,605,714	\$ 80,077,692	\$ -	\$ 7,319,392	\$ 190,210,194	44,020	\$ 4,321	17.12%
2016	45,636,800	-	-	1,206,228	48,880,636	83,191,618	228,006	6,553,118	185,696,406	42,452	4,374	17.33%
2015	46,423,144	-	-	1,086,318	46,770,713	84,889,798	228,006	6,834,297	186,232,276	42,452	4,387	17.35%
2014	63,903,739	-	-	1,370,191	45,810,000	85,630,972	-	1,152,142	197,867,044	42,613	4,643	18.38%
2013	63,358,572	-	-	1,946,424	44,685,000	94,863,085	-	1,714,567	206,567,648	42,738	4,833	19.23%
2012	51,756,866	-	1,000,000	2,749,589	42,725,908	93,863,525	2,000,000	2,320,054	196,415,942	42,637	4,607	18.37%
2011	46,000,199	-	5,015,000	2,294,817	42,413,105	93,648,092	900,000	2,866,790	193,138,003	42,450	4,550	18.07%
2010	36,447,374	-	-	3,251,485	43,948,084	108,637,954	-	1,908,996	194,193,893	42,442	4,576	18.18%
2009	32,680,809	-	4,000,000	2,289,762	49,820,834	96,125,000	1,000,000	33,878,667	219,795,072	42,417	5,182	20.57%
2008	35,315,956	-	-	1,887,100	29,907,220	105,440,000	13,340	33,774,149	206,337,765	42,417	4,865	19.31%

Source: Each respective Annual Financial Report

⁽¹⁾ United States Census Bureau

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

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

<u>Fiscal Year</u>	<u>Total Debt</u>	<u>Less: Debt Payable from Enterprise Fund Revenues</u>	<u>Net General Obligation Debt</u>	<u>Population ⁽¹⁾</u>	<u>Debt per Capita</u>	<u>Assessed Value</u>	<u>Ratio of Debt to Assessed Value</u>
2017	\$ 190,210,194	\$ 135,002,798	\$ 55,207,396	\$ 44,020	\$ 1,254	\$ 3,787,167,109	1.46%
2016	185,696,406	138,853,378	46,843,028	42,452	1,103	3,736,048,309	1.25%
2015	186,232,276	138,722,814	47,509,462	42,452	1,119	3,646,921,910	1.30%
2014	197,867,044	132,593,114	65,273,930	42,613	1,532	3,617,870,130	1.80%
2013	206,567,648	141,262,652	65,304,996	42,738	1,528	3,587,077,000	1.82%
2012	196,415,942	140,909,487	55,506,455	42,637	1,302	3,563,141,000	1.56%
2011	193,138,003	139,827,987	53,310,016	42,450	1,256	3,530,253,980	1.51%
2010	194,193,893	154,495,034	39,698,859	42,442	935	3,505,811,750	1.13%
2009	219,795,072	180,824,501	38,970,571	42,417	919	3,472,718,196	1.12%
2008	206,337,765	169,134,709	37,203,056	42,417	877	3,401,015,819	1.09%

Sources: Each respective Annual Financial Report and

⁽¹⁾ United States Census Bureau

CITY OF BURLINGTON, VERMONT
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 JUNE 30, 2017

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to the City	Amount Applicable to the City of Burlington
Direct:			
City of Burlington - Bonds	\$ 52,906,348	100.0%	\$ 52,906,348
City of Burlington - Capital Leases	2,301,048	100.0%	2,301,048
Subtotal - Direct Debt			<u>55,207,396</u>
Overlapping:			
Burlington School District			29,072,143
Subtotal - Overlapping Debt			<u>29,072,143</u>
Grand Total Direct and Overlapping Debt			<u><u>\$ 84,279,539</u></u>

Source: June 30, 2017 Annual Financial Reports

CITY OF BURLINGTON, VERMONT
LEGAL DEBT MARGIN INFORMATION
JUNE 30, 2017

Grand List Valuation	\$ 3,787,167,109
Legal Debt Margin	
Debt Limitation - Ten Times Last Grant List	378,716,711
Debt Applicable to Limitation	64,496,286
Legal Debt Margin	\$ 314,220,425
Debt as Percentage of Debt Limit	17.03%

LEGAL DEBT MARGIN
PRECEDING NINE YEARS

Fiscal Year	Debt Limit	Applicable Debt*	Legal Debt Margin	Debt as Percentage of Debt Limit
2017	\$ 378,716,711	\$ 64,496,286	\$ 314,220,425	17.03%
2016	377,855,052	55,092,103	322,762,949	14.58%
2015	373,604,831	55,092,130	318,512,701	14.75%
2014	364,692,191	53,150,000	311,542,191	14.57%
2013	361,787,013	51,505,000	310,282,013	14.24%
2012	358,707,700	37,605,000	321,102,700	10.48%
2011	356,314,100	30,753,333	325,560,767	8.63%
2010	353,025,398	20,757,499	332,267,899	5.88%
2009	350,581,175	15,897,809	334,683,366	4.53%
2008	347,271,820	18,067,175	329,204,645	5.20%

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
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
2011	14,203	10,659	3,544	1,938	5,482	485	5,967	4,366	1.26	1.37
2010	12,431	9,586	2,845	1,939	4,784	485	5,269	4,269	1.12	1.23
2009	12,706	10,456	2,250	1,965	4,215	491	4,706	4,273	0.99	1.10
2008	12,021	9,029	2,992	1,965	4,957	491	5,448	4,275	1.16	1.27

*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⁾		
2017	44,020	\$ 25,234	\$ 1,110,800,680	(4)	(4)	(4)	(4)	(4)	(4)
2016	42,452	25,234	1,071,233,768	-	-	3.10%	3.60%	1,067	88%
2015	42,613	25,188	1,073,336,244	-	54,447	3.20%	4.10%	1,070	96%
2014	42,738	25,188	1,076,484,744	45,483	54,267	3.50%	4.40%	1,048	87%
2013	42,637	25,188	1,073,940,756	44,545	54,168	3.80%	5.00%	1,048	83%
2012	42,450	25,188	1,069,230,600	41,572	53,422	4.30%	5.50%	1,086	85%
2011	42,442	25,188	1,069,029,096	40,134	51,841	5.00%	6.10%	1,160	86%
2010	42,417	25,188	1,068,399,396	39,205	51,284	5.80%	6.90%	1,187	85%
2009	42,417	25,188	1,068,399,396	36,185	51,704	4.20%	4.50%	1,172	93%
2008	42,417	25,188	1,068,399,396	37,949	49,382	3.50%	4.00%	1,152	81%

Sources:

⁽¹⁾ United States Census Bureau

⁽²⁾ Vermont Economic-Demographic Profile

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

*Using MFRA Data

⁽⁴⁾ Information not available at the time of publication

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

Employer	Calendar Year 2017			Calendar Year 2008		
	Employees ^(1,2)	Rank	Percentage of Total City Employment ⁽³⁾	Employees ⁽²⁾	Rank	Percentage of Total City Employment ⁽³⁾
University of Vermont Medical Center	5,383	1	4.30%	4,709	2	4.07%
International Business Machines	4,000	2	3.20%	6,200	1	5.35%
University of Vermont	3,446	3	2.76%	3,103	3	2.68%
City of Burlington/Burlington School District	1,612	4	1.29%	2,650	4	2.29%
People's United Bank	1,000	5	0.80%	1,208	5	1.04%
Howard Center for Human Services	998	6	0.80%	727	9	0.63%
Adecco Staffing	775	7	0.62%	Less than 400		0.00%
Ben & Jerry's Homemade	735	8	0.59%	735	8	0.63%
GE Healthcare	700	9	0.56%	752	7	0.65%
Dealer. Com	675	10	0.54%	Less than 400		0.00%
Verizon Communication			0.00%	800	6	0.69%
	19,324		15.45%	20,884		18.03%

Sources:

⁽¹⁾ Chittenden County

⁽²⁾ Vermont Business Magazine, Vermont Business Directory

⁽³⁾ Vermont Department of Labor

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

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

Full-time Equivalent Employees										
Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government:										
Mayor's Office	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00
Clerk/Treasurer's Office	20.00	26.51	21.00	19.00	20.00	20.00	20.60	19.60	20.10	20.50
Payroll	4.00	4.00	4.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
Central Computer	6.00	4.00	6.00	3.00	3.00	3.20	4.00	3.00	2.50	2.00
City Attorney's Office	8.00	8.00	8.00	7.00	7.00	7.50	7.50	7.50	6.00	5.90
Human Resources	6.00	6.00	5.50	5.50	5.50	6.00	5.00	5.00	6.00	5.00
City Assessor	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Planning and Zoning	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Public Safety:										
Fire	81.80	80.80	79.80	79.80	79.80	79.80	79.80	79.80	79.80	79.00
Police	141.20	139.20	136.20	137.20	137.20	138.20	137.20	137.70	134.20	135.30
DPW Inspection	5.00	5.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00
Code Enforcement	12.00	12.00	12.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Public Works:										
Highways	43.45	43.45	42.90	42.90	43.60	42.60	41.60	41.60	38.60	38.60
Public Works Administration	4.00	4.00	4.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00
Culture and Recreation	88.00	85.00	81.80	78.80	75.48	71.25	71.72	67.20	67.80	66.00
General Fund Total	434.45	432.96	420.20	412.20	410.58	406.55	405.42	399.40	393.00	389.30
Community Development*										
Burlington Electric	129.00	131.90	125.00	128.00	125.00	123.00	125.00	125.00	126.00	125.00
Burlington Telecom	24.00	26.00	25.00	21.00	24.50	22.00	30.68	33.00	32.50	30.50
Burlington International Airport*	39.50	39.00	42.00	41.00						
Water*										
Stormwater*										
Wastewater*										
Total Employees	1057.40	1058.82	1028.40	1010.40	966.66	955.10	963.52	953.80	941.50	931.10

*Data is not available at the time of publication.

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

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government:										
Full-time equivalent positions filled	431.95	432.96	420.20	412.20	410.58	406.55	405.42	399.40	393.00	389.30
Tax bills mailed	10,670	10,714	10,737	10,685	10,633	11,106	11,112	11,094	11,116	11,080
Active recreation programs	283	285								
Recreation participants	4,863	4,762								
Birth certificates recorded	2,283	2,177	2,252	2,257	2,207	2,254	2,164	2,204	2,184	2,276
Marriage licenses recorded	375	229	401	599	366	362	449	462	346	354
Death certificates recorded	947	489	1,045	965	1,036	931	970	963	961	945
Dog licenses issued	1,153	1,175	1,256	1,191	1,234	1,248	1,307	1,367	1,446	1,501
Public Safety:										
Total cases	30,517	28,608	28,243	31,182	31,353	29,978	32,146	33,141	35,040	36,654
Number of traffic tickets	803	1,990	1,938	1,793	1,895	1,616	1,949	2,658	2,431	1,797
Number of traffic warnings	2,289	3,507	4,822	4,432	4,524	3,996	3,793	4,220	3,758	2,162
Fire incident responses	7,598	7,305	7,338	7,326	7,241	7,160	6,819	5,633	6,157	5,942
Water System:										
Average daily consumption (gallons)	3,703,666	3,753,328	3,976,008	3,649,433	3,953,940	4,242,691	4,228,153	4,292,238	4,163,753	4,269,552
Wastewater System:										
Average daily treatment (gallons)	4,722,000	4,917,000	5,132,000	5,692,000	5,677,000	5,736,000	7,132,000	5,884,000	5,932,000	6,127,000
Sludge disposed (tons)	8,651	8,633	8,583	8,402	8,287	8,322	8,873	9,809	9,058	9,250
Burlington International Airport										
Enplanements	597,799	595,244	600,402	617,301	605,505	652,793	643,683	677,468	743,248	725,843
Burlington Electric Department										
Sales to Customers - KWHs	336.2	338.2	336.2	342.8	341.4	342.5	348.6	343.9	355.6	361.4

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

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government:										
Number of general government buildings	3	3	3	3	3	3	3	3	3	3
Public Safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of police vehicles	45	45	45	44	44	42	42	42	42	42
Number of fire stations	5	5	5	5	5	5	5	5	5	5
Number of fire vehicles	20	28	27	26	26	26	26	26	26	26
Public Works:										
Number of public works buildings	2	2	2	2	2	2	2	2	2	2
Miles of streets	95	95	95	95	95	95	95	95	95	95
Miles of sidewalks	130	130	127	127	127	127	127	127	127	127
Culture and Recreation:										
Number of culture and recreation facilities	6	6	5	5	5	5	5	5	5	5
Acres of parks	540	540	540	540	540	540	540	540	540	540
Water:										
Number of water treatment facilities	3	3	3	3	3	3	3	3	3	3
Miles of water mains	110	110	110	110	110	110	110	110	110	110
Wastewater:										
Number of wastewater facilities	3	3	3	3	3	3	3	3	3	3
Miles of sanitary sewers	89	89	89	89	89	89	89	89	89	89
Burlington International Airport:										
Number of facilities	23	23	23	23	23	23	23	23	23	23
Burlington Electric Department:										
Number of facilities	10	12	12	12	12	12	12	12	12	12