CITY OF BURLINGTON, VERMONT

Annual Financial Statements

For the Year Ended June 30, 2015

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CITY OF BURLINGTON, VERMONT

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund (except the Burlington School District and the Burlington Electric Enterprise Fund), and the aggregate remaining fund information of the City of Burlington, Vermont (the City), as of and for the year ended June 30, 2015, 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.

Auditor's 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, a major enterprise fund, which represents 41 percent, 28 percent and 61 percent, respectively, of the assets, net position and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Burlington Electric Enterprise Fund and its effects on the business-type activities, is based solely on the report of the other auditors. Also, we did not audit the financial statements of the Burlington School District, a major discretely presented component unit. 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 entity and its effects on the discretely presented component units 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 auditor's 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 27, 2016 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 27, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Burlington, we offer readers this narrative overview and analysis of the financial activities of the City of Burlington for the fiscal year ended June 30, 2015. **Unless otherwise noted, all amounts are expressed in thousands.**

A. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statement of Net Position presents information on all assets and liabilities, with the difference between the two 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 government'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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

Proprietary funds. Proprietary funds are maintained as follows:

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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 exceeded liabilities by $288,553 (i.e., net position), a change of $17,658 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of $19,532, a change of $8,222 in comparison to the prior year.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $4,287, a change of $4,215 in comparison to the prior year.
- Total long-term liabilities at the close of the current fiscal year were $251,418, a change of $32,361 in comparison to the prior year.
- Total net position of the City's component units, the Burlington Community Development Corporation and the Burlington School District, amounted to $12,180, an increase of $5,398 for the year. There is a significant change in presentation for the year ending June 30, 2015 in the financial statements due to reclassifying School funds from governmental funds and activities to a discretely presented component unit. The school's legal structure changed effective July 1, 2014 resulting in this change in presentation.
- The nonspendable portion of the governmental funds balance was $3,486 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. $9,526 is restricted for specific purposes. In addition, $4,134 is committed for purposes funded by dedicated revenue. This leaves the City with an unassigned fund balance of $2,386.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

NET POSITION (000s)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 44,199	$ 36,837	$ 91,045	$ 102,751	$ 135,244	$ 139,588
Capital assets	126,353	166,462	297,193	277,925	423,546	444,387
Total assets	170,552	203,299	388,238	380,676	558,790	583,975
Deferred outflows of resources	5,485	-	3,504	6	8,989	6
Total assets and deferred outflows	$ 176,037	$ 203,299	$ 391,742	$ 380,682	$ 567,779	$ 583,981
Long-term liabilities outstanding	$ 89,212	$ 77,391	$ 162,206	$ 141,666	$ 251,418	$ 219,057
Other liabilities	8,366	11,540	13,529	21,502	21,895	33,042
Total liabilities	97,578	88,931	175,735	163,168	273,313	252,099
Deferred inflows of resources	4,122	-	1,791	-	5,913	-
Net position:						
Net investment in capital assets	82,986	104,389	172,630	156,804	255,616	261,193
Restricted	16,800	15,286	19,319	32,018	36,119	47,304
Unrestricted	(25,449)	(5,307)	22,267	28,692	(3,182)	23,385
Total net position	74,337	114,368	214,216	217,514	288,553	331,882
Total liabilities, deferred inflows of resources and net position	$ 176,037	$ 203,299 *	$ 391,742	$ 380,682 *	$ 567,779	$ 583,981

*Due to fiscal year 2015 being the first year of implementation of GASB 68, prior periods have not been restated in accordance with standards. Refer to Note 29.

CHANGES IN NET POSITION (000s)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	$ 23,141	$ 24,368	$ 103,117	$ 106,092	$ 126,258	$ 130,460
Operating grants and contributions	5,922	84,298	-	-	5,922	84,298
Capital grants and contributions	3,113	2,340	7,432	7,723	10,545	10,063
General revenues:						
Property taxes	33,054	29,495	-	-	33,054	29,495
Rooms and meals tax	3,665	3,190	-	-	3,665	3,190
Local sales option tax	2,180	2,125	-	-	2,180	2,125
Payment in lieu of tax	2,396	2,258	-	-	2,396	2,258
Franchise fees	2,128	2,193	-	-	2,128	2,193
Impact fees	350	82	-	-	350	82
Interest and penalties on delinquent taxes	356	369	-	-	356	369
Investment income	101	634	127	291	228	925
Dividends from associated companies	-	-	3,129	2,908	3,129	2,908
Other revenue	1,175	1,048	429	(368)	1,604	680
Total revenues	77,581	152,400	114,234	116,646	191,815	269,046
Expenses:						
Governmental activities:						
General government	14,068	12,702	-	-	14,068	12,702
Public safety	23,820	22,693	-	-	23,820	22,693
Education	-	77,471	-	-	-	77,471
Public works	16,811	14,172	-	-	16,811	14,172
Culture and recreation	10,422	9,966	-	-	10,422	9,966
Community development	4,892	4,069	-	-	4,892	4,069
Interest on long-term debt	1,582	3,087	-	-	1,582	3,087
Business-type activities:						
Electric	-	-	62,409	65,062	62,409	65,062
Airport	-	-	20,289	20,773	20,289	20,773
Non-major	-	-	19,931	22,384	19,931	22,384
Total expenses	71,595	144,160	102,629	108,219	174,224	252,379
Change in net position before transfers, additions to permanent fund principal, and special items	5,986	8,240	11,605	8,427	17,591	16,667
Additions to permanent fund principal	67	26	-	-	67	26
Special item	-	(16,936)	-	16,936	-	-
Transfers in (out)	29	(98)	(29)	98	-	-
Change in net position	6,082	(8,768)	11,576	25,461	17,658	16,693
Net position - beginning of year, as restated	68,255	123,136	202,640	192,053	270,895	315,189
Net position - end of year	$ 74,337	$ 114,368 *	$ 214,216	$ 217,514 *	$ 288,553	$ 331,882

* July 1, 2014 net position was restated for GASB 68, while prior periods were not restated.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was $288,553, a change of $17,658 from the prior year.

The largest portion of net position $255,616 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 $30,840 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of $3,182. The significant decrease from the previous year in the unrestricted net positon resulted from the implementation of a new accounting principle – Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions*, which required the recognition of the net pension liability on the City's statement of net position. See financial statement footnotes for additional information.

Governmental activities. Governmental activities for the year resulted in a change in net position of $6,082. Key elements of this change are as follows:

City general fund budget versus actual results	$	3,385
Special revenue funds revenues over expenditures		1,753
Capital assets from current year revenues		4,768
Depreciation in excess of principal debt service expense		(3,067)
Other		(757)
Total	$	6,082

Business-type activities. Business-type activities for the year resulted in a change in net position of $11,577. Key elements of this change are as follows:

Electric	$	4,450
Airport		5,554
Telecom		864
Wastewater		115
Water		147
Stormwater		447
Total	$	11,577

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

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 a government'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 $19,532, a change of $8,222 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	$	3,259
Special revenue fund revenues, transfers in and issuance of debt in excess of expenditures and transfers out (mostly CEDO, Traffic Commission and TIF)		4,505
Capital project fund revenues and other financing sources in excess of expenditures and transfers out		388
Permanent fund revenues		70
Total	$	8,222

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was $4,287, while total fund balance was $8,251.

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

City General Fund		6/30/15		6/30/14		Change	% of Total General Fund Expenditures
Unassigned fund balance	$	4,287	$	72	$	4,215	8.1%
Total fund balance	$	8,251	$	4,993	$	3,258	15.6%

The general fund unassigned fund balance positive increase of $4,215 results from the positive operating results reported in the budget and actual comparative schedule and a reduction in the advances to other funds (primarily certain capital project funds).

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

Unassigned fund balance, June 30, 2014	$	72
Actual revenues in excess of budget		815
Actual expenditures less than budgeted		2,570
Decrease in advances to capital project and special revenue funds		1,199
Other		(369)
Unassigned fund balance, June 30, 2015	$	4,287

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

Without the issues of the Stability Bonds, the City's unassigned fund balance would have been $(4,203). 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:

	Unrestricted Net Position		
	6/30/15	6/30/14	Change
Electric	$ 15,918	$ 21,710	$ (5,792)
Airport	2,805	947	1,858
Nonmajor funds:			
Telecom	(48)	617	(665)
Wastewater	1,929	2,948	(1,019)
Water	1,102	966	136
Stormwater	560	101	459

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

- The City of Burlington, Vermont Electric Department (BED) reported a decrease in the unrestricted net position primarily resulting from the adoption of GASB 68, requiring the Department to record its share of the City's unfunded net pension liability for the year ended June 30, 2015 (the implementation year), while prior periods were not restated. For additional information, please refer the separate financial statements issued for the BED.

- The Burlington International Airport's unrestricted net position increased from the previous year due to a variety of factors, including the Debt Service Reserve Fund requirements, which reduced the restricted net position, and the asset depreciation exceeding the principal debt service payments, which reduced the investment in capital assets. The reductions in the other two categories of net position resulted in the increase of unrestricted net position. For additional information, please refer the separate financial statements issued for the City of Burlington, Vermont Airport Enterprise Fund.
- The Burlington Telecom's unrestricted net position decreased from the previous year primarily resulting from the adoption of GASB 68. Prior period was not restated for the GASB 68 liability. However, due to other restatements, unrestricted net position reported in prior year financial statements as $1,111 has been restated to $617 as of June 30, 2014. See the restatement footnote for additional information.
- The Wastewater Fund's unrestricted net position decreased primarily as a result of the contingency reserve restriction on the net position.
- The net improvement in the Water and Stormwater Funds (which are managed on a combined basis with the Wastewater Fund), is primarily the result of operations. The Stormwater Fund's unrestricted net position for the previous year was restated, as the fund was reported as a governmental fund in years prior to fiscal year 2015.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

The City approved a fiscal year 2015 budget of $64,325 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 2015 appropriation with the amounts reported on the General fund budget and actual comparison statement:

City approved appropriation	$ 64,325
Less dedicated taxes:	
Capital streets program	(1,983)
Open space	(190)
Greenbelt	(190)
Housing Trust	(190)
Pennies for parks	(352)
Less tax increment	(2,662)
Less interdepartmental charges	(2,971)
Less other charges	(45)
Appropriation reported on page 30	$ 55,742

The City's adopted general fund budget for fiscal year 2015 after budgetary amendments resulted in a deficit of $(126). The adjusted actual performance (budgetary basis) resulted in revenues and other sources exceeding expenditures and other uses by $2,901. This variance is primarily attributable to:

- Revenue from housing and development licenses and certificates exceeded budget expectations by $558 due to several large projects requiring additional permitting including, but not limited to, the Hospital, Grove Street and University Place. This revenue is included in charges for services category.
- Various departments had significant turnbacks in the general administration and safety services functions.
- Debt principal budget significantly exceeded payments.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental activities at year-end amounted to $126,353 (net of accumulated depreciation), a change of $2,252 from the prior year. Total investment in capital assets for business-type activities at year-end amounted to $297,193 (net of accumulated depreciation), a change of $18,321 from the prior year. This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

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

	Governmental Activities
Infrastructure improvements	$ 1,196
Vehicles, machinery, equipment and furniture	1,082
Buildings and improvements	45
Other capital projects	275
Construction in progress	6,027
Depreciation expense	(6,304)
Effect on disposal of assets	(69)
Total	$ 2,252

Change in capital assets, net of accumulated depreciation for Business-Type Activities are as follows:

	Business-type Activities
Electric	$ 20,872
Airport	1,017
Telecom	(1,983)
Wastewater	(1,466)
Water	(157)
Stormwater	38
Total	$ 18,321

Additional information on capital assets can be found in the notes to the financial statements.

Change in credit rating. The City's Baa3 credit rating from Moody's Investor Service (Moody's) on the general obligation with a negative outlook was upgraded to Baa2 with positive outlook on March 3, 2015. The rating for the City's certificates of participation is Ba1, with a stable outlook. Moody's upgraded Burlington International Airport's rating from Ba1 to Baa3 on November 12, 2014 with stable outlook reflecting an improvement of financial metrics including debt service coverage and liquidity as well as other factors. Moody's upgraded BED credit rating from Baa2 to Baa1 with stable outlook subsequent to year end, on November 9, 2015.

Long-term debt. At the end of the current fiscal year, total outstanding general obligation bonds payable, revenue bonds payable (excluding premiums and discounts) and other long term notes payable outstanding were $131,889, all of which was backed by the full faith and credit of the government.

	Bonds Payable		
	6/30/15	6/30/14	Change
Governmental Activities:			
City (excludes school)	$ 46,423	$ 37,459	$ 8,964
Total	$ 46,423	$ 37,459	$ 8,964
Business-Type Activities:			
Electric	$ 76,501	$ 71,720	$ 4,781
Airport	38,690	42,770	(4,080)
Wastewater	16,076	16,951	(875)
Water	228	-	228
Stormwater	394	344	50
Total	$ 131,889	$ 131,785	$ 104

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

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

The FY16 General Fund budget continues to make progress toward goal of increased financial stability and responsibility.

The proposed FY16 General Fund budget includes $1 million to fund the City's new unassigned fund balance policy. In FY11 audited financial report, the City's unassigned fund balance was negative $16.8 million, a figure that, according to the FY11 management letter, place the City's "at risk, as it is overly reliant on borrowing from financial institutions." After several years of focus, the voter approval of the Fiscal Stability Bond, the repayment of large deficits by the Water and Sewer enterprise funds, and emphasis on securing reimbursement for Champlain Parkway expenditures, our audited FY14 unassigned fund balance improved to a positive $71.8 thousand, the City's first positive unassigned fund balance since the Burlington Telecom (BT) deficits began in 2009. Now, with the FY16 budget before you, the City projects to increase the fund balance to over $1 million, which would represent solid progress towards the goal of our new Fund Balance Policy, which commits the City to increasing the balance to a minimum of five percent of the annual General Fund operating spending (approximately $3 million currently) by the end of FY19.

Also, the City similarly is making great strides with its days cash on hand (COH) both at the Burlington International Airport (BTV) and Burlington Electric Department (BED) in its effort to improve the credit ratings of both BTV and BED by increasing the liquidity of these enterprises. Moody's Investors Service has indicated the BTV's reaching 200 days COH will be significant factor as Moody's considers the Airport for another credit ratings upgrade. At the end of FY14, BTV had accumulated 145 days COH, and it is targeting 175 days COH as its FY16 goal. BED has reached 73 days COH by the end of FY14, and now has set its sights on reaching 93 days COH in FY16.

The FY16 budget includes modest revenue and expense growth.

The proposed FY16 General Fund budget includes a revenue increase of 7.5 percent, which is 1.7 percent greater than the 5.8 percent growth in expenditures. Some of these increases are the result of shifts in how the City accounts for certain revenue and expense items, not true increases. Two examples of how expenses now included in the FY16 budget that previously were not shown in the General Fund budget are:

- $625,000 for the City streetlights- in the years past, BED was netting the streetlights against the PILOT. Going forward, the General Fund will pay BED for City streetlights, and General Fund revenues will increase because BED will be paying its full PILOT.
- $768,090 for part of the Community and Economic Development Office (CEDO) - going forward, pursuant to Government Accounting Standards Board (GASB)

procedures, CEDO administrative, neighborhood support, and sustainability functions will be paid for by the General Fund, instead of being organized as an outside special revenue fund.

Excluding the above two examples that collectively total $1.39 million, FY16 expenditure would increase by 3.6 percent (rather than 5.8 percent). For purposes of comparison, revenues would increase by an appropriate corresponding percentage.

The changes in tax rates are shown in the table below:

Approved Tax Rate, per $100

Tax Rate Item	Fiscal Year 2015	Fiscal Year 2016	Change
Revenue Neutral Rates:			
General City	$ 0.26040	$ 0.26040	$ -
Streets	0.06170	0.06170	-
Police/Fire	0.08070	0.08070	-
Open Space	0.00540	0.00540	-
Housing Trust	0.00540	0.00540	-
Fixed Rates:			
Parks - General	0.02500	0.02500	-
Penny for Parks	0.01000	0.01000	-
Highway	0.03120	0.03120	-
Library	0.00500	0.00500	-
Budget Driven Rates:			
CCTA	0.04320	0.04290	(0.00030)
County Tax	0.00510	0.00520	0.00010
Retirement	0.18100	0.17970	(0.00130)
Debt Service	0.08170	0.08000	(0.00170)
Local Exemption	0.00390	0.00380	(0.00010)
Total	$ 0.79970	$ 0.79640	$ (0.00330)

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's Office
City Hall
149 Church Street
Burlington, Vermont 05401

CITY OF BURLINGTON, VERMONT

STATEMENT OF NET POSITION

JUNE 30, 2015

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Current:				
Cash and cash equivalents	$ 21,035,509	$ 18,752,033	$ 39,787,542	$ 8,489,714
Investments	2,206,063	-	2,206,063	200,938
Restricted investments	-	650,256	650,256	-
Receivables, net of allowance for uncollectibles:				
Property taxes	1,888,502	-	1,888,502	-
User fees	-	8,846,134	8,846,134	-
Departmental and other	3,483,397	-	3,483,397	283,919
Intergovernmental	8,481,146	2,752,761	11,233,907	3,406,668
Estimated unbilled revenues	-	3,429,150	3,429,150	-
Capital lease receivable	-	-	-	94,256
Due from component unit	65,413	67,941	133,354	-
Due from primary government	-	-	-	107,895
Inventory	446,681	6,237,265	6,683,946	21,753
Prepaid expenses	146,971	76,399	223,370	8,250
Other assets	316,607	1,030,705	1,347,312	3,758
Total current assets	38,070,289	41,842,644	79,912,933	12,617,151
Noncurrent:				
Restricted cash	-	11,817,383	11,817,383	-
Restricted investments	-	7,502,127	7,502,127	-
Due from component unit	288,328	804,091	1,092,419	-
Notes and loans receivable	4,785,455	-	4,785,455	-
Capital lease receivable	-	-	-	1,553,608
Accrued interest receivable	1,054,720	-	1,054,720	-
Investment in associated companies	-	25,990,556	25,990,556	-
Regulatory assets and other prepaid charges	-	3,089,081	3,089,081	-
Capital assets:				
Land and construction in progress	29,849,653	61,499,726	91,349,379	2,792,396
Intangible asset	-	6,549,636	6,549,636	-
Other capital assets, net of accumulated depreciation	96,503,490	229,143,142	325,646,632	43,874,430
Total noncurrent assets	132,481,646	346,395,742	478,877,388	48,220,434
TOTAL ASSETS	170,551,935	388,238,386	558,790,321	60,837,585
Deferred Outflows of Resources	5,484,769	3,503,533	8,988,302	1,436,817
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 176,036,704	$ 391,741,919	$ 567,778,623	$ 62,274,402

(continued)

(continued)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
LIABILITIES:				
Current:				
Accounts payable	$ 4,451,150	$ 5,527,104	$ 9,978,254	$ 1,945,581
Accrued payroll and benefits payable	1,128,799	157,498	1,286,297	-
Accrued liabilities	451,311	-	451,311	1,213,936
Accrued interest payable	280,002	897,879	1,177,881	-
Unearned revenue	1,795,061	1,776,943	3,572,004	191,784
Due to component unit	107,895	-	107,895	-
Due to primary government	-	-	-	133,354
Other liabilities	151,369	4,519,324	4,670,693	3,753
Payable from restricted assets	-	650,256	650,256	-
Current portion of long-term liabilities:				
General obligation bonds and other debt payable	3,685,802	2,256,428	5,942,230	1,187,357
Revenue bonds payable	-	4,130,422	4,130,422	-
Note payable	-	8,485	8,485	-
Capital lease payable	478,131	333,579	811,710	50,735
Compensated absences	204,715	-	204,715	250,000
Insurance reserves	500,000	-	500,000	-
Total current liabilities	13,234,235	20,257,918	33,492,153	4,976,500
Noncurrent:				
Due to primary government	-	-	-	1,092,419
General obligation bonds and other debt payable	43,045,169	44,913,785	87,958,954	30,903,229
Revenue bonds payable	-	83,234,045	83,234,045	-
Long term note payable	-	219,521	219,521	-
Capital lease payable	608,187	6,500,718	7,108,905	26,626
Compensated absences	1,842,436	1,684,129	3,526,565	2,375,334
Insurance reserves	3,287,037	-	3,287,037	-
Net OPEB obligation	963,051	566,859	1,529,910	2,018,658
Net pension liability	34,597,295	12,774,362	47,371,657	6,458,116
Regulatory liabilities	-	5,466,563	5,466,563	-
Other liabilities	-	117,250	117,250	426,476
Total noncurrent liabilities	84,343,175	155,477,232	239,820,407	43,300,858
TOTAL LIABILITIES	97,577,410	175,735,150	273,312,560	48,277,358
Deferred Inflows of Resources	4,121,967	1,790,537	5,912,504	1,816,589
NET POSITION:				
Net investment in capital assets	82,986,888	172,629,734	255,616,622	25,111,075
Restricted externally or constitutionally for:				
Education	-	-	-	646,896
Community development	8,437,252	-	8,437,252	-
Debt service/renewal and replacements/capital projects	4,899,664	12,243,299	17,142,963	-
Contingency reserve	-	1,433,426	1,433,426	-
Revenue fund	-	364,186	364,186	-
Deposits with bond trustees	-	5,278,599	5,278,599	-
Permanent funds:				
Nonspendable	909,230	-	909,230	-
Spendable	361,434	-	361,434	-
Restricted by enabling legislation	2,192,357	-	2,192,357	-
Unrestricted	(25,449,498)	22,266,988	(3,182,510)	(13,577,516)
TOTAL NET POSITION	74,337,327	214,216,232	288,553,559	12,180,455
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 176,036,704	$ 391,741,919	$ 567,778,623	$ 62,274,402

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

CITY OF BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue
Primary Government:					
Governmental Activities:					
General government	$ 14,068,127	$ 5,289,088	$ 543,786	$ -	$ (8,235,253)
Public safety	23,820,259	5,587,200	423,423	289,321	(17,520,315)
Public works	16,811,137	7,475,742	513,288	2,823,405	(5,998,702)
Culture and recreation	10,422,351	4,074,232	624,415	-	(5,723,704)
Community development	4,891,704	714,715	3,817,253	-	(359,736)
Interest on long-term debt	1,581,846	-	-	-	(1,581,846)
Total Governmental Activities	71,595,424	23,140,977	5,922,165	3,112,726	(39,419,556)
Business-Type Activities:					
Electric	62,408,788	62,622,315	-	833,098	1,046,625
Airport	20,288,983	19,030,728	-	6,508,327	5,250,072
Nonmajor	19,931,149	21,464,113	-	90,077	1,623,041
Total Business-Type Activities	102,628,920	103,117,156	-	7,431,502	7,919,738
Total Primary Government	$ 174,224,344	$ 126,258,133	$ 5,922,165	$ 10,544,228	(31,499,818)
Component Units:					
Burlington School District	$ 85,982,558	$ 1,184,805	$ 31,326,772	$ -	$ (53,470,981)
Burlington Community					-
Development Corporation	349,284	364,000	-	-	14,716
Total component units	$ 86,331,842	$ 1,548,805	$ 31,326,772	$ -	$ (53,456,265)

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, 2015

(continued)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Change in Net Position				
Net (expenses) revenue from previous page	$ (39,419,556)	$ 7,919,738	$ (31,499,818)	$ (53,456,265)
General Revenues:				
Property taxes	33,054,429	-	33,054,429	-
Gross receipts taxes	3,665,158	-	3,665,158	-
Local option sales tax	2,179,587	-	2,179,587	-
Payments in lieu of taxes	2,395,762	-	2,395,762	-
Franchise fees	2,128,227	-	2,128,227	-
Impact fees	349,714	-	349,714	-
Interest and penalties on delinquent taxes	356,550	-	356,550	-
General state support	-	-	-	55,356,925
Unrestricted investment earnings	100,725	127,214	227,939	654,321
Dividends from associated companies	-	3,128,753	3,128,753	-
Other revenues	1,175,521	429,794	1,605,315	2,842,573
Additions to permanent funds	67,115	-	67,115	-
Transfers, net	28,921	(28,921)	-	-
Total general revenues, additions to permanent funds and transfers	45,501,709	3,656,840	49,158,549	58,853,819
Change in Net Position	6,082,153	11,576,578	17,658,731	5,397,554
Net Position:				
Beginning of year, as restated	68,255,174	202,639,654	270,894,828	6,782,901
End of year	$ 74,337,327	$ 214,216,232	$ 288,553,559	$ 12,180,455

CITY OF BURLINGTON, VERMONT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2015

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 6,546,406	$ 14,489,104	$ 21,035,510
Investments	2,106,063	100,000	2,206,063
Receivables, net of allowance for uncollectibles:			
Property and other taxes	1,888,502	-	1,888,502
Departmental and other	1,945,719	1,537,678	3,483,397
Intergovernmental	87,708	2,437,245	2,524,953
Notes and loans receivable	-	4,785,455	4,785,455
Accrued interest receivable	-	1,054,720	1,054,720
Advances to other funds	1,983,605	-	1,983,605
Inventory	191,525	255,156	446,681
Prepaid expenditures	146,774	197	146,971
Other current assets	316,607	-	316,607
Due from component unit	-	353,741	353,741
TOTAL ASSETS	$ 15,212,909	$ 25,013,296	$ 40,226,205
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 1,327,096	$ 3,124,056	$ 4,451,152
Accrued payroll and benefits payable	1,043,743	85,056	1,128,799
Accrued liabilities	336,379	114,931	451,310
Unearned revenue	1,770,061	25,000	1,795,061
Due to component unit	107,895	-	107,895
Advances from other funds	-	1,983,605	1,983,605
Insurance reserve	500,000	-	500,000
Other liabilities	50,579	100,790	151,369
TOTAL LIABILITIES	5,135,753	5,433,438	10,569,191
Deferred Inflows of Resources	1,825,659	8,299,792	10,125,451
Fund Balances:			
Nonspendable	2,321,904	1,164,508	3,486,412
Restricted	17,265	9,508,362	9,525,627
Committed	1,624,950	2,508,603	4,133,553
Unassigned	4,287,378	(1,901,407)	2,385,971
TOTAL FUND BALANCES	8,251,497	11,280,066	19,531,563
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 15,212,909	$ 25,013,296	$ 40,226,205

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, 2015

Total governmental fund balances	$	19,531,563
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		126,353,143
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.		10,125,451
• Long-term receivable from Vermont Municipal Bond Bank for general obligation bond drawdowns.		5,956,193
• 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 and loss on refunding		(46,712,573)
Capital lease payable		(1,086,318)
Compensated absenses payable		(2,047,151)
Insurance reserves, long-term		(3,287,037)
Net other post-employment benefits payable		(963,051)
Net pension obligation, net of related deferred outflows and inflows		(33,252,891)
Accrued interest on long-term obligations		(280,002)
Net position of governmental activities	$	74,337,327

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, 2015

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	$ 32,911,176	$ 5,859,283	$ 38,770,459
Payments in lieu of taxes	2,395,762	-	2,395,762
Licenses and permits	3,739,704	127,229	3,866,933
Intergovernmental	2,173,036	6,544,775	8,717,811
Charges for services	14,811,677	6,970,253	21,781,930
Investment income	93,192	7,533	100,725
Loan repayments	-	122,544	122,544
Other	153,629	1,076,783	1,230,412
Total Revenues	56,278,176	20,708,400	76,986,576
Expenditures:			
Current:			
General government	10,916,573	241,632	11,158,205
Public safety	24,650,066	18,129	24,668,195
Public works	4,093,595	5,361,855	9,455,450
Culture and recreation	9,727,811	1,896,287	11,624,098
Community development	2,316	4,078,807	4,081,123
Capital outlay	-	9,483,616	9,483,616
Debt service:			
Principal	2,424,319	948,783	3,373,102
Interest and bond issue costs	1,204,247	364,022	1,568,269
Total Expenditures	53,018,927	22,393,131	75,412,058
Excess (deficiency) of revenues over (under) expenditures	3,259,249	(1,684,731)	1,574,518
Other Financing Sources (Uses):			
Issuance of bonds and loans	-	5,934,807	5,934,807
Proceeds from capital lease	483,768	199,950	683,718
Transfers in	151,768	4,211,782	4,363,550
Transfers out	(635,911)	(3,698,718)	(4,334,629)
Total Other Financing Sources (Uses)	(375)	6,647,821	6,647,446
Net change in fund balances	3,258,874	4,963,090	8,221,964
Fund Balances, at Beginning of Year, as reclassified	4,992,623	6,316,976	11,309,599
Fund Balances, at End of Year	$ 8,251,497	$ 11,280,066	$ 19,531,563

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, 2015

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ 8,221,964
• 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:	
Capital outlay purchases	8,625,809
Depreciation	(6,304,472)
Loss on disposal of capital assets	(69,320)
• 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.	(632,881)
• 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:	
Issuance of debt	(5,934,807)
Issuance of capital leases	(683,718)
Repayments of debt	3,237,646
Bond premium, discount, and other adjustments	12,223
• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(13,581)
• 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.	
Net pension obligation, net of related deferred outflows & inflows	895,933
Compensated absences	(59,044)
Net OPEB obligation	(87,930)
Insurance reserves	(1,125,669)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 6,082,153

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, 2015

	Budgeted Amounts		Adjusted	
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues and other sources:				
Taxes and special assessments	$ 30,200,738	$ 30,200,738	$ 30,731,589	$ 530,851
Local option sales tax	2,100,000	2,100,000	2,179,587	79,587
Payments in lieu of taxes	2,205,375	2,205,375	2,395,762	190,387
Licenses and permits	4,117,000	4,117,000	3,739,704	(377,296)
Intergovernmental	1,836,338	2,865,319	2,173,036	(692,283)
Charges for services	13,740,036	13,842,069	14,811,677	969,608
Investment income	60,000	60,000	93,192	33,192
Transfers in	(50,000)	74,745	151,768	77,023
Other	125,500	150,040	153,629	3,589
Total Revenues and Other Sources	54,334,987	55,615,286	56,429,944	814,658
Expenditures and other uses:				
General administration	11,275,801	11,587,475	10,916,577	670,898
Safety services	24,450,767	25,320,128	24,650,066	670,062
Public works	3,756,950	3,751,950	3,609,827	142,123
Culture and recreation	9,915,953	10,138,542	9,727,811	410,731
Community development	-	-	2,316	(2,316)
Debt service	4,221,011	4,238,748	3,628,562	610,186
Transfers out	704,688	704,688	635,911	68,777
Total Expenditures and Other Uses	54,325,170	55,741,531	53,171,070	2,570,461
Excess (deficiency) of revenues and other sources over expenditures and other uses	$ 9,817	$ (126,245)	$ 3,258,874	$ 3,385,119

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

CITY OF BURLINGTON, VERMONT

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2015

	Business-Type Activities Enterprise Funds			
	Electric	Airport	Nonmajor Enterprise Funds	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Current:				
Cash and cash equivalents	$ 13,424,653	$ 2,442,260	$ 2,885,120	$ 18,752,033
Restricted investments	650,256	-	-	650,256
Receivables, net of allowance for uncollectibles:				
User fees	5,081,316	1,217,605	2,547,213	8,846,134
Intergovernmental	-	2,543,938	208,823	2,752,761
Estimated unbilled revenues	2,051,877	322,534	1,054,739	3,429,150
Due from Burlington Community Development Corporation - current	-	67,941	-	67,941
Inventory	5,354,448	266,194	616,623	6,237,265
Prepaid expenses	-	-	76,399	76,399
Other current assets	1,025,690	15	5,000	1,030,705
Total current assets	27,588,240	6,860,487	7,393,917	41,842,644
Noncurrent:				
Restricted cash	-	10,019,771	1,797,612	11,817,383
Restricted investments	5,278,599	2,223,528	-	7,502,127
Due from Burlington Community Development Corporation - long-term	-	804,091	-	804,091
Investment in associated companies	25,990,556	-	-	25,990,556
Regulatory assets and other prepaid charges	3,089,081	-	-	3,089,081
Capital assets:				
Land and construction in progress	2,140,679	58,087,086	1,271,961	61,499,726
Intangible asset	-	-	6,549,636	6,549,636
Capital assets, net of accumulated depreciation	96,790,316	92,694,374	39,658,452	229,143,142
Total noncurrent assets	133,289,231	163,828,850	49,277,661	346,395,742
TOTAL ASSETS	160,877,471	170,689,337	56,671,578	388,238,386
Deferred Outflow of Resources	1,648,091	802,967	1,052,475	3,503,533
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 162,525,562	$ 171,492,304	$ 57,724,053	$ 391,741,919

(continued)

(continued)

	Business-Type Activities Enterprise Funds			
	Electric	Airport	Nonmajor Enterprise Funds	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
LIABILITIES:				
Current:				
Accounts payable	$ 2,892,529	$ 1,587,993	$ 1,046,582	$ 5,527,104
Accrued payroll and benefits payable	-	74,146	83,352	157,498
Accrued interest	-	897,879	-	897,879
Unearned revenue	-	1,331,516	445,427	1,776,943
Other current liabilities	4,076,975	13,415	428,934	4,519,324
Payable from restricted assets:				
Deposits with bond trustees	650,256	-	-	650,256
Current portion of long-term liabilities:				
General obligation bonds payable	2,256,428	-	-	2,256,428
Revenue bonds payable	1,385,000	1,842,077	903,345	4,130,422
Note payable	-	-	8,485	8,485
Capital leases payable	-	150,798	182,781	333,579
Total current liabilities	11,261,188	5,897,824	3,098,906	20,257,918
Noncurrent:				
General obligation bonds payable	44,913,785	-	-	44,913,785
Revenue bonds payable	29,109,822	38,557,770	15,566,453	83,234,045
Long term note payable	-	-	219,521	219,521
Capital leases payable	-	647,110	5,853,608	6,500,718
Compensated absences payable	1,176,301	200,047	307,781	1,684,129
Net OPEB obligation	224,099	126,442	216,318	566,859
Net pension liability	9,427,247	1,278,506	2,068,609	12,774,362
Regulatory liabilities	5,466,563	-	-	5,466,563
Other noncurrent liabilities	117,250	-	-	117,250
Total noncurrent liabilities	90,435,067	40,809,875	24,232,290	155,477,232
TOTAL LIABILITIES	101,696,255	46,707,699	27,331,196	175,735,150
Deferred Inflows of Resources	1,391,757	152,323	246,457	1,790,537
NET POSITION:				
Net investment in capital assets	38,240,833	109,583,705	24,805,196	172,629,734
Restricted:				
For debt service/renewal and replacements/capital projects	-	12,243,299	-	12,243,299
For contingency reserve	-	-	1,433,426	1,433,426
For revenue fund		-	364,186	364,186
Deposits with bond trustees	5,278,599	-	-	5,278,599
Unrestricted	15,918,118	2,805,278	3,543,592	22,266,988
TOTAL NET POSITION	59,437,550	124,632,282	30,146,400	214,216,232
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 162,525,562	$ 171,492,304	$ 57,724,053	$ 391,741,919

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, 2015

	Business-Type Activities Enterprise Funds			
	Electric	Airport	Nonmajor Enterprise Funds	Total
Operating Revenues:				
Charges for services	$ 47,726,819	$ 16,494,977	$ 21,920,695	$ 86,142,491
Intergovernmental	-	144,871	23,553	168,424
Miscellaneous	14,895,496	-	249,873	15,145,369
Total Operating Revenues	62,622,315	16,639,848	22,194,121	101,456,284
Operating Expenses:				
Personnel	-	3,677,473	5,953,479	9,630,952
Nonpersonnel	-	8,323,633	9,831,015	18,154,648
Electric department	52,411,282	-	-	52,411,282
Depreciation and amortization	4,608,670	5,809,621	2,742,850	13,161,141
Payments in lieu of taxes	-	-	1,403,805	1,403,805
Total Operating Expenses	57,019,952	17,810,727	19,931,149	94,761,828
Operating Income (Loss)	5,602,363	(1,170,879)	2,262,972	6,694,456
Nonoperating Revenues (Expenses):				
Dividends from associated companies	3,128,753	-	-	3,128,753
Passenger facility charges	-	2,390,880	-	2,390,880
Investment income	72,899	54,186	129	127,214
Other income/expense - net	201,265	249,261	(20,732)	429,794
Interest income/expense - net	(3,218,784)	(2,478,256)	(730,008)	(6,427,048)
Gain/loss on disposal of capital assets	(233,469)	-	-	(233,469)
Total Nonoperating Revenues (Expenses)	(49,336)	216,071	(750,611)	(583,876)
Income Before Contributions and Transfers	5,553,027	(954,808)	1,512,361	6,110,580
Capital contributions	833,098	6,508,327	90,077	7,431,502
Payment in lieu of taxes	(1,936,583)	-	-	(1,936,583)
Transfers out	-	-	(28,921)	(28,921)
Change in Net Position	4,449,542	5,553,519	1,573,517	11,576,578
Net Position at Beginning of Year, as restated	54,988,008	119,078,763	28,572,883	202,639,654
Net Position at End of Year	$ 59,437,550	$ 124,632,282	$ 30,146,400	$ 214,216,232

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, 2015

	Electric	Airport	Nonmajor Enterprise Funds	Total
Cash Flows From Operating Activities:				
Receipts from customers and users	$ 47,245,968	$ 16,433,013	$ 21,622,870	$ 85,301,851
Receipts of operating grants	-	144,871	23,553	168,424
Receipts for interfund services	-		242,617	242,617
Other receipts	16,198,822	327,614	-	16,526,436
Payments to suppliers	(40,211,890)	(8,574,044)	(9,708,171)	(58,494,105)
Payments for wages and benefits	-	(3,564,240)	(5,841,425)	(9,405,665)
Payment in lieu of taxes	-	-	(1,403,805)	(1,403,805)
Payments for other expenses	(11,734,130)	(488,206)	-	(12,222,336)
Net Cash Provided by Operating Activities	11,498,770	4,279,008	4,935,639	20,713,417
Cash Flows From Noncapital Financing Activities:				
Other income, net	201,265	-	135,970	337,235
Payment in lieu of taxes	(1,936,583)	-	-	(1,936,583)
Receipt from loan receivable from BCDC	-	65,941	-	65,941
Decrease in advances from other funds	-	-	(163,169)	(163,169)
Receipt/(payment) of interfund transfers	-	-	(28,921)	(28,921)
Interest paid on cash deficit to general fund	-	(21,979)	-	(21,979)
Net Cash Provided/(Used) by Noncapital Financing Activities	(1,735,318)	43,962	(56,120)	(1,747,476)
Cash Flows From Capital and Related Financing Activities:				
Proceeds from bonds, notes & leases payable	20,820,000	-	112,713	20,932,713
Proceeds from issuance of refunding debt	-	15,660,000	-	15,660,000
Proceeds from premium	-	1,906,637	-	1,906,637
Payment to defease revenue bond	-	(17,580,000)	-	(17,580,000)
Acquisition and construction of capital assets	(24,732,961)	(6,826,833)	(1,695,744)	(33,255,538)
Proceeds from sale of capital assets	16,031	-	-	16,031
Capital grants/contributions	833,098	5,290,570	90,077	6,213,745
Passenger facility charges	-	2,390,880	-	2,390,880
Payments to CitiCapital	-	-	(163,354)	(163,354)
Settlement charges	-	-	(1,000,000)	(1,000,000)
Principal Paid on:				
General obligation bonds	(16,039,287)	-	-	(16,039,287)
Revenue bonds		(2,160,000)	(893,109)	(3,053,109)
Capital lease obligations	-	(280,521)	(120,702)	(401,223)
Interest paid on outstanding debt, including issue costs	(3,772,548)	(2,475,762)	(731,141)	(6,979,451)
Net Cash Used by Capital and Related Financing Activities	(22,875,667)	(4,075,029)	(4,401,260)	(31,351,956)
Cash Flows From Investing Activities:				
Net (additions)/reductions to restricted cash and investments	13,181,604	700,306	(1,439,257)	12,442,653
Purchase of investment in associated companies	(1,717,200)	-	-	(1,717,200)
Receipt of interest & dividends	3,636,343	54,186	694	3,691,223
Net Cash Provided/(Used) by Investing Activities	15,100,747	754,492	(1,438,563)	14,416,676
Net Increase/(Decrease) in Cash	1,988,532	1,002,433	(960,304)	2,030,661
Cash and cash equivalents at beginning of year	11,436,121	1,439,827	3,845,424	16,721,372
Cash and cash equivalents at end of year	$ 13,424,653	$ 2,442,260	$ 2,885,120	$ 18,752,033

(continued)

(continued)

		Electric	Airport	Nonmajor Enterprise Funds	Total
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:					
Operating income/(loss)	$	5,602,363	$ (1,170,879)	$ 2,262,972	$ 6,694,456
Depreciation and amortization		4,917,644	5,809,621	2,742,850	13,470,115
Other operating net revenues and expenses		-	(101,161)	-	(101,161)
(Increase)/decrease in receivables		(757,991)	(161,947)	(314,512)	(1,234,450)
(Increase)/decrease in unbilled revenues		361,848	32,283	(19,339)	374,792
(Increase)/decrease in inventory		(581,383)	(15,656)	(27,642)	(624,681)
(Increase)/decrease in prepaids		-	4,583	-	4,583
(Increase)/decrease in notes receivable		1,070,000	-	-	1,070,000
Increase/(decrease) in accounts payable		(1,846,706)	(236,730)	(90,967)	(2,174,403)
Increase/(decrease) in customer deposits		-	-	10,699	10,699
Increase/(decrease) in accrued payroll and benefits		-	32,505	34,185	66,690
Increase/(decrease) in accrued liabilities		-	(2,608)	256,281	253,673
Increase/(decrease) in deferred charges		891,690		18,074	909,764
Increase/(decrease) in compensated absences		-	3,746	(5,098)	(1,352)
Increase/(decrease) in other post employment benefits liability		-	23,000	15,600	38,600
Increase/(decrease) in net pension liability and related deferred inflow/outflow		(542,501)	53,982	67,367	(421,152)
Increase/(decrease) in unearned revenue		-	8,269	-	8,269
Increase/(decrease) in other operating assets/liabilities		2,383,806	-	(14,831)	2,368,975
Net Cash Provided by Operating Activities	$	11,498,770	$ 4,279,008	$ 4,935,639	$ 20,713,417
Statement of noncash transactions:					
Sale-leaseback financing of settlement liability	$	-	$ -	$ 6,000,000	$ 6,000,000
Vehicles acquired under capital lease financing	$	-	$ -	$ 83,378	$ 83,378

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

CITY OF BURLINGTON, VERMONT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2015

	Pension Trust Fund	Private Purpose Trust Funds
ASSETS		
Cash and cash equivalents	$ 1,309,836	$ 37,818
Investments	160,078,935	-
Reimbursement receivable	399,890	-
Total Assets	161,788,661	37,818
LIABILITIES		
Accounts payable	70,736	-
Accrued payroll	820	-
Compensated absences	1,116	-
Due to primary government	132	-
Total Liabilities	72,804	-
NET POSITION		
Held in trust for:		
Employees' pension benefits	161,715,857	-
Individuals and organizations	-	37,818
Total Net Position	$ 161,715,857	$ 37,818

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, 2015

	Pension Trust Fund	Private Purpose Trust Funds
Additions:		
Contributions:		
Employer - pension	$ 8,840,768	$ -
Plan members	2,167,652	-
Total Contributions	11,008,420	-
Investment earnings:		
Interest and dividends	5,358,291	-
Net increase in the fair value of investments	(5,206,163)	5
Total Investment Earnings	152,128	5
Less Investment Expenses	(709,485)	-
Net Investment Earnings	(557,357)	5
Total Additions	10,451,063	5
Deductions:		
Benefits - pension	12,686,561	-
Benefits - FICA	(5,579)	-
Benefits - post employment health	(78,330)	-
Administrative expenses	306,795	-
Total deductions	12,909,447	-
Change in net position	(2,458,384)	5
Net position:		
Beginning of year	164,174,241	37,813
End of year	$ 161,715,857	$ 37,818

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

CITY OF BURLINGTON, VERMONT

COMPONENT UNITS

STATEMENT OF NET POSITION

JUNE 30, 2015

	Burlington School District	Burlington Community Development Corporation	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS:			
Current:			
Cash and cash equivalents	$ 8,472,568	$ 17,146	$ 8,489,714
Investments	200,938	-	200,938
Receivables, net of allowance for uncollectibles:			
Intergovernmental	3,406,668	-	3,406,668
Other	283,919		283,919
Capital lease receivable	-	94,256	94,256
Due from primary government	107,895	-	107,895
Inventory	21,753	-	21,753
Prepaid expenses	8,250	-	8,250
Other current assets	-	3,758	3,758
Total current assets	12,501,991	115,160	12,617,151
Noncurrent:			
Capital lease receivable	-	1,553,608	1,553,608
Capital assets:			
Land and construction in progress	2,299,751	492,645	2,792,396
Capital assets, net of accumulated depreciation	39,756,957	4,117,473	43,874,430
Total noncurrent assets	42,056,708	6,163,726	48,220,434
TOTAL ASSETS	54,558,699	6,278,886	60,837,585
Deferred Outflows of Resources	1,190,910	245,907	1,436,817
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 55,749,609	$ 6,524,793	$ 62,274,402

(continued)

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	Burlington School District	Burlington Community Development Corporation	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
LIABILITIES:			
Current:			
Accounts payable	$ 1,945,581	$ -	$ 1,945,581
Accrued expenses	1,213,936	-	1,213,936
Accrued interest payable	191,784	-	191,784
Due to primary government	-	133,354	133,354
Other liabilities	-	3,753	3,753
Current portion of long-term liabilities:			
General obligation bonds payable	954,286	233,071	1,187,357
Capital leases payable	50,735	-	50,735
Compensated absences	250,000	-	250,000
Total current liabilities	4,606,322	370,178	4,976,500
Noncurrent:			
Due to primary government	-	1,092,419	1,092,419
General obligation bonds and other debt payable	27,055,701	3,847,528	30,903,229
Revenue bonds payable	-	-	-
Capital leases payable	26,626	-	26,626
Compensated absences payable	2,375,334	-	2,375,334
Net OPEB obligation	2,018,658	-	2,018,658
Net pension liability	6,458,116	-	6,458,116
Other	426,476	-	426,476
Total noncurrent liabilities	38,360,911	4,939,947	43,300,858
TOTAL LIABILITIES	42,967,233	5,310,125	48,277,358
Deferred Inflows of Resources	1,816,589	-	1,816,589
NET POSITION:			
Net investment in capital assets	13,969,360	11,141,715	25,111,075
Restricted:			
For education	646,896	-	646,896
Unrestricted	(3,650,469)	(9,927,047)	(13,577,516)
TOTAL NET POSITION	10,965,787	1,214,668	12,180,455
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 55,749,609	$ 6,524,793	$ 62,274,402

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

CITY OF BURLINGTON, VERMONT

COMPONENT UNITS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Burlington School District	Burlington Community Development Corporation	Total
Burlington School District							
Educational	$ 83,135,170	$ 1,184,805	$ 31,326,772	$ -	$ (50,623,593)	$ -	$ (50,623,593)
Interest on long-term debt	1,422,614	-	-	-	(1,422,614)	-	(1,422,614)
Unallocated depreciation	1,424,774	-	-	-	(1,424,774)	-	(1,424,774)
Total Burlington School District	85,982,558	1,184,805	31,326,772	-	(53,470,981)	-	(53,470,981)
Burlington Community Development Corporation							
Cost of services	32,024	364,000	-	-	-	331,976	331,976
Interest on long-term debt	210,011	-	-	-	-	(210,011)	(210,011)
Depreciation	107,249	-	-	-	-	(107,249)	(107,249)
Total Burlington Community Development Corporation	349,284	364,000	-	-	-	14,716	14,716
Total component units	$ 86,331,842	$ 1,548,805	$ 31,326,772	$ -	(53,470,981)	14,716	(53,456,265)
General Revenues:							
General state support					55,356,925	-	55,356,925
Unrestricted investment earnings					599,184	55,137	654,321
Miscellaneous					2,790,470	52,103	2,842,573
Total general revenues					58,746,579	107,240	58,853,819
Change in Net Position					5,275,598	121,956	5,397,554
Net Position:							
Beginning of year, as restated					5,690,189	1,092,712	6,782,901
End of year					$ 10,965,787	$ 1,214,668	$ 12,180,455

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

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

1. Summary of Significant Accounting Policies

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

A. *The Financial Reporting Entity*

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

Burlington Community Development Corporation – the organization's primary purpose is to carry out the industrial and economic development of the City of Burlington, including specifically the development of businesses located, or to be located, on lands owned by the City of Burlington at the Burlington International Airport. As such, the purposes of the Corporation shall include fostering, encouraging and assisting the physical location of business enterprises in the Greater Burlington area and otherwise fulfilling the purposes of a "local development corporation". The Board of Directors of the

Burlington Community Development Corporation must be members of the City of Burlington's Board of Finance.

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.

Excluded are organizations such as the Chittenden County Transportation Authority, Burlington Housing Authority, Chittenden County Government, the Winooski Valley Park District, the Friends of Fletcher Free Library, the Burlington City Arts Foundation, Burlington Schools Foundation, and the Chittenden Solid Waste District, since after considering all factors related to oversight responsibility, the City has concluded they are not part of the reporting entity.

B. *Basis of Presentation*

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

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

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

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

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

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

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

The City reports on the following major governmental funds:

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

The City reports on the following major Enterprise funds:

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

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

Additionally, the City reports the following fund types:

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

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

C. *Measurement Focus*

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

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

D. *Basis of Accounting*

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

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

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

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

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

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

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

E. *Cash and Short-Term Investments*

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

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

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

F. *Investments*

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

Investments for the Trust Funds consist of marketable securities, bonds, and short-term money market investments. Investments are carried at fair value.

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 5.13% 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, 2015, the Department purchased 75,557 Class A units and 96,163 Class B units in VT Transco LLC for a cost of $1,717,200.

Schedule of Ownership in Associated Companies

	FY 15
Velco, Class B Common Stock	$ 1,403,800
Velco, Class C Common Stock	39,200
Velco, Class C Preferred Stock	11,196
VT Transco, LLC, A Units	10,796,000
VT Transco, LLC, B Units	13,740,360
	$ 25,990,556

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*

Capital assets, which include property, plant, equipment, and infrastructure assets, (for enterprise funds only) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life of five years or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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:

	Capitalization Threshold	Estimated Service Life
Land	$ -	N/A
Construction in Progress	-	N/A
Antiques and Works of Art	10,000	N/A
Land Improvements	25,000	30 years
Buildings and Building Improvements	20,000	25-150 years
Vehicles, Machinery, Equipment and Furniture	various	3-15 years
Computer Equipment - Hardware and Software	10,000	5-15 years
Book Collections	10,000	5 years
Infrastructure	50,000	10-40 years
Distribution, Production and Collection Systems	10,000	10-100 years
Intangible asset	-	20 years

The Electric Department has recorded its ownership in jointly owned facilities as capital assets. The associated operating costs allocated to the Electric Department are classified in their respective expense categories.

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. The Electric Department depreciates the McNeil & Highgate Converter Stations using the straight-line method. However, only a portion of the current depreciation is recoverable through future rates. The difference is included in deferred depreciation and will be recovered through future rates.

L. *Nonutility Property*

In 1986, land along the Winooski River was purchased at a cost of $775,600 from a neighboring utility for the development of the Chace Mill hydroelectric project. Although the Department incurred various engineering and other related costs in investigating the feasibility of pursuing this project, the Department declined to move forward. In 1991, under a long-term agreement, the land and land rights were leased to the Winooski One Partnership for the construction of the Winooski One hydroelectric facility. That lease agreement was terminated as of August 31, 2014 with the Department's purchase of the Winooski One Hydroelectric facility. In addition, the $775,600 that was Nonutility property has been reclassified to capital assets as part of the Winooski One hydroelectric plant purchase.

M. *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 allow 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 by McNeil. At the end of every quarter, an affidavit is signed stating whether or not McNeil's emissions out 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. Connecticut Class 1 RECs are one of the more valuable REC products in New England and REC sales from McNeil are expected to continue to be a significant revenue source for the Department. Sales are recorded as revenue upon delivery of the RECs to the customer.

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

The Department planning staff monitors McNeil and Vermont Wind output levels, 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 will 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 an auction structure, through broker-initiated transactions, or through direct placement with entities who need the RECs to comply with various New England statutes. The Department enters into agreements to sell these RECs for both the current year's generation and future years' production.

N. *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, 2015.

O. *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.

P. *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.

Q. *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.

R. 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 and current liabilities. 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 are either unspendable in the current form (i.e., inventory or prepaid items) or can never be spent (i.e., perpetual care).
2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended.
3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government (i.e., the City Council).
4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance voted to be used in the subsequent fiscal year.
5) Unassigned funds are available to be spent in future periods.

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 represent the difference between assets and liabilities. 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.

S. 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 l, 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.

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.

City General Fund	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Revenues/expenditures (GAAP Basis)	$ 56,278,176	$ 53,018,927
Other financing sources/uses (GAAP Basis)	635,536	635,911
Reverse gross up of capital leases	(483,768)	(483,768)
Budgetary Basis	$ 56,429,944	$ 53,171,070

E. *Deficit Fund Equity*

The following funds had unassigned fund balance deficits as of June 30, 2015:

Non-major Governmental funds:	
Special Revenue funds:	
Church St. Marketplace	$ (105,469)
Dedicated taxes	(43,997)
Capital Project funds:	
Waterfront Access	(1,423,089)
Wayfinding	(28,742)
FEMA	(285,425)
Downtown Westlake	(11,132)
Other	(3,553)
Total	$ (1,901,407)

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

3. Cash and Cash Equivalents

The custodial credit risk for current operating deposits is the risk that in the event of a bank failure, the City’s deposits may not be recovered. The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. The deposits at June 30, 2015 totaled $40,456,286, of which $26,298,984 were insured or collateralized by the FDIC and the FHLB Pittsburgh letter of credit up to $25,500,000. At June 30, 2015, $26,928,537 remains uncollateralized and exposed to custodial credit risk.

4. Investments

City

A. 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.

Presented below is the actual rating as of year-end of the City (excluding BED and BERS):

Investment Type	Fair Value	Maturity in Years: Less than 1	1 - 5	6 - 10
U.S. Treasury notes	$ 2,223,528	$ -	$ 743,558	$ 1,479,970
Certificates of deposit	2,206,063	450,493	1,755,570	-
Total investments	$ 4,429,591	$ 450,493	$ 2,499,128	$ 1,479,970

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 City does not have policies for custodial credit risk.

C. Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. Investments in any one issuer (other than U.S. Treasury securities) that represents 5% or more of City investments are as follows:

Bank	Investment Type	Amount
KeyBanc Capital Markets	Certificate of deposit	$ 250,493
KeyBanc Capital Markets	Certificate of deposit	$ 250,933
KeyBanc Capital Markets	Certificate of deposit	$ 251,120
KeyBanc Capital Markets	Certificate of deposit	$ 251,160
KeyBanc Capital Markets	Certificate of deposit	$ 250,508
KeyBanc Capital Markets	Certificate of deposit	$ 249,968
KeyBanc Capital Markets	Certificate of deposit	$ 250,385
KeyBanc Capital Markets	Certificate of deposit	$ 251,500

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. 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.

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 City does not have any such investments, or policies for foreign currency risk.

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 - Investments*

Concentration of credit risk of investments is the risk of loss attributable to the magnitude of a government's investment in a single issuer. The Electric Department invests its current operating cash in three money market accounts with TD Bank and its restricted noncurrent funds in several money market accounts with its bond trustees (US Bank and Peoples United), which exceed 49% of the total investment balance at June 30, 2015. The invested balance of current money market funds at June 30, 2015 was $5,304,272. The invested balance on noncurrent money market funds at June 30, 2015 was $3,208,247.

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, 2015 (all of which are restricted by Bond resolution) are presented below by investment type, and debt securities are presented by maturity.

	Fair	Maturity in Years		
Investment Type	Value	Less than 1	1 - 2	2 - 3
Money market	$ 3,208,247	$ 3,208,247	$ -	$ -
Certificates of deposit	2,714,000	-	1,000,000	1,714,000
Total investments	$ 5,922,247	$ 3,208,247	$ 1,000,000	$ 1,714,000

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:

	6/30/15
Bond funds:	
Renewal and replacement fund	$ 996,671
Debt service fund	2,201,437
Debt service reserve fund	2,724,139
	5,922,247
Accrued interest receivable	6,608
Total	$ 5,928,855

Burlington Employees Retirement System

A. *Credit Risk*

Presented below are the System's investment types, which are exempt from the credit risk disclosure:

Investment Type		Fair Value
State investment pool*	$	153,697,633
Private equities		6,381,302
Total investments	$	160,078,935

*Fair value is the same as the value of the pool share. The Vermont Pension Investment Committee (VPIC) was established by Act of the Vermont Legislature (Acts 2005, No. 215 [Adj. Sess.], as amended by Acts of 2007, No. 100 [Adj. Sess.]) to combine the assets of the State Teachers' Retirement System of Vermont, the Vermont State Employees' Retirement System, and the Vermont Municipal Employees' Retirement System for the purpose of (i) investment in a manner that is more cost and resource efficient; (ii) improving the effectiveness of the oversight and management of the assets of the Retirement Systems; and (iii) maintaining the actuarial accounting, and asset allocation integrity of the Retirement systems. Subsequent legislation (Acts of 2005, No. 50) authorized the VPIC to enter into agreements with municipalities administering their own retirement systems to invest retirement funds for those municipal plans. The VPIC is operated under contract with professional investment managers. All external investment managers shall be retained pursuant to written contracts that delineate their respective responsibilities and performance expectation and include a formal set of investment guidelines and administrative requirements for management of each portfolio. The VPIC shall retain one or more custodian bank or trust institutions to hold the VPIC portfolio. The custodian bank accounts for and assists in the settlement of all transactions executed by VPIC's investment managers and reports to the VPIC and to staff on holdings and transactions of the VPIC portfolio.

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 City and System do not have policies for custodial credit risk.

Of the System's investment in private equities of $6,381,302 and pooled funds of $153,697,633, the System has a custodial credit risk exposure of $160,078,935 because the related securities are uninsured, unregistered, and held by VPIC. The System manages the risk with SIPC, Excess SIPC and because the assets are held in separately identifiable trust accounts. Of the System's total exposure, $153,697,633 is invested in the state investment pool.

C. *Concentration of Credit Risk*

The System does not have an investment in one issuer greater than 5% of total investments, with the exception of VPIC Fund.

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. 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.

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 City and System do not have any such investments, or policies for foreign currency risk.

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, 2015 consist of the following:

Property taxes:	
2015	$ 571,027
2014	136,743
2013	102,934
Prior years	709,697
Gross receipts taxes	534,712
Allowance for doubtful taxes	(166,611)
Total	$ 1,888,502

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, 2015 consist of the following:

	Billed Service Fees	Allowance for Doubtful Fees	Total
Electric	$ 5,386,423	$ (305,108)	$ 5,081,315
Airport	1,243,926	(26,321)	1,217,605
Nonmajor Enterprise Funds:			
Telecom	971,596	(93,333)	878,263
Wastewater	893,761	(3,000)	890,761
Water	686,911	(3,000)	683,911
Stormwater	94,279	-	94,279
Total	$ 9,276,896	$ (430,762)	$ 8,846,134

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.

	Ambulance	Police	Local Option Sales Tax	School PILOT	CEDO	Other	Total
Gross	$ 1,008,045	$ 2,299,725	$ 525,298	$ 486,245	$ 1,443,479	$ 408,448	$ 6,171,240
Less: Allowance for doubtful accounts	(778,137)	(1,826,784)	-	-	-	(82,922)	(2,687,843)
Total	$ 229,908	$ 472,941	$ 525,298	$ 486,245	$ 1,443,479	$ 325,526	$ 3,483,397

8. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2015.

	Governmental Activities	Business-Type Activities	Total
Public safety grants	$ 87,708	$ -	$ 87,708
V.T. municipal bond bank	5,956,193	208,823	6,165,016
Capital project grants	2,437,245	-	2,437,245
Airport improvements	-	2,543,938	2,543,938
Total	$ 8,481,146	$ 2,752,761	$ 11,233,907

9. Notes and Loans Receivables

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

The following is a summary of the major components of notes, loans, and accrued interest receivables at June 30, 2015:

	Governmental Funds
Interest free HODAG loan receivable for Riverside Avenue and Salmon Run dated October 16, 2009 maturing on October 16, 2039.	$ 2,750,000
Less: allowance for doubtful accounts	(2,750,000)
CEDO loans receivable represent loans under Housing and Urban Development programs.	14,647,600
Less: allowance for doubtful accounts	(9,862,145)
Total notes and loans receivable	$ 4,785,455

10. Capital Lease Receivable - BCDC

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

The following is a summary of the major components of capital lease receivables for BCDC at June 30, 2015:

	Component Unit
BCDC capital lease receivable from Westlake Parking, LLC dated 7/26/2007. The annual lease payment is $72,000, including interest at 7% annually, maturing on 7/26/2026 with a lump sum payment of $448,000. The lease requires an annual contribution of $6,000 to a capital reserve fund.	$ 770,791
BCDC 1993 relief bond receivables (3) from Champlain Housing Trust Corporation, offset by bond payable. The total quarterly payments are $21,588 including interest rates between 3.25% - 4.00%, maturing in FY2024 and FY2025.	658,000
BCDC Multi-generational bond receivable from Champlain Housing Trust Corporation, offset by bond payable. The monthly payment is $1,879, maturing on October 1, 2028.	219,073
Total capital leases receivable	1,647,864
Less: amount due within one year	(94,256)
Capital leases receivable, net of current portion	$ 1,553,608

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

Fiscal Year		Principal		Interest		Total
2016	$	94,258	$	86,612	$	180,870
2017		98,401		82,497		180,898
2018		102,744		78,154		180,898
2019		107,289		73,599		180,888
2020		112,076		68,822		180,898
2021-2025		542,550		265,760		808,310
2026-2029		590,546		76,577		667,123
Total	$	1,647,864	$	732,021	$	2,379,885

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, 2015 is as follows:

Fund		Advances to Other Funds		Advances from Other Funds
General fund	$	1,983,605	$	-
Other Nonmajor Governmental funds:				
Community and Economic Development Office		-		1,072,713
Downtown Westlake		-		367,032
FEMA		-		285,426
Church Street Marketplace		-		141,697
Church Street Marketplace		-		87,995
Wayfinding		-		28,742
Total	$	1,983,605	$	1,983,605

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 2015:

Governmental Funds:	Transfers In	Transfers Out
Major funds:		
General fund	$ 151,768	$ 635,911
Nonmajor funds:		
Special Revenue funds:		
Traffic commission	432,529	50,000
Tax increment financing	-	2,979,560
Community and economic development	502,100	330,887
Dedicated taxes	811,928	-
Impact Fees	-	118,118
Church street market place	11,000	-
Capital Project funds:		
Southern connector	9,073	-
Street & sidewalk infrastructure	-	220,153
Waterfront access	1,478,279	-
FEMA	4,977	-
General capital	961,072	-
Wayfinding	824	-
Subtotal Nonmajor Governmental funds	4,211,782	3,698,718
Business-Type Funds:		
Nonmajor funds:		
Wastewater	-	28,921
Subtotal Nonmajor Business-Type funds	-	28,921
Grand Total	$ 4,363,550	$ 4,363,550

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, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 13,680,454	$ -	$ -	$ 13,680,454
Construction in progress	10,107,316	6,026,700	(16,817)	16,117,199
Antiques and works of art	52,000	-	-	52,000
Total capital assets, not being depreciated	23,839,770	6,026,700	(16,817)	29,849,653
Capital assets, being depreciated:				
Land improvements	2,820,015	99,751	-	2,919,766
Buildings and building improvements	52,248,558	45,644	-	52,294,202
Vehicles, machinery, equipment and furniture	21,334,721	1,082,371	(612,127)	21,804,965
Book collections	1,640,326	175,835	-	1,816,161
Infrastructure	113,386,873	1,195,508	-	114,582,381
Total capital assets, being depreciated	191,430,493	2,599,109	(612,127)	193,417,475
Less accumulated depreciation for:				
Land improvements	(1,191,529)	(99,711)	-	(1,291,240)
Buildings and building improvements	(11,321,948)	(744,305)	-	(12,066,253)
Vehicles, machinery, equipment and furniture	(14,810,996)	(1,712,422)	559,624	(15,963,794)
Book collections	(1,135,540)	(195,232)	-	(1,330,772)
Infrastructure	(62,709,124)	(3,552,802)	-	(66,261,926)
Total accumulated depreciation	(91,169,137)	(6,304,472)	559,624	(96,913,985)
Total capital assets, being depreciated, net	100,261,356	(3,705,363)	(52,503)	96,503,490
Governmental activities capital assets, net	$ 124,101,126	$ 2,321,337	$ (69,320)	$ 126,353,143

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities-				
Combined all Enterprise Funds:				
Capital assets, not being depreciated:				
Land	$ 23,495,385	$ 1,963,600	$ -	$ 25,458,985
Construction in progress	30,667,042	11,975,295	(6,601,596)	36,040,741
Total capital assets, not being depreciated	54,162,427	13,938,895	(6,601,596)	61,499,726
Capital assets, being depreciated:				
Land improvements	98,054,295	33,954	-	98,088,249
Buildings and building improvements	85,724,924	117,779	(8,897)	85,833,806
Vehicles, machinery, equipment and furniture	27,631,876	415,902	(4,127,965)	23,919,813
Distribution and collection systems	208,777,085	26,380,685	(524,487)	234,633,283
Intangible asset	6,000,000	980,349	-	6,980,349
Total capital assets, being depreciated	426,188,180	27,928,669	(4,661,349)	449,455,500
Less accumulated depreciation for:				
Land improvements	(44,958,422)	(3,372,650)	-	(48,331,072)
Buildings and building improvements	(29,637,202)	(2,591,324)	148	(32,228,378)
Vehicles, machinery, equipment and furniture	(17,044,562)	(1,198,634)	1,535,668	(16,707,528)
Distribution and collection systems	(109,838,954)	(6,609,956)	383,879	(116,065,031)
Intangible asset	-	(430,713)	-	(430,713)
Total accumulated depreciation	(201,479,140)	(14,203,277)	1,919,695	(213,762,722)
Total capital assets, being depreciated, net	224,709,040	13,725,392	(2,741,654)	235,692,778
Business-type activities capital assets, net	$ 278,871,467	$ 27,664,287	$ (9,343,250)	$ 297,192,504

	Beginning Balance	Increases	Decreases	Ending Balance
Electric Enterprise Fund:				
Capital assets, not being depreciated:				
Land	$ 559,921	$ 775,600	$ -	$ 1,335,521
Construction in progress	1,097,966	6,023,026	(6,315,834)	805,158
Total capital assets, not being depreciated	1,657,887	6,798,626	(6,315,834)	2,140,679
Capital assets, being depreciated:				
Distribution and collection systems	155,447,195	26,177,224	(484,664)	181,139,755
Total capital assets, being depreciated	155,447,195	26,177,224	(484,664)	181,139,755
Less accumulated depreciation for:				
Distribution and collection systems	(79,046,180)	(5,650,809)	347,550	(84,349,439)
Total accumulated depreciation	(79,046,180)	(5,650,809)	347,550	(84,349,439)
Total capital assets, being depreciated, net	76,401,015	20,526,415	(137,114)	96,790,316
Electric Enterprise Fund capital assets, net	$ 78,058,902	$ 27,325,041	$ (6,452,948)	$ 98,930,995

	Beginning Balance	Increases	Decreases	Ending Balance
Airport Enterprise Fund:				
Capital assets, not being depreciated:				
Land	$ 21,878,462	$ 1,188,000	$ -	$ 23,066,462
Construction in progress	29,569,076	5,737,310	(285,762)	35,020,624
Total capital assets, not being depreciated	51,447,538	6,925,310	(285,762)	58,087,086
Capital assets, being depreciated:				
Land improvements	68,135,260	33,954	-	68,169,214
Buildings and building improvements	84,527,975	24,273	-	84,552,248
Vehicles, machinery, equipment and furniture	10,203,361	129,058	-	10,332,419
Total capital assets, being depreciated	162,866,596	187,285	-	163,053,881
Less accumulated depreciation for:				
Land improvements	(30,128,127)	(2,640,348)	-	(32,768,475)
Buildings and building improvements	(29,415,441)	(2,568,858)	-	(31,984,299)
Vehicles, machinery, equipment and furniture	(5,006,318)	(600,415)	-	(5,606,733)
Total accumulated depreciation	(64,549,886)	(5,809,621)	-	(70,359,507)
Total capital assets, being depreciated, net	98,316,710	(5,622,336)	-	92,694,374
Airport Enterprise Fund capital assets, net	$ 149,764,248	$ 1,302,974	$ (285,762)	$ 150,781,460

	Beginning Balance	Increases	Decreases	Ending Balance
Telecom Enterprise Fund:				
Capital assets, not being depreciated:				
Land	$ 157,800	$ -	$ -	$ 157,800
Total capital assets, not being depreciated	157,800	-	-	157,800
Capital assets, being depreciated:				
Buildings and building improvements	1,196,949	11,188	(8,897)	1,199,240
Vehicles, machinery, equipment and furniture	4,086,188	83,378	(4,008,178)	161,388
Intangible asset	6,000,000	980,349	-	6,980,349
Total capital assets, being depreciated	11,283,137	1,074,915	(4,017,075)	8,340,977
Less accumulated depreciation for:				
Buildings and building improvements	(221,761)	(20,820)	148	(242,433)
Vehicles, machinery, equipment and furniture	(1,442,025)	(19,582)	1,430,502	(31,105)
Intangible asset	-	(430,713)	-	(430,713)
Total accumulated depreciation	(1,663,786)	(471,115)	1,430,650	(704,251)
Total capital assets, being depreciated, net	9,619,351	603,800	(2,586,425)	7,636,726
Telecom Enterprise Fund capital assets, net	$ 9,777,151	$ 603,800	$ (2,586,425)	$ 7,794,526

	Beginning Balance	Increases	Decreases	Ending Balance
Wastewater Enterprise Fund:				
Capital assets, not being depreciated:				
Land	$ 847,952	$ -	$ -	$ 847,952
Total capital assets, not being depreciated	847,952	-	-	847,952
Capital assets, being depreciated:				
Land improvements	29,919,035	-	-	29,919,035
Buildings and building improvements	-	82,318	-	82,318
Vehicles, machinery, equipment and furniture	11,952,819	35,985	(36,452)	11,952,352
Distribution and collection systems	17,689,669	-	-	17,689,669
Total capital assets, being depreciated	59,561,523	118,303	(36,452)	59,643,374
Less accumulated depreciation for:				
Land improvements	(14,830,295)	(732,302)	-	(15,562,597)
Buildings and building improvements	-	(1,646)	-	(1,646)
Vehicles, machinery, equipment and furniture	(9,703,199)	(489,897)	32,275	(10,160,821)
Distribution and collection systems	(7,192,440)	(356,209)	-	(7,548,649)
Total accumulated depreciation	(31,725,934)	(1,580,054)	32,275	(33,273,713)
Total capital assets, being depreciated, net	27,835,589	(1,461,751)	(4,177)	26,369,661
Wastewater Enterprise Fund capital assets, net	$ 28,683,541	$ (1,461,751)	$ (4,177)	$ 27,217,613

	Beginning Balance	Increases	Decreases	Ending Balance
Water Nonmajor Enterprise Fund:				
Capital assets, not being depreciated:				
Land	$ 51,250	$ -	$ -	$ 51,250
Construction in progress	-	214,959	-	214,959
Total capital assets, not being depreciated	51,250	214,959	-	266,209
Capital assets, being depreciated:				
Vehicles, machinery, equipment and furniture	1,389,508	167,481	(83,335)	1,473,654
Distribution and collection systems	34,471,223	126,081	(39,823)	34,557,481
Total capital assets, being depreciated	35,860,731	293,562	(123,158)	36,031,135
Less accumulated depreciation for:				
Vehicles, machinery, equipment and furniture	(893,020)	(88,740)	72,891	(908,869)
Distribution and collection systems	(23,499,670)	(562,505)	36,329	(24,025,846)
Total accumulated depreciation	(24,392,690)	(651,245)	109,220	(24,934,715)
Total capital assets, being depreciated, net	11,468,041	(357,683)	(13,938)	11,096,420
Water Enterprise Fund capital assets, net	$ 11,519,291	$ (142,724)	$ (13,938)	$ 11,362,629

	Beginning Balance	Increases	Decreases	Ending Balance
Stormwater Nonmajor Enterprise Fund:				
Capital assets, being depreciated:				
Distribution and collection systems	$ 1,168,998	$ 77,380	$ -	$ 1,246,378
Total capital assets, being depreciated	1,168,998	77,380	-	1,246,378
Less accumulated depreciation for:				
Distribution and collection systems	(100,664)	(40,433)	-	(141,097)
Total accumulated depreciation	(100,664)	(40,433)	-	(141,097)
Total capital assets, being depreciated, net	1,068,334	36,947	-	1,105,281
Other Nonmajor Enterprise Funds capital assets, net	$ 1,068,334	$ 36,947	$ -	$ 1,105,281

Certain amounts in the beginning balance column have been reclassified from amounts reported in the fiscal year 2014 financial statements.

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

Governmental Activities:		
General government	$ 387,745	
Public safety	899,649	
Public works	4,020,094	
Community development	142,728	
Culture and recreation	854,256	
Total depreciation expense - governmental activities	$ 6,304,472	
Business-Type Activities:		
Electric	$ 5,650,809	*
Airport	5,809,621	
Telecom	471,115	
Wastewater	1,580,054	
Water	651,245	
Stormwater	40,433	
Total depreciation expense - business-type activities	$ 14,203,277	

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

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

	Beginning Balance	Increases	Decreases	Ending Balance
Burlington Community Development Corporation:				
Capital Assets, Not Being Depreciated:				
Land	$ 492,645	$ -	$ -	$ 492,645
Total Capital Assets, Not Being Depreciated	492,645	-	-	492,645
Capital Assets, Being Depreciated:				
Buildings	4,690,387	-	-	4,690,387
Total	4,690,387	-	-	4,690,387
Less accumulated depreciation for:				
Buildings	(510,376)	(62,538)	-	(572,914)
Totals	(510,376)	(62,538)	-	(572,914)
Total Capital Assets, Being Depreciated	4,180,011	(62,538)	-	4,117,473
Component Unit Capital Assets, Net	$ 4,672,656	$ (62,538)	$ -	$ 4,610,118

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

	Beginning Balance	Increases	Decreases	Ending Balance
Burlington School District:				
Capital assets, not being depreciated:				
Land	$ 2,251,677	$ -	$ -	$ 2,251,677
Construction in progress	7,206,991	48,074	(7,206,991)	48,074
Total capital assets, not being depreciated	9,458,668	48,074	(7,206,991)	2,299,751
Capital assets, being depreciated:				
Buildings and building improvements	42,667,952	9,050,580	-	51,718,532
Vehicles, machinery, equipment and furniture	6,859,940	202,333	-	7,062,273
Total capital assets, being depreciated	49,527,892	9,252,913	-	58,780,805
Less accumulated depreciation for:				
Buildings and building improvements	(11,907,126)	(1,127,825)	-	(13,034,951)
Vehicles, machinery, equipment and furniture	(5,665,485)	(323,412)	-	(5,988,897)
Total accumulated depreciation	(17,572,611)	(1,451,237)	-	(19,023,848)
Total capital assets, being depreciated, net	31,955,281	7,801,676	-	39,756,957
School capital assets, net	$ 41,413,949	$ 7,849,750	$ (7,206,991)	$ 42,056,708

13. Regulatory Assets and Other Prepaid Charges

Regulatory and other prepaid charges at June 30, 2015 comprise the following:

		Electric Fund
Deferred depreciation expense to be recovered in future years	$	2,258,112
Deferred VPSB accounting orders		400,699
Retirement of meters		430,270
Total	$	3,089,081

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 $5,449,605 for the year ended June 30, 2015. In 2015 $866,933 of deferred depreciation expense was realized. Unamortized deferred depreciation balance of $2,258,112 remained at June 30, 2015.

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 2015, and has been reported as a component of production expense. The unamortized balance at June 30, 2015 is $400,699.

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 $124,527 for 2015.

14. **Deferred Outflows of Resources**

Deferred outflows of resources represent the consumption of net assets by the City that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets.

The following is a summary of deferred outflow of resources balances as of June 30, 2015:

	Entity-wide Basis		Fund Basis		
	Governmental Activities	Business-type Activities	Proprietary Funds Electric	Airport	Nonmajor
Changes in proportional share of pension contributions	$ 150,239	$ 1,165,504	$ -	$ 521,592	$ 643,912
Fiscal year 2015 deferred pension contributions	5,316,132	2,333,705	1,643,767	281,375	408,563
Loss on advanced refunding	18,398	4,324	4,324	-	-
Total deferred outflows	$ 5,484,769	$ 3,503,533	$ 1,648,091	$ 802,967	$ 1,052,475

15. **Accounts Payable and Accrued Expenses**

Accounts payable represent fiscal year 2015 expenditures paid on or after July 1, 2015.

16. **Long-Term Obligations – City of Burlington**

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 storm-water projects. These bonds are both general obligation and revenue supported bonds.

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

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

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

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

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

Unamortized Premiums, Discounts, and Refunding Losses

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

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:

Governmental Activities:	Serial Maturities Through	Interest Rate(s) %	Amount Issued	Amount Outstanding as of 6/30/15
General obligation bonds:				
Fire Equipment Bond 2003A	11/01/2018	3.50 - 4.00%	$ 2,500,000	$ 820,000
General Improvements 2004 Refunding Series B	12/01/2016	2.00 - 3.80%	530,000	85,000
General Improvements 2005 Series A	11/01/2015	3.50 - 3.60%	250,000	30,000
General Improvements 2005 Series B	11/01/2015	3.25 - 3.50%	1,000,000	120,000
General Improvements 2006 Series A	11/01/2026	3.50 - 4.00%	1,000,000	695,000
General Improvements 2007 Series A	11/01/2027	3.50 - 4.25%	1,000,000	740,000
General Improvements 2009 Series C	11/01/2029	2.00 - 4.125%	1,000,000	805,000
General Improvements 2009 Series C	11/01/2029	2.00 - 4.125%	1,000,000	805,000
General Improvements 2009 Series C - Street Impr.	11/01/2029	2.00 - 4.125%	2,250,000	1,825,000
General Improvements 2011 Series A	11/01/2031	3.00 - 4.75%	1,000,000	900,000
General Improvements 2011 Series A - Fire	11/01/2031	3.00 - 4.75%	1,325,000	1,190,000
General Improvements 2011 Series A - Street Paving	11/01/2031	3.00 - 4.75%	3,250,000	2,915,000
General Improvements 2011 Series B	11/01/2031	2.00 - 4.75%	1,000,000	895,000
Public Improvement Bonds 2012 Series A	11/01/2032	5.00%	1,000,000	940,000
Public Improvement Bonds 2012 Series A	11/01/2032	5.00%	2,000,000	1,880,000
Taxable G.O. Bonds 2013 Series A - Fiscal Stability	11/01/2028	3.50 - 5.25%	9,000,000	8,490,000
Public Improvement Bonds 2013 Series B	11/01/2033	4.00 - 6.75%	2,000,000	1,947,143
Public Improvement Bonds 2014 Series A	11/15/2034	0.51 - 3.99%	2,000,000	2,000,000
Total general obligation bonds				27,082,143
Other debt:				
Downtown Parking - Certificate of Participation	12/01/2018	4.30 - 4.80%	5,500,000	1,050,000
Capital Projects - Certificate of Participation	12/01/2020	5.375 - 5.75%	4,100,000	1,720,000
Downtown Parking - Certificate of Participation	05/01/2025	4.0 - 4.375%	7,870,000	5,070,000
HUD Section 108 - US Guaranteed Notes 1999	08/01/2017	5.40 - 6.20%	1,930,000	315,000
HUD Section 108 - US Guaranteed Notes 2003	08/01/2022	3.25%	3,602,000	495,000
HUD Section 108 - US Guaranteed Notes 2005	08/01/2018	variable	1,827,000	800,000
Special Obligation Tax Increment Financing Bond	11/15/2024	0.51 - 4.28%	7,800,000	7,800,000
HUD Section 108 - US Guaranteed Notes 2014	06/15/2025	5.00%	2,091,000	2,091,000
Total other debt				19,341,000
Total Governmental Activities:				$ 46,423,143

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:

Business-Type Activities:	Serial Maturities Through	Interest Rate(s) %	Amount Issued	Amount Outstanding as of 6/30/15
General obligation bonds:				
Electric 2004 Series B Refunding Bonds	12/01/2016	2.00 - 3.80%	$ 510,002	$ 80,000
Electric 2005 Series A Bonds	11/01/2025	3.50 - 4.20%	1,000,000	655,000
Electric 2005 Series B Bonds	11/01/2025	3.25 - 4.20%	1,000,000	655,000
Electric 2006 Series A Bonds	11/01/2026	3.50 - 4.00%	1,000,000	695,000
Electric 2007 Series A Bonds	11/01/2027	3.50 - 4.25%	1,000,000	740,000
Electric 2009 Series A Bonds	11/01/2029	2.00 - 4.375%	12,750,000	10,270,000
Electric 2009 Series B Bonds	11/01/2029	4.00 - 6.00%	8,250,000	6,900,000
Electric 2009 Series C Bonds	11/01/2029	2.00 - 4.125%	10,985,000	8,870,000
Electric 2009 Series D Bonds	11/01/2029	1.45 - 5.60%	4,615,000	805,000
Electric 2009 Series C Bonds	11/01/2029	2.00 - 4.125%	1,000,000	805,000
Electric 2009 Series C Bonds	11/01/2029	2.00 - 4.125%	1,000,000	3,865,000
Electric General Improvements 2011 Series A	11/01/2031	3.00 - 4.75%	1,000,000	900,000
Electric General Improvements 2011 Series B	11/01/2031	2.00 - 4.75%	1,000,000	895,000
Electric Public Improvement 2012 Series A	11/01/2032	5.00%	2,000,000	1,885,000
Electric Public Improvement 2012 Series A	11/01/2032	5.00%	1,750,000	1,645,000
Electric Taxable Public Improvement 2012 Series B	11/01/2032	6.00%	1,250,000	1,185,000
Electric G.O. Public Improvement Bonds 2013 Series B	11/01/2033	4.00 - 6.75%	3,000,000	2,920,714
Electric G.O. Public Improvement Bonds 2014 Series 3	11/01/2034	2.78%	3,000,000	3,000,000
Total general obligation bonds				46,770,714
Other debt:				
Electric Revenue Bonds 2011 Series A	07/01/2031	4.25 - 5.75%	8,775,000	8,775,000
Electric Revenue Bonds 2011 Series B	07/01/2031	7.25 - 8.25%	3,135,000	3,135,000
Electric Revenue Bonds 2014 Series A	07/01/2035	3.78%	12,000,000	12,000,000
Electric Revenue Bonds 2014 Series B	07/01/2035	3.36%	5,820,000	5,820,000
Wastewater State of VT-EPA 2006 Series 1 (Siphon)	02/01/2027	0.00%	1,650,000	993,257
Stormwater Revenue Obligation Bond	10/01/2031	0.00%	1,204,000	393,900
Wastewater State of VT-EPA 2009 Series I (Turbo)	10/01/2031	0.00%	120,000	48,558
Wastewater State of VT-EPA 2001 Series 1 (Digester)	08/01/2027	0.00%	2,500,000	1,120,743
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	5,360,000
Wastewater VT Municpal Bond Bank 2014 Series 1	11/15/2033	0.643 - 4.723%	14,645,620	13,913,339
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	15,660,000
Total other debt				85,117,803
Total Business-Type Activities:				$ 131,888,517

B. *Future Debt Service*

The annual payments to retire all governmental general obligation long-term debt outstanding as of June 30, 2015 are as follows:

Governmental Activities Combined		Principal		Interest		Total
2016	$	3,664,377	$	1,702,768	$	5,367,145
2017		3,617,234		1,592,975		5,210,209
2018		3,941,520		1,470,873		5,412,393
2019		4,740,805		1,332,497		6,073,302
2020		3,120,091		1,208,068		4,328,159
2021 - 2025		15,874,116		4,472,129		20,346,245
2026 - 2030		8,763,571		1,656,011		10,419,582
2031 - 2035		2,701,429		224,432		2,925,861
Total	$	46,423,143	$	13,659,753	$	60,082,896

The annual payments to retire all business-type (and each Enterprise fund) long-term debt outstanding as of June 30, 2015 are as follows:

Business-Type Activities Combined all Enterprise Funds		Principal		Interest		Total
2016	$	6,203,259	$	4,868,041	$	11,071,300
2017		6,671,220		4,664,805		11,336,025
2018		6,851,401		4,468,215		11,319,616
2019		7,096,659		4,255,859		11,352,518
2020		7,306,995		4,017,142		11,324,137
2021 - 2025		41,109,365		15,743,407		56,852,772
2026 - 2030		43,113,052		7,130,668		50,243,720
2031 - 2035		13,536,566		737,151		14,273,717
Total	$	131,888,517	$	45,885,288	$	177,773,805

Electric Enterprise Fund	Principal	Interest	Total
2016	$ 3,641,429	$ 2,672,825	$ 6,314,254
2017	3,740,714	2,577,531	6,318,245
2018	3,822,143	2,473,364	6,295,507
2019	3,978,571	2,360,060	6,338,631
2020	4,135,000	2,237,195	6,372,195
2021 - 2025	23,392,857	8,985,196	32,378,053
2026 - 2030	24,742,857	4,284,084	29,026,941
2031 - 2035	9,047,145	435,939	9,483,084
Total	$ 76,500,716	$ 26,026,194	$ 102,526,910

Airport Enterprise Fund	Principal	Interest	Total
2016	$ 1,650,000	$ 1,735,642	$ 3,385,642
2017	2,015,000	1,634,938	3,649,938
2018	2,110,000	1,551,838	3,661,838
2019	2,195,000	1,465,063	3,660,063
2020	2,245,000	1,364,675	3,609,675
2021 - 2025	13,020,000	5,012,500	18,032,500
2026 - 2030	14,050,000	1,793,050	15,843,050
2031	1,405,000	35,125	1,440,125
Total	$ 38,690,000	$ 14,592,831	$ 53,282,831

Wastewater Non-major Enterprise Fund	Principal	Interest	Total
2016	$ 884,949	$ 452,734	$ 1,337,683
2017	888,002	445,750	1,333,752
2018	891,117	436,690	1,327,807
2019	894,294	424,683	1,318,977
2020	897,533	409,497	1,307,030
2021 - 2025	4,538,585	1,721,309	6,259,894
2026 - 2030	4,142,953	1,037,450	5,180,403
2031 - 2034	2,938,464	259,646	3,198,110
Total	$ 16,075,897	$ 5,187,759	$ 21,263,656

Water Non-major Enterprise Fund		Principal		Interest		Total
2016	$	8,485	$	6,840	$	15,325
2017		8,740		6,586		15,326
2018		9,002		6,323		15,325
2019		9,272		6,053		15,325
2020		9,550		5,775		15,325
2021 - 2025		52,225		24,402		76,627
2026 - 2030		60,544		16,084		76,628
2031 - 2035		70,187		6,441		76,628
Total	$	228,005	$	78,504	$	306,509

Stormwater Non-major Enterprise Fund		Principal		Interest		Total
2016	$	18,396	$	-	$	18,396
2017		18,764		-		18,764
2018		19,139		-		19,139
2019		19,522		-		19,522
2020		19,912		-		19,912
2021 - 2025		105,698		-		105,698
2026 - 2030		116,698		-		116,698
2031 - 2033		75,770		-		75,770
Total	$	393,899	$	-	$	393,899

C. *Changes in General Long-Term Liabilities*

During the year ended June 30, 2015, 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 7/1/2014	Additions	Reduction	Total Balance 6/30/2015	Less Current Portion	Equal Long Term Portion
Governmental Activities						
General obligation bonds payable	$ 26,715,000	$ 2,000,000	$ (1,632,856)	$ 27,082,144	$ (1,689,286)	$ 25,392,858
Other debt	10,410,000	9,891,000	(960,000)	19,341,000	(1,975,091)	17,365,909
Add unamortized premium	329,252	-	(21,425)	307,827	(21,425)	286,402
Subtotal	37,454,252	11,891,000	(2,614,281)	46,730,971	(3,685,802)	43,045,169
Obligations under capital leases	1,047,390	683,718	(644,790)	1,086,318	(478,131)	608,187
Compensated absences	1,988,107	59,044	-	2,047,151	(204,715)	1,842,436
Insurance reserves	2,467,775	1,319,262	-	3,787,037	(500,000)	3,287,037
Net OPEB obligation	875,121	87,930	-	963,051	-	963,051
Net pension obligation	34,148,823	448,472	-	34,597,295	-	34,597,295
Total	$ 77,981,468	$ 14,489,426	$ (3,259,071)	$ 89,211,823	$ (4,868,648)	$ 84,343,175

Business-type Activities - Combined All Enterprise Funds	Total Balance 7/1/2014	Additions	Reduction	Refunding	Total Balance 6/30/2015	Less Current Portion	Equal Long Term Portion
General obligation bonds payable	$ 45,810,000	$ 3,000,000	$ (2,039,287)	$ -	$ 46,770,713	$ (2,256,428)	$ 44,514,285
Add unamortized premium	448,743	-	(17,329)	-	431,414	-	431,414
Subtract unamortized discount	(33,343)	-	1,429	-	(31,914)	-	(31,914)
Subtotal	46,225,400	3,000,000	(2,055,187)	-	47,170,213	(2,256,428)	44,913,785
Revenue bonds payable	85,974,711	33,555,078	(17,059,991)	(17,580,000)	84,889,798	(3,938,345)	80,951,453
Add unamortized premium	379,918	2,517,716	(422,965)	-	2,474,669	(192,077)	2,282,592
Subtotal	86,354,629	36,072,794	(17,482,956)	(17,580,000)	87,364,467	(4,130,422)	83,234,045
Long term note payable	-	253,340	(25,334)	-	228,006	(8,485)	219,521
Obligations under capital leases	1,152,142	6,083,378	(401,223)	-	6,834,297	(333,579)	6,500,718
Compensated absences	1,661,519	44,393	(21,783)	-	1,684,129	-	1,684,129
Net OPEB obligation	304,160	262,699	-	-	566,859	-	566,859
Net pension obligation	13,603,859	1,023,314	(1,852,811)	-	12,774,362	-	12,774,362
Other noncurrent liabilities	6,311,593	-	(727,780)	-	5,583,813	-	5,583,813
Total	$ 155,613,302	$ 46,739,918	$ (22,567,074)	$ (17,580,000)	$ 162,206,146	$ (6,728,914)	$ 155,477,232

Electric Enterprise Fund	Total Balance 7/1/2014	Additions	Reduction	Refunding	Total Balance 6/30/2015	Less Current Portion	Equal Long Term Portion
General obligation bonds payable	$ 45,810,000	$ 3,000,000	$ (2,039,287)	$ -	$ 46,770,713	$ (2,256,428)	$ 44,514,285
Add unamortized premium	448,743	-	(17,329)	-	431,414	-	431,414
Subtract unamortized discount	(33,343)	-	1,429	-	(31,914)	-	(31,914)
Subtotal	46,225,400	3,000,000	(2,055,187)	-	47,170,213	(2,256,428)	44,913,785
Revenue bonds payable	25,910,000	17,820,000	(14,000,000)	-	29,730,000	(1,385,000)	28,345,000
Add unamortized premium	226,286	611,079	(72,543)	-	764,822	-	764,822
Subtotal	26,136,286	18,431,079	(14,072,543)	-	30,494,822	(1,385,000)	29,109,822
Compensated absences	1,152,339	23,962	-	-	1,176,301	-	1,176,301
Net OPEB obligation	-	224,099	-	-	224,099	-	224,099
Net pension obligation	11,280,058	-	(1,852,811)	-	9,427,247	-	9,427,247
Other noncurrent liabilities	6,311,593	-	(727,780)	-	5,583,813	-	5,583,813
Total	$ 91,105,676	$ 21,679,140	$ (18,708,321)	$ -	$ 94,076,495	$ (3,641,428)	$ 90,435,067

Airport Enterprise Fund	Total Balance 7/1/2014	Additions	Reduction	Refunding	Total Balance 6/30/2015	Less Current Portion	Equal Long Term Portion
Revenue bonds payable	$ 42,770,000	$ 15,660,000	$ (2,160,000)	$ (17,580,000)	$ 38,690,000	$ (1,650,000)	$ 37,040,000
Add unamortized premium	153,632	1,906,637	(350,422)	-	1,709,847	(192,077)	1,517,770
Subtotal	42,923,632	17,566,637	(2,510,422)	(17,580,000)	40,399,847	(1,842,077)	38,557,770
Obligations under capital leases	1,078,429	-	(280,521)	-	797,908	(150,798)	647,110
Compensated absences	196,301	3,746	-	-	200,047	-	200,047
Net OPEB obligation	103,442	23,000	-	-	126,442	-	126,442
Net pension obligation	785,759	492,747	-	-	1,278,506	-	1,278,506
Total	$ 45,087,563	$ 18,086,130	$ (2,790,943)	$ (17,580,000)	$ 42,802,750	$ (1,992,875)	$ 40,809,875

Telecom Non-Major Enterprise Fund	Total Balance 7/1/2014	Additions	Reduction	Refunding	Total Balance 6/30/2015	Less Current Portion	Equal Long Term Portion
Obligations under capital leases	$ 27,324	$ 6,083,378	$ (96,202)	$ -	$ 6,014,500	$ (168,260)	$ 5,846,240
Compensated absences	64,515	16,685	-	-	81,200	-	81,200
Net OPEB obligation	91,162	15,600	-	-	106,762	-	106,762
Net pension obligation	586,881	158,962	-	-	745,843	-	745,843
Total	$ 769,882	$ 6,274,625	$ (96,202)	$ -	$ 6,948,305	$ (168,260)	$ 6,780,045

Wastewater Non-Major Enterprise Fund	Total Balance 7/1/2014	Additions	Reduction	Refunding	Total Balance 6/30/2015	Less Current Portion	Equal Long Term Portion
Revenue bonds payable	$ 16,950,972	$ 6,882	$ (881,956)	$	$ 16,075,898	$ (884,949)	$ 15,190,949
Subtotal	16,950,972	6,882	(881,956)	-	16,075,898	(884,949)	15,190,949
Obligations under capital leases	7,947	-	(7,947)	-	-	-	-
Compensated absences	92,934	-	(17,899)	-	75,035	-	75,035
Net OPEB obligation	47,206	-	-	-	47,206	-	47,206
Net pension obligation	416,229	116,295	-	-	532,524	-	532,524
Total	$ 17,515,288	$ 123,177	$ (907,802)	$ -	$ 16,730,663	$ (884,949)	$ 15,845,714

Water Non-Major Enterprise Fund	Total Balance 7/1/2014	Additions	Reduction	Refunding	Total Balance 6/30/2015	Less Current Portion	Equal Long Term Portion
Long term note payable	$ -	$ 253,340	$ (25,334)	$ -	$ 228,006	$ (8,485)	$ 219,521
Obligations under capital leases	38,442	-	(16,553)	-	21,889	(14,521)	7,368
Compensated absences	155,430	-	(3,884)	-	151,546	-	151,546
Net OPEB obligation	62,350	-	-	-	62,350	-	62,350
Net pension obligation	534,932	255,310	-	-	790,242	-	790,242
Total	$ 791,154	$ 508,650	$ (45,771)	$ -	$ 1,254,033	$ (23,006)	$ 1,231,027

Stormwater Non-Major Enterprise Fund	Total Balance 7/1/2014	Additions	Reduction	Refunding	Total Balance 6/30/2015	Less Current Portion	Equal Long Term Portion
Revenue bonds payable	$ 343,739	$ 68,196	$ (18,035)	$ -	$ 393,900	$ (18,396)	$ 375,504
Total	$ 343,739	$ 68,196	$ (18,035)	$ -	$ 393,900	$ (18,396)	$ 375,504

17. Capital Lease Obligations

The City is the lessee of certain equipment under capital and operating leases expiring in various years through 2034. Future minimum lease payments under the capital and operating leases consisted of the following as of June 30, 2015:

	Governmental Activities	Business-Type Activities
Capital lease for garage equipment. The rental payments are to be made in equal monthly installments of $1,032 including interest at 4.3601% annually, maturing on June 29, 2017.	$ 23,670	$ -
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.	-	795,331
Capital lease for accounting software, police cars, public works vehicles, office equipment, mowers, tractors, backhoe, and zamboni. The rental payments are to be made in equal semiannual installments of $120,160 including interest at 1.96% annually, maturing on November 18, 2016.	329,069	24,466

(continued)

(continued)

	Governmental Activities	Business-Type Activities
Capital lease for recycling equipment. The rental payments are to be made in equal annual installments of $96,147 including interest at 3.43% annually, maturing on March 9, 2016.	92,958	-
Capital lease for traffic vehicles. The rental payments are to be made in equal annual installments of $28,649 including interest at 5.155% annually, maturing on June 22, 2017.	52,226	-
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.	-	20,003
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.	27,739	-
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.	127,663	-
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.	143,741	-
Capital lease for public works sidewalk tractor. The rental payments are to be made in equal annual installments of $27540, maturing in fiscal year 2019.	110,160	-
Capital lease for traffic smart parking meters. The rental payments are to be made in equal monthly installments of $3,770 including interest at 0.41% annually, maturing on November 19, 2019.	179,092	-
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.	-	51,392
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.	-	15,146
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.	-	5,927,959
Total capital lease obligations	1,086,318	6,834,297
Less: amount due within one year	(478,131)	(333,579)
Capital lease obligation, net of current portion	$ 608,187	$ 6,500,718

Fiscal Year		Governmental Activities		Business-Type Activities
2016	$	509,649	$	776,873
2017		300,319		767,991
2018		148,918		753,619
2019		147,513		749,853
2020		46,660		738,742
Thereafter		-		8,098,713
Total minimum lease payments		1,153,059		11,885,791
Less amounts representing interest		(66,741)		(5,051,494)
Present Value of Minimum Lease Payments	$	1,086,318	$	6,834,297

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

In connection with the City's Burlington Telecom project, the City entered into the Master State and Municipal Lease/Purchase Agreement dated as of August 9, 2007 (the "Telecom Lease") for the City of Burlington Telecom project. The Telecom Lease was originally entered into with Municipal Leasing Consultants, which assigned the Telecom Lease on August 15, 2007 to CitiCapital Municipal Finance ("CitiCapital"). The Telecom Lease provided for the leasing of equipment from the lessor to the City as lessee. The City was obligated to only make payments as may lawfully be made from funds budgeted and appropriated. The City Council did not make an appropriation of monies in its budget for fiscal year 2011. CitiCapital was notified in March 2010 that the City would likely not make an appropriation. Accordingly, under the Telecom Lease, the Telecom Lease terminated. Citibank, NA, as purported assignee of CitiCapital ("Citibank"), filed a complaint in US District Court, State of Vermont (the "US District Court") against the City with respect to the Telecom Lease, and against the McNeil, Leddy & Sheahan, P.C. law firm. The complaint seeks monetary damages, including punitive damages, and/or equitable relief, including the return of the equipment under the Telecom Lease. The complaint was filed on September 2, 2011.

On January 29, 2014, the parties to the litigation executed a mediated settlement agreement pending the approval of City Council and PSB. The terms of the settlement agreement called for the approximately $33M Citibank lawsuit to be dismissed fully in exchange for a total $10.5M, with the City of Burlington's share being approximately $9.03M, $0.5M of which will be paid by the City's insurance carrier. The balance was paid by the City's law firm as co-defendant and/or its insurance carrier and such firm was released from the litigation and claims associated with the Telecom Lease. In further detail, the funding sources for $10.5M of payments to Citibank are the following:

- Approximately $6M in bridge financing from a special situation lender secured entirely by BT revenues and assets;

- Approximately $1.47M from co-defendant McNeil, Leddy & Sheahan, P.C. law firm and/or its insurance carrier;
- Approximately $0.98M from BT revenues that have been paid to Citibank or into a court escrow since early 2012;
- Approximately $0.25M of additional payments from BT revenues that will be made to Citibank between January 29, 2014 and the closing of this settlement;
- Approximately $0.5M from the City of Burlington's insurance carrier – this payment is in addition to the costs of defending the City in the litigation over the past several years; and
- Approximately $1.3M from the City of Burlington to be financed by general fund and BT revenues.

The City received an order issued by the PSB on November 3, 2014 in Docket No. 7044 regarding the petition to effectuate the settlement and resolve outstanding CPG violations, and request for associated approvals. PSB approved the requests, including a proposed sale of substantially all the assets to Blue Water Holdings, LLC (BWH). Under CPG conditions, BWH is required to file under section 107 of 30 V.S.A. a petition for the acquisition of a controlling interest in BT.

On December 31, 2014, the City executed a lease agreement with BWH conveying certain assets of BT, primarily the fiber optic network ROU and related capital assets for a consideration of $6M. BWH agreed to lease 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 ROU remains on BT's books as an intangible asset and the financing obligation in the amount of $6M has been recorded under capital leases payable. If the lease is terminated and the successor operator with PSB approval is not in place, the City will continue to operate BT as required under the terms of the Certificate of Public Good (CPG).

19. Long-Term Obligations of Component Units

Burlington School District:

A. Bonds Payable

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

Governmental Activities:	Serial Maturities Through	Interest Rate(s) %		Amount Issued		Amount Outstanding as of 6/30/15
General obligation bonds:						
G.O. School 2002 Series A Bonds	9/1/2022	3.00 - 4.75%	$	860,000	$	435,000
G.O. School 2004 Refunding Series B Bonds	12/01/2016	2.00 - 3.80%		2,370,000		383,120
G.O. School 2005 Series B Bonds	11/1/2025	3.25 - 4.2%		750,000		510,899
G.O. School 2006 Series A Bonds	11/1/2026	3.50 - 4.00%		750,000		551,210
G.O. School 2006 Series A Bonds - Athletic Field	11/1/2026	3.50 - 4.00%		3,615,000		2,515,000
G.O. School 2007 Series A Bonds	11/1/2027	3.50 - 4.25%		750,000		560,000
G.O. School 2009 Series C Bonds	11/1/2029	2.00 - 4.125%		750,000		605,000
G.O. School 2009 Series C Bonds	11/1/2029	2.00 - 4.125%		2,000,000		1,744,445
G.O. School 2010 Series B Taxable GO Public Impr.	11/1/2026	6.50%		2,000,000		2,000,000
G.O. School 2010 Series A Qualified School Constr.	11/1/2026	6.50%		9,700,000		9,700,000
General Improvements 2011 Series B	11/1/2031	2.00 - 4.75%		2,000,000		1,790,000
Public Improvement Bonds 2012 Series A	6/30/2033	5.00%		3,250,000		3,262,977
G.O. Public Improvement Bonds 2013 Series B	11/1/2033	4.00 - 6.75%		2,000,000		1,952,336
G.O. Public Improvement Bonds 2014 Series A	11/15/2034	0.51 - 3.99%		2,000,000		2,000,000
Total Governmental Activities:					$	28,009,987

B. *Future Debt Service*

The annual payments to retire the Burlington School District's notes payable outstanding as of June 30, 2015 are as follows (amounts include unamortized bond premiums):

School		Principal		Interest		Total
2016	$	984,111	$	1,424,055	$	2,408,166
2017		1,016,968		1,390,832		2,407,800
2018		857,193		1,357,922		2,215,115
2019		881,478		1,325,783		2,207,261
2020		915,764		1,291,513		2,207,277
2021 - 2025		5,022,391		5,863,036		10,885,427
2026 - 2030		16,184,895		2,143,869		18,328,764
2031 - 2035		2,147,187		197,795		2,344,982
Total	$	28,009,987	$	14,994,805	$	43,004,792

Burlington Community Development Corporation:

A. *Notes Payable*

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

	Component Unit
TD Bank (Gilbane Property) Note secured by the mortgage on the property. The terms require annual payment of $33,483 for 15 years with an interest rate of 6.25% maturing in October 2025.	$ 253,346
People's United Bank notes offset by notes receivable from Champlain Housing Trust Corporation. The terms require annual payments of $22,547 for 21 years with an interest rate of 5.00% maturing October 1, 2028.	219,073
Union Bank Note (refinanced previous VEDA Loan) requiring annual payment of $217,818 for 10 years with an interest rate of 4.09% maturing in November 2020. A balloon payment of $1,803,380 is due at maturity. The City guarantees the debt.	2,476,531
BCDC 1993 Relief Bonds terms require annual payments of $86,352 with an interest rate ranging between 3.25% - 4.00% maturing in FY2024 and FY2025.	658,001
Swap Terminator Fee Loan (related to above noted VEDA refinancing) terms require annual payment of $38,333 for 20 years with an interest rate of 3.75% maturing in November 2030.	473,648
Total Notes Payable	$ 4,080,599

B. *Future Debt Service*

The annual payments to retire BCDC's notes payable outstanding as of June 30, 2015 are as follows:

Fiscal Year	Principal	Interest	Total
2016	$ 233,071	$ 165,299	$ 398,370
2017	243,151	155,212	398,363
2018	253,355	145,002	398,357
2019	264,001	134,348	398,349
2020	274,867	123,473	398,340
2021-2025	2,507,620	164,131	2,671,751
2026-2030	244,417	33,130	277,547
2031	60,117	841	60,958
Total	$ 4,080,599	$ 921,436	$ 5,002,035

C. Due to Primary Government

		Component Unit
BCDC borrowed $1,400,000 from the Airport Enterprise fund to assist in financing construction of the Aviation Support Hanger. The terms require annual payments of $93,172 for 20 years with an interest rate of 3%, maturing in June 2026.	$	872,032
BCDC owes the City (the Primary Government) for its share of the Westlake Parking Garage. The terms requires annual payment of at least $72,000 with an interest rate of 2.3%, maturing in December 2020.		353,741
Total Due to Primary Government	$	1,225,773

D. Future Debt Service

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

Fiscal Year		Principal		Interest		Total
2016	$	133,354	$	31,819	$	165,173
2017		136,738		28,434		165,172
2018		140,212		24,960		165,172
2019		143,778		21,394		165,172
2020		160,662		17,734		178,396
2021-2025		419,351		46,512		465,863
2026		91,678		1,497		93,175
Total	$	1,225,773	$	172,350	$	1,398,123

20. Deferred Inflows of Resources

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

The following is a summary of deferred inflow of resources balances as of June 30, 2015:

	Entity-wide Basis		Fund Basis				
	Governmental	Business-type	Governmental Funds		Proprietary Funds		
	Activities	Activities	General Fund	Nonmajor	Electric	Airport	Nonmajor
Unavailable revenues	$ -	$ -	$ 1,825,659	$ 8,299,792	$ -	$ -	$ -
Net difference between projected and actual pension investment earnings	4,121,967	1,521,955	-	-	1,123,175	152,323	246,457
Changes in proportional share of pension contributions	-	268,582	-	-	268,582	-	-
Total deferred inflows	$ 4,121,967	$ 1,790,537	$ 1,825,659	$ 8,299,792	$ 1,391,757	$ 152,323	$ 246,457

21. 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, 2015:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. 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.

Restricted - Represents 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. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority, the City Council. This fund balance classification includes general fund encumbrances for non-lapsing, special article appropriations approved at City Council meetings and various special revenue funds.

Assigned - Represents amounts that are constrained by the City's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various City departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.

Unassigned - Represents amounts that may be available to be spent in future periods.

Following is a breakdown of the City's fund balances at June 30, 2015:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Inventory and prepaid expenditures	$ 338,299	$ 255,278	$ 593,577
Advances to other funds	1,983,605	-	1,983,605
Nonexpendable permanent funds	-	909,230	909,230
Total Nonspendable	2,321,904	1,164,508	3,486,412
Restricted			
Community development	-	2,058,286	2,058,286
Champlain parkway	-	88,373	88,373
Expendable permanent funds	-	361,434	361,434
General capital	-	297,526	297,526
Impact fees	-	597,432	597,432
Mary E. Waddell	-	13,886	13,886
Street and sidewalk infrastructure	-	4,513,765	4,513,765
Tax increment financing	-	1,577,660	1,577,660
Other purposes	17,265	-	17,265
Total Restricted	17,265	9,508,362	9,525,627
Committed			
Conservation legacy	-	874,544	874,544
CCTA and County tax	30,921	-	30,921
Police equitable sharing funds	694,389	-	694,389
Pennies for parks	-	144,523	144,523
Greenbelt	-	326,225	326,225
Library books and donations	182,332	-	182,332
Natural gas	127,168	-	127,168
Public records restoration	117,140	-	117,140
Parking	23,000	-	23,000
Traffic	-	1,163,311	1,163,311
Sale of land	450,000	-	450,000
Total Committed	1,624,950	2,508,603	4,133,553
Unassigned	4,287,378	(1,901,407)	2,385,971
Total Unassigned	4,287,378	(1,901,407)	2,385,971
Total Fund Balance	$ 8,251,497	$ 11,280,066	$ 19,531,563

22. Restricted Net Position

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

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

23. Subsequent Events

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

		Amount	Interest Rate	Issue Date	Maturity Date
Governmental Activities:					
G.O. Public Improvement Bonds 2015 Series A - City	$	2,000,000	5.00%	11/23/2015	11/1/2035
Business-Type Activities:					
G.O. Public Improvement Bonds 2015 Series A - Electric		3,000,000	5.00%	11/23/2015	11/1/2035
Component Unit - Burlington School District:					
G.O. Public Improvement Bonds 2015 Series A - School		2,000,000	5.00%	11/23/2015	11/1/2035
Total	$	7,000,000			

On September 22, 2015 the City issued a $7,000,000 Grant Anticipation Note for FAA approved Airport Improvement Projects with a maturity date of September 20, 2016 and interest rate accruing at the overnight LIBOR rate plus 175 basis points.

On December 4, 2015 the City issued a $2,200,000 Parking Revenue Note with a maturity date of December 3, 2016 and interest rate accruing at overnight LIBOR rate plus 250 basis points.

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

A. *Plan Description*

The City maintains a single employer, defined benefit pension plan covering substantially all of its employees except elective officials, other than the mayor, and the majority of the public school teachers, who are eligible for the Vermont State Teacher's Retirement System. The plan is broken down into Class A participants and Class B participants. Class A participants are composed of firemen and policemen. Class B participants include all other covered City employees. The City's total covered payroll was $45,788,172. The System does not issue a stand-alone financial report.

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

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

There are 174 active members and 170 retirees and beneficiaries in Class A and 668 active members and 444 retirees and beneficiaries in Class B. Additionally, there are 383 former Class A and Class B 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 66⅔% of pay.

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

C. *Contributions*

Participants contribute a set percentage of their gross regular compensation annually. Class A participants contribute 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 2015.

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 2014 was $8,920,879 which was computed through an actuarial valuation performed as of June 30, 2015. A summary of the actuarial assumptions as of the latest actuarial valuation is shown below:

Summary of Actuarial Assumptions:	
Valuation Date	6/30/13 rolled forward to 6/30/14
Actuarial cost method	Entry Age Normal - Level Percentage of Pay
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	3.8 - 8.8%
Inflation rate	3.0%
Post-retirement cost-of-living adjustment	3.0%

Actuarial valuation of the ongoing System involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used in the June 30, 2015 valuation were based on the results of the most recent actuarial experience study, dated June 30, 2014, which was for the period through June 30, 2013.

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, 2014, is shown below:

	2014
Total pension liability	$ 218,004,014
System fiduciary net position	(164,174,241)
Net pension liability	$ 53,829,773
System fiduciary net position as a percentage of the total pension liability	75.3%

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

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

Asset Class	Target Asset Allocation	Long-term Expected Real rate of Return
Equity	27.12%	6.70%
Fixed income	28.41%	2.94%
Alternatives	27.25%	6.26%
Multi-strategy	17.22%	5.98%

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

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

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Net Pension Liability	$ 78,635,265	$ 53,829,773	$ 32,830,114

G. *Deferred Outflows and Inflows of Resources*

For the year ended June 30, 2015, the City recognized pension expense of $6,799,450. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Fiscal year 2015 deferred pension contributions	$ 7,649,837	$ -
Changes in proportional share of contributions	1,315,743	268,582
Difference between projected and actual investment earnings	-	5,643,922
Total	$ 8,965,580	$ 5,912,504

Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30:		
2016	$ 7,978,772	$ 1,478,126
2017	328,936	1,478,126
2018	328,936	1,478,126
2019	328,936	1,478,126
Total	$ 8,965,580	$ 5,912,504

H. *Rate of Return*

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 13.62%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

25. 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.

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 2015 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, 2015, the amount actually contributed to the plan, and the change in the City's net OPEB obligation based on an actuarial valuation as of June 30, 2015 for the City.

Annual Required Contribution (ARC)	$ 316,817
Interest on net OPEB obligation	53,183
Adjustment to ARC	(44,319)
Annual OPEB cost	325,681
Contributions made	(215,982)
Increase in net OPEB obligation	109,699
Net OPEB obligation - beginning of year	1,420,211
Net OPEB obligation - end of year	$ 1,529,910

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
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
2009	306,048	0.9%	591,000

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

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

F. *Actuarial Methods and Assumptions*

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

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

26. Risk Management

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

27. Commitments and Contingencies

A. Burlington International Airport

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

On or around July 29, 2014, Mansfield Heliflight, Inc. ("Mansfield") filed a Part 16 Complaint with the FAA against the City, alleging the City has prevented Mansfield from becoming a Fixed-Base Operator ("FBO") at BTV, and that its efforts in this regard effectively granted an exclusive right to Heritage Aviation, Inc. The Complaint alleges that (1) the City is in violation of Grant Assurance No. 23, prohibiting the grant of an exclusive right to any person to conduct aeronautical activities at BTV; (2) the City is in violation of Grant Assurance No. 2,2 prohibiting unjust discrimination; and (3) predatory conduct and illegal restraint of trade by the City in violation of the Sherman Act and Grant Assurance No. 1, which prohibits a sponsor's violation of federal law. The City filed a Consolidated Answer, Motion for Summary Judgment and Motion to Dismiss on October 2, 2014, denying many of the factual allegations in Mansfield's Complaint. The City has moved to dismiss Count 3 on the grounds FAA lacks jurisdiction over the alleged Sherman Act violation, and for summary judgment on Counts 1 and 2 on the grounds that the undisputed facts do not demonstrate a violation of the City's Grant Assurances. The last round of pleadings was filed in January of 2015. The case is now pending before FAA. The City believes that Mansfield's claims are without merit and will continue contesting them vigorously.

South Burlington Assessments

The City has appealed the City of South Burlington's assessment of all the Airport-related properties owned by the City as of April 1, 2012, as well as the succeeding three years. The City appealed the assessments through South Burlington's administrative proceedings and then to the civil division of the Vermont Superior Court, where the appeal remains pending. Various attempts to negotiate a settlement of the matter have not been successful, and a formal mediation held during the month of November, 2014 was likewise unsuccessful. Both parties moved for partial summary judgment in July 2015, and those motions are under advisement with the Court at this time. The City has paid the taxes and is seeking refunds. The City continues to aggressively assert that South Burlington's assessment does not comport with Vermont law and that the assessment of Airport properties is substantially greater than Vermont law allows.

B. *Electric Department Commitments and Contingencies*

The Burlington Electric Department (BED) receives output from generation of the McNeil Station (of which BED is the 50% owner and operator) and the Burlington Gas Turbine (which BED wholly owns and operates).

In addition to energy provided by its owned generation, BED purchases a portion of its electricity requirements pursuant to long-term (greater than one year in duration) contracts. During the fiscal year ended June 30, 2015, long-term sources of purchased power included:

- New York Power Authority (NYPA) power from hydro stations on the Niagara and St. Lawrence rivers under contracts through September 1, 2025 (Niagara) and through April 30, 2017 (St. Lawrence).
- Vermont Electric Power Producers, Inc. (VEPP) which is agent for 15 hydro facilities and one biomass facility located within Vermont (hydro facility contracts expire between 2013 and 2020 and the biomass facility contract expired in 2012).
- Deliveries pursuant to a long term contract with Vermont Wind commenced in September 2011 (for test energy), with the official ten year contract start date being October 19, 2011 when commercial energy production began. Under the contract, the Department receives 16 MW (40%) of Vermont Wind's wind farm in northeast Vermont (Sheffield). BED's 16 MW entitlement is expected to provide approximately 13% of BED's annual energy requirements.
- Deliveries pursuant to a ten year contract with Hancock Wind are scheduled to commence in January 2016. Although the facility has not been built yet it has been permitted. Under the contract, the Department will receive 13.5 MW (26.5%) of Hancock's wind farm.
- The Department began taking energy from the Georgia Mountain Community Wind project in December 2012, with commercial operation on December 31, 2012. Pursuant to a 25-year contract, the Department receives 10 MW entitlements from Georgia Mountain's wind farm in Milton/Georgia, Vermont.
- Long-term purchases from a number of small in-state resources under a state mandated feed-in tariff program (called SPEED resources).
- Purchase of the output from 6 small in-city solar projects under long-term agreements.
- BED is purchasing energy and Renewal Energy Credits (RECs) from Nextera for a 5-year period beginning January 1, 2013. For calendar year 2013 and 2014, hourly energy is 10 MW, for the final 3 years (calendar 2015 – 2017), the volume is 5 MW per hour. The delivered energy is unit contingent on a portfolio of hydro facilities, and includes RECs from those units equal in volume to the energy purchased.

- The Burlington City Council, the Vermont Public Service Board, and the voters of Burlington have approved a 23-year energy-only contract with Hydro-Quebec. The contract has been executed and deliveries will begin in 2015 for BED. Under the contract, BED will receive 5 MW of contract energy for the period of November 1, 2015 to October 31, 2020 and an additional 4 MW of contract energy for the period of 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.

Payments under these long-term power supply contracts were $12,819,245 for the year ended June 30, 2015, with the increase from 2014 being largely due to a full year of output from the Georgia Mountain Community Wind farm. Budgeted commitments under these long-term contracts and long-term contracts approved and executed for future delivery periods total approximately $90,974,800 for the 5-year period from July 1, 2015 to June 30, 2020.

The remainder of the Department 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:

	2015
McNeil Generating Station and Gas Turbine	41%
Winooski One	7%
New York Power Authority	5%
Vermont Electric Power Producers	2%
Standard Offer	1%
Wind Production	20%
Solar	0%
Nextera	20%
Short Term/Other (net)	4%
Total	100%

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Department manages these risks through a combination of commercial insurance packages purchased in the name of the Department, and through the City's risk management program. Insurance settlements have not exceeded insurance coverage for any of the past three fiscal years.

C. ***Burlington Employee Retirement System***

The System directly invests as a limited partner in several private equity partnerships sponsored by Hamilton Lane. In general, such partnerships require an aggregate investment commitment at the outset and then require periodic capital calls against the commitment. At June 30, 2015, the System had aggregate remaining commitments to limited partnerships of $926,099, against which calls may be made periodically over the next several years.

D. ***Other Funds' Commitments and Contingencies***

1. Grant Programs

The City participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for, or including, the year ended June 30, 2015 have not yet been conducted. Accordingly, the City's compliance with grant application requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

2. Construction Commitments

The Airport has a number of ongoing Airport Improvement Program (AIP) projects for construction and land acquisition as well as several Passenger Facility Program (PFC) projects for terminal improvements that are funded from restricted assets. AIP projects include taxiway reconstruction, stormwater 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.

E. ***General Commitments and Contingencies***

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

1. Insurance Reserves

The City is self-insuring worker's compensation claims up to $250,000 per occurrence and with an aggregate limit that changes each year. On January 1, 2010, the City increased the per occurrence limit to $350,000 per claim. The aggregate limit for calendar years 2010 and 2011 was $2,758,800. The City has hired a third-party administrator, the Travelers Indemnity Company, 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 $1,500,000 to secure the payment of claims.

The City also self-insures for health insurance. The Plan is administered by a third-party administrator that is responsible for approval, processing and payment of claims, after which they bill the City for reimbursement. The City has reinsurance for individual claims in excess of $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:

Type	Allocation Method
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, 2015, the City has recorded an estimated liability of $500,000 in the General Fund, which represents the short term payable for health claims as of June 30, 2015. A long-term reserve liability of $3,287,037 is included for claims incurred but not reported on the governmental statement of net position. This consists of $2,610,171 for workers' compensation claims, $15,268 for dental claims, and additional $1,161,598 of reported health claims incurred on or before June 30, 2015, but not paid by the City as of that date. In addition to these short-term and long-term liabilities for insurance reserves, $259,313 liability for insurance reserves is carried in the General Fund as it is funded by a working fund deposit. This amount was determined by the third-party administrators as described above for property, liability and workers' compensation and based on subsequent claims with a completion factor for health and dental.

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

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

28. 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.

29. Beginning Net Position/Fund Balance Reclassification

Change in Accounting Principle and Other Restatements
In fiscal year 2015, the Town's beginning net position as of July 1, 2014 was restated for the implementation of the new standard – Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions,* as amended by GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Other restatements were made as necessary.

Reclassification of Beginning Fund Balance/Net Position
In fiscal year 2015, beginning fund balances and net position were reclassed for several funds in accordance with GASB 34 definition of major funds as well as certain other reclassifications, including the change in legal definition of the Burlington School District as well as converting Stormwater from governmental to an enterprise fund in accordance with other governmental standards.

Accordingly, the following reconciliations for the net position and fund balances are provided:

Government-Wide Financial Statements:

	Governmental Activities	Business-Type Activities	Component Units
As previously reported for June 30, 2014	$ 114,367,905	$ 217,514,215	$ 1,092,712
Net position reclassification:			
To reclass School governmental activities to a discretely presented component unit	(12,443,817)	-	12,443,817
To reclass School non-major, Food Service, to a discretely presented component unit	-	(1,131,524)	1,131,524
To reclass Stormwater Special Revenue Fund to enterprise fund	(263,287)	263,287	-
To reclass Stormwater Upgrade Capital Project Fund to enterprise fund	163,171	(163,171)	-
To reclass Stormwater capital assets to enterprise fund	(1,068,335)	1,068,335	-
To reclass Stormwater note payable to enterprise fund	343,739	(343,739)	-
Subtotal reclassification	(13,268,529)	(306,812)	13,575,341
Net position restatement:			
To remove prior year pension liability estimate	1,304,621	-	-
GASB 68 implementation for net pension liability	(39,882,421)	(13,603,859)	(8,878,273)
Contributions made during fiscal year 2014	5,733,598	2,117,017	1,070,264
Telecom restatements	-	(3,080,907)	-
Other	-	-	(77,143)
Subtotal restatement	(32,844,202)	(14,567,749)	(7,885,152)
As restated for July 1, 2014	$ 68,255,174	$ 202,639,654	$ 6,782,901

Governmental Fund Basis Financial Statements:

	School Major General Fund	Non-major Governmental Funds	Total Governmental
As previously reported for June 30, 2014	$ (302,596)	$ 9,527,595	$ 9,224,999
To reclass to discretely presented component unit	302,596	(3,110,503)	(2,807,907)
To reclass Stormwater to Enterprise Funds	-	(100,116)	(100,116)
As restated for July 1, 2014	$ -	$ 6,316,976	$ 6,316,976

Proprietary Fund Basis Financial Statements:

	Electric Major Enterprise	Airport Major Enterprise	Telecom Major Enterprise	Wastewater Major Enterprise	Non-major Enterprise	Total Enterprise
As previously reported for June 30, 2014	$ 64,705,746	$ 119,652,643	$ 4,861,009	$ 14,716,615	$ 13,578,202	$ 217,514,215
Net position reclassification:						
To reclass major enterprise funds to non-major	-	-	(4,861,009)	(14,716,615)	19,577,624	-
To reclass School Food Service to discretely presented component unit	-	-	-	-	(1,131,524)	(1,131,524)
To reclass Stormwater to Non-major Enterprise Fund	-	-	-	-	824,712	824,712
Subtotal reclassification	-	-	(4,861,009)	(14,716,615)	19,270,812	(306,812)
Net position restatement:						
GASB 68 implementation for net pension liability	(11,280,058)	(785,759)	-	-	(1,538,042)	(13,603,859)
Contributions made during fiscal year 2014	1,562,320	211,879	-	-	342,818	2,117,017
To restate value of Telecom intangible assets	-	-	-	-	(2,586,425)	(2,586,425)
To restate prior year settlement charges related to Telecom	-	-	-	-	(450,000)	(450,000)
Other	-	-	-	-	(44,482)	(44,482)
Subtotal restatement	(9,717,738)	(573,880)	-	-	(4,276,131)	(14,567,749)
As restated for July 1, 2014	$ 54,988,008	$ 119,078,763	$ -	$ -	$ 28,572,883	$ 202,639,654

Fiscal year 2014 and prior periods have not been restated for GASB 68 due to impractical nature of allocating annual activity and lack of information for measurement dates June 30, 2012 and prior; as this is a new standard and beginning net position restatement for July 1, 2014 does not recognize beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions in accordance with GASB 71.

CITY OF BURLINGTON, VERMONT

SCHEDULE OF FUNDING PROGRESS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2015
(Unaudited)

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued 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%

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, 2014
(Unaudited)

		2014
Total Pension Liability		
Service	$	5,314,021
Interest on unfunded liability - time value of $		16,598,877
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions		-
Benefit payments, including refunds of member contributions		(11,932,108)
Net change in total pension liability		9,980,790
Total pension liability - beginning		208,023,224
Total pension liability - ending (a)	$	218,004,014
Plan Fiduciary Net Position		
Contributions - employer	$	8,920,879
Contributions - member		2,148,842
Net investment income		19,625,825
Benefit payments, including refunds of member contributions		(11,932,108)
Administrative expense		(253,796)
Other		5,927
Net change in plan fiduciary net position		18,515,569
Plan fiduciary net position - beginning		145,658,672
Plan fiduciary net position - ending (b)	$	164,174,241
Net pension liability (asset) - ending (a-b)	$	53,829,773

(continued)

(continued)

Schedules of Net Pension Liability

		2014
Total pension liability	$	218,004,014
Plan fiduciary net position		(164,174,241)
Net pension liability (asset)	$	53,829,773
Plan fiduciary net position as a percentage of the total pension liability		75.31%
Covered employee payroll as of June 30, 2013 actuarial valuation	$	45,788,172
Net -pension liability as a percentage of covered payroll		117.56%

Schedules of Employer Contributions

		2014
Actuarially determined contribution	$	8,920,879
Contributions in relation to the actuarially determined contribution		8,920,879
Contribution deficiency (excess)	$	-
Covered employee payroll as of June 30, 2013 actuarial valuation	$	45,788,172
Contributions as a percentage of covered employee payroll		19.48%

Schedule of Investment Returns

	2014
Annual money weighted rate of return, net of investment expense	13.62%

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

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2015

	Special Revenue Funds		
	Traffic Commission	Community and Economic Development	Tax Increment Financing
ASSETS			
Cash and short-term investments	$ 1,328,960	$ 2,714,376	$ 1,577,660
Investments	-	-	-
Departmental and other receivables	65,203	1,443,479	-
Intergovernmental receivables	-	-	-
Loans receivable	-	4,785,455	-
Accrued interest receivable	-	1,054,720	-
Inventory	255,156	-	-
Prepaid expenditures	122	-	-
Due from component unit	-	-	-
Total Assets	$ 1,649,441	$ 9,998,030	$ 1,577,660
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 170,741	$ 454,258	$ -
Accrued payroll and benefits payable	38,744	29,446	-
Accrued liabilities	1,931	4,362	-
Unearned revenue	-	-	-
Other liabilities	-	-	-
Advances from other funds	-	1,072,713	-
Total Liabilities	211,416	1,560,779	-
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues	19,436	6,378,965	-
Fund Balances:			
Nonspendable	255,278	-	-
Restricted	-	2,058,286	1,577,660
Committed	1,163,311	-	-
Unassigned	-	-	-
Total Fund Balances	1,418,589	2,058,286	1,577,660
Total Liabilities. Deferred Inflows of Resources and Fund Balances	$ 1,649,441	$ 9,998,030	$ 1,577,660

	Special Revenue Funds				
	Church Street Marketplace	Impact Fees	Dedicated Taxes	Mary E. Waddell	Subtotals
	$ -	$ 728,677	$ 1,301,295	$ 13,886	$ 7,664,854
	-	-	-	-	-
	28,996	-	-	-	1,537,678
	-	-	-	-	-
	-	-	-	-	4,785,455
	-	-	-	-	1,054,720
	-	-	-	-	255,156
	-	-	-	-	122
	-	-	-	-	-
	$ 28,996	$ 728,677	$ 1,301,295	$ 13,886	$ 15,297,985
	$ 2,808	$ 44,083	$ -	$ -	$ 671,890
	7,602	-	-	-	75,792
	-	87,838	-	-	94,131
	25,000	-	-	-	25,000
	-	-	-	-	-
	87,995	-	-	-	1,160,708
	123,405	131,921	-	-	2,027,521
	11,060	(676)	-	-	6,408,785
	-	-	-	-	255,278
	-	597,432	-	13,886	4,247,264
	-	-	1,345,292	-	2,508,603
	(105,469)	-	(43,997)	-	(149,466)
	(105,469)	597,432	1,301,295	13,886	6,861,679
	$ 28,996	$ 728,677	$ 1,301,295	$ 13,886	$ 15,297,985

(continued)

(continued)

	Capital Project Funds					
	Champlain Parkway	Waterfront Access	Street & Sidewalk Infrastructure	On & Off Church St	Wayfinding	FEMA
ASSETS						
Cash and short-term investments	$ 50,894	$ 35,923	$ 4,686,447	$ 141,696	$ 4,412	$ 1
Investments	-	-	-	-	-	-
Departmental and other receivables	-	-	-	-	-	-
Intergovernmental receivables	118,698	1,541,537	464,647	1	24,399	285,425
Loans receivable	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-
Due from component unit	-	-	-	-	-	-
Total Assets	$ 169,592	$ 1,577,460	$ 5,151,094	$ 141,697	$ 28,811	$ 285,426
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 65,140	$ 1,649,114	$ 421,643	$ -	$ 8,888	$ -
Accrued payroll and benefits payable	-	-	224		-	
Accrued liabilities	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Other liabilities	-	-	-		-	
Advances from other funds	-	-	-	141,697	28,742	285,426
Total Liabilities	65,140	1,649,114	421,867	141,697	37,630	285,426
DEFERRED INFLOWS OF RESOURCES						
Deferred revenues	16,079	1,351,435	215,462	-	19,923	285,425
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	88,373	-	4,513,765	-	-	-
Committed	-	-	-	-	-	-
Unassigned	-	(1,423,089)	-	-	(28,742)	(285,425)
Total Fund Balances	88,373	(1,423,089)	4,513,765	-	(28,742)	(285,425)
Total Liabilities. Deferred Inflows of Resources and Fund Balances	$ 169,592	$ 1,577,460	$ 5,151,094	$ 141,697	$ 28,811	$ 285,426

(continued)

Capital Project Funds				Permanent Funds		
General Capital	Downtown Westlake	Other	Subtotals	Cemetery	Loomis Library	Lolita Deming Estate
$ 588,872	$ 2,159	$ 143,182	$ 5,653,586	$ 1,146,238	$ 10,948	$ 11,242
-	-	-	-	100,000	-	-
-	-	-	-	-	-	-
-	-	2,538	2,437,245	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
75	-	-	75	-	-	-
-	353,741	-	353,741	-	-	-
$ 588,947	$ 355,900	$ 145,720	$ 8,444,647	$ 1,246,238	$ 10,948	$ 11,242
$ 282,381	$ -	$ 25,000	$ 2,452,166	$ -	$ -	$ -
9,040	-	-	9,264	-	-	-
-	-	20,800	20,800	-	-	-
-	-	-	-	-	-	-
-	-	100,790	100,790	-	-	-
-	367,032	-	822,897	-	-	-
291,421	367,032	146,590	3,405,917	-	-	-
-	-	2,683	1,891,007	-	-	-
-	-	-	-	894,796	10,948	2,486
297,526	-	-	4,899,664	351,442	-	8,756
-	-	-	-	-	-	-
-	(11,132)	(3,553)	(1,751,941)	-	-	-
297,526	(11,132)	(3,553)	3,147,723	1,246,238	10,948	11,242
$ 588,947	$ 355,900	$ 145,720	$ 8,444,647	$ 1,246,238	$ 10,948	$ 11,242

(continued)

(continued)

	Permanent Funds		
	WEZF 93 FM DARE	Subtotals	Nonmajor Governmental Funds
ASSETS			
Cash and short-term investments	$ 2,236	$ 1,170,664	$ 14,489,104
Investments	-	100,000	100,000
Departmental and other receivables	-	-	1,537,678
Intergovernmental receivables	-	-	2,437,245
Loans receivable	-	-	4,785,455
Accrued interest receivable	-	-	1,054,720
Inventory	-	-	255,156
Prepaid expenditures	-	-	197
Due from component unit	-	-	353,741
Total Assets	$ 2,236	$ 1,270,664	$ 25,013,296
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ -	$ 3,124,056
Accrued payroll and benefits payable	-	-	85,056
Accrued liabilities	-	-	114,931
Unearned revenue	-	-	25,000
Other liabilities	-	-	100,790
Advances from other funds	-	-	1,983,605
Total Liabilities	-	-	5,433,438
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues	-	-	8,299,792
Fund Balances:			
Nonspendable	1,000	909,230	1,164,508
Restricted	1,236	361,434	9,508,362
Committed	-	-	2,508,603
Unassigned	-	-	(1,901,407)
Total Fund Balances	2,236	1,270,664	11,280,066
Total Liabilities. Deferred Inflows of Resources and Fund Balances	$ 2,236	$ 1,270,664	$ 25,013,296

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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, 2015

	Special Revenue Funds		
	Traffic Commission	Community and Economic Development and Housing Trust	Tax Increment Financing
Revenues:			
Taxes	$ -	$ 190,790	$ 2,768,273
Licenses and permits	-	-	-
Intergovernmental	-	3,736,187	-
Charges for services	4,812,258	714,715	-
Investment income	1,010	31	-
Loan repayments	-	122,544	-
Other	5,865	146,447	-
Total Revenues	4,819,133	4,910,714	2,768,273
Expenditures:			
Current:			
General government	-	-	241,632
Public safety	-	-	-
Education	-	-	-
Public works	4,475,678	-	-
Culture and recreation	-	-	-
Community development	-	4,078,807	-
Capital outlay	-	-	-
Debt service:			
Principal	92,066	30,000	801,782
Interest and bond issue costs	11,535	5,347	344,649
Total Expenditures	4,579,279	4,114,154	1,388,063
Excess (deficiency) of revenues over (under) expenditures	239,854	796,560	1,380,210
Other Financing Sources (Uses):			
Issuance of bonds and loans	-	2,091,000	2,182,235
Proceeds from capital lease	199,950	-	-
Transfers in	432,529	502,100	-
Transfers out	(50,000)	(330,887)	(2,979,560)
Total Other Financing Sources (Uses)	582,479	2,262,213	(797,325)
Net change in fund balances	822,333	3,058,773	582,885
Fund Balances, beginning of year, as restated	596,256	(1,000,487)	994,775
Fund Balances, end of year	$ 1,418,589	$ 2,058,286	$ 1,577,660

Special Revenue Funds				
Church Street Marketplace	Impact Fees	Dedicated Taxes	Mary E. Waddell	Subtotals
$ -	$ -	$ 861,637	$ -	$ 3,820,700
127,229	-	-	-	127,229
79,500	-	-	-	3,815,687
736,895	349,714	-	-	6,613,582
-	3,430	-	-	4,471
-	-	-	-	122,544
-	-	5,400	-	157,712
943,624	353,144	867,037	-	14,661,925
-	-	-	-	241,632
-	18,129	-	-	18,129
-	-	-	-	-
886,177	-	-	-	5,361,855
-	202,598	1,693,689	-	1,896,287
-	-	-	-	4,078,807
-	-	-	-	-
24,316	-	-	-	948,164
2,491	-	-	-	364,022
912,984	220,727	1,693,689	-	12,908,896
30,640	132,417	(826,652)	-	1,753,029
-	-	-	-	4,273,235
-	-	-	-	199,950
11,000	-	811,928	-	1,757,557
-	(118,118)	-	-	(3,478,565)
11,000	(118,118)	811,928	-	2,752,177
41,640	14,299	(14,724)	-	4,505,206
(147,109)	583,133	1,316,019	13,886	2,356,473
$ (105,469)	$ 597,432	$ 1,301,295	$ 13,886	$ 6,861,679

(continued)

(continued)

	Capital Project Funds					
	Champlain Parkway	Waterfront Access	Street & Sidewalk Infrastructure	On & Off Church St	Wayfinding	FEMA
Revenues:						
Taxes	$ -	$ -	$ 2,038,583	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	846,444	1,198,809	326,731	141,697	33,966	181,441
Charges for services	-	-	356,671	-	-	-
Investment income	-	-	-	-	-	-
Loan repayments	-	-	-	-	-	-
Other	-	28,334	793,658	-	6,895	-
Total Revenues	846,444	1,227,143	3,515,643	141,697	40,861	181,441
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Education	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	453,635	3,892,930	4,641,559	-	38,597	49,769
Debt service:						
Principal	-	-	-	-	-	-
Interest and bond issue costs	-	-	-	-	-	-
Total Expenditures	453,635	3,892,930	4,641,559	-	38,597	49,769
Excess (deficiency) of revenues over (under) expenditures	392,809	(2,665,787)	(1,125,916)	141,697	2,264	131,672
Other Financing Sources (Uses):						
Issuance of bonds and loans	-	-	1,661,572	-	-	-
Proceeds from capital lease	-	-	-	-	-	-
Transfers in	9,073	1,478,279	-	-	824	4,977
Transfers out	-	-	(220,153)	-	-	-
Total Other Financing Sources (Uses)	9,073	1,478,279	1,441,419	-	824	4,977
Net change in fund balances	401,882	(1,187,508)	315,503	141,697	3,088	136,649
Fund Balances, beginning of year, as restated	(313,509)	(235,581)	4,198,262	(141,697)	(31,830)	(422,074)
Fund Balances, end of year	$ 88,373	$ (1,423,089)	$ 4,513,765	$ -	$ (28,742)	$ (285,425)

Capital Project Funds				Permanent Funds		
General Capital	Downtown Westlake	Other	Subtotals	Cemetery	Loomis Library	Lolita Deming Estate
$ -	$ -	$ -	$ 2,038,583	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	2,729,088	-	-	-
-	-	-	356,671	-	-	-
-	-	-	-	3,060	-	2
-	-	-	-	-	-	-
-	-	23,069	851,956	67,115	-	-
-	-	23,069	5,976,298	70,175	-	2
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
397,127	-	9,999	9,483,616	-	-	-
619	-	-	619	-	-	-
-	-	-	-	-	-	-
397,746	-	9,999	9,484,235	-	-	-
(397,746)	-	13,070	(3,507,937)	70,175	-	2
-	-	-	1,661,572	-	-	-
-	-	-	-	-	-	-
961,072	-	-	2,454,225	-	-	-
-	-	-	(220,153)	-	-	-
961,072	-	-	3,895,644	-	-	-
563,326	-	13,070	387,707	70,175	-	2
(265,800)	(11,132)	(16,623)	2,760,016	1,176,063	10,948	11,240
$ 297,526	$ (11,132)	$ (3,553)	$ 3,147,723	$ 1,246,238	$ 10,948	$ 11,242

(continued)

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	WEZF 93 FM DARE	Subtotals	Total Nonmajor Governmental Funds
Revenues:			
Taxes	$ -	$ -	$ 5,859,283
Licenses and permits	-	-	127,229
Intergovernmental	-	-	6,544,775
Charges for services	-	-	6,970,253
Investment income	-	3,062	7,533
Loan repayments	-	-	122,544
Other	-	67,115	1,076,783
Total Revenues	-	70,177	20,708,400
Expenditures:			
Current:			
General government	-	-	241,632
Public Safety	-	-	18,129
Education	-	-	-
Public works	-	-	5,361,855
Culture and recreation	-	-	1,896,287
Community development	-	-	4,078,807
Capital Outlay	-	-	9,483,616
Debt service:			-
Principal	-	-	948,783
Interest and bond issue costs	-	-	364,022
Total Expenditures	-	-	22,393,131
Excess (deficiency) of revenues over (under) expenditures	-	70,177	(1,684,731)
Other Financing Sources (Uses):			
Issuance of bonds and loans	-	-	5,934,807
Proceeds from capital lease	-	-	199,950
Transfers in	-	-	4,211,782
Transfers out	-	-	(3,698,718)
Total Other Financing Sources (Uses)	-	-	6,647,821
Net change in fund balances	-	70,177	4,963,090
Fund Balances, beginning of year, as restated	2,236	1,200,487	6,316,976
Fund Balances, end of year	$ 2,236	$ 1,270,664	$ 11,280,066

CITY OF BURLINGTON, VERMONT

NONMAJOR PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2015

	Nonmajor Enterprise Funds				
	Telecom	Wastewater	Water	Stormwater	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
Current:					
Cash and cash equivalents	$ 745,366	$ 1,174,975	$ 551,343	$ 413,436	$ 2,885,120
Receivables, net of allowance for uncollectibles:					
User fees	878,262	890,761	683,911	94,279	2,547,213
Intergovernmental	-	-	208,823	-	208,823
Estimated unbilled revenues	3,726	568,875	398,464	83,674	1,054,739
Inventory	187,323	126,374	302,926	-	616,623
Prepaid expenses	74,078	1,462	859	-	76,399
Other current assets	5,000	-	-	-	5,000
Total current assets	1,893,755	2,762,447	2,146,326	591,389	7,393,917
Noncurrent:					
Restricted cash	364,186	1,433,426	-	-	1,797,612
Capital assets:					
Land and construction in progress	157,800	847,952	266,209	-	1,271,961
Intangible asset	6,549,636	-	-	-	6,549,636
Capital assets, net of accumulated depreciation	1,087,090	26,369,661	11,096,420	1,105,281	39,658,452
Total noncurrent assets	8,158,712	28,651,039	11,362,629	1,105,281	49,277,661
TOTAL ASSETS	10,052,467	31,413,486	13,508,955	1,696,670	56,671,578
Deferred Outflows of Resources	353,697	261,613	437,165	-	1,052,475
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 10,406,164	$ 31,675,099	$ 13,946,120	$ 1,696,670	$ 57,724,053
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION					
Liabilities:					
Current:					
Accounts payable	$ 348,783	$ 347,990	$ 324,233	$ 25,576	$ 1,046,582
Accrued payroll and benefits payable	-	28,597	49,129	5,626	83,352
Unearned revenue	445,427	-			445,427
Other current liabilities	394,143	-	34,791	-	428,934
Current portion of long-term liabilities:					
Revenue bonds payable	-	884,949	-	18,396	903,345
Note payable	-	-	8,485	-	8,485
Capital leases payable	168,260	-	14,521	-	182,781
Total current liabilities	1,356,613	1,261,536	431,159	49,598	3,098,906
Noncurrent:					
Revenue bonds payable	-	15,190,949	-	375,504	15,566,453
Long term note payable	-	-	219,521	-	219,521
Capital leases payable, net of current portion	5,846,240	-	7,368	-	5,853,608
Compensated absences payable	81,200	75,035	151,546	-	307,781
Net OPEB obligation	106,762	47,206	62,350	-	216,318
Net pension liability	745,843	532,524	790,242	-	2,068,609
Total noncurrent liabilities	6,780,045	15,845,714	1,231,027	375,504	24,232,290
TOTAL LIABILITIES	8,136,658	17,107,250	1,662,186	425,102	27,331,196
Deferred Inflows of Resources	88,861	63,446	94,150	-	246,457
NET POSITION					
Net investment in capital assets	1,864,700	11,141,715	11,087,400	711,381	24,805,196
For contingency reserve	-	1,433,426	-	-	1,433,426
For revenue fund	364,186	-	-	-	364,186
Unrestricted	(48,241)	1,929,262	1,102,384	560,187	3,543,592
TOTAL NET POSITION	2,180,645	14,504,403	12,189,784	1,271,568	30,146,400
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 10,406,164	$ 31,675,099	$ 13,946,120	$ 1,696,670	$ 57,724,053

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, 2015

	Nonmajor Enterprise Funds				
	Telecom	Wastewater	Water	Stormwater	Total
Operating Revenues:					
Charges for services	$ 7,617,994	$ 7,690,557	$ 5,548,429	$ 1,063,715	$ 21,920,695
Intergovernmental	-	-	-	23,553	23,553
Miscellaneous	-	-	242,617	7,256	249,873
Total Operating Revenues	7,617,994	7,690,557	5,791,046	1,094,524	22,194,121
Operating Expenses:					
Personnel	2,170,403	1,385,309	2,177,185	220,582	5,953,479
Nonpersonnel	3,735,935	3,184,002	2,440,663	470,415	9,831,015
Depreciation and amortization	471,116	1,580,054	651,247	40,433	2,742,850
Payments in lieu of taxes	96,838	906,837	400,130	-	1,403,805
Total Operating Expenses	6,474,292	7,056,202	5,669,225	731,430	19,931,149
Operating Income	1,143,702	634,355	121,821	363,094	2,262,972
Nonoperating Revenues (Expenses):					
Investment income	-	129	-	-	129
Other income/expense - net	(56,630)	10,564	25,334	-	(20,732)
Interest income/expense - net	(223,253)	(507,243)	(79)	567	(730,008)
Total Nonoperating Revenues (Expenses)	(279,883)	(496,550)	25,255	567	(750,611)
Income Before Contributions and Transfers	863,819	137,805	147,076	363,661	1,512,361
Capital contributions	-	6,881	-	83,196	90,077
Transfers out	-	(28,921)	-	-	(28,921)
Change in Net Position	863,819	115,765	147,076	446,857	1,573,517
Net Position at Beginning of Year, as restated	1,316,826	14,388,638	12,042,708	824,711	28,572,883
Net Position at End of Year	$ 2,180,645	$ 14,504,403	$ 12,189,784	$ 1,271,568	$ 30,146,400

See notes to financial statements.

CITY OF BURLINGTON, VERMONT
NONMAJOR PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Telecom Fund	Wastewater Fund	Water Fund	Stormwater Fund	Total
Cash Flows From Operating Activities:					
Receipts from customers and users	$ 7,417,663	$ 7,623,325	$ 5,479,263	$ 1,102,619	$ 21,622,870
Receipts of operating grants	-	-	-	23,553	23,553
Receipts for interfund services	-	-	242,617	-	242,617
Payments to suppliers	(3,854,251)	(3,120,274)	(2,282,598)	(451,048)	(9,708,171)
Payments for wages and benefits	(2,120,388)	(1,389,202)	(2,116,879)	(214,956)	(5,841,425)
Payments in lieu of taxes	(96,838)	(906,837)	(400,130)	-	(1,403,805)
Net Cash Provided by Operating Activities	1,346,186	2,207,012	922,273	460,168	4,935,639
Cash Flows From Noncapital Financing Activities:					
Other income, net	106,725	14,744	14,501	-	135,970
Decrease in advances from other funds	-	-	-	(163,169)	(163,169)
Receipt/(payments) of interfund transfers	-	(28,921)	-	-	(28,921)
Cash Provided/(Used) by Noncapital Financing Activities	106,725	(14,177)	14,501	(163,169)	(56,120)
Cash Flows From Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(991,538)	(118,303)	(508,523)	(77,380)	(1,695,744)
Capital grants/contributions	-	6,881	-	83,196	90,077
Payments to CitiCapital	(163,354)	-	-	-	(163,354)
Settlement charges	(1,000,000)	-	-	-	(1,000,000)
Issuance of bonds and notes	-	-	44,517	68,196	112,713
Principal paid on:					
Bonds and notes	-	(875,074)	-	(18,035)	(893,109)
Capital lease obligations	(96,202)	(7,947)	(16,553)	-	(120,702)
Interest paid on outstanding debt, including issue costs	(223,253)	(507,243)	(645)	-	(731,141)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(2,474,347)	(1,501,686)	(481,204)	55,977	(4,401,260)
Cash Flows From Investing Activities:					
Increase in restricted cash	(364,186)	(1,075,071)	-	-	(1,439,257)
Receipt of interest & dividends	-	129	-	565	694
Net Cash Provided/(Used) by Investing Activities	(364,186)	(1,074,942)	-	565	(1,438,563)
Net Increase/(Decrease) in Cash	(1,385,622)	(383,793)	455,570	353,541	(960,304)
Cash and cash equivalents at beginning of year	2,130,988	1,558,768	95,773	59,895	3,845,424
Cash and cash equivalents at end of year	$ 745,366	$ 1,174,975	$ 551,343	$ 413,436	$ 2,885,120
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	$ 1,143,702	$ 634,355	$ 121,821	$ 363,094	$ 2,262,972
Depreciation and amortization	471,116	1,580,054	651,247	40,433	2,742,850
(Increase)/Decrease in receivables	(219,383)	(48,030)	(75,202)	28,103	(314,512)
(Increase)/Decrease in unbilled revenues	978	(19,200)	(4,662)	3,545	(19,339)
(Increase)/Decrease in inventory	24,835	22,016	(74,493)	-	(27,642)
Increase/(Decrease) in accounts payable	(385,078)	41,710	233,034	19,367	(90,967)
Increase/(Decrease) in customer deposits	-	-	10,699	-	10,699
Increase/(Decrease) in accrued payroll and benefits	-	7,626	20,933	5,626	34,185
Increase/(Decrease) in accrued liabilities	256,281	-	-	-	256,281
Increase/(Decrease) in deferred charges	18,074	-	-	-	18,074
Increase/(Decrease) in compensated absences	16,685	(17,899)	(3,884)	-	(5,098)
Increase/(Decrease) in other post employment benefits liability	15,600	-	-	-	15,600
Increase/(Decrease) in net pension liability and related deferred inflow/outflow	17,730	6,380	43,257	-	67,367
Increase/(Decrease) in other operating assets/liabilities	(14,354)	-	(477)	-	(14,831)
Net Cash Provided by Operating Activities	$ 1,346,186	$ 2,207,012	$ 922,273	$ 460,168	$ 4,935,639
Statement of noncash transactions:					
Sale-leaseback financing of settlement liability	$ 6,000,000	$ -	$ -	$ -	$ 6,000,000
Vehicles acquired under capital lease financing	$ 83,378	$ -	$ -	$ -	$ 83,378

See Notes to Financial Statements

CITY OF BURLINGTON, VERMONT

Combining Statement of Fiduciary Net Position

Private Purpose Trust Funds

June 30, 2015

	Louisa Howard	Walter Carpenter	Fireman's Relief	Christmas Gift	Total
ASSETS					
Cash and short-term investments	$ 28,088	$ 7,483	$ 628	$ 1,619	$ 37,818
Total Assets	28,088	7,483	628	1,619	37,818
NET POSITION					
Net position held in trust	$ 28,088	$ 7,483	$ 628	$ 1,619	$ 37,818

CITY OF BURLINGTON, VERMONT

Combining Statement of Changes in Fiduciary Net Position

Private Purpose Trust Funds

For the Year Ended June 30, 2015

	Louisa Howard	Walter Carpenter	Fireman's Relief	Christmas Gift	Total
ADDITIONS					
Investment income	$ 5	$ -	$ -	$ -	$ 5
Total Additions	5	-	-	-	5
DEDUCTIONS					
Payments to beneficiaries	-	-	-	-	-
Net increase	5	-	-	-	5
NET POSITION					
Beginning of year	28,083	7,483	628	1,619	37,813
End of year	$ 28,088	$ 7,483	$ 628	$ 1,619	$ 37,818

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