

Federal Compliance Audit

City of South Burlington, Vermont

June 30, 2013



Proven Expertise and Integrity

CITY OF SOUTH BURLINGTON, VERMONT

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JUNE 30, 2013

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INDEPENDENT AUDITORS' REPORT

City Council
City of South Burlington
South Burlington, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of South Burlington, Vermont as of and for the year ended June 30, 2013, 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principle 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 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 of material misstatement.

An audit includes examining, on a test basis, evidence supporting 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 not such opinion. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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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, 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, and the aggregate remaining fund information of the City of South Burlington, Vermont as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity 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 the management's discussion and analysis on pages 4 through 12 and budgetary comparison information on page 55 and 56 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 sufficient evidence 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 of South Burlington, Vermont's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2013, on our consideration of the City of South Burlington Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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* and should be read in considering the City of South Burlington's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
November 1, 2013

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

(UNAUDITED)

The following management's discussion and analysis of the City of South Burlington, Vermont's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the City's financial statements.

Financial Statement Overview

The City of South Burlington's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the City's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the City's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have separate columns for the two different types of City activities. The types of activities presented for the City of South Burlington are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the City's basic services are reported in governmental activities, which include general government, public safety, public works, education, social services, recreation and culture and other unclassified.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the City of South Burlington include the recreation program, water department, water pollution, ambulance services and storm water utilities.

Fund Financial Statements

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

Governmental funds: Most of the basic services provided by the City are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the City's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the City.

Because the focus of governmental funds is narrower than that of 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. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The City of South Burlington presents three columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The City's major governmental funds are the general fund and airport parkway expansion. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the City legally adopted a budget. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The City of South Burlington maintains four proprietary funds: the recreation programs, water department, water pollution and storm water utilities. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the City of South Burlington. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting. These funds for the City are for the pension

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Fiduciary Fund Financial Statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the City's governmental activities. The City's total net position for governmental funds is \$21.16 million compared to \$19.67 million in the prior year, an increase of \$1,490,731. For the business-type activities total net assets are \$10.85 million as compared to \$8.65 million in the prior year, an increase of \$2,201,664.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – is \$5.32 million at the end of this year for governmental activities and \$3.47 million for the business-type activities.

Table 1
City of South Burlington, Vermont
Net Position
June 30,

	2013		2012 (Restated)	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Assets				
Current and Other Assets	\$ 8,464,533	\$ 4,236,434	\$ 9,026,631	\$ 3,422,814
Capital Assets	52,188,431	10,409,370	51,773,741	9,430,604
Total Assets	60,652,964	14,645,804	60,800,372	12,853,418
Liabilities				
Current Liabilities	3,433,823	1,132,735	2,886,279	1,183,278
Long-term Debt Outstanding	36,059,100	2,665,273	38,244,783	3,024,008
Total Liabilities	39,492,923	3,798,008	41,131,062	4,207,286
Net Position				
Invested in Capital Assets, Net of Related Debt	14,791,504	7,382,637	12,685,664	6,042,460
Restricted for: Special revenues	255,562	-	358,477	-
Permanent funds	534,418	-	467,933	-
Capital projects	260,689	-	249,153	-
Storm water	-	-	-	-
Unrestricted	5,317,868	3,465,159	5,908,083	2,603,672
Total Net Position	\$ 21,160,041	\$ 10,847,796	\$ 19,669,310	\$ 8,646,132

Table 2
City of South Burlington, Vermont
Change in Net Position
For the Years Ended June 30,

	2013		2012 (Restated)	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 3,680,077	\$ 7,466,975	\$ 4,799,291	\$ 7,142,227
Operating grants and contributions	-	1,010,872	-	-
<i>General Revenues:</i>				
Taxes	15,218,975	-	14,281,144	-
Grants and contributions not restricted to specific programs	419,027	-	1,202,062	-
Investment income	75,513	1,286	115,338	-
Capital projects funding	2,200,000	-	2,200,000	-
Miscellaneous	183,631	282,070	332,816	407,138
Total Revenues	21,777,223	8,761,203	22,930,651	7,549,365
Expenses				
General government	3,777,162	-	3,342,863	-
Public safety	9,583,603	-	8,643,255	-
Public works	2,715,492	-	3,055,306	-
Social services	614,312	-	566,321	-
Recreation and culture	1,268,922	-	1,178,834	-
Program expenditures	2,305,355	-	16,102	-
Capital outlay	-	-	3,527,264	-
Interest expense	761,593	-	785,201	-
Education	-	-	90,232	-
Enterprise fund	-	5,819,592	-	6,620,965
Total Expenses	21,026,439	5,819,592	21,205,378	6,620,965
Total transfers	739,947	(739,947)	161,466	(161,466)
Change in Net Position	1,490,731	2,201,664	1,886,739	766,934
Net Position - July 1	19,669,310	8,646,132	17,782,571	7,879,198
Net Position - June 30	\$ 21,160,041	\$ 10,847,796	\$ 19,669,310	\$ 8,646,132

Revenues and Expenses

Revenues for the City's governmental activities decreased by 5.03%, while total expenses decreased by 0.84%. Most of the City's revenues and expenses were fairly consistent with the prior year.

The expenses and revenues for the proprietary fund were consistent with the prior year. The proprietary fund has four enterprise funds with all of them having a positive net position.

The proprietary funds had a change in net position for the current year of \$2,201,664.

Financial Analysis of the City's Fund Statements

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

Table 3
City of South Burlington, Vermont
Fund Balances - Governmental Funds
June 30,

	<u>2013</u>	<u>2012</u>
Major Funds:		
General fund:		
Nonspendable	\$ 465,463	\$ 244,188
Committed	1,086,243	-
Assigned	452,382	-
Unassigned	89,254	1,743,982
Airport parkway expansion:		
Unassigned	<u>2,042,765</u>	<u>2,231,099</u>
Subtotal Major Funds	<u>4,136,107</u>	<u>4,219,269</u>
Non-Major Funds:		
Special revenue funds:		
Restricted	255,562	358,477
Committed	1,564,883	1,497,954
Assigned	156,700	95,080
Unassigned	(198,279)	(10,016)
Capital project funds:		
Restricted	260,689	249,153
Committed	690,986	1,137,924
Unassigned	(67,104)	(144,096)
Permanent funds:		
Restricted	534,418	467,933
Committed	6,753	6,092
Unassigned	<u>(671)</u>	<u>(811)</u>
Subtotal Non-Major Funds	<u>3,203,937</u>	<u>3,657,690</u>
 Total Governmental Funds	 <u><u>\$ 7,340,044</u></u>	 <u><u>\$ 7,876,959</u></u>

The general fund total fund balance increased by \$105,172 from the prior fiscal year. Other major funds fund balance decreased by \$188,334 and the non-major fund balances decreased by \$453,753 from the prior fiscal year.

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Budgetary Highlights

There were no significant differences between the original and final budget for the general fund.

The general fund actual revenues exceeded the budgeted amount by \$489,239. This was mainly a result of tax revenues, bond proceeds and transferring certain balances from other funds to the general fund.

The general fund actual expenditures exceeded budget by \$384,067. All expenditures were under budget with the exception of public safety and recreation and culture.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2013, the net book value of capital assets recorded by the City increased by \$1,393,456 from the prior fiscal year. This increase was a result of current year capital additions less current year disposals and depreciation expense. Refer to Note 4 of Notes to Financial Statements for more detailed information.

Table 4
City of South Burlington, Vermont
Capital Assets (Net of Depreciation)
June 30,

	2013	2012
Land	\$ 6,548,263	\$ 6,548,263
Construction in progress	28,571,251	28,571,251
Buildings, building improvements and land improvements	11,277,848	11,582,851
Machinery, equipment and vehicles	7,533,791	7,167,333
Infrastructure	8,666,648	7,334,647
Total	\$ 62,597,801	\$ 61,204,345

Debt

At June 30, 2013, the City had \$32.17 million in bonds outstanding versus \$33.27 million last year. Other obligations include notes payable and accrued sick and vacation time. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tom Hubbard, Assistant City Manager at 575 Dorset Street, South Burlington, Vermont 05403-0808. Tom can also be reached by phone at 802-846-4107 or by email tom@sburl.com.

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,151,806	\$ 3,312,263	\$ 8,464,069
Investments	402,634	-	402,634
Taxes receivable (net of allowance for uncollectibles)	165,419	-	165,419
Due from other governments	491,771	-	491,771
Due from water - billed	-	84,459	84,459
Due from water - unbilled	-	1,154,235	1,154,235
Other receivables	810,879	594,087	1,404,966
Due from agencies	75	-	75
Prepaid expenses	452,227	2,048	454,275
Inventory	13,236	65,828	79,064
Internal balances	976,486	(976,486)	-
Total current assets	8,464,533	4,236,434	12,700,967
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	34,601,514	518,000	35,119,514
Depreciable assets, net of accumulated depreciation	17,586,917	9,891,370	27,478,287
Total noncurrent assets	52,188,431	10,409,370	62,597,801
TOTAL ASSETS	\$ 60,652,964	\$ 14,645,804	\$ 75,298,768
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 689,577	\$ 719,988	\$ 1,409,565
Accrued expenses	251,724	-	251,724
Due to taxpayers	36,972	-	36,972
Due to agencies	6,836	-	6,836
Due to other governments	1,963	51,287	53,250
Other liabilities	56,434	-	56,434
Post retirement benefits	246,696	-	246,696
Current portion of long-term obligations	2,143,621	361,460	2,505,081
Total current liabilities	3,433,823	1,132,735	4,566,558
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	27,578,667	2,665,273	30,243,940
Notes payable	7,674,639	-	7,674,639
Accrued compensated absences	805,794	-	805,794
Total noncurrent liabilities	36,059,100	2,665,273	38,724,373
TOTAL LIABILITIES	39,492,923	3,798,008	43,290,931
NET POSITION			
Invested in capital assets, net of related debt	14,791,504	7,382,637	22,174,141
Restricted for: Special revenue funds	255,562	-	255,562
Permanent funds	534,418	-	534,418
Capital project funds	260,689	-	260,689
Unrestricted	5,317,868	3,465,159	8,783,027
TOTAL NET POSITION	21,160,041	10,847,796	32,007,837
TOTAL LIABILITIES AND NET POSITION	\$ 60,652,964	\$ 14,645,804	\$ 75,298,768

See accompanying independent auditors' report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 3,777,162	\$ 1,237,438	\$ -	\$ -	\$ (2,539,724)	\$ -	\$(2,539,724)
Public safety	9,583,603	851,035	-	-	(8,732,568)	-	(8,732,568)
Public works	2,715,492	991,065	-	-	(1,724,427)	-	(1,724,427)
Social services	614,312	59,608	-	-	(554,704)	-	(554,704)
Recreation and culture	1,268,922	179,751	-	-	(1,089,171)	-	(1,089,171)
Education	32,145,228	-	-	-	(32,145,228)	-	(32,145,228)
Program expenditures	2,305,355	361,180	-	-	(1,944,175)	-	(1,944,175)
Interest on long-term debt	761,593	-	-	-	(761,593)	-	(761,593)
Total governmental activities	<u>53,171,667</u>	<u>3,680,077</u>	<u>-</u>	<u>-</u>	<u>(49,491,590)</u>	<u>-</u>	<u>(49,491,590)</u>
Business-type activities:							
Recreation programs	210,554	218,205	-	-	-	7,651	7,651
Water department	2,237,352	2,122,467	-	-	-	(114,885)	(114,885)
Water pollution	2,732,910	3,371,931	-	-	-	639,021	639,021
Storm water utilities	<u>638,776</u>	<u>1,754,372</u>	<u>1,010,872</u>	<u>-</u>	<u>-</u>	<u>2,126,468</u>	<u>2,126,468</u>
Total business-type activities	<u>5,819,592</u>	<u>7,466,975</u>	<u>1,010,872</u>	<u>-</u>	<u>-</u>	<u>2,658,255</u>	<u>2,658,255</u>
Total government	<u>\$ 58,991,259</u>	<u>\$ 11,147,052</u>	<u>\$ 1,010,872</u>	<u>\$ -</u>	<u>(49,491,590)</u>	<u>2,658,255</u>	<u>(46,833,335)</u>

STATEMENT B (CONTINUED)
CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(49,491,590)	2,658,255	(46,833,335)
General revenues:			
Property taxes, levied for general purposes			
Education	32,145,228	-	32,145,228
Municipal	15,218,975	-	15,218,975
Grants and contributions not restricted to specific programs	419,027	-	419,027
Investment income	75,513	1,286	76,799
Capital projects funding	2,200,000	-	2,200,000
Miscellaneous	183,631	282,070	465,701
Transfers	739,947	(739,947)	-
Total general revenues and transfers	50,982,321	(456,591)	18,380,502
Change in net position	1,490,731	2,201,664	3,692,395
NET POSITION - JULY 1, RESTATED	19,669,310	8,646,132	28,315,442
NET POSITION - JUNE 30	<u>\$ 21,160,041</u>	<u>\$ 10,847,796</u>	<u>\$ 32,007,837</u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	311 Airport Parkway Expansion	Other Governmental Funds	Totals Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,723,975	\$ -	\$ 1,427,831	\$ 5,151,806
Investments	-	-	402,634	402,634
Accounts receivable (net of allowance for uncollectibles):				
Taxes/liens	165,419	-	-	165,419
Other	810,879	-	-	810,879
Due from other governments	491,771	-	-	491,771
Due from agencies	-	-	75	75
Inventory	13,236	-	-	13,236
Prepaid expenses	452,227	-	-	452,227
Due from other funds	1,775,673	2,042,765	2,141,301	5,959,739
TOTAL ASSETS	\$ 7,433,180	\$ 2,042,765	\$ 3,971,841	\$ 13,447,786
LIABILITIES				
Accounts payable	\$ 689,577	\$ -	\$ -	\$ 689,577
Accrued payroll	163,111	-	-	163,111
Accrued expenses	88,613	-	-	88,613
Due to other funds	4,222,185	-	761,068	4,983,253
Due to taxpayers	36,972	-	-	36,972
Due to agencies	-	-	6,836	6,836
Due to other governments	1,963	-	-	1,963
Other liabilities	56,434	-	-	56,434
TOTAL LIABILITIES	5,258,855	-	767,904	6,026,759
DEFERRED INFLOWS OF RESOURCES				
Deferred tax revenues	80,983	-	-	80,983
TOTAL DEFERRED INFLOWS OF RESOURCES	80,983	-	-	80,983
FUND BALANCES				
Nonspendable	465,463	-	-	465,463
Restricted	-	-	1,050,669	1,050,669
Committed	1,086,243	-	2,262,622	3,348,865
Assigned	452,382	-	156,700	609,082
Unassigned	89,254	2,042,765	(266,054)	1,865,965
TOTAL FUND BALANCES	2,093,342	2,042,765	3,203,937	7,340,044
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,433,180	\$ 2,042,765	\$ 3,971,841	\$ 13,447,786

See accompanying independent auditors' report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

	Total Governmental Funds
	<u>Funds</u>
Total Fund Balances	\$ 7,340,044
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	52,188,431
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	80,983
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(29,138,267)
Notes payable	(8,258,660)
Accrued compensated absences	(805,794)
Post retirement benefits	(246,696)
	<u>(246,696)</u>
Net position of governmental activities	<u>\$ 21,160,041</u>

See accompanying independent auditors' report and notes to financial statements.

STATEMENT E

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	311 Airport Parkway Expansion	Other Governmental Funds	Totals Governmental Funds
REVENUES				
General tax revenue - municipal and education	\$ 47,335,508	\$ -	\$ -	\$ 47,335,508
Intergovernmental revenue	-	-	419,027	419,027
Charges for services	3,318,897	-	361,180	3,680,077
Investment income, net of unrealized gains/(losses)	42,105	-	33,408	75,513
Other revenue	-	2,800	180,831	183,631
TOTAL REVENUES	50,696,510	2,800	994,446	51,693,756
EXPENDITURES				
Current:				
General government	3,773,864	-	-	3,773,864
Public safety	9,137,981	-	954	9,138,935
Public works	2,264,010	-	-	2,264,010
Social services	610,702	-	-	610,702
Recreation and culture	1,184,224	-	-	1,184,224
Education	32,145,228	-	-	32,145,228
Program expenditures	-	191,134	2,339,615	2,530,749
Debt service	1,763,156	-	-	1,763,156
TOTAL EXPENDITURES	50,879,165	191,134	2,340,569	53,410,868
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(182,655)	(188,334)	(1,346,123)	(1,717,112)
OTHER FINANCING SOURCES (USES)				
Debt proceeds	440,250	-	-	440,250
Operating transfers in	468,367	-	1,283,402	1,751,769
Operating transfers (out)	(620,790)	-	(391,032)	(1,011,822)
TOTAL OTHER FINANCING SOURCES (USES)	287,827	-	892,370	1,180,197
NET CHANGE IN FUND BALANCES	105,172	(188,334)	(453,753)	(536,915)
FUND BALANCES - JULY 1, RESTATED	1,988,170	2,231,099	3,657,690	7,876,959
FUND BALANCES - JUNE 30	\$ 2,093,342	\$ 2,042,765	\$ 3,203,937	\$ 7,340,044

See accompanying independent auditors' report and notes to financial statements.

CITY OF SOUTH 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, 2013

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (536,915)</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:</p>	
Capital asset purchases	1,402,446
Capital asset deletions	-
Depreciation expense	<u>(987,756)</u>
	<u>414,690</u>
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported.</p>	
Taxes and liens receivable	<u>28,695</u>
	<u>28,695</u>
<p>Debt proceeds provide current financial resources to governmental funds, but long-term liabilities in the Statement of Net Position</p>	
	<u>(440,250)</u>
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	
	<u>2,131,400</u>
<p>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 governmental funds:</p>	
Post retirement benefits	-
Funding of pension liability	-
Accrued compensated absences	<u>(106,889)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 1,490,731</u></u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

BALANCE SHEET – PROPRIETARY FUNDS
JUNE 30, 2013

	Enterprise Funds				Totals
	Recreation Programs	Water Department	Water Pollution	Storm Water Utilities	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ -	\$ 816,576	\$ 1,328,166	\$ 1,167,521	\$ 3,312,263
Accounts receivable (net of allowance for uncollectibles)	-	594,087	-	-	594,087
Due from water - billed	-	-	-	84,459	84,459
Due from water - unbilled	-	356,400	554,240	243,595	1,154,235
Inventory	-	65,828	-	-	65,828
Prepaid expenses	-	2,048	-	-	2,048
Due from other funds	38,119	-	-	-	38,119
Total current assets	38,119	1,834,939	1,882,406	1,495,575	5,251,039
Noncurrent assets:					
Net capital assets	-	3,751,507	4,533,877	2,123,986	10,409,370
Total noncurrent assets	-	3,751,507	4,533,877	2,123,986	10,409,370
TOTAL ASSETS	\$ 38,119	\$ 5,586,446	\$ 6,416,283	\$ 3,619,561	\$ 15,660,409

CITY OF SOUTH BURLINGTON, VERMONT

BALANCE SHEET – PROPRIETARY FUNDS
JUNE 30, 2013

	Enterprise Funds				Totals
	Recreation Programs	Water Department	Water Pollution	Storm Water Utilities	
LIABILITIES AND NET POSITION					
Current liabilities:					
Accounts payable	\$ -	\$ 719,988	\$ -	\$ -	\$ 719,988
Accrued payroll	-	-	51,287	-	51,287
Due to other funds	-	-	483,476	531,129	1,014,605
Current portion of long-term debt	-	116,460	245,000	-	361,460
Total current liabilities	-	836,448	779,763	531,129	2,147,340
Noncurrent liabilities:					
Bonds payable	-	1,195,273	1,470,000	-	2,665,273
Total noncurrent liabilities	-	1,195,273	1,470,000	-	2,665,273
TOTAL LIABILITIES	-	2,031,721	2,249,763	531,129	4,812,613
NET POSITION					
Invested in capital assets, net of related debt	-	2,439,774	2,818,877	2,123,986	7,382,637
Restricted	-	-	-	-	-
Unrestricted	38,119	1,114,951	1,347,643	964,446	3,465,159
TOTAL NET POSITION	38,119	3,554,725	4,166,520	3,088,432	10,847,796
TOTAL LIABILITIES AND NET POSITION	\$ 38,119	\$ 5,586,446	\$ 6,416,283	\$ 3,619,561	\$ 15,660,409

See accompanying independent auditors' report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Funds				Totals
	Recreation Programs	Water Department	Water Pollution	Storm Water Utilities	
OPERATING REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 1,010,872	\$ 1,010,872
Water sales	-	2,071,882	-	-	2,071,882
Charges for services	218,205	50,585	3,371,931	1,754,372	5,395,093
Other	-	213,106	64,872	4,092	282,070
TOTAL OPERATING REVENUES	218,205	2,335,573	3,436,803	2,769,336	8,759,917
OPERATING EXPENSES					
Salaries and benefits	97,403	397,988	1,087,440	410,233	1,993,064
Professional and contracted services	44,858	80,341	717,941	108,229	951,369
Supplies, materials and fuel	4,385	58,696	248,783	8,006	319,870
Water purchases	-	1,110,293	-	-	1,110,293
Capital outlay	-	-	-	-	-
Utilities	-	-	341,154	3,947	345,101
Depreciation	-	219,648	266,139	87,644	573,431
City admin fee	-	50,460	-	-	50,460
Liability insurance	-	5,351	-	20,717	26,068
Miscellaneous	63,908	249,435	71,453	-	384,796
TOTAL OPERATING EXPENSES	210,554	2,172,212	2,732,910	638,776	5,754,452
OPERATING INCOME (LOSS)	7,651	163,361	703,893	2,130,560	3,005,465

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Funds				Totals
	Recreation Programs	Water Department	Water Pollution	Storm Water Utilities	
NON-OPERATING INCOME (EXPENSE)					
Operating transfers in	-	-	49,079	-	49,079
Operating transfers (out)	-	-	(113,700)	(675,326)	(789,026)
Interest income	-	1,286	-	-	1,286
Interest expense	-	(65,140)	-	-	(65,140)
TOTAL NON-OPERATING INCOME (EXPENSE)	-	(63,854)	(64,621)	(675,326)	(803,801)
CHANGE IN NET POSITION	7,651	99,507	639,272	1,455,234	2,201,664
NET POSITION - JULY 1	30,468	3,455,218	3,527,248	1,633,198	8,646,132
NET POSITION - JUNE 30	\$ 38,119	\$ 3,554,725	\$ 4,166,520	\$ 3,088,432	\$ 10,847,796

See accompanying independent auditors' report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Funds				Totals
	Recreation Programs	Water Department	Water Pollution	Storm Water Utilities	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 210,554	\$ 2,128,913	\$ 3,665,925	\$ 1,869,195	\$ 7,874,587
Intergovernmental receipts	-	-	-	1,010,872	1,010,872
Other receipts	-	213,106	64,872	4,092	282,070
Payments to employees	(97,403)	(397,988)	(1,036,153)	(410,233)	(1,941,777)
Payments to suppliers	(113,151)	(1,653,730)	(895,855)	225,362	(2,437,374)
Net cash provided (used) by operating activities	-	290,301	1,798,789	2,699,288	4,788,378
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers	-	-	(64,621)	(675,326)	(739,947)
Net cash provided (used) by noncapital financing activities	-	-	(64,621)	(675,326)	(739,947)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest income	-	1,286	-	-	1,286
(Purchase) sale of fixed assets	-	(64,860)	(161,002)	(1,326,335)	(1,552,197)
Interest payments on bond payable	-	(65,140)	-	-	(65,140)
Principal payments on bond/note payable	-	(116,411)	(245,000)	-	(361,411)
Net cash provided (used) by capital and related financing activities	-	(245,125)	(406,002)	(1,326,335)	(1,977,462)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	45,176	1,328,166	697,627	2,070,969
CASH AND CASH EQUIVALENTS - JULY 1	-	771,400	-	469,894	1,241,294
CASH AND CASH EQUIVALENTS - JUNE 30	\$ -	\$ 816,576	\$ 1,328,166	\$ 1,167,521	\$ 3,312,263

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Funds				Totals
	Recreation Programs	Water Department	Water Pollution	Storm Water Utilities	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 7,651	\$ 163,361	\$ 703,893	\$ 2,130,560	\$ 3,005,465
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	-	219,648	266,139	87,644	573,431
Changes in operating assets and liabilities:					
(Increase) decrease in due from water - billed	-	-	293,994	114,823	408,817
(Increase) decrease in due from water - unbilled	-	2,234	-	-	2,234
(Increase) decrease in accounts receivable	-	7,437	-	-	7,437
(Increase) decrease in inventory	-	(1,692)	-	-	(1,692)
(Increase) decrease in prepaid expenses	-	(1,533)	-	-	(1,533)
(Increase) decrease in due from other funds	(7,651)	-	-	-	(7,651)
(Decrease) increase in accounts payable	-	527,874	-	-	527,874
(Decrease) increase in accrued payroll	-	-	51,287	-	51,287
(Decrease) increase in due to other governments	-	(627,028)	-	-	(627,028)
(Decrease) increase in due to other funds	-	-	483,476	366,261	849,737
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ -	\$ 290,301	\$ 1,798,789	\$ 2,699,288	\$ 4,788,378

See accompanying independent auditors' report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2013

	Employee Pension Trust	Agency Funds ICMA
	<u> </u>	<u> </u>
ASSETS		
Investments, at fair value:		
Money market funds	\$ -	\$ 1,422,905
Bond funds	-	530,948
Assett allocation funds	-	1,690,314
U.S. Stocks	11,337,196	1,971,000
International Stocks	3,843,946	344,639
Specialty	-	122,731
Fixed income	9,105,533	-
Real estate	904,455	-
TOTAL ASSETS	<u>\$ 25,191,130</u>	<u>\$ 6,082,537</u>
LIABILITIES		
Amounts held for others	\$ -	\$ 6,082,537
TOTAL LIABILITIES	<u>-</u>	<u>\$ 6,082,537</u>
NET POSITION		
Restricted - held in trust for pension benefits	<u>25,191,130</u>	
TOTAL NET POSITION	<u>25,191,130</u>	
TOTAL LIABILITIES AND NET POSITION	<u>\$ 25,191,130</u>	

See accompanying independent auditors' report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2013

	Employee Pension Trust
ADDITIONS	
Contributions:	
Employer/Employee	\$ 923,491
Total contributions	<u>923,491</u>
Investment earnings:	
Net increase (decrease) in fair value of investments	2,570,889
Interest and dividends	439,664
Total investment earnings, net	<u>3,010,553</u>
Total additions	<u>3,934,044</u>
DEDUCTIONS	
Benefits payments	1,092,946
Other withdrawals	-
Administrative expenses	4,518
Total deductions	<u>1,097,464</u>
CHANGE IN NET POSITION	2,836,580
NET POSITION - JULY 1	<u>22,354,550</u>
NET POSITION - JUNE 30	<u>\$ 25,191,130</u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of South Burlington was incorporated under the laws of the State of Vermont. The City operates under City Council-Manager form of government and provides the following services: general government services, public safety, public works, health and welfare, education, and recreation.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The City's combined financial statements include all accounts and all operations of the City. We have determined that the City has no component units as described in GASB Statement No. 14 and amended by GASB Statement No. 39.

Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's recreation program, water department, water pollution, ambulance services; and storm water utilities are categorized as business-type activities. All other activities of the City are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position are reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general government, public safety, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The City does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the City are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the City:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- a. The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- d. Permanent Funds are used to account for assets held by the City in trust for specific purposes.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the City:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third-party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. Component units that are fiduciary in nature have been excluded from these financial statements.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust). Since by definition these assets are being held for the benefit of a third-party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The City's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the City prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the City Council was called for the purpose of adopting the proposed budget after public notice of the meeting was given.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. The budget was adopted subsequent to passage by the voters.
4. The City did not adopt budgets for Special Revenue Funds.

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the City's policy to value investments at fair value. None of the City's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be a cash equivalent. The City Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions.
- Repurchase agreements
- Money market mutual funds

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost. Under the consumption method, the costs of inventory items are recognized as expenditures when used. In the general fund, inventory consists of diesel fuel and gasoline. The enterprise fund inventory consists of water department supplies on hand at the end of the year. The cost value is determined using the first-in, first-out (FIFO) method.

Interfund Receivables and Payables

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$244,166 as of June 30, 2013. The allowance is for ambulance receivables in the enterprise funds.

Capital Assets

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

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

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of notes or bonds payable and compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The City's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2013, the City's liability for compensated absences is \$805,794.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonspendable – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the City. The inhabitants of the City through City meetings are the highest level of decision-making authority of the City. Commitments may be established, modified, or rescinded only through a City meeting vote.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the City Council.

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City meeting vote has provided otherwise in its commitment or assignment actions.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The City's property tax for the current year was levied July 2, 2012 on the assessed value listed as of April 1, 2012, for all real and personal property located in the City. Taxes were due on August 15, 2012, November 15, 2012 and March 15, 2013. Interest on unpaid taxes commenced on August 16, 2012, November 16, 2012 and March 16, 2013, at 8% penalties and 1% interest per installment.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The City has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (grant income/expenses).

Operating/Non-operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The City does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the City's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - CASH AND INVESTMENTS

The City's policies, which follow state statutes, authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all City funds.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the City will not be able to recover its deposits. The City does not have a policy covering custodial credit risk for deposits. However, the City maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF. At June 30, 2013, the City's cash balance of \$8,480,374 was comprised of bank deposits and cash equivalents totaling \$8,492,500. Bank deposits of \$8,471,211 were comprised of \$250,000 which was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$8,221,211 that was in excess of federal depository insurance, but collateralized with securities held by financial institutions in the City's name. The remaining cash equivalents of \$21,289 were covered by the Securities Investor Protection Corporation (SIPC).

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 7,769,835
Sweep accounts	205,777
Money market accounts	495,599
Cash equivalents	21,289
	<u>\$ 8,492,500</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the City does not have a policy for custodial credit risk for investments; however, the City seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. The City's investments were covered up to \$1,402,634 by Securities Investor Protection Corporation (SIPC). The remaining investments of \$30,273,667 were uncollateralized and uninsured.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

At June 30, 2013, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	<1 Year	2 - 5 Years
Prudential:				
U.S. Stocks	\$ 11,337,196	\$ 11,337,196	\$ -	\$ -
International Stocks	3,843,946	3,843,946	-	-
Fixed income	9,105,533	9,105,533	-	-
Real estate	904,455	904,455	-	-
ICMA:				
Money market funds	1,422,905	1,422,905	-	-
Bond funds	530,948	530,948	-	-
Assett allocation funds	1,690,314	1,690,314	-	-
U.S. Stocks	1,971,000	1,971,000	-	-
International Stocks	344,639	344,639	-	-
Specialty	122,731	122,731	-	-
Edward Jones:				
Mutual funds	16,305	16,305	-	-
Wells Fargo:				
Asset backed securities	15,379	15,379	-	-
Mutual funds	334,040	334,040	-	-
Fixed rate cap securities	36,910	36,910	-	-
	\$ 31,676,301	\$ 31,676,301	\$ -	\$ -

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

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2013 consisted of the following individual fund receivables and payables.

	<u>Receivables</u> (Due from)	<u>Payables</u> (Due to)
General fund	\$ 1,775,673	\$ 4,222,185
Airport parkway expansion fund	2,042,765	-
Special revenue fund	1,049,078	693,059
Capital project fund	951,675	67,104
Permanent fund	140,548	905
Enterprise fund	38,119	1,014,605
	<u>\$ 5,997,858</u>	<u>\$ 5,997,858</u>

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2013:

	<u>Balance,</u> 7/1/12	<u>Additions</u>	<u>Disposals</u>	<u>Balance,</u> 6/30/13
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 6,030,263	\$ -	\$ -	\$ 6,030,263
Construction in progress	28,571,251	-	-	28,571,251
	<u>34,601,514</u>	<u>-</u>	<u>-</u>	<u>34,601,514</u>
Depreciated assets:				
Land Improvements	71,703	-	-	71,703
Buildings	16,206,462	-	-	16,206,462
Building improvements	559,798	407,515	-	967,313
Machinery & equipment	1,882,010	369,922	-	2,251,932
Vehicles	4,415,644	454,118	(103,560)	4,766,202
Infrastructure	38,956,490	170,891	-	39,127,381
	<u>62,092,107</u>	<u>1,402,446</u>	<u>(103,560)</u>	<u>63,390,993</u>
Less: accumulated depreciation	<u>(44,919,880)</u>	<u>(987,756)</u>	<u>103,560</u>	<u>(45,804,076)</u>
	<u>17,172,227</u>	<u>414,690</u>	<u>-</u>	<u>17,586,917</u>
Net capital assets	<u>\$ 51,773,741</u>	<u>\$ 414,690</u>	<u>\$ -</u>	<u>\$ 52,188,431</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/12	Additions	Disposals	Balance, 6/30/13
<u>Business-type activities</u>				
Non-depreciated assets:				
Land / construction in progress	\$ 518,000	\$ -	\$ -	\$ 518,000
	<u>518,000</u>	<u>-</u>	<u>-</u>	<u>518,000</u>
Depreciated assets:				
Buildings	5,952,242	-	-	5,952,242
Building improvements	11,130	-	-	11,130
Land improvements	7,362,506	-	-	7,362,506
Vehicles	811,164	-	(50,999)	760,165
Machinery & equipment	6,950,903	139,336	-	7,090,239
Infrastructure	-	86,526	-	86,526
Storm water utilities	1,290,352	1,326,335	-	2,616,687
	<u>22,378,297</u>	<u>1,552,197</u>	<u>(50,999)</u>	<u>23,879,495</u>
Less: accumulated depreciation	<u>(13,465,693)</u>	<u>(573,431)</u>	<u>50,999</u>	<u>(13,988,125)</u>
	<u>8,912,604</u>	<u>978,766</u>	<u>-</u>	<u>9,891,370</u>
Net capital assets	<u>\$ 9,430,604</u>	<u>\$ 978,766</u>	<u>\$ -</u>	<u>\$ 10,409,370</u>
 <u>Current year depreciation</u>				
Fire				\$ 148,516
Public works				289,312
General government				3,298
Health				3,610
Police				296,152
Recreation				84,360
Highway				162,170
Library				338
Subtotal governmental				<u>987,756</u>
Water department				219,648
Water pollution control				266,139
Storm water utilities				87,644
Subtotal business-type				<u>573,431</u>
Total depreciation expense				<u>\$ 1,561,187</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2013:

	Balance, 7/1/12	Additions	Deletions	Balance, 6/30/13	Due Within One Year
<u>Governmental Activities:</u>					
Bonds payable	\$ 29,876,856	\$ -	\$ (738,589)	\$ 29,138,267	\$ 1,559,600
Notes payable	9,211,221	440,250	(1,392,811)	8,258,660	584,021
Accrued compensated absences	698,905	106,889	-	805,794	-
Total Governmental Activities	<u>\$ 39,786,982</u>	<u>\$ 547,139</u>	<u>\$ (2,131,400)</u>	<u>\$ 38,202,721</u>	<u>\$ 2,143,621</u>
<u>Business-type Activities:</u>					
Bonds payable	\$ 3,388,144	\$ -	\$ (361,411)	\$ 3,026,733	\$ 361,460
Total Business-type Activities	<u>\$ 3,388,144</u>	<u>\$ -</u>	<u>\$ (361,411)</u>	<u>\$ 3,026,733</u>	<u>\$ 361,460</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds payable:

<u>Bonds</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
\$800,000, 1993 General Obligation Bond due in annual principal installments and semiannual interest installments through December 2013. Interest is charged at a rate of 5.27% per annum. Annual principal installments are \$40,000.	\$ 40,000	-
\$2,435,000, 2000 General Obligation Bond due in annual principal installments and semiannual interest installments through December 2020. Interest is charged at a net rate of 5.23% per annum. Annual principal installments are \$120,000.	788,435	171,565
\$4,900,000, 1998 General Obligation Bond due in annual principal installments and semiannual interest installments through April 2020. Interest is not charged . Annual principal installments are \$245,000.	-	1,715,000
\$1,300,000, 2003 General Obligation Bond due in annual principal installments and semiannual interest installments through December 2013. Interest is charged at a net rate of 2.978% per annum. Annual principal installments are \$130,000.	130,000	-
\$3,400,000, 2004 General Obligation Bond due in annual principal installments and semiannual interest installments through December 2024. Interest is charged at a net rate of 4.455% per annum. Annual principal installments are \$170,000.	899,832	1,140,168
\$7,200,000, 2010 General Obligation Bond due in annual principal installments and semiannual interest installments through December 2030. Interest is charged at a rate of 4.34% per annum. Annual principal installments are \$360,000.	6,480,000	-
\$2,000,000, 2010 General Obligation Bond due in annual principal installments and semiannual interest installments through December 2022. Interest is charged at a net rate from 3.25% to 4.75% per annum. \$1,000,000 was paid by ARRA funding.	1,000,000	-
\$19,800,000, 2010 General Obligation Bond due in annual principal installments and semiannual interest installments through April 2030. Interest is charged at 1.00% per annum. Annual principal installments vary.	19,800,000	-
	<u>\$ 29,138,267</u>	<u>\$ 3,026,733</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding notes payable:

Notes

	Governmental Activities	Business-type Activities
\$440,250 Note payable to Merchants Bank for a fire apparatus/ladder truck with interest at 1.58%. Note matures on July 15, 2015 with annual principal installments of \$146,750 .	\$ 293,500	\$ -
\$104,000, General Obligation Note from the Pollution Control Revolving Loan Fund due in annual principal installments with interest being forgiven. \$52,000 was paid by ARRA funding.	31,816	-
\$90,310, General Obligation Note from the Pollution Control Revolving Loan Fund due in annual principal installments with interest being forgiven. \$45,155 was paid by ARRA funding.	27,628	-
\$74,000, General Obligation Note from the Pollution Control Revolving Loan Fund due in annual principal installments with interest being forgiven. \$37,000 was paid by ARRA funding.	29,890	-
\$213,316, General Obligation Note from the Pollution Control Revolving Loan Fund due in annual principal installments with interest being forgiven. \$106,658 was paid by ARRA funding.	65,258	-
\$198,281, General Obligation Note from the Pollution Control Revolving Loan Fund due in annual principal installments with interest being forgiven. \$99,140 was paid by ARRA funding.	61,192	-
\$200,000 Note payable to Merchants Bank for storm water mitigation with interest at 1.86%. Note matures on January 21, 2014 at which time it may be refinanced.	100,000	-
\$8,168,158 Note payable to Merchants Bank for Pension Financing with interest at 5.125%. Note matures on June 30, 2031 with annual installments of \$660,948.	7,649,376	-
	\$ 8,258,660	\$ -

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bond principal and interest requirements for the following fiscal years ending June 30:

Bonds Payable

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2014	\$ 1,921,060	\$ 817,452	\$ 2,738,512
2015	1,768,181	775,213	2,543,394
2016	1,785,645	734,549	2,520,194
2017	1,803,457	691,833	2,495,290
2018	1,821,627	647,249	2,468,876
2019-2023	8,418,646	2,536,718	10,955,364
2024-2028	7,570,583	1,429,309	8,999,892
2029-2033	7,075,801	445,676	7,521,477
	<u>\$ 32,165,000</u>	<u>\$ 8,077,999</u>	<u>\$ 40,242,999</u>

The following is a summary of outstanding note principal and interest requirements for the following fiscal years ending June 30:

Notes Payable

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2014	\$ 584,021	\$ 410,789	\$ 994,810
2015	498,625	383,516	882,141
2016	366,750	366,322	733,072
2017	320,064	348,734	668,798
2018	328,377	332,571	660,948
2019-2023	1,911,300	1,393,440	3,304,740
2024-2028	2,453,804	850,936	3,304,740
2029-2033	1,795,719	187,127	1,982,846
	<u>\$ 8,258,660</u>	<u>\$ 4,273,435</u>	<u>\$ 12,532,095</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 - NONSPENDABLE FUND BALANCES

At June 30, 2013, the City had the following nonspendable fund balance:

General fund:	
Inventory	\$ 13,236
Prepaid expenses	<u>452,227</u>
	<u>\$ 465,463</u>

NOTE 7 - RESTRICTED FUND BALANCES

At June 30, 2013, the City had the following restricted fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 255,562
Nonmajor capital project funds (Schedule F)	260,689
Nonmajor permanent funds (Schedule H)	<u>534,418</u>
	<u>\$ 1,050,669</u>

NOTE 8 - COMMITTED FUND BALANCES

At June 30, 2013, the City had the following committed fund balances:

General fund:	
FY 2014 appropriations	\$ 1,086,243
Nonmajor special revenue funds (Schedule D)	1,564,883
Nonmajor capital project funds (Schedule F)	690,986
Nonmajor permanent funds (Schedule H)	<u>6,753</u>
	<u>\$ 3,348,865</u>

NOTE 9 - ASSIGNED FUND BALANCES

At June 30, 2013, the City had the following assigned fund balances:

General fund:	
Paving	\$ 452,382
Nonmajor special revenue funds (Schedule D)	<u>156,700</u>
	<u>\$ 609,082</u>

NOTE 10 - RISK MANAGEMENT – PARTICIPATION IN A PUBLIC ENTITY RISK POOL

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 City carries

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - RISK MANAGEMENT – PARTICIPATION IN A PUBLIC ENTITY RISK POOL
(CONTINUED)

commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Vermont League of Cities and Towns.

Based on the coverage provided by the insurance purchased, the City is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2013. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

The City of South Burlington, Vermont is a member of Vermont League of Cities and Towns (VLCT). The VLCT has established three insurance trusts: the Property and Casualty Intermunicipal Fund, Inc. (PACIF) for multi-line insurance; The Vermont League of Cities and Towns Health Trust (VLCTHT) for health, life and disability coverage; and the Vermont league of Cities and Towns Unemployment Trust, Inc. (VLCTUT) for unemployment compensation. PACIF, VLCTHT and VLCTUT are nonprofit corporations formed to provide insurance and risk management programs for Vermont cities and towns and is owned by the participating members. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

To provide insurance coverage, PACIF has established a self-funded insurance trust. It provides extensive coverage for losses to member municipalities for property damage, auto accidents, injured employees, public official liability and employment practices liability. Members gain additional benefits from PACIF's unique public safety and risk management programs as well as dedicated in-house claims adjusters. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the program will be terminated with each member assessed their proportionate share of the deficit.

To provide health insurance coverage, VLCTHT has established a self-funded fully insured program in conjunction with Connecticut General (CIGNA). A portion of member contributions is used to purchase reinsurance and to fund a reserve required by the reinsurance. Other health related benefits available include dental insurance, flexible spending accounts, life insurance, disability insurance and long-term care insurance. Contributions in excess of claims requirements, reserve fund requirements, reinsurance and administrative costs are returned to participants. The pooling agreement does not permit the pool to make additional assessments to its members.

To provide unemployment coverage, VLCTUT has established a separate trust of funds from member contributions to pay administrative costs, unemployment claims and provide excess reinsurance protection. Contributions are based on payroll expense and the previous two year unemployment compensation experience. In the event that total

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - RISK MANAGEMENT – PARTICIPATION IN A PUBLIC ENTITY RISK POOL
(CONTINUED)

contributions assessed to and made by all members result in an actual or projected financial deficit and VLCTUT is unable to meet its required obligations, the program will be terminated with each members assessed their proportionate share of the deficit.

NOTE 11 - RETIREMENT INCENTIVES

The City will permit any employee with 15 years or more of service to exchange 160 hours of sick leave plus 16 additional sick leave hours per year of service beyond 15 years towards early retirement in the year of retirement.

Life insurance is offered to all retirees for the rest of their lives. The present cost is different for each person. There are 38 people presently receiving life insurance benefits with an annual cost to the city of \$10,010. The liability will change from year to year based on the cost of the insurance and the number of people receiving the insurance benefit.

The City offers a plan, available to all full time employees, that uses accumulated unused sick time to pay for the loss of health insurance upon their retirement. The amount of unused sick time hours multiplied by the employee's hourly rate at the time of retirement is the amount credited to a sick leave bank to pay the cost of insurance. The amount is actually unfunded and treated as a "pay as you go" plan. As of June 30, 2013, this amount for both active and retired employees has been estimated at \$3,184,354.

NOTE 12 - DEFINED BENEFIT PENSION PLAN

The City of South Burlington, Vermont, sponsors one defined benefit pension plan with two components that cover all eligible employees. One component is for public safety employees (fire and police) and the other component is for all other City employees. The City of South Burlington, Vermont, provides the authority under which benefit provisions are established and the City's obligation to contribute is established. The plan calls for benefits to be paid to eligible employees at retirement based primarily upon years of service with the City and compensation rates near retirement. The City's most recent actuarial valuation of the plan can be obtained at the office of the City Treasurer, 575 Dorset Street, South Burlington, Vermont 05403 or on the City's website at www.sburl.com.

Non-public safety employees earn 1.75 percent of average monthly compensation per year of service. Average monthly compensation means the monthly compensation of a participant averaged over the three (3) consecutive plan years for the date of employment, including periods prior to the effective date of the plan, which produce the highest monthly average. If a participant has less than three (3) consecutive plan years of service between the date of employment to the date of termination, the average monthly

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

compensation will be based on the monthly compensation during the months of service from the date of employment to the date of termination.

Public safety employees earn 2.5 percent of average monthly compensation per year of service limited to 25 years. Average monthly compensation means the monthly compensation of a participant average over the three (3) highest consecutive years of the last ten (10) years from the date of employment, including periods prior to the effective date of the plan, which produce the highest monthly average. If a participant has less than three (3) consecutive plan years of service from the date of employment to the date of termination, the average monthly compensation will be based on the monthly compensation during the months of service from the date of employment to the date of termination. Public safety employees contribute 6.5% of their base salary in the plan.

The Plan provides death and disability benefits. Employees become eligible after three years of service. Benefits vest 20 percent per year upon eligibility. Employees are 100 percent vested after five years of participation that occurs at the end of the seventh year. Normal retirement for the non-public safety employees is age 65 with early retirement at age 60. Normal retirement for public safety employees is age 53 with early retirement at age 50. Contributions to the plan reflect benefits attributed to employees' services to date, as well as services expected to be earned in the future.

At June 30, 2013, the number of participants consisted of:

	<u>Public Safety</u>	<u>Non-Public Safety Group</u>
Retired participants currently receiving benefits	25	34
Terminated vested or inactive but still employed	12	32
Participants currently employed:	<u>74</u>	<u>31</u>
Total participants	<u>111</u>	<u>97</u>
Ineligible employees	<u>0</u>	<u>16</u>

The City of South Burlington, Vermont's current year aggregate compensation of active participants in the pension plan equaled \$5,611,009.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following sets forth the determination of normal cost of the plan for the year ended June 30, 2013:

	<u>Public Safety</u>	<u>Non-Public Safety Group</u>
1. Actual present value of future benefits:		
A. Inactive participants	\$ 9,793,374	\$ 3,824,326
B. Active participants	13,270,916	4,419,176
C. Total	23,064,290	8,243,502
2. Actuarial asset value:	18,446,990	6,759,779
3. Present value of future employee contributions:	1,938,394	-
4. Unfunded entry age accrued liability:	260,590	760,988
5. Present value of future normal cost (1C-2-3-4):	24,181,316	722,735
6. Present value of future payroll:	298,201,448	12,655,770
7. Normal cost accrual rate (5/6):	8.1091%	5.7107%
8. Current payroll:	4,121,484	1,489,525
9. Normal cost (7*8):	334,213	85,063

The following sets forth the actuarial present value of accumulated plan benefits as for June 30, 2013:

	<u>Public Safety</u>	<u>Non-Public Safety Group</u>
Actuarial present value of vested accumulated plan benefits		
Inactive participants (retirees, term vested):	\$ 9,793,374	\$ 3,824,326
Actively employed participants	7,788,190	2,213,739
Present value of vested accumulated benefits	17,581,564	6,038,065
Present value of non-vested accumulated benefits	163,816	40,929
Total present value of future benefits	17,745,380	6,078,994
Actuarially computed value of accrued vested		
Plan assets available to provide benefits	18,446,990	6,759,778
Unfunded pension benefit obligation	-	-
Funded ratio	104.0%	111.2%

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following sets forth the asset fair market value of accumulated plan benefits as for June 30, 2013:

	<u>Public Safety</u>	<u>Non-Public Safety Group</u>
Asset fair market value at July 1, 2012:	\$ 16,322,209	\$ 6,032,341
Additional bond proceeds	-	-
Employer contributions:	417,481	242,519
Mandatory employee contributions:	263,491	-
Benefit payments to participants:	(772,565)	(320,381)
Share of investment earnings (net of expenses):	2,200,736	805,299
Asset fair market value at June 30, 2013	18,431,352	6,759,778
Employer contribution receivable:	-	-
Employee contribution receivable:	15,639	-
Asset fair market value at June 30, 2013	18,446,991	6,759,778

Approximate annual rate of return for the plan year (net of expenses):	1.66%
---	-------

Significant actuarial assumptions used to compute the pension benefit obligations and the actuarial present value of accumulated plan benefits are as follows:

Current actuarial valuation date	July 1, 2013
Actuarial present value interest rate	7.50%
Projected salary increase:	4.00%
Employee contribution rate (Public Safety Only)	6.50%
Actuarial cost method	Frozen initial liability
Mortality table used in determining actuarial present values	IRC Section 430-2013 Optional Combined Tables

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 13 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGERS ASSOCIATION – RETIREMENT CORPORATION

A. Plan Description

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the City's management that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

B. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City matches voluntary contributions up to 5.5% of non-public safety personnel. Vesting occurs immediately.

The City's contributions to the plan including employee contributions for 2013, 2012, and 2011 were \$331,273, \$313,747, and \$330,645, respectively.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 14 - DEFICIT FUND BALANCES

At June 30, 2013 the City had the following deficit fund balances:

Non-major funds:		
MPG 10 Natural Resources (210)	\$	1,519
Road Opening Impact Fees (234)		27,460
Mobile data terminals (245)		6,159
BYFAE Jag Grant (278)		33,642
Market street federal (280)		114,090
LED Signage/Crosswalks (283)		15,409
Kennedy Drive Reconstruction (303)		6,991
Exit 14B Staples 3rd Lane (318)		54,445
Hayes Avenue Stormwater (328)		5,668
Fire department donations		671
Total non-major funds	\$	<u>266,054</u>

The City is currently reviewing the condition of these overdrafts and a plan to fund them.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

The City of South Burlington, Vermont, has entered into a severance agreement with one of its retirees, requiring the City to pay out accrued vacation, sick and compensation time. The agreement term is for five years beginning January, 2012 and ending January, 2016. The annual agreement cost is calculated based on number of hours earned but not compensated over the duration of the retiree’s employment with the City. Payments at the end of each fiscal year for the remainder of the agreement follow:

Fiscal Years	
Ending	Amount
<u>June 30,</u>	<u></u>
2014	\$ 17,119
2015	17,119
2016	17,119

For the twelve months ended June 30, 2013, the total agreement cost was \$17,119. All future contract amounts are subject to annual appropriation by the City of South Burlington.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 15 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

The City of South Burlington, Vermont contracts for management, water purchases and other services from the Champlain Water District (CWD). The water department has contracted with CWD to manage and maintain the water facility. This contract is renewed annually. The terms of the management contract provide for hourly wages for the CWD employees.

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the City's financial position.

The City participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 16 - RESTATEMENT

As of July 1, 2012, the nonmajor special revenue funds have been restated in the amount of \$29,922. This restatement was done to add the police bequeath fund to the books. Both the governmental net position and fund balance have increased by \$29,922 as of July 1, 2012.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Funding Progress – Employees Pension Plan

CITY OF SOUTH BURLINGTON, VERMONT

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 1,988,170	\$ 1,988,170	\$ 1,988,170	\$ -
Resources (Inflows):				
General tax revenue - municipal and education	47,134,711	47,134,711	47,335,508	200,797
Charges for services	3,980,577	3,980,577	3,318,897	(661,680)
Investment income	-	-	42,105	42,105
Other revenue	600	600	-	(600)
Debt proceeds	-	-	440,250	440,250
Transfers from other funds	-	-	468,367	468,367
Amounts Available for Appropriation	<u>53,104,058</u>	<u>53,104,058</u>	<u>53,593,297</u>	<u>489,239</u>
Charges to Appropriations (Outflows):				
General government	5,433,907	5,433,907	3,773,864	1,660,043
Public safety	6,900,478	6,900,478	9,137,981	(2,237,503)
Public works	2,392,702	2,392,702	2,264,010	128,692
Social services	610,713	610,713	610,702	11
Recreation and culture	1,117,533	1,117,533	1,184,224	(66,691)
Debt service	1,763,877	1,763,877	1,763,156	721
Education	32,145,228	32,145,228	32,145,228	-
Transfers to other funds	751,450	751,450	620,790	130,660
Total Charges to Appropriations	<u>51,115,888</u>	<u>51,115,888</u>	<u>51,499,955</u>	<u>(384,067)</u>
Budgetary Fund Balance, June 30	<u>\$ 1,988,170</u>	<u>\$ 1,988,170</u>	<u>\$ 2,093,342</u>	<u>\$ 105,172</u>
Utilization of unassigned fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 11,210,483	\$ 11,210,483	\$ 11,375,158	\$ 164,675
Property taxes (education)	32,145,228	32,145,228	32,145,228	-
Local options tax	3,425,000	3,425,000	3,498,004	73,004
Interest and penalties	354,000	354,000	317,118	(36,882)
Charges for services:				
Administrative services	540,199	540,199	644,461	104,262
Fire department	347,200	347,200	28,792	(318,408)
Other town clerk fees	238,600	238,600	249,935	11,335
Building & sign permits	186,000	186,000	159,264	(26,736)
Other planning fees	119,190	119,190	154,986	35,796
Vermont district court	-	-	59,608	59,608
Police department	325,079	325,079	123,180	(201,899)
Highway department	1,224,429	1,224,429	991,065	(233,364)
Recreation	5,000	5,000	10,198	5,198
Contracted programs	124,900	124,900	154,138	29,238
Ambulance	855,000	855,000	727,855	(127,145)
Library	14,980	14,980	15,415	435
Investment income	-	-	42,105	42,105
Other income				
Miscellaneous	600	600	-	(600)
Debt proceeds	-	-	440,250	440,250
Transfers from other funds	-	-	468,367	468,367
Use of unassigned fund balance	-	-	-	-
Total revenues	<u>\$ 51,115,888</u>	<u>\$ 51,115,888</u>	<u>\$ 51,605,127</u>	<u>\$ 489,239</u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF FUNDING PROGRESS – EMPLOYEE PENSION PLAN

Actuarial Valuation Date	Fair Value of Plan Assets (a)	PV of Accumulated Plan Benefits - Frozen Initial Liability (b)	Unfunded Plan Benefits (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/11	\$ 22,140,718	\$ 20,777,281	\$ (1,363,437)	106.56%	\$ 6,004,876	-22.71%
07/01/12	22,354,550	22,362,659	8,109	99.96%	5,623,012	0.14%
07/01/13	25,206,769	23,824,374	(1,382,395)	105.80%	5,611,009	-24.64%

See accompanying independent auditors' report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet – Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds
- Combining Balance Sheet – Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
City council	\$ 6,780	\$ -	\$ 6,780	\$ 250,971	\$ (244,191)
Employee benefits	2,979,108	-	2,979,108	637,980	2,341,128
City manager	427,296	-	427,296	658,796	(231,500)
City clerk	213,823	-	213,823	222,302	(8,479)
Legal/accounting/actuary	271,500	-	271,500	399,770	(128,270)
Administrative services	1,040,284	-	1,040,284	1,079,070	(38,786)
General ledger/payroll	72,114	-	72,114	75,419	(3,305)
Assessing/tax	124,709	-	124,709	125,091	(382)
Planning/design review	295,393	-	295,393	277,678	17,715
Natural resources	2,900	-	2,900	46,787	(43,887)
	<u>5,433,907</u>	<u>-</u>	<u>5,433,907</u>	<u>3,773,864</u>	<u>1,660,043</u>
Public safety					
Fire department	2,248,803	-	2,248,803	3,150,542	(901,739)
Ambulance	764,874	-	764,874	1,171,923	(407,049)
Police department	3,886,801	-	3,886,801	4,815,516	(928,715)
	<u>6,900,478</u>	<u>-</u>	<u>6,900,478</u>	<u>9,137,981</u>	<u>(2,237,503)</u>
Public works					
Highway department	2,392,702	-	2,392,702	2,264,010	128,692
	<u>2,392,702</u>	<u>-</u>	<u>2,392,702</u>	<u>2,264,010</u>	<u>128,692</u>
Social services					
County court	123,500	-	123,500	123,489	11
Winooski Valley Park	54,000	-	54,000	54,000	-
C.C.T.A	397,843	-	397,843	397,843	-
Regional planning	18,269	-	18,269	18,269	-
Metropolitan planning	17,101	-	17,101	17,101	-
	<u>610,713</u>	<u>-</u>	<u>610,713</u>	<u>610,702</u>	<u>11</u>

SCHEDULE A (CONTINUED)

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Recreation and culture					
Recreaton administration	240,408	-	240,408	259,202	(18,794)
Programs	75,375	-	75,375	32,666	42,709
Facilities	62,649	-	62,649	63,014	(365)
Contracted programs	55,630	-	55,630	118,824	(63,194)
Community library	408,276	-	408,276	444,716	(36,440)
Park maintenance	197,500	-	197,500	265,802	(68,302)
Other social services	77,695	-	77,695	-	77,695
	<u>1,117,533</u>	<u>-</u>	<u>1,117,533</u>	<u>1,184,224</u>	<u>(66,691)</u>
Debt service					
Principal public works facility	98,568	-	98,568	98,568	-
Principal Kennedy drive recon.	22,440	-	22,440	22,508	(68)
Principal Lime Kiln bridge	22,440	-	22,440	22,508	(68)
Prinicpal F/D building improvements	30,090	-	30,090	30,005	85
Prinicpal emergency center	130,000	-	130,000	130,000	-
Principal police headquarters	360,000	-	360,000	360,000	-
Principal Parkland, 1992	35,000	-	35,000	35,000	-
Principal Parkland/Brand farm	40,000	-	40,000	40,000	-
Principal pension liabilitiy	262,974	-	262,974	262,974	-
Interest public works facility	45,795	-	45,795	45,794	1
Interest Kennedy drive recon.	13,038	-	13,038	13,077	(39)
Interest Lime Kiln bridge	13,038	-	13,038	13,077	(39)
Interest F/D building improvements	17,483	-	17,483	17,433	50
Interest emergency center	7,131	-	7,131	7,131	-
Interest police headquarters	263,358	-	263,358	263,358	-
Interest Parkland, 1992	1,148	-	1,148	349	799
Interest Parkland/Brand farm	3,400	-	3,400	3,400	-
Interest pension liability	397,974	-	397,974	397,974	-
	<u>1,763,877</u>	<u>-</u>	<u>1,763,877</u>	<u>1,763,156</u>	<u>721</u>

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education	32,145,228	-	32,145,228	32,145,228	-
Transfers	751,450	-	751,450	620,790	130,660
Total Expenditures	<u>\$ 51,115,888</u>	<u>\$ -</u>	<u>\$ 51,115,888</u>	<u>\$ 51,499,955</u>	<u>\$ (384,067)</u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,406,542	\$ -	\$ 21,289	\$ 1,427,831
Investments	16,305	-	386,329	402,634
Due from agencies	-	-	75	75
Due from other funds	1,049,078	951,675	140,548	2,141,301
TOTAL ASSETS	\$ 2,471,925	\$ 951,675	\$ 548,241	\$ 3,971,841
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to agencies	-	-	6,836	6,836
Due to other funds	693,059	67,104	905	761,068
TOTAL LIABILITIES	693,059	67,104	7,741	767,904
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	255,562	260,689	534,418	1,050,669
Committed	1,564,883	690,986	6,753	2,262,622
Assigned	156,700	-	-	156,700
Unassigned	(198,279)	(67,104)	(671)	(266,054)
TOTAL FUND BALANCES	1,778,866	884,571	540,500	3,203,937
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,471,925	\$ 951,675	\$ 548,241	\$ 3,971,841

See accompanying independent auditors' report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 295,561	\$ 123,466	\$ -	\$ 419,027
Charges for service	361,180	-	-	361,180
Other income	99,327	11,536	69,968	180,831
Investment income, net of unrealized gains/(losses)	-	-	33,408	33,408
TOTAL REVENUES	756,068	135,002	103,376	994,446
EXPENDITURES				
Program expenses	1,248,477	1,056,002	35,136	2,339,615
Public safety	-	-	954	954
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	1,248,477	1,056,002	36,090	2,340,569
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(492,409)	(921,000)	67,286	(1,346,123)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	677,926	602,590	2,886	1,283,402
Operating transfers (out)	(348,146)	(40,000)	(2,886)	(391,032)
TOTAL OTHER FINANCING SOURCES (USES)	329,780	562,590	-	892,370
NET CHANGE IN FUND BALANCES	(162,629)	(358,410)	67,286	(453,753)
FUND BALANCES, JULY 1, RESTATED	1,941,495	1,242,981	473,214	3,657,690
FUND BALANCES, JUNE 30	\$ 1,778,866	\$ 884,571	\$ 540,500	\$ 3,203,937

See accompanying independent auditors' report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	269 MPO/Traffic Overlay Grant	203 Fire Impact Fees	204 Sewer Impact Fees	205 Project Dare	206 Police Off-Duty Work	207 Police Forfeiture Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Due from other funds	4,163	39,156	-	809	-	42,271
TOTAL ASSETS	\$ 4,163	\$ 39,156	\$ -	\$ 809	\$ -	\$ 42,271
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	4,163	-	-	809	-	42,271
Committed	-	39,156	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	4,163	39,156	-	809	-	42,271
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,163	\$ 39,156	\$ -	\$ 809	\$ -	\$ 42,271

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	210 MPG 10 Natural Resources	211 EMTP Training	212 Fueling Station	214 Interim Zoning	215 Fire Dept. Off-Duty Work	2016 Clerk Computer- ization
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Due from other funds	-	20,000	16,400	-	577	133,745
TOTAL ASSETS	\$ -	\$ 20,000	\$ 16,400	\$ -	\$ 577	\$ 133,745
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	1,519	-	-	-	-	-
TOTAL LIABILITIES	1,519	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	20,000	16,400	-	-	-
Committed	-	-	-	-	577	133,745
Assigned	-	-	-	-	-	-
Unassigned	(1,519)	-	-	-	-	-
TOTAL FUND BALANCES	(1,519)	20,000	16,400	-	577	133,745
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 20,000	\$ 16,400	\$ -	\$ 577	\$ 133,745

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	219 MPG FY 08 Growth Center	220 Recreation Impact Fees	221 Highway Impact Fees	226 Community Garden
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 1,331,542	\$ -
Investments	-	-	-	-
Due from other funds	21,397	416,494	-	676
TOTAL ASSETS	\$ 21,397	\$ 416,494	\$ 1,331,542	\$ 676
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	447,324	-
TOTAL LIABILITIES	-	-	447,324	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	416,494	884,218	676
Assigned	21,397	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	21,397	416,494	884,218	676
TOTAL LIABILITIES AND FUND BALANCES	\$ 21,397	\$ 416,494	\$ 1,331,542	\$ 676

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2013

	227 Records Preservation	228 Reparative Board	611 Senior Citizens	230 Dorset Street H2O Milot
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Due from other funds	125,095	1,633	309	30,921
TOTAL ASSETS	\$ 125,095	\$ 1,633	\$ 309	\$ 30,921
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	30,921
Committed	-	1,633	-	-
Assigned	125,095	-	309	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	125,095	1,633	309	30,921
TOTAL LIABILITIES AND FUND BALANCES	\$ 125,095	\$ 1,633	\$ 309	\$ 30,921

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	234 Road Opening Impact Fees	235 FEMA Mimic Grant	237 City Center - Potash Restoration	238 Senior Citizens Organization
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Due from other funds	-	51,216	-	4,631
TOTAL ASSETS	\$ -	\$ 51,216	\$ -	\$ 4,631
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	27,460	-	-	-
TOTAL LIABILITIES	27,460	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	51,216	-	-
Committed	-	-	-	-
Assigned	-	-	-	4,631
Unassigned	(27,460)	-	-	-
TOTAL FUND BALANCES	(27,460)	51,216	-	4,631
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 51,216	\$ -	\$ 4,631

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	243 South Village Rec. Impact	620 Police Bequeath Fund	245 Mobile Data Terminals	246 Butler Farms S/W Pond	251 Fields Use Impact Fees
ASSETS					
Cash and cash equivalents	\$ -	\$ 75,000	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Due from other funds	63,741	-	-	-	5,248
TOTAL ASSETS	\$ 63,741	\$ 75,000	\$ -	\$ -	\$ 5,248
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	47,456	6,159	-	-
TOTAL LIABILITIES	-	47,456	6,159	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	63,741	-	-	-	-
Committed	-	27,544	-	-	-
Assigned	-	-	-	-	5,248
Unassigned	-	-	(6,159)	-	-
TOTAL FUND BALANCES	63,741	27,544	(6,159)	-	5,248
TOTAL LIABILITIES AND FUND BALANCES	\$ 63,741	\$ 75,000	\$ -	\$ -	\$ 5,248

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	261 C/L Specific Outlays	265 Tree Maintenance/ Replacement	273 EPA Demonstration Grant	275 Transportation Action
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Due from other funds	2,275	19,741	-	20
TOTAL ASSETS	\$ 2,275	\$ 19,741	\$ -	\$ 20
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	2,275	19,741	-	-
Assigned	-	-	-	20
Unassigned	-	-	-	-
TOTAL FUND BALANCES	2,275	19,741	-	20
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,275	\$ 19,741	\$ -	\$ 20

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	277 Stag EPA Grant	278 BYFAE Jag Grant	280 Market Street (Federal)	283 LED Signage/ Crosswalks	286 San Remo Drive Project
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Due from other funds	6,244	-	-	-	-
TOTAL ASSETS	\$ 6,244	\$ -	\$ -	\$ -	\$ -
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	33,642	114,090	15,409	-
TOTAL LIABILITIES	-	33,642	114,090	15,409	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	6,244	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(33,642)	(114,090)	(15,409)	-
TOTAL FUND BALANCES	6,244	(33,642)	(114,090)	(15,409)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,244	\$ -	\$ -	\$ -	\$ -

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2013

	287 C/L Summer Program	288 A/P A/Guard Enviromental	290 Highway Safety Grant	616 Police Bequeath
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	16,305
Due from other funds	-	15,964	3,833	17,519
TOTAL ASSETS	\$ -	\$ 15,964	\$ 3,833	\$ 33,824
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	15,964	3,833	-
Committed	-	-	-	33,824
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	-	15,964	3,833	33,824
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 15,964	\$ 3,833	\$ 33,824

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2013

	617 Canine Unit	Totals
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 1,406,542
Investments	-	16,305
Due from other funds	5,000	1,049,078
TOTAL ASSETS	<u>\$ 5,000</u>	<u>\$ 2,471,925</u>
LIABILITIES		
Accounts payable	\$ -	\$ -
Due to other funds	-	693,059
TOTAL LIABILITIES	<u>-</u>	<u>693,059</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	-	255,562
Committed	5,000	1,564,883
Assigned	-	156,700
Unassigned	-	(198,279)
TOTAL FUND BALANCES	<u>5,000</u>	<u>1,778,866</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,000</u>	<u>\$ 2,471,925</u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	269 MPO/Traffic Overlay Grant	203 Fire Impact Fees	204 Sewer Impact Fees	205 Project Dare	206 Police Off-Duty Work	207 Police Forfeiture Fund
REVENUES						
Intergovernmental revenue	\$ -	\$ 13,677	\$ -	\$ -	\$ -	\$ 4,397
Charges for service	-	-	49,078	-	15,366	605
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	13,677	49,078	-	15,366	5,002
EXPENDITURES						
Program expenses	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	13,677	49,078	-	15,366	5,002
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	(136,000)	(49,078)	-	(15,366)	(8,380)
TOTAL OTHER FINANCING SOURCES (USES)	-	(136,000)	(49,078)	-	(15,366)	(8,380)
NET CHANGE IN FUND BALANCES	-	(122,323)	-	-	-	(3,378)
FUND BALANCES, JULY 1, RESTATED	4,163	161,479	-	809	-	45,649
FUND BALANCES, JUNE 30	<u>\$ 4,163</u>	<u>\$ 39,156</u>	<u>\$ -</u>	<u>\$ 809</u>	<u>\$ -</u>	<u>\$ 42,271</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	210 MPG 10 Natural Resources	211 EMTP Training	212 Fueling Station	214 Interim Zoning	215 Fire Dept. Off-Duty Work	2016 Clerk Computer- ization
REVENUES						
Intergovernmental revenue	\$ 1,991	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for service	-	-	-	-	3,313	-
Other income	-	-	-	-	406	87,877
TOTAL REVENUES	<u>1,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,719</u>	<u>87,877</u>
EXPENDITURES						
Program expenses	-	-	-	-	-	83,777
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,777</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,719</u>	<u>4,100</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	10,000	8,200	-	-	-
Operating transfers (out)	-	-	-	(75,000)	(3,142)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>10,000</u>	<u>8,200</u>	<u>(75,000)</u>	<u>(3,142)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,991	10,000	8,200	(75,000)	577	4,100
FUND BALANCES, JULY 1, RESTATED	<u>(3,510)</u>	<u>10,000</u>	<u>8,200</u>	<u>75,000</u>	<u>-</u>	<u>129,645</u>
FUND BALANCES, JUNE 30	<u>\$ (1,519)</u>	<u>\$ 20,000</u>	<u>\$ 16,400</u>	<u>\$ -</u>	<u>\$ 577</u>	<u>\$ 133,745</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	219 MPG FY 08 Growth Center	220 Recreation Impact Fees	221 Highway Impact Fees	226 Community Garden
REVENUES				
Intergovernmental revenue	\$ 100,000	\$ -	\$ -	\$ -
Charges for service	-	58,408	98,155	-
Other income	-	-	-	2,020
TOTAL REVENUES	<u>100,000</u>	<u>58,408</u>	<u>98,155</u>	<u>2,020</u>
EXPENDITURES				
Program expenses	78,088	-	-	1,344
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>78,088</u>	<u>-</u>	<u>-</u>	<u>1,344</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>21,912</u>	<u>58,408</u>	<u>98,155</u>	<u>676</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	21,912	58,408	98,155	676
FUND BALANCES, JULY 1, RESTATED	<u>(515)</u>	<u>358,086</u>	<u>786,063</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u>\$ 21,397</u>	<u>\$ 416,494</u>	<u>\$ 884,218</u>	<u>\$ 676</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	227 Records Preservation	228 Reparative Board	611 Senior Citizens	230 Dorset Street H2O Milot
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Charges for service	30,324	-	-	6,239
Other income	-	-	-	-
TOTAL REVENUES	<u>30,324</u>	<u>-</u>	<u>-</u>	<u>6,239</u>
EXPENDITURES				
Program expenses	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>30,324</u>	<u>-</u>	<u>-</u>	<u>6,239</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	30,324	-	-	6,239
FUND BALANCES, JULY 1, RESTATED	<u>94,771</u>	<u>1,633</u>	<u>309</u>	<u>24,682</u>
FUND BALANCES, JUNE 30	<u>\$ 125,095</u>	<u>\$ 1,633</u>	<u>\$ 309</u>	<u>\$ 30,921</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	234 Road Opening Impact Fees	235 FEMA Mimic Grant	237 City Center - Potash Restoration	238 Senior Citizens Organization
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Charges for service	33,720	-	-	-
Other income	-	-	-	4,631
TOTAL REVENUES	<u>33,720</u>	<u>-</u>	<u>-</u>	<u>4,631</u>
EXPENDITURES				
Program expenses	-	18,266	2,591	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>18,266</u>	<u>2,591</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>33,720</u>	<u>(18,266)</u>	<u>(2,591)</u>	<u>4,631</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	2,591	-
Operating transfers (out)	(61,180)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(61,180)</u>	<u>-</u>	<u>2,591</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(27,460)	(18,266)	-	4,631
FUND BALANCES, JULY 1, RESTATED	<u>-</u>	<u>69,482</u>	<u>-</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u>\$ (27,460)</u>	<u>\$ 51,216</u>	<u>\$ -</u>	<u>\$ 4,631</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	243 South Village Rec. Impact	620 Police Bequeath Fund	245 Mobile Data Terminals	246 Butler Farms S/W Pond	251 Fields Use Impact Fees
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ 23,725	\$ -	\$ -
Charges for service	29,652	-	-	-	36,320
Other income	-	-	-	-	-
TOTAL REVENUES	<u>29,652</u>	<u>-</u>	<u>23,725</u>	<u>-</u>	<u>36,320</u>
EXPENDITURES					
Program expenses	-	-	27,268	227,291	33,059
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>27,268</u>	<u>227,291</u>	<u>33,059</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>29,652</u>	<u>-</u>	<u>(3,543)</u>	<u>(227,291)</u>	<u>3,261</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	227,291	-
Operating transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,291</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	29,652	-	(3,543)	-	3,261
FUND BALANCES, JULY 1, RESTATED	<u>34,089</u>	<u>27,544</u>	<u>(2,616)</u>	<u>-</u>	<u>1,987</u>
FUND BALANCES, JUNE 30	<u>\$ 63,741</u>	<u>\$ 27,544</u>	<u>\$ (6,159)</u>	<u>\$ -</u>	<u>\$ 5,248</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	261 C/L Specific Outlays	265 Tree Maintenance/ Replacement	273 EPA Demonstration Grant	275 Transportation Action
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Charges for service	-	-	-	-
Other income	491	-	-	-
TOTAL REVENUES	491	-	-	-
EXPENDITURES				
Program expenses	1,700	814	429,844	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	1,700	814	429,844	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,209)	(814)	(429,844)	-
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	429,844	-
Operating transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	429,844	-
NET CHANGE IN FUND BALANCES	(1,209)	(814)	-	-
FUND BALANCES, JULY 1, RESTATED	3,484	20,555	-	20
FUND BALANCES, JUNE 30	\$ 2,275	\$ 19,741	\$ -	\$ 20

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	277 Stag EPA Grant	278 BYFAE Jag Grant	280 Market Street (Federal)	283 LED Signage/ Crosswalks	286 San Remo Drive Project
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 151,771	\$ -
Charges for service	-	-	-	-	-
Other income	-	-	-	-	-
TOTAL REVENUES	-	-	-	151,771	-
EXPENDITURES					
Program expenses	-	33,642	110,715	195,327	512
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	-	33,642	110,715	195,327	512
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(33,642)	(110,715)	(43,556)	(512)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	(33,642)	(110,715)	(43,556)	(512)
FUND BALANCES, JULY 1, RESTATED	6,244	-	(3,375)	28,147	512
FUND BALANCES, JUNE 30	\$ 6,244	\$ (33,642)	\$ (114,090)	\$ (15,409)	\$ -

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	287 C/L Summer Program	288 A/P A/Guard Enviromental	290 Highway Safety Grant	616 Police Bequeath
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Charges for service	-	-	-	-
Other income	-	-	-	3,902
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,902</u>
EXPENDITURES				
Program expenses	100	-	4,139	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>100</u>	<u>-</u>	<u>4,139</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(100)</u>	<u>-</u>	<u>(4,139)</u>	<u>3,902</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(100)	-	(4,139)	3,902
FUND BALANCES, JULY 1, RESTATED	<u>100</u>	<u>15,964</u>	<u>7,972</u>	<u>29,922</u>
FUND BALANCES, JUNE 30	<u>\$ -</u>	<u>\$ 15,964</u>	<u>\$ 3,833</u>	<u>\$ 33,824</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	617 Canine Unit	Totals
REVENUES		
Intergovernmental revenue	\$ -	\$ 295,561
Charges for service	-	361,180
Other income	-	99,327
TOTAL REVENUES	-	756,068
EXPENDITURES		
Program expenses	-	1,248,477
Capital outlay	-	-
TOTAL EXPENDITURES	-	1,248,477
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		
	-	(492,409)
OTHER FINANCING SOURCES (USES)		
Operating transfers in	-	677,926
Operating transfers (out)	-	(348,146)
TOTAL OTHER FINANCING SOURCES (USES)	-	329,780
NET CHANGE IN FUND BALANCES	-	(162,629)
FUND BALANCES, JULY 1, RESTATED	5,000	1,941,495
FUND BALANCES, JUNE 30	\$ 5,000	\$ 1,778,866

See accompanying independent auditors' report and notes to financial statements.

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust fund.

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2013

	301 Reappraisal Fund	303 Kennedy Drive Reconstruction	306 Fire Department Fund	307 Ambulance Equipment Replacement	309 Open Space Special Assessment
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	140,645	-	192,000	105,000	63,341
TOTAL ASSETS	\$ 140,645	\$ -	\$ 192,000	\$ 105,000	\$ 63,341
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	6,991	-	-	-
TOTAL LIABILITIES	-	6,991	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	140,645	-	192,000	105,000	63,341
Assigned	-	-	-	-	-
Unassigned	-	(6,991)	-	-	-
TOTAL FUND BALANCES	140,645	(6,991)	192,000	105,000	63,341
TOTAL LIABILITIES AND FUND BALANCES	\$ 140,645	\$ -	\$ 192,000	\$ 105,000	\$ 63,341

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2013

	312 Tilley Recreation Path	315 Fire Dept. Building Improvements	318 Exit 14B Staples 3rd Lane	323 ARRA Quarry Ridge S/W	324 ARRA Twin Oaks
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	190,000	-	-	37,327	106,248
TOTAL ASSETS	<u>\$ 190,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,327</u>	<u>\$ 106,248</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	54,445	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>54,445</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	37,327	106,248
Committed	190,000	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	(54,445)	-	-
TOTAL FUND BALANCES	<u>190,000</u>	<u>-</u>	<u>(54,445)</u>	<u>37,327</u>	<u>106,248</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 190,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,327</u>	<u>\$ 106,248</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2013

	325 ARRA Ridgewood	326 ARRA Winding Brook	327 ARRA Harbor Heights	328 Hayes Avenue Stormwater	Totals
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	60,517	45,061	11,536	-	951,675
TOTAL ASSETS	\$ 60,517	\$ 45,061	\$ 11,536	\$ -	\$ 951,675
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	5,668	67,104
TOTAL LIABILITIES	-	-	-	5,668	67,104
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	60,517	45,061	11,536	-	260,689
Committed	-	-	-	-	690,986
Assigned	-	-	-	-	-
Unassigned	-	-	-	(5,668)	(67,104)
TOTAL FUND BALANCES	60,517	45,061	11,536	(5,668)	884,571
TOTAL LIABILITIES AND FUND BALANCES	\$ 60,517	\$ 45,061	\$ 11,536	\$ -	\$ 951,675

See accompanying independent auditors' report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	301 Reappraisal Fund	303 Kennedy Drive Reconstruction	306 Fire Department Fund	307 Ambulance Equipment Replacement	309 Open Space Special Assessment
REVENUES					
Intergovernmental revenue	\$ -	\$ 2,763	\$ -	\$ -	\$ -
Other income	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>2,763</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Program expenses	-	-	-	-	1,009,528
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,009,528</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>2,763</u>	<u>-</u>	<u>-</u>	<u>(1,009,528)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	70,500	-	63,000	-	279,090
Operating transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>70,500</u>	<u>-</u>	<u>63,000</u>	<u>-</u>	<u>279,090</u>
NET CHANGE IN FUND BALANCES	<u>70,500</u>	<u>2,763</u>	<u>63,000</u>	<u>-</u>	<u>(730,438)</u>
FUND BALANCES, JULY 1	<u>70,145</u>	<u>(9,754)</u>	<u>129,000</u>	<u>105,000</u>	<u>793,779</u>
FUND BALANCES, JUNE 30	<u>\$ 140,645</u>	<u>\$ (6,991)</u>	<u>\$ 192,000</u>	<u>\$ 105,000</u>	<u>\$ 63,341</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	312 Tilley Recreation Path	315 Fire Dept. Building Improvements	318 Exit 14B Staples 3rd Lane	323 ARRA Quarry Ridge S/W	324 ARRA Twin Oaks
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ 120,703	\$ -	\$ -
Other income	-	-	-	-	-
TOTAL REVENUES	-	-	120,703	-	-
EXPENDITURES					
Program expenses	-	-	45,131	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	-	-	45,131	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	75,572	-	-
OTHER FINANCING SOURCES (USES)					
Operating transfers in	190,000	-	-	-	-
Operating transfers (out)	-	(40,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	190,000	(40,000)	-	-	-
NET CHANGE IN FUND BALANCES	190,000	(40,000)	75,572	-	-
FUND BALANCES, JULY 1	-	40,000	(130,017)	37,327	106,248
FUND BALANCES, JUNE 30	<u>\$ 190,000</u>	<u>\$ -</u>	<u>\$ (54,445)</u>	<u>\$ 37,327</u>	<u>\$ 106,248</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	325 ARRA Ridgewood	326 ARRA Winding Brook	327 ARRA Harbor Heights	328 Hayes Avenue Stormwater	Totals
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 123,466
Other income	-	-	11,536	-	11,536
TOTAL REVENUES	-	-	11,536	-	135,002
EXPENDITURES					
Program expenses	-	-	-	1,343	1,056,002
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	1,343	1,056,002
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	11,536	(1,343)	(921,000)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	602,590
Operating transfers (out)	-	-	-	-	(40,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	562,590
NET CHANGE IN FUND BALANCES	-	-	11,536	(1,343)	(358,410)
FUND BALANCES, JULY 1	60,517	45,061	-	(4,325)	\$ 1,242,981
FUND BALANCES, JUNE 30	<u>\$ 60,517</u>	<u>\$ 45,061</u>	<u>\$ 11,536</u>	<u>\$ (5,668)</u>	<u>\$ 884,571</u>

See accompanying independent auditors' report and notes to financial statements.

Permanent Funds

Permanent funds are used to account for assets held by the City of South Burlington, Vermont in trust or as an agent for individuals, private organizations, other governmental units and/or other funds. These funds have been established for the provision and/or maintenance of the cemeteries and various community organizations.

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2013

	Cemetery	Community Library Trust	Community Chorus	Recreation Donation	P.A.C.T.
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Due from other agencies	-	-	-	-	-
Due from other funds	4,599	59,310	1,354	5,830	2,863
TOTAL ASSETS	\$ 4,599	\$ 59,310	\$ 1,354	\$ 5,830	\$ 2,863
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Due to agencies	-	-	1,354	-	-
TOTAL LIABILITIES	-	-	1,354	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	4,599	59,310	-	-	2,863
Committed	-	-	-	5,830	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	4,599	59,310	-	5,830	2,863
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,599	\$ 59,310	\$ 1,354	\$ 5,830	\$ 2,863

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2013

	Memorial Fund	Veterans Memorial	Library (Blanchette)	Recreation Path Donations
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 21,289	\$ -
Investments	-	-	386,329	-
Due from other agencies	-	-	-	-
Due from other funds	-	60,187	-	5,482
TOTAL ASSETS	\$ -	\$ 60,187	\$ 407,618	\$ 5,482
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ 159	\$ -
Due to agencies	-	-	-	5,482
TOTAL LIABILITIES	-	-	159	5,482
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	60,187	407,459	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	-	60,187	407,459	-
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 60,187	\$ 407,618	\$ 5,482

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2013

	Fire Department Donations	Dog Park Donations	Community Music Festival	Totals
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 21,289
Investments	-	-	-	386,329
Due from agencies	-	-	75	75
Due from other funds	-	923	-	140,548
TOTAL ASSETS	\$ -	\$ 923	\$ 75	\$ 548,241
LIABILITIES				
Due to other funds	\$ 671	\$ -	\$ 75	\$ 905
Due to agencies	-	-	-	6,836
TOTAL LIABILITIES	671	-	75	7,741
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	534,418
Committed	-	923	-	6,753
Assigned	-	-	-	-
Unassigned	(671)	-	-	(671)
TOTAL FUND BALANCES	(671)	923	-	540,500
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 923	\$ 75	\$ 548,241

See accompanying independent auditors' report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Cemetery	Community Library Trust	Community Chorus	Recreation Donation	P.A.C.T.
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	3,441	3,222	2,265	2,809
TOTAL REVENUES	-	3,441	3,222	2,265	2,809
EXPENDITURES					
Public safety	-	-	-	-	-
Other	-	1,613	3,222	1,689	2,958
TOTAL EXPENDITURES	-	1,613	3,222	1,689	2,958
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	1,828	-	576	(149)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	1,828	-	576	(149)
FUND BALANCES, JULY 1	4,599	57,482	-	5,254	3,012
FUND BALANCES, JUNE 30	\$ 4,599	\$ 59,310	\$ -	\$ 5,830	\$ 2,863

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Memorial Fund	Veterans Memorial	Library (Blanchette)	Recreation Path Donations
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ 33,408	\$ -
Other income	-	51,235	5,817	-
TOTAL REVENUES	-	51,235	39,225	-
EXPENDITURES				
Public safety	-	-	-	-
Other	-	25,654	-	-
TOTAL EXPENDITURES	-	25,654	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	25,581	39,225	-
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	2,886	-	-
Operating transfers (out)	(2,886)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,886)	2,886	-	-
NET CHANGE IN FUND BALANCES	(2,886)	28,467	39,225	-
FUND BALANCES, JULY 1	2,886	31,720	368,234	-
FUND BALANCES, JUNE 30	\$ -	\$ 60,187	\$ 407,459	\$ -

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Fire Department Donations	Dog Park Donations	Community Music Festival	Totals
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ 33,408
Other income	1,094	85	-	69,968
TOTAL REVENUES	1,094	85	-	103,376
EXPENDITURES				
Public safety	954	-	-	954
Other	-	-	-	35,136
TOTAL EXPENDITURES	954	-	-	36,090
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	140	85	-	67,286
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	2,886
Operating transfers (out)	-	-	-	(2,886)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	140	85	-	67,286
FUND BALANCES, JULY 1	(811)	838	-	473,214
FUND BALANCES, JUNE 30	<u>\$ (671)</u>	<u>\$ 923</u>	<u>\$ -</u>	<u>\$ 540,500</u>

See accompanying independent auditors' report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2013

	Land and Non-depreciable Assets	Buildings Buildings Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General Government	\$ 329,511	\$ 1,773,721	\$ 229,135	\$ -	\$ 2,332,367
Ambulance	-	-	219,380	-	219,380
Fire	1,118,500	6,314,977	2,177,349	-	9,610,826
Police	-	7,319,538	1,715,596	-	9,035,134
Highway	904,654	-	2,132,599	456,585	3,493,838
Public Works	6,621,526	791,049	575,390	36,475,436	44,463,401
Library	-	-	12,084	-	12,084
Recreation	2,610,952	355,945	141,769	2,087,056	5,195,722
Health	280,500	681,648	-	108,305	1,070,453
Airport	21,375,571	-	-	-	21,375,571
City Wide	1,360,300	8,600	-	-	1,368,900
Storm Water Utilities	30,000	154,994	616,202	1,805,379	2,606,575
Water Pollution Control	488,000	13,170,884	376,096	897,834	14,932,814
Water Department	-	-	6,672,937	-	6,672,937
Total General Capital Assets	35,119,514	30,571,356	14,868,537	41,830,595	122,390,002
Less: Accumulated Depreciation	-	(19,293,508)	(7,334,746)	(33,163,947)	(59,792,201)
Net General Capital Assets	\$ 35,119,514	\$ 11,277,848	\$ 7,533,791	\$ 8,666,648	\$ 62,597,801

See accompanying independent auditors' report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2013

	General Capital Assets 7/1/12	Additions	Deletions	General Capital Assets 6/30/13
General Government	\$ 1,803,881	\$ 528,486	\$ -	\$ 2,332,367
Ambulance	185,169	34,211	-	219,380
Fire	9,543,896	66,930	-	9,610,826
Police	8,925,713	183,615	(74,194)	9,035,134
Highway	3,493,838	-	-	3,493,838
Public Works	43,956,344	536,423	(29,366)	44,463,401
Library	12,084	-	-	12,084
Recreation	5,142,941	52,781	-	5,195,722
Health	1,070,453	-	-	1,070,453
Airport	21,375,571	-	-	21,375,571
City Wide	1,368,900	-	-	1,368,900
Storm Water Utilities	1,280,240	1,326,335	-	2,606,575
Water Pollution Control	14,822,811	161,002	(50,999)	14,932,814
Water Department	6,608,077	64,860	-	6,672,937
Total General Capital Assets	119,589,918	2,954,643	(154,559)	122,390,002
Less: Accumulated Depreciation	(58,385,573)	(1,561,187)	154,559	(59,792,201)
Net General Capital Assets	<u>\$ 61,204,345</u>	<u>\$ 1,393,456</u>	<u>\$ -</u>	<u>\$ 62,597,801</u>

See accompanying independent auditors' report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2013

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Thru Grantor Number	Federal Expenditures
U.S. Agency of Transportation			
Passed through Vermont Agency of Transportation:			
Federal Aid Highway:			
Butler Farm SW Pond	20.205	08126-SW0047	\$ 227,291
Staples 3rd Lane	20.205	08126-CA0241	<u>45,131</u>
Total Agency of Transportation			<u>272,422</u>
U.S. Department of Defense			
Direct Program:			
Military Construction	21.400	N/A	<u>2,591</u>
Environmental Protection Agency:			
Direct Program:			
Congressionally Mandated Projects	66.202	EM-83234901	258,985
Edward Byrne Memorial Justice Assistance	66.202	N/A	33,642
Passed Through Vermont Environmental Protection:			
Airport Parkway Expansion/Revolving Loan	66.458	06140-AR1-067	<u>191,134</u>
Total Environmental Protection Agency			<u>483,761</u>
Department of Homeland Security			
Direct Program:			
FEMA Mimic Grant	97.044	N/A	18,266
Passed Through Vermont Public Safety:			
Homeland Security Program	97.067	02140-77252-106	<u>27,268</u>
Total Department of Homeland Security			<u>45,534</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 804,308</u>

CITY OF SOUTH BURLINGTON, VERMONT
NOTES TO SCHEDULE OF FEDERAL AWARDS
JUNE 30, 2013

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City of South Burlington, Vermont. All federal financial assistance received is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

3. The following programs were tested as Type A program as outlined in OMB Circular A-133.

20.205 - Butler Farm SW Pond



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

City Council
City of South Burlington
South Burlington, Vermont

We have audited, in accordance with generally accepted auditing standards 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of South Burlington, Vermont as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of South Burlington's basic financial statements, and have issued our report thereon dated October 15, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of South Burlington's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of South Burlington's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of South Burlington's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and corrected, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of South Burlington's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matter that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
November 1, 2013



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

City Council
City of South Burlington
South Burlington, Vermont

Report on Compliance for Each Major Federal Program

We have audited the City of South Burlington, Vermont's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of South Burlington's major federal programs for the year ended June 30, 2013. The City of South Burlington's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of South Burlington's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of South Burlington's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

In our opinion, the City of South Burlington, Vermont complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

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Report on Internal Control Over Compliance

Management of the City of South Burlington, Vermont is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of South Burlington's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the City of South Burlington's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of South Burlington's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
November 1, 2013

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted yes no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
In accordance with section 510(a) of OMB Circular A-133? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Butler Farm SW Pond

Dollar threshold used to distinguish between type A and B: \$300,000

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None