

Federal Compliance Audit

City of South Burlington, Vermont

June 30, 2021

Revised 9/30/2022



Proven Expertise & Integrity

CITY OF SOUTH BURLINGTON, VERMONT

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JUNE 30, 2021

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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, 2021 and the related notes to the financial statements, which collectively comprise the City of South Burlington, Vermont'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.

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

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reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 11 and 70 through 78 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 Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and is also not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements, general capital asset schedules 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. Such 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 Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financials, general capital asset schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022, 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* considering the City of South Burlington's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
Vermont Registration No. 092.0000697
September 30, 2022

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

(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, 2021. 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 pension information 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, social services, recreation and culture, education and program expenditures.
- *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 programs, ambulance, water department, water pollution 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 funds balance sheet and the governmental funds 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 four 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, City Center - TIF District Fund and the Capital Improvement Reserve Fund. 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 five proprietary funds: recreation programs, ambulance, 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 employee pension trust fund.

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 Statement of Changes in Net Position - Fiduciary Funds.

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, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pensions, Schedule of Changes in Net Pension Liability and Related Ratios - Employees' Pension Plan, Schedule of Contributions - Employees' Pension Plan, a Schedule of Investment Returns, a Schedule of Funding Progress - Employees' Pension Plan and Notes to Required Supplementary Information.

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 \$33,440,320 compared to \$28,567,310 in the prior year, an increase of \$4,873,010. For the business-type activities, total net position is \$30,273,500 compared to \$24,929,570 in the prior year, an increase of \$5,343,930.

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 \$2,014,183 at the end of this year for governmental activities and \$5,694,508 for the business-type activities.

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

	2021		2020	
	Governmental Activities	Business-type Activities	Governmental Activities (Restated)	Business-type Activities (Restated)
Assets:				
Current Assets	\$ 24,056,425	\$ 7,592,897	\$ 20,736,695	\$ 4,944,154
Noncurrent Assets - Capital Assets	62,360,468	36,242,941	49,598,469	37,854,201
Total Assets	86,416,893	43,835,838	70,335,164	42,798,355
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	3,439,428	-	3,951,332	-
Total Deferred Inflows of Resources	3,439,428	-	3,951,332	-
Liabilities:				
Current Liabilities	12,380,946	2,034,037	5,063,951	1,089,063
Noncurrent Liabilities	37,926,469	11,528,301	39,818,623	16,779,722
Total Liabilities	50,307,415	13,562,338	44,882,574	17,868,785
Deferred Inflows of Resources:				
Deferred Inflows Related to Pensions	6,083,786	-	805,284	-
Deferred Revenue	24,800	-	31,328	-
Total Deferred Inflows of Resources	6,108,586	-	836,612	-
Net Position:				
Net Investment in Capital Assets	27,217,704	23,779,768	18,597,758	20,957,728
Restricted for: Special Revenue Funds	3,509,079	-	7,614,636	-
Capital Projects Funds	260,689	-	260,689	-
Permanent Funds	438,665	-	669,462	-
Water Department Capital Reserve	-	799,224	-	-
Unrestricted	2,014,183	5,694,508	1,424,765	3,971,842
Total Net Position	\$ 33,440,320	\$ 30,273,500	\$ 28,567,310	\$ 24,929,570

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

	2021		2020	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 4,195,998	\$ 9,361,733	\$ 3,863,816	\$ 10,074,808
Operating grants and contributions	2,398,199	852,616	1,644,872	925,268
<i>General Revenues:</i>				
Taxes	62,601,225	-	60,794,637	-
Investment income	-	3,681	-	3,498
Miscellaneous	366,545	29,911	274,481	376,252
Total Revenues	69,561,967	10,247,941	66,577,806	11,379,826
Expenses				
General government	7,484,840	-	6,600,663	-
Public safety	8,376,287	-	9,101,982	-
Public works	2,779,643	-	3,145,392	-
Social services	741,490	-	743,260	-
Recreation and culture	1,364,376	-	1,262,505	-
Education	41,404,055	-	40,203,373	-
Program expenditures	1,123,910	-	912,291	-
Interest expense	1,354,493	-	1,286,692	-
Unallocated depreciation (Note 5)	74,077	-	7,973	-
Enterprise funds	-	10,321,838	-	10,419,125
Total Expenses	64,703,171	10,321,838	63,264,131	10,419,125
Other items:				
Transfers	14,214	(14,214)	-	-
Loan forgiveness	-	5,432,041	-	-
Total other items	14,214	5,417,827	-	-
Change in Net Position	4,873,010	5,343,930	3,313,675	960,701
Net Position - July 1, Restated	28,567,310	24,929,570	25,253,635	23,968,869
Net Position - June 30	\$ 33,440,320	\$ 30,273,500	\$ 28,567,310	\$ 24,929,570

Revenues and Expenses

Revenues for the City's governmental activities increased by 4.48%, while total expenses increased by 2.27%. Revenues increased in all areas. General government, education and program expenditures experienced the largest increase while public safety and public works had the largest decreases.

The revenues for the proprietary fund decreased by 9.95% while expenses decreased by 0.93%. The proprietary fund has five enterprise funds that all have a positive net position with the exception of specific recreation programs.

The proprietary funds had an operating income for the current year of \$156,766.

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>2021</u>	<u>2020</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 508,696	\$ 497,407	\$ 11,289
Assigned	-	365,757	(365,757)
Unassigned	2,303,572	847,856	1,455,716
City Center - TIF District Fund:			
Restricted	18,294	5,505,335	(5,487,041)
Capital Improvement Reserve Fund:			
Committed	3,602,202	3,778,258	(176,056)
Subtotal Major Funds	<u>6,432,764</u>	<u>10,994,613</u>	<u>\$ (4,561,849)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	67	108	(41)
Restricted	3,490,785	2,109,301	1,381,484
Committed	1,179,780	1,739,125	(559,345)
Assigned	262,272	365,757	(103,485)
Unassigned	(164,136)	(164,136)	-
Capital Projects Funds:			
Restricted	260,689	260,689	-
Committed	1,559,518	1,718,836	(159,318)
Unassigned	(79,153)	(5,668)	(73,485)
Permanent Funds:			
Restricted	438,665	669,462	(230,797)
Committed	15,701	10,397	5,304
Assigned	6,646	6,073	573
Subtotal Nonmajor Funds	<u>6,970,834</u>	<u>6,709,944</u>	<u>260,890</u>
Total Governmental Funds	<u>\$ 13,403,598</u>	<u>\$ 17,704,557</u>	<u>\$ (4,300,959)</u>

The changes to total fund balances for the general fund, capital improvement reserve fund and nonmajor funds occurred due to the regular activity of operations. The City Center - TIF fund's significant decrease was due to capital outlay expenditures.

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 was no difference between the original and final budget for the general fund.

The general fund actual revenues exceeded budgeted amounts by \$5,225,372. This was primarily a result of debt proceeds of \$5,862,236 from refunding a pension note from direct borrowings payable.

The general fund actual expenditures exceeded budgeted amounts by \$4,124,124. All expenditures were within or below budgeted amounts with the exception of public safety, public works, debt service - principal, debt service - interest and transfers to other funds. The City refunded a pension note from direct borrowings payable with principal, interest and prepayment penalty of \$5,862,236.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2021, the net book value of capital assets recorded by the City increased by \$11,132,287 from the prior fiscal year. This increase was a result of net additions of \$15,580,171, less current year depreciation expense of \$4,447,884. Refer to Note 5 of Notes to Financial Statements for more detailed information.

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

	2021	2020 (Restated)
Land	\$ 7,535,663	\$ 7,535,663
Art work	94,500	46,000
Construction in progress	20,192,056	17,496,710
Buildings, building improvements and land improvements	28,664,175	28,785,463
Machinery, furniture, equipment and vehicles	9,089,591	9,148,604
Infrastructure and storm water utilities	33,027,424	24,458,682
Total	\$ 98,603,409	\$ 87,471,122

Debt

At June 30, 2021, the City had \$47,605,937 in bonds and notes from direct borrowings outstanding versus \$47,897,187 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the City. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the City.

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 Andrew Bolduc, Assistant City Manager at 180 Market Street, South Burlington, Vermont 05403-0808. Andrew can also be reached by phone at 802-846-4107 or by email at abolduc@sburl.com.

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 25,282,786	\$ 987,925	\$ 26,270,711
Taxes receivable (net of allowance for uncollectibles)	412,921	-	412,921
Due from water - billed	-	1,037,444	1,037,444
Due from water - unbilled	-	1,483,410	1,483,410
Other receivables	1,864,020	1,780	1,865,800
Inventory	18,580	67,571	86,151
Prepaid items	490,183	2,702	492,885
Internal balances	(4,012,065)	4,012,065	-
Total current assets	<u>24,056,425</u>	<u>7,592,897</u>	<u>31,649,322</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	27,304,219	518,000	27,822,219
Depreciable assets, net of accumulated depreciation	35,056,249	35,724,941	70,781,190
Total noncurrent assets	<u>62,360,468</u>	<u>36,242,941</u>	<u>98,603,409</u>
TOTAL ASSETS	<u>86,416,893</u>	<u>43,835,838</u>	<u>130,252,731</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on pensions	3,439,428	-	3,439,428
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,439,428</u>	<u>-</u>	<u>3,439,428</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 89,856,321</u>	<u>\$ 43,835,838</u>	<u>\$ 133,692,159</u>

STATEMENT A (CONTINUED)
CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 9,056,873	\$ 1,099,165	\$ 10,156,038
Accrued expenses	907,093	-	907,093
Escrows	236,967	-	236,967
Due to taxpayers	181,675	-	181,675
Due to agencies	5,490	-	5,490
Current portion of long-term obligations	1,992,848	934,872	2,927,720
Total current liabilities	<u>12,380,946</u>	<u>2,034,037</u>	<u>14,414,983</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	26,531,616	11,528,301	38,059,917
Notes from direct borrowings payable	6,822,351	-	6,822,351
Accrued benefit time	717,131	-	717,131
Post retirement incentive	439,158	-	439,158
Net pension liability	3,416,213	-	3,416,213
Total noncurrent liabilities	<u>37,926,469</u>	<u>11,528,301</u>	<u>49,454,770</u>
TOTAL LIABILITIES	<u>50,307,415</u>	<u>13,562,338</u>	<u>63,869,753</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	24,800	-	24,800
Deferred amount on pensions	6,083,786	-	6,083,786
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,108,586</u>	<u>-</u>	<u>6,108,586</u>
NET POSITION			
Net Investment in capital assets	27,217,704	23,779,768	50,997,472
Restricted for: Special Revenue Funds	3,509,079	-	3,509,079
Capital Projects Funds	260,689	-	260,689
Permanent Funds	438,665	-	438,665
Water Department Capital Reserve	-	799,224	799,224
Unrestricted	2,014,183	5,694,508	7,708,691
TOTAL NET POSITION	<u>33,440,320</u>	<u>30,273,500</u>	<u>63,713,820</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 89,856,321</u>	<u>\$ 43,835,838</u>	<u>\$ 133,692,159</u>

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

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 7,484,840	\$ 1,392,740	\$ 2,112,479	\$ -	\$ (3,979,621)	\$ -	\$ (3,979,621)
Public safety	8,376,287	1,615,578	-	-	(6,760,709)	-	(6,760,709)
Public works	2,779,643	617,026	285,720	-	(1,876,897)	-	(1,876,897)
Social services	741,490	-	-	-	(741,490)	-	(741,490)
Recreation and culture	1,364,376	55,332	-	-	(1,309,044)	-	(1,309,044)
Education	41,404,055	-	-	-	(41,404,055)	-	(41,404,055)
Program expenditures	1,123,910	515,322	-	-	(608,588)	-	(608,588)
Interest on long-term debt	1,354,493	-	-	-	(1,354,493)	-	(1,354,493)
Unallocated depreciation* (Note 5)	74,077	-	-	-	(74,077)	-	(74,077)
Total governmental activities	64,703,171	4,195,998	2,398,199	-	(58,108,974)	-	(58,108,974)
Business-type activities:							
Recreation programs	8,006	28,177	-	-	-	20,171	20,171
Ambulance fund	-	-	-	-	-	-	-
Water department	2,780,314	2,640,559	120,720	-	-	(19,035)	(19,035)
Water pollution	5,185,239	3,998,780	491,309	-	-	(695,150)	(695,150)
Storm water utilities	2,348,279	2,694,217	240,587	-	-	586,525	586,525
Total business-type activities	10,321,838	9,361,733	852,616	-	-	(107,489)	(107,489)
Total government	\$ 75,025,009	\$ 13,557,731	\$ 3,250,815	\$ -	(58,108,974)	(107,489)	(58,216,463)

*This amount excludes depreciation that is included in the direct expenses of the various programs.

STATEMENT B (CONTINUED)
CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(58,108,974)	(107,489)	(58,216,463)
General revenues:			
Property taxes, levied for general purposes			
Education	41,404,055	-	41,404,055
Municipal	21,197,170	-	21,197,170
Investment income	-	3,681	3,681
Miscellaneous	366,545	29,911	396,456
Total general revenues	62,967,770	33,592	63,001,362
Other items:			
Transfers	14,214	(14,214)	-
Loan forgiveness	-	5,432,041	5,432,041
Total other items	14,214	5,417,827	5,432,041
Change in net position	4,873,010	5,343,930	10,216,940
NET POSITION - JULY 1, RESTATED	28,567,310	24,929,570	53,496,880
NET POSITION - JUNE 30	\$ 33,440,320	\$ 30,273,500	\$ 63,713,820

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

CITY OF SOUTH BURLINGTON, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	City Center - TIF District Fund	Capital Improvement Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 20,420,297	\$ 3,930,071	\$ -	\$ 932,418	\$ 25,282,786
Taxes receivable (net of allowance for uncollectibles)	412,921	-	-	-	412,921
Other receivables	1,456,603	340,542	-	66,875	1,864,020
Inventory	18,580	-	-	-	18,580
Prepaid items	490,116	-	-	67	490,183
Due from other funds	4,502,029	-	3,602,202	6,158,158	14,262,389
TOTAL ASSETS	\$ 27,300,546	\$ 4,270,613	\$ 3,602,202	\$ 7,157,518	\$ 42,330,879
LIABILITIES					
Accounts payable	\$ 9,056,873	\$ -	\$ -	\$ -	\$ 9,056,873
Accrued expenses	907,093	-	-	-	907,093
Escrows	236,967	-	-	-	236,967
Due to taxpayers	181,675	-	-	-	181,675
Due to agencies	-	-	-	5,490	5,490
Due to other funds	13,840,941	4,252,319	-	181,194	18,274,454
TOTAL LIABILITIES	24,223,549	4,252,319	-	186,684	28,662,552
DEFERRED INFLOWS OF RESOURCES					
Deferred tax revenues	239,929	-	-	-	239,929
Deferred revenue	24,800	-	-	-	24,800
TOTAL DEFERRED INFLOWS OF RESOURCES	264,729	-	-	-	264,729
FUND BALANCES					
Nonspendable	508,696	-	-	67	508,763
Restricted	-	18,294	-	4,190,139	4,208,433
Committed	-	-	3,602,202	2,754,999	6,357,201
Assigned	-	-	-	268,918	268,918
Unassigned	2,303,572	-	-	(243,289)	2,060,283
TOTAL FUND BALANCES	2,812,268	18,294	3,602,202	6,970,834	13,403,598
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 27,300,546	\$ 4,270,613	\$ 3,602,202	\$ 7,157,518	\$ 42,330,879

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, 2021

	Total Governmental Funds
Total Fund Balances	\$ 13,403,598
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	62,360,468
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	239,929
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	3,439,428
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(27,433,267)
Notes from direct borrowings payable	(7,709,497)
Accrued benefit time	(843,684)
Post retirement incentive	(516,656)
Net pension liability	(3,416,213)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	(6,083,786)
Net position of governmental activities	\$ 33,440,320

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

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	City Center - TIF District Fund	Capital Improvement Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
General tax revenue - municipal and education	\$ 62,363,567	\$ 264,380	\$ -	\$ -	\$ 62,627,947
Intergovernmental revenue	723,550	88,556	-	1,586,093	2,398,199
Charges for services	3,680,676	-	-	515,322	4,195,998
Other revenue	19,569	254,515	-	92,461	366,545
TOTAL REVENUES	66,787,362	607,451	-	2,193,876	69,588,689
EXPENDITURES					
Current:					
General government	8,473,002	-	-	-	8,473,002
Public safety	8,793,910	-	-	-	8,793,910
Public works	2,547,894	-	-	-	2,547,894
Social services	737,880	-	-	-	737,880
Recreation and culture	1,271,298	-	-	-	1,271,298
Education	41,404,055	-	-	-	41,404,055
Program expenditures	-	6,437	-	1,117,473	1,123,910
Debt service					
Principal	6,145,354	466,667	-	-	6,612,021
Interest	661,597	692,896	-	-	1,354,493
Capital outlay	-	12,310,594	-	137,041	12,447,635
TOTAL EXPENDITURES	70,034,990	13,476,594	-	1,254,514	84,766,098
EXCESS OF REVENUES OVER (UNDER)					
EXPENDITURES	(3,247,628)	(12,869,143)	-	939,362	(15,177,409)
OTHER FINANCING SOURCES (USES)					
Debt proceeds	5,862,236	5,000,000	-	-	10,862,236
Transfers in	263,050	2,382,102	750,000	919,051	4,314,203
Transfers (out)	(1,776,410)	-	(926,056)	(1,597,523)	(4,299,989)
TOTAL OTHER FINANCING SOURCES (USES)	4,348,876	7,382,102	(176,056)	(678,472)	10,876,450
NET CHANGE IN FUND BALANCES	1,101,248	(5,487,041)	(176,056)	260,890	(4,300,959)
FUND BALANCES - JULY 1, RESTATED	1,711,020	5,505,335	3,778,258	6,709,944	17,704,557
FUND BALANCES - JUNE 30	\$ 2,812,268	\$ 18,294	\$ 3,602,202	\$ 6,970,834	\$ 13,403,598

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, 2021

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (4,300,959)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	15,091,267
Depreciation expense	<u>(2,329,268)</u>
	<u>12,761,999</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported:	
Taxes and liens receivable	<u>(26,722)</u>
Deferred outflows of resources is a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
	<u>(511,904)</u>
Debt proceeds provide current financial resources to governmental funds, but long-term obligations in the Statement of Net Position	
	<u>(10,862,236)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.	
	<u>6,720,183</u>
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:	
Accrued benefit time	177,829
Post retirement incentive	(15,825)
Net pension liability	<u>6,209,147</u>
	<u>6,371,151</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds.	
	<u>(5,278,502)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 4,873,010</u>

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

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2021

	Enterprise Funds					Total
	Specific Rec. Programs	Ambulance	Water Department	Water Pollution	Storm Water Utilities	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ 987,925	\$ -	\$ -	\$ 987,925
Accounts receivable (net of allowance for uncollectibles)	-	-	1,780	-	-	1,780
Due from water - billed	-	-	799,224	-	238,220	1,037,444
Due from water - unbilled	-	-	435,200	613,010	435,200	1,483,410
Inventory	-	-	67,571	-	-	67,571
Prepaid items	-	-	2,702	-	-	2,702
Due from other funds	-	-	-	1,885,471	2,195,110	4,080,581
Total current assets	-	-	2,294,402	2,498,481	2,868,530	7,661,413
Noncurrent assets:						
Land, buildings, mains and other water assets	-	-	7,967,582	43,777,338	9,856,439	61,601,359
Vehicles and equipment	-	-	-	947,696	1,012,935	1,960,631
Total capital assets	-	-	7,967,582	44,725,034	10,869,374	63,561,990
Less: accumulated depreciation	-	-	(4,432,623)	(20,133,806)	(2,752,620)	(27,319,049)
Total noncurrent assets	-	-	3,534,959	24,591,228	8,116,754	36,242,941
TOTAL ASSETS	\$ -	\$ -	\$ 5,829,361	\$ 27,089,709	\$ 10,985,284	\$ 43,904,354
LIABILITIES AND NET POSITION						
Current liabilities:						
Accounts payable	\$ -	\$ -	\$ 1,099,165	\$ -	\$ -	\$ 1,099,165
Due to other funds	68,516	-	-	-	-	68,516
Current portion of long-term obligations	-	-	95,016	839,856	-	934,872
Total current liabilities	68,516	-	1,194,181	839,856	-	2,102,553
Noncurrent liabilities:						
Noncurrent portion of long-term obligations:						
Bonds payable	-	-	285,049	11,243,252	-	11,528,301
Total noncurrent liabilities	-	-	285,049	11,243,252	-	11,528,301
TOTAL LIABILITIES	68,516	-	1,479,230	12,083,108	-	13,630,854
NET POSITION						
Net investment in capital assets	-	-	3,154,894	12,508,120	8,116,754	23,779,768
Restricted	-	-	799,224	-	-	799,224
Unrestricted (deficit)	(68,516)	-	396,013	2,498,481	2,868,530	5,694,508
TOTAL NET POSITION	(68,516)	-	4,350,131	15,006,601	10,985,284	30,273,500
TOTAL LIABILITIES AND NET POSITION	\$ -	\$ -	\$ 5,829,361	\$ 27,089,709	\$ 10,985,284	\$ 43,904,354

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, 2021

	Enterprise Funds					Total
	Specific Rec. Programs	Ambulance	Water Department	Water Pollution	Storm Water Utilities	
OPERATING REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ 120,720	\$ 491,309	\$ 240,587	\$ 852,616
Water sales	-	-	2,473,120	-	-	2,473,120
Charges for services	28,177	-	167,439	3,998,780	2,694,217	6,888,613
Other	-	80	19,759	10,072	-	29,911
TOTAL OPERATING REVENUES	28,177	80	2,781,038	4,500,161	2,934,804	10,244,260
OPERATING EXPENSES						
Salaries and benefits	-	-	502,342	1,294,927	871,309	2,668,578
Professional and contracted services	-	-	204,141	339,697	102,289	646,127
Supplies, materials and fuel	-	-	48,393	693,343	14,979	756,715
Water purchases	-	-	1,534,425	-	-	1,534,425
Repairs and maintenance	-	-	222,472	205,285	451,745	879,502
Utilities	-	-	-	722,104	3,404	725,508
Depreciation	-	-	189,066	1,453,128	476,422	2,118,616
Administrative services	-	-	47,500	150,336	134,392	332,228
Liability insurance	-	-	3,595	-	-	3,595
Miscellaneous	8,006	-	14,133	106,322	293,739	422,200
TOTAL OPERATING EXPENSES	8,006	-	2,766,067	4,965,142	2,348,279	10,087,494
OPERATING INCOME (LOSS)	20,171	80	14,971	(464,981)	586,525	156,766
NONOPERATING INCOME (EXPENSE)						
Transfers (out)	-	-	-	(14,214)	-	(14,214)
Loan forgiveness	-	-	-	5,432,041	-	5,432,041
Interest income	-	-	3,681	-	-	3,681
Interest (expense)	-	-	(14,247)	(220,097)	-	(234,344)
TOTAL NONOPERATING INCOME (EXPENSE)	-	-	(10,566)	5,197,730	-	5,187,164
CHANGE IN NET POSITION (DEFICIT)	20,171	80	4,405	4,732,749	586,525	5,343,930
NET POSITION (DEFICIT) - JULY 1, RESTATED	(88,687)	(80)	4,345,726	10,273,852	10,398,759	24,929,570
NET POSITION (DEFICIT) - JUNE 30	\$ (68,516)	\$ -	\$ 4,350,131	\$ 15,006,601	\$ 10,985,284	\$ 30,273,500

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, 2021

	Enterprise Funds					Total
	Specific Rec. Programs	Ambulance	Water Department	Water Pollution	Storm Water Utilities	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 28,177	\$ -	\$ 2,653,288	\$ 2,855,619	\$ 1,631,270	\$ 7,168,354
Intergovernmental receipts	-	-	120,720	491,309	240,587	852,616
Other receipts	-	80	19,759	10,072	-	29,911
Payments to employees	-	-	(502,342)	(1,294,927)	(871,309)	(2,668,578)
Payments to suppliers	(28,177)	(80)	(1,977,032)	(2,943,040)	(1,000,548)	(5,948,877)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-	-	314,393	(880,967)	-	(566,574)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund transfers	-	-	-	(14,214)	-	(14,214)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	-	-	(14,214)	-	(14,214)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Interest income	-	-	3,681	-	-	3,681
Loan proceeds	-	-	-	1,864,911	-	1,864,911
Loan forgiveness	-	-	-	5,432,041	-	5,432,041
(Purchase) sale of fixed assets	-	-	(488,904)	-	-	(488,904)
Interest payments on bond/note payable	-	-	(14,247)	(220,097)	-	(234,344)
Principal payments on bond/note payable	-	-	(116,540)	(6,181,674)	-	(6,298,214)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	(616,010)	895,181	-	279,171
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	(301,617)	-	-	(301,617)
CASH AND CASH EQUIVALENTS - JULY 1	-	-	1,289,542	-	-	1,289,542
CASH AND CASH EQUIVALENTS - JUNE 30	\$ -	\$ -	\$ 987,925	\$ -	\$ -	\$ 987,925

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Enterprise Funds					Total
	Recreation Programs	Ambulance	Water Department	Water Pollution	Storm Water Utilities	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 20,171	\$ 80	\$ 14,971	\$ (464,981)	\$ 586,525	\$ 156,766
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	-	-	189,066	1,453,128	476,422	2,118,616
Changes in operating assets and liabilities:						
(Increase) decrease in due from water - billed	-	-	(13,560)	-	(9,687)	(23,247)
(Increase) decrease in due from water - unbilled	-	-	(22,381)	-	(22,381)	(44,762)
(Increase) decrease in accounts receivable	-	-	48,670	742,310	-	790,980
(Increase) decrease in inventory	-	-	(8,067)	-	-	(8,067)
(Increase) decrease in prepaid items	-	-	(2,702)	-	-	(2,702)
(Increase) decrease in due from other funds	-	-	-	(1,885,471)	(1,030,879)	(2,916,350)
(Decrease) increase in accounts payable	-	-	108,396	-	-	108,396
(Decrease) increase in due to other funds	(20,171)	(80)	-	(725,953)	-	(746,204)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ -	\$ -	\$ 314,393	\$ (880,967)	\$ -	\$ (566,574)

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

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2021

	Employee Pension Trust
	<u>Trust</u>
ASSETS	
Cash:	
Cash equivalents	\$ 22
Investments, at fair value:	
Equity mutual funds	28,915,270
Hedge fund	3,029,360
Fixed income mutual funds	13,957,479
TOTAL ASSETS	<u>\$ 45,902,131</u>
NET POSITION	
Restricted - held in trust for pension benefits	\$ 45,902,131
TOTAL NET POSITION	<u>\$ 45,902,131</u>

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

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Employee Pension Trust
ADDITIONS	
Contributions:	
Employer	\$ 1,302,918
Employee	373,582
Total contributions	<u>1,676,500</u>
Investment earnings:	
Income earned	2,604,510
Net increase (decrease) in fair value of investments	<u>7,081,139</u>
Total investment earnings, net	<u>9,685,649</u>
Total additions	<u>11,362,149</u>
DEDUCTIONS	
Benefit payments	<u>2,077,646</u>
Total deductions	<u>2,077,646</u>
CHANGE IN NET POSITION	9,284,503
NET POSITION - JULY 1	<u>36,617,628</u>
NET POSITION - JUNE 30	<u>\$ 45,902,131</u>

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, public safety, public works, social services, recreation and culture, education and program expenditures.

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 Statements No. 39 and No. 61.

Covid 19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Vermont, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Vermont issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Vermont to those necessary to obtain or provide essential services or activities. See Executive Order 01-20 and its addendums. The state of emergency expired on June 15, 2021.

Impact on Finances

The Town does not currently anticipate any additional FY 2021 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act, American Rescue Plan Act ("ARPA") funding and applicable Federal and/or State programs.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expected Federal/State Support

The City may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the City expects that if those actions are necessary, that the City would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

Conclusion

The ongoing effects of COVID-19, including the financial impact to the City and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the City. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the City.

Implementation of New Accounting Standards

During the year ended June 30, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 84 "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management has determined the impact of this Statement is not material to the financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 90 “Majority Equity Interests”. This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

Statement No 93 “Replacement of Interbank Offered Rates (paragraphs 4-11a).” The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency and comparability of reported information. Management has determined the impact of this Statement is not material to the financial statements.

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 programs, ambulance, water department, water pollution 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 - net investment in capital assets, restricted net position and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.) excluding fiduciary activities. 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 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 and 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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:

Major funds:

- 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.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. The City Center - TIF District Fund is used to account for the financial resources to be used for the special tax increment financing account for the City Center projects. Revenue sources are primarily from taxes and transfers from other funds.
- c. The Capital Improvement Reserve Fund is used to account for the financial resources to be used for capital improvement projects. The primary revenue source for this fund is transfers from other funds.

Nonmajor funds:

- d. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- e. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- f. 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. Nonoperating 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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

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.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments made by the State of Vermont to the Vermont State Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund.

Revenues per budgetary basis	\$ 72,912,648
Add: On-behalf payments	4,460,351
Total GAAP basis	<u>\$ 77,372,999</u>
Expenditures per budgetary basis	\$ 71,811,400
Add: On-behalf basis	4,460,351
Total GAAP basis	<u>\$ 76,271,751</u>

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.
3. The budget was adopted subsequent to passage by the voters.

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2021. Accounts receivable netted with allowances for uncollectible accounts were \$4,386,654 for the year ended June 30, 2021.

Inventories and Prepaid Items

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.

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. 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. Art work has been capitalized as non-depreciable assets as they are considered inexhaustible.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported 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
Furniture and fixtures	3 - 50 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

The accounting treatment of long-term obligations 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.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds and notes from direct borrowings payable, accrued benefit time, post retirement incentive and net pension liability.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS) Plans and additions to/deductions from the VMERS Plans' fiduciary net position have been determined on the same basis as they are reported by the VMERS Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets 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.

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.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 given annually by the vote of the taxpayer and 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.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has one type of item, deferred amount on pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly,

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

this item is reported in the governmental funds balance sheet. The City also has deferred revenue which arises under both the modified accrual basis and the accrual basis. The City has deferred amounts on pensions, which arise only under an accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The City's property tax for the current year was levied July 3, 2020 on the assessed value listed as of April 1, 2020, for all real and personal property located in the City. Taxes were due on September 15, 2020, December 15, 2020 and March 15, 2021. Interest on unpaid taxes commenced on December 16, 2020 and March 16, 2021. Taxes unpaid after the due date are considered delinquent. An 8% penalty is assessed and interest is charged at 1% per annum. The penalty is charged once while interest accrues on the 15th of each month.

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.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 - DEPOSITS 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.

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, 2021, the City's cash balance of \$26,270,733 was comprised of bank deposits and cash equivalents totaling \$25,283,901. Of these bank deposits, \$418,549 was insured by federal depository insurance and consequently was not exposed to custodial credit risk, \$20,935,259 was in excess of federal depository insurance but collateralized with a standby letter of credit and \$3,930,093 was uninsured and uncollateralized.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Account Type	Bank Balance
Checking accounts	\$ 168,549
Money market accounts	21,185,259
Cash equivalents	3,930,093
	\$ 25,283,901

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.

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. Certificates of deposit held with local financial institutions for \$160,905 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2021, the City had investments of \$45,902,109. Of these investments, \$45,902,109 were uncollateralized and uninsured.

At June 30, 2021, the Town had the following investments and maturities:

Investment Type	Fair Value	N/A	< 1 Year	1 - 5 Years
Equity securities:				
Mutual funds:				
Equity - domestic	\$ 28,894,818	\$ 28,894,818	\$ -	\$ -
Fixed income - domestic	13,957,479	13,957,479	-	-
Pooled investment fund	3,049,812	3,049,812	-	-
	\$ 45,902,109	\$ 45,902,109	\$ -	\$ -

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as June 30, 2021:

	June 30, 2021 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Mutual funds - domestic and foreign	\$ 42,852,297	\$ 42,852,297	\$ -	\$ -
Total equity securities	<u>42,852,297</u>	<u>42,852,297</u>	<u>-</u>	<u>-</u>
Pooled investment funds	3,049,812	-	3,049,812	-
Total investments by fair value level	<u>\$ 45,902,109</u>	<u>\$ 42,852,297</u>	<u>\$ 3,049,812</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Open end mutual funds	<u>22</u>			
Total cash equivalents measured at the NAV	<u>22</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 45,902,131</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities and pooled investment funds classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The City does not have any Level III investments.

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.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2021 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 4,502,029	\$ 13,840,941
City center - TIF district fund	-	4,252,319
Capital improvement reserve fund	3,602,202	-
Nonmajor special revenue funds	3,944,934	175,526
Nonmajor capital project funds	1,746,722	5,668
Nonmajor permanent funds	466,502	-
Enterprise funds	4,080,581	68,516
	<u>\$ 18,342,970</u>	<u>\$ 18,342,970</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the City. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2021 consisted of the following:

	Transfers From	Transfers To
General fund	\$ 263,050	\$ 1,776,410
City center - TIF district fund	2,382,102	-
Capital improvement reserve fund	750,000	926,056
Nonmajor special revenue funds	572,227	875,183
Nonmajor capital project funds	341,824	291,952
Nonmajor permanent funds	5,000	430,388
Enterprise funds	-	14,214
	<u>\$ 4,314,203</u>	<u>\$ 4,314,203</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	Balance, 7/1/20 (Restated)	Additions	Transfers/ Disposals	Balance, 6/30/21
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 7,017,663	\$ -	\$ -	\$ 7,017,663
Art work	46,000	48,500	-	94,500
Construction in progress	17,478,255	11,457,789	(8,743,988)	20,192,056
	<u>24,541,918</u>	<u>11,506,289</u>	<u>(8,743,988)</u>	<u>27,304,219</u>
Depreciated assets:				
Land improvements	1,340,533	-	-	1,340,533
Buildings	16,055,785	1,450,000	-	17,505,785
Building improvements	1,047,435	35,964	-	1,083,399
Machinery and equipment	6,196,885	309,146	-	6,506,031
Furniture and fixtures	67,667	577,564	-	645,231
Vehicles	6,714,442	107,579	(50,090)	6,771,931
Infrastructure	50,860,965	9,848,713	-	60,709,678
	<u>82,283,712</u>	<u>12,328,966</u>	<u>(50,090)</u>	<u>94,562,588</u>
Less: accumulated depreciation	<u>(57,227,161)</u>	<u>(2,329,268)</u>	<u>50,090</u>	<u>(59,506,339)</u>
	<u>25,056,551</u>	<u>9,999,698</u>	<u>-</u>	<u>35,056,249</u>
Net capital assets	<u>\$ 49,598,469</u>	<u>\$ 21,505,987</u>	<u>\$ (8,743,988)</u>	<u>\$ 62,360,468</u>
	Balance, 7/1/20 (Restated)	Additions	Transfers/ Disposals	Balance, 6/30/21
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 518,000	\$ -	\$ -	\$ 518,000
Construction in progress	18,455	-	(18,455)	-
	<u>536,455</u>	<u>-</u>	<u>(18,455)</u>	<u>518,000</u>
Depreciated assets:				
Buildings	5,952,242	-	-	5,952,242
Building improvements	11,130	-	-	11,130
Land improvements	33,167,973	-	-	33,167,973
Vehicles	1,289,958	-	-	1,289,958
Machinery and equipment	8,130,896	507,359	-	8,638,255
Infrastructure	4,312,987	-	-	4,312,987
Storm water utilities	9,671,445	-	-	9,671,445
	<u>62,536,631</u>	<u>507,359</u>	<u>-</u>	<u>63,043,990</u>
Less: accumulated depreciation	<u>(25,200,433)</u>	<u>(2,118,616)</u>	<u>-</u>	<u>(27,319,049)</u>
	<u>37,336,198</u>	<u>(1,611,257)</u>	<u>-</u>	<u>35,724,941</u>
Net capital assets	<u>\$ 37,872,653</u>	<u>\$ (1,611,257)</u>	<u>\$ (18,455)</u>	<u>\$ 36,242,941</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS (CONTINUED)

<u>Current year depreciation</u>	
Fire	\$ 605,700
Ambulance	5,083
Public works	1,078,201
General government	14,991
Health	3,610
Police	454,528
Recreation	92,740
Library	338
City-wide	74,077
Subtotal governmental	<u>2,329,268</u>
Water department	189,066
Water pollution control	1,453,128
Storm water utilities	476,422
Subtotal business-type	<u>2,118,616</u>
Total depreciation expense	<u>\$ 4,447,884</u>

NOTE 6 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2021:

	Balance, 7/1/20 (Restated)	Additions	Deletions	Balance, 6/30/21	Current Portion
<u>Governmental Activities:</u>					
Bonds payable	\$ 23,433,470	\$ 5,000,000	\$ (1,000,203)	\$ 27,433,267	\$ 901,651
Notes from direct borrowings payable	7,567,241	5,862,236	(5,719,980)	7,709,497	887,146
Total Governmental Activities	<u>\$ 31,000,711</u>	<u>\$ 10,862,236</u>	<u>\$ (6,720,183)</u>	<u>\$ 35,142,764</u>	<u>\$ 1,788,797</u>
<u>Business-type Activities:</u>					
Bonds payable	\$ 16,896,476	\$ 1,864,911	\$ (6,298,214)	\$ 12,463,173	\$ 934,872
Total Business-type Activities	<u>\$ 16,896,476</u>	<u>\$ 1,864,911</u>	<u>\$ (6,298,214)</u>	<u>\$ 12,463,173</u>	<u>\$ 934,872</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds payable:

<u>Bonds payable:</u>	Governmental Activities	Business-type Activities
<u>Bonds</u>		
\$3,400,000, 2004 General Obligation Bond due in annual principal installments and semiannual interest installments through December 2024. Interest is charged at a fixed rate of 4.455% per annum. Annual principal installments are \$170,000.	\$ 299,934	\$ 380,066
\$5,400,000, 2016 General Obligation Bond due in annual principal installments and semiannual interest installments through November 2030. Interest is charged at a fixed rate of 4.34% per annum. Annual principal installments are \$360,000.	3,600,000	-
\$2,000,000, 2010 General Obligation Bond due in annual principal installments and semiannual interest installments through June 2033. Interest is charged at a fixed rate ranging from 3.25% to 4.75% per annum. \$1,000,000 was paid by ARRA funding in FY2021.	-	689,945
\$19,800,000, 2010 General Obligation Bond due in annual principal installments and semiannual interest installments through June 2033. Interest is charged at a fixed rate of 1.00% per annum. Annual principal installments vary. \$4,395,000 principal forgiveness in FY2021.	-	9,565,293
\$5,000,000, 2017 General Obligation Bond due in annual principal installments and semiannual interest installments through November 2037. Interest is charged at a fixed rate of 3.39% per annum. Annual principal installments are \$333,333 beginning in November 2023.	5,000,000	-
\$14,000,000, 2019 General Obligation Bond due in annual principal installments and semiannual interest installments through November 2049. Interest is charged at a fixed rate ranging from 1.84% to 4.10% per annum. Annual principal installments are \$466,667.	13,533,333	-
\$1,864,911, 2020 General Obligation Bond due in annual principal installments through January 2041. Administrative fee of 2.000% per annum. Annual principal installments range from \$75,229 to \$109,595. Principal forgiveness of \$37,041 in FY2021.	-	1,827,870
\$5,000,000, 2020 General Obligation Bond due in annual principal installments and semiannual interest installments through November 2036. Interest is charged at a fixed rate ranging from 0.650% to 2.206% per annum. Annual principal installments are \$416,667.	5,000,000	-
	<u>\$ 27,433,267</u>	<u>\$ 12,463,174</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding notes from direct borrowings payable:

<u>Notes from direct borrowings payable:</u>	Governmental Activities	Business-type Activities
\$5,862,236, Refinanced note payable to TD Bank, NA for Pension Financing with a fixed interest rate of 1.750% per annum. Note matures on April 6, 2031 with annual principal payments of \$586,224, semi-annual interest payments.	\$ 5,862,236	\$ -
\$1,900,000, Note payable to Merchants Bank with a fixed interest rate of 1.93% per annum. Note matures on October 17, 2026 with annual principal installments of \$190,000, semi-annual interest payments.	1,140,000	-
\$1,125,000, Note payable to T.D. Bank, N.A. with a fixed interest rate of 2.15% per annum. Note matures on July 1, 2026 with varying annual principal and interest installments.	707,261	-
	<u>\$ 7,709,497</u>	<u>\$ -</u>

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

Governmental activities:

	BONDS PAYABLE		NOTES FROM DIRECT BORROWINGS PAYABLE		Total Debt Service
	Principal	Interest/Admin.	Principal	Interest/Admin.	
2022	\$ 901,651	\$ 869,046	\$ 887,146	\$ 119,220	\$ 3,932,176
2023	901,651	840,770	889,863	198,765	3,900,567
2024	1,234,984	809,429	892,648	176,116	4,562,586
2025	1,234,984	767,661	895,476	152,497	4,357,834
2026	1,576,667	721,349	898,422	129,272	3,325,710
2027-2031	7,883,337	3,032,716	3,245,942	104,242	14,266,237
2032-2036	6,083,337	1,933,964	-	-	8,017,301
2037-2041	3,416,665	1,088,833	-	-	4,505,498
2042-2046	2,333,335	612,428	-	-	2,945,763
2047-2051	1,866,656	153,104	-	-	2,019,760
	<u>\$ 27,433,267</u>	<u>\$ 10,829,300</u>	<u>\$ 7,709,497</u>	<u>\$ 880,112</u>	<u>\$ 51,833,432</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - LONG TERM DEBT (CONTINUED)

Business-type activities:

	BONDS PAYABLE		Total Debt Service
	Principal	Interest/Admin.	
2022	\$ 934,872	\$ 252,041	\$ 1,186,913
2023	951,669	229,903	1,181,572
2024	968,802	209,721	1,178,523
2025	986,278	182,548	1,168,826
2026	909,087	172,431	1,081,518
2027-2031	4,825,542	582,046	5,407,588
2032-2036	2,360,023	138,372	2,498,395
2037-2041	526,901	32,033	558,934
	<u>\$ 12,463,174</u>	<u>\$ 1,799,095</u>	<u>\$ 14,262,269</u>

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of other long-term obligations for the year ended June 30, 2021:

	Balance, 7/1/20	Additions	Deletions	Balance, 6/30/21	Current Portion
<u>Governmental Activities:</u>					
Accrued benefit time	\$ 1,021,513	\$ -	\$ (177,829)	\$ 843,684	\$ 126,553
Post retirement incentive	500,831	84,295	(68,470)	516,656	77,498
Net pension liability	9,625,360	-	(6,209,147)	3,416,213	-
Total Governmental Activities	<u>\$ 11,147,704</u>	<u>\$ 84,295</u>	<u>\$ (6,455,446)</u>	<u>\$ 4,776,553</u>	<u>\$ 204,051</u>

Please see Notes 8, 14 and 15 for detailed information on each of the other long-term obligations.

NOTE 8 - ACCRUED BENEFIT TIME

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 obligations 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, 2021, the City's liability for accrued benefit time is \$843,684.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 - NONSPENDABLE FUND BALANCES

At June 30, 2021, the City had the following nonspendable fund balances:

General fund:	
Inventory	\$ 18,580
Prepaid items	490,116
Nonmajor special revenue funds (Schedule D)	<u>67</u>
	<u>\$ 508,763</u>

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2021, the City had the following restricted net position and fund balances:

City Center - TIF funds	\$ 18,294
Nonmajor special revenue funds (Schedule D)	3,162,785
Nonmajor capital projects funds (Schedule F)	260,689
Nonmajor permanent funds (Schedule H)	<u>438,665</u>
	<u>\$ 3,880,433</u>

NOTE 11 - COMMITTED FUND BALANCES

At June 30, 2021, the City had the following committed fund balances:

Capital improvement reserve fund	\$ 3,602,202
Nonmajor special revenue funds (Schedule D)	1,179,780
Nonmajor capital projects funds (Schedule F)	1,559,518
Nonmajor permanent funds (Schedule H)	<u>15,701</u>
	<u>\$ 6,357,201</u>

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2021, the City had the following assigned fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 262,272
Nonmajor permanent funds (Schedule H)	<u>6,646</u>
	<u>\$ 268,918</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to limited torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. The City's property and casualty insurance is provided through Travelers Insurance, brokered by Hickock and Boardman. There have been no significant reductions in coverage from the prior year and amounts of settlements have not exceeded insurance coverage in the past three years. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City.

To provide health insurance coverage, the City is part of a captive arrangement through Pareto Health. The City is self-insured and has reinsurance through the captive arrangement to minimize risk. The City utilizes CBA Blue to access the Blue Cross/Blue Shield network and CBA Blue processes claims as the City's third part administrator. Other health related benefits available include dental insurance, flexible spending accounts, life insurance, disability insurance and long-term care insurance.

The City of South Burlington, Vermont is a member of Vermont League of Cities and Towns (VLCT). To provide unemployment coverage, VLCT has established a separate trust of funds (VLCTUT) 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 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 14 - 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 36 people presently receiving life insurance benefits with an annual cost to the city of \$1,357 in 2021. 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 and is absorbed

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - RETIREMENT INCENTIVES (CONTINUED)

into the operating budget annually in the amount of \$125,000 to cover all payouts and health care payments. The employee may choose a payout option, which is 50% of the employee's accumulated unused sick time. The amount is actually unfunded and treated as a "pay as you go" plan. As of June 30, 2021, the actual liability for retired employees is \$516,656 and the contingent liability for active employees has been estimated at \$4,090,058.

NOTE 15 - DEFINED BENEFIT PENSION PLANS

CITY OF SOUTH BURLINGTON RETIREMENT INCOME PLAN

Plan Description

The City of South Burlington Retirement Income Plan is a single-employer defined benefit pension plan established and maintained by the City for its employees. The plan is administered by and may be amended by the City Council. The plan was established effective December 1, 1972 and contains two components, one component for public safety employees (fire and police) and the other component for all other City employees. 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.

At June 30, 2021, the plan membership consisted of the following:

<u>Membership</u>	<u>Public Safety</u>	<u>Non-Public Safety Group</u>
Retired members currently receiving benefits	46	43
Terminated vested or inactive but still employed	21	26
Actively employed members	56	22
Total membership	<u>123</u>	<u>91</u>

As this plan is provided for and administered by the City of South Burlington, separate financial statements are not available for this plan. The City's most recent actuarial valuation of the plan can be obtained at the office of the City Treasurer, 180 Market Street, South Burlington, Vermont 05403 or on the City's website at www.sburl.com.

Benefits Provided

The plan provides retirement, disability and death benefits to plan members and their beneficiaries based on eligibility. Plan eligibility requirements for public safety

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

employees is immediate upon employment, while non-public safety employees are required to reach thirty-six months of service prior to plan entry. Effective July 1, 2019, no new employees may enroll in the plan. Employees who are members of the Water Pollution Control Employees Association (WPC) who are hired on or after January 1, 2011 and employees who are not members of either the WPC or the South Burlington City Hall & Public Works Employees' Association (SBCH&PW) unless that employee was a participant in the plan on June 30, 2010 are ineligible for the plan.

Benefits available to each group are based on average final compensation (AFC) and years of creditable service and are summarized below:

Plan Provisions	Public Safety Employees		Non-public Safety Employees
<p><i>Normal retirement age:</i></p> <p>*or other termination of service</p>	<p><u>Retirement * on or After</u></p>	<p><u>Age</u></p>	<p>Attainment of age 65</p>
	<p>Prior to July 1, 2001</p>	<p>60</p>	
	<p>July 1, 2001</p>	<p>55</p>	
	<p>July 1, 2005</p>	<p>54</p>	
	<p>July 1, 2007</p>	<p>53</p>	
	<p>July 1, 2009</p>	<p>52</p>	
	<p>July 1, 2010</p>	<p>51</p>	
	<p>July 1, 2011</p>	<p>50</p>	
<p><i>Benefit formula</i></p>	<p>2.5% of average annual compensation per year of service with police or fire departments up to 25 years</p>		<p>1.75% of average compensation times years of service completed with city departments other than non-public safety departments</p>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

<i>Plan Provisions</i>	Public Safety Employees	Non-public Safety Employees
<p><i>Post-retirement COLA and social security offset for members retiring on or after normal retirement date:</i></p> <p>Members who retire on or after their Normal Retirement Date will receive an annual increase in their monthly benefit of 3% until social security benefits commence. Upon commencement of social security, the plan benefit is reduced by a fraction of the member's social security benefit based on the member's Years of Service at retirement.</p>	<u>Years of Service at Later of June 30, 2002 or Retirement</u>	<u>PIA Offset Percentage</u>
	25 or less	50%
	26	45%
	27	40%
	28	35%
	29	30%
	30 or more	25%
		<p>SBCH&PW members - effective July 1, 2009, total compensation; WPC members - effective July 1, 2007, total compensation, including scheduled and unscheduled overtime, on-call pager pay; for all other non-public safety employees - base pay</p>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

<i>Average annual compensation:</i> *effective July 1, 2009, plan compensation includes overtime up to 25% of base pay	Plan compensation* is averaged over high three consecutive years of service. Compensation is annualized for the years in which the member completes less than 2,000 hours of service, but at least 1,000 hours of service	Plan compensation is averaged over high three consecutive years of service that produce highest average. Compensation is annualized for the years in which the member completes less than 2,000 hours of service, but at least 1,000 hours of service
<i>Normal annuity form</i>	Life annuity	Life annuity
<i>Accrued benefit definition</i>	Unit credit accrual, based on years of service completed at determination date	Unit credit accrual, based on years of service completed at determination date
<i>Early retirement</i>	Age 50, accrued benefit reduced 10% per year for benefit commencement prior to normal retirement date	Age 55, accrued benefit reduced by 1/15 per year for benefit commencement prior to 65
<i>Disability</i>	Actuarial equivalent of accrued benefit	Actuarial equivalent of accrued benefit
<i>Pre-retirement death benefit</i>	Actuarial equivalent of accrued benefit	Actuarial equivalent of accrued benefit
<i>Vesting</i>	7-Year graded - 20% after 3 years, 20% per year thereafter, 100% after 7 years	7-Year graded - 20% after 3 years, 20% per year thereafter, 100% after 7 years

Contributions

The authority to establish and amend the contribution requirement of the City and its active employees lies with the City Council. The City Council establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City's contribution requirement for the year ended June 30, 2021 of \$1,384,798 was made in accordance with actuarially determined requirements through an actuarial valuation performed as of July 1, 2020. This contribution represents 20.57% of covered payroll.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

All active public safety plan members are required to contribute 7.50% (police) and 7.50% (fire) of their annual compensation on a pre-tax basis to the plan. A record of such Mandatory Member Contributions shall be maintained along with interest credited thereto. A plan member is fully vested in the amount standing to his credit in his Mandatory Member Contribution Account as of any date. Each plan member will be 100% vested in his accrued compensation benefit after completion of seven or more years of credited service. For the year ended June 30, 2021, the average active employee contribution rate was 7.25% of annual pay.

Investments

Investment policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the City Council, by a majority vote of their members. It is the policy of the City Council to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2020:

Asset Class	Target Allocation
US Equity - Large Cap	25.00%
US Equity - Small/Mid Cap	5.00%
Non-US Equity - Developed	20.00%
Non-US Equity - Emerging	5.00%
US Corporate Bonds - Core	17.00%
US Corporate Bonds - Long Duration	5.00%
US Corporate Bonds - High Yield	11.00%
Non- US Debt - Developed	0.00%
Non- US Debt - Emerging	4.00%
US Treasuries (Cash Equivalents)	0.00%
TIPS (Inflation Protected)	0.00%
Real Estate	8.00%
Total	100.00%

Rate of return - For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.19%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Net Pension Liability

The City's net pension liability was measured as of July 1, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability of the City at June 30, 2021 were as follows:

Total pension liability	\$ 46,564,165
Plan fiduciary net position	45,902,131
Net pension liability	<u>\$ 662,034</u>
 Plan fiduciary net position as a percentage of the total pension liability	 98.58%
 Net pension liability as a percentage of covered valuation payroll	 11.06%

Significant Actuarial Assumptions and Methods

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<i>Actuarial valuation date</i>	July 1, 2021	
<i>Valuation interest (pre- and post-retirement)</i>	7.25%	
<i>Compensation annual rate of increase</i>	Public Safety - 5.00%; Non-public Safety - 4.00%	
<i>Valuation compensation:</i>	Public Safety:	Non-public Safety:
Compensation paid during the plan year preceding the valuation date	Base compensation plus overtime not to exceed 25% of base pay	Total compensation
Employee contribution rate (public safety only)	Police - 7.50% Fire - 7.50%	
Assumed retirement age	Public Safety - Age 53, Non- Public Safety -Normal retirement age, Terminated Public Safety Participants - Age 50	
Mortality (pre- and post-retirement)	NPS - Pri-2012 Total Dataset projected generationally with scale MP2021	

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Employee turnover	Scale Crocker-Sarason T-3
IRC Section 401(a)(17) maximum compensation limit	\$290,000
IRC Section 415(b) maximum benefit limit	\$230,000
Actuarial cost method	Entry Age Normal

The *long-term expected rate of return* on pension plan assets was determined using a building block method in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2021 are summarized on the table below:

Asset Class	Long-term Expected Real Rate of Return
US Equity - Large Cap	5.72%
US Equity - Small/Mid Cap	6.77%
Non-US Equity - Developed	6.55%
Non-US Equity - Emerging	8.54%
US Corporate Bonds - Core	1.14%
US Corporate Bonds - Long Duration	1.73%
US Corporate Bonds - High Yield	3.22%
Non- US Debt - Developed	0.29%
Non- US Debt - Emerging	3.75%
US Treasuries (Cash Equivalents)	-0.33%
TIPS (Inflation Protected)	0.32%
Real Estate	5.41%
Total	4.72%
Inflation	2.24%
Total Return	6.96%

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will continue to be made at the current rate and that contributions will be made at rates at least equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the expected long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
Discount rate	6.25%	7.25%	8.25%
City's proportionate share of the net pension liability	\$ 6,474,313	\$ 662,034	\$ (4,184,950)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the fiduciary fund section of this financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the City recognized pension revenue of \$908,407. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 279,696	\$ 236,918
Changes of assumptions	470,353	143,096
Net difference between projected and actual earnings on pension plan investments	1,209,621	5,695,609
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
	<u> </u>	<u> </u>
Total	<u>\$ 1,959,670</u>	<u>\$ 6,075,623</u>

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

Plan year ended June 30:	
2021	\$ (655,803)
2022	(888,820)
2023	(1,155,102)
2024	(1,416,227)
2025	-
Thereafter	-

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975 and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a school district or by a supervisory union for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071 or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2019 (the most recent data available), the retirement system consisted of 14,755 participating members.

The general administration and responsibility for formulating administrative policy and procedures of the Retirement System for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system and two employer representatives - one elected by the governing bodies of participating employers of the system and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Schools and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. The Annual Report may be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](#).

Benefits Provided

The pension plan is divided into four membership groups:

- Group A - general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B and C - general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D - sworn police officers, firefighters and emergency medical personnel

The City participates in Groups B, C and D. Benefits available to each group are based on average final compensation (AFC) and years of creditable service and are summarized below:

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
Normal service retirement eligibility	Age 65 with 5 years of service or age 55 with 35 years of service	Age 62 with 5 years of service or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit formula - Normal Service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

** A special early retirement factor of 3% per year only for municipal police officers who have attained age 60

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Members of all groups may qualify for vested deferred allowance, disability allowances and death benefit allowance subject to meeting various eligibility requirements. Benefits are based on AFC and service.

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2020 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	3.000% of gross salary	5.375% of gross salary	10.500% of gross salary	11.850% of gross salary
Employer Contributions	4.500% of gross salary	6.000% of gross salary	7.750% of gross salary	10.350% of gross salary

Employee contributions are withheld pre-income tax by the City and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2021 totaled \$254,624. The City contributed \$256,629 for the year ended June 30, 2021. The City's total payroll for the year ended June 30, 2021 for all employees covered under this plan was \$4,011,214.

Pension Liabilities

At June 30, 2021, the City reported a liability of \$1,754,179 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2020 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2019. The City's proportion of the net pension liabilities were based on a projection of the City's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2020, the City's proportion was 1.08871% for VMERS, which was an increase of 0.15496% from its proportion measured as of June 30, 2019 for VMERS.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the City recognized pension expense of \$489,666 for the VMERS plan. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>VMERS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 248,044	\$ 8,163
Changes of assumptions	369,248	-
Net difference between projected and actual earnings on pension plan investments	263,414	-
Changes in proportion and differences between contributions and proportionate share of contributions	342,423	-
Contributions subsequent to the measurement date	<u>256,629</u>	<u>-</u>
Total	<u>\$ 1,479,758</u>	<u>\$ 8,163</u>

\$256,629 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>VMERS</u>
Plan year ended June 30:	
2021	\$ 357,370
2022	359,603
2023	301,110
2024	196,882
2025	-
Thereafter	-

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2020 measurement date was determined by rolling forward the total pension liability as of June 30, 2019 to June 30, 2020. The total pension liability was calculated using the following actuarial assumptions:

Investment Rate of Return: 7.00%, net of pension plan investment expense, including inflation.

Inflation: 2.30%

Salary Increases: Varying, service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years.

Deaths After Retirement: Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based variations of RP-2006 Tables with generational projection using Scale SSA-2017 as follows:

Pre-retirement - Groups A, B and C, 98% of RP-2006 tables, blended with a 60% Blue Collar Employee and 40% Healthy Employee and Group D with 100 % of RP-2006 Blue Collar Employee

Healthy Retiree - Groups A, B and C, 98% of RP-2006 tables, blended with a 60% Blue Collar Annuitant and 40% Healthy Annuitant and Group D with a Blue Collar Annuitant Table

Disabled Retiree - All Groups with a RP-2006 Disabled Mortality Table

Inactive Members: Valuation liability equals 100% of accumulated contributions. Inactive who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on the accrued benefit.

Future Administrative Expenses: An expense adjustment based on actual expenses for the previous year is reflected in the development of recommended employer contribution levels.

Unknown Data for Participants: The same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married: 85% of male members and 50% of female members are assumed to be married.

Spouse's Age: Husbands are assumed to be three years older than their wives.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2020 and January 1, 2021 COLAs are 0.80% and 0.40%, respectively, for all groups.

Actuarial Cost Method: The Projected Benefit Cost Method is used. Normal contribution rates for each Group are equal to rates from the prior year, adjusted for increases or decreases in rates due to assumption changes or plan provision changes.

A smoothing *asset valuation method* was used for funding purposes in the VMERS plan, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. Then value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

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

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Discount Rate

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00% for the VMERS plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.00%	7.00%	8.00%
City's proportionate share of the net pension liability	\$ 4,207,827	\$ 2,754,179	\$ 1,558,134

Pension Plan Fiduciary Net Position

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of VMERS or their participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Annual Comprehensive Financial Report. The Annual Report can be viewed on the State's Department of Finance and Management website at: [Annual Comprehensive Financial Report | Department of Finance and Management \(vermont.gov\)](#).

NOTE 16 - DEFERRED COMPENSATION PLAN

MISSION SQUARE RETIREMENT

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.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 - DEFERRED COMPENSATION PLAN (CONTINUED)

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 2021, 2020, 2019 and 2018 were \$770,266, \$662,710, \$749,639 and \$506,796, respectively.

NOTE 17 - DEFICIT FUND BALANCES

At June 30, 2021 the City had the following deficit fund balances:

Nonmajor special revenue funds (Schedule D)	
Indoor recreation center (285)	\$ 164,136
Nonmajor capital projects funds (Schedule F)	
Energy project renovation fund (242)	73,485
Hayes Avenue stormwater (328)	5,668
	<u>\$ 243,289</u>

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

NOTE 18 - COMMITMENTS AND CONTINGENCIES

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.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 18 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 19 - TAX INCREMENT FINANCING DISTRICT - COMPLIANCE

In accordance with Vermont Statutes, Title 24, Chapter 053, Subchapter 005, Section 1901, the TIF information included in the City's annual audited financial statements have been subjected to the above-mentioned section.

NOTE 20 - COLLATERALIZATION

At June 30, 2021, the City has an outstanding irrevocable stand-by letter of credit issued by FHL Bank of Pittsburg serving as collateral for its deposits held at TD Bank, NA. The May 11, 2021, letter of credit for \$26,500,000 expires on August 11, 2021. There were no draws for the year ended June 30, 2021.

NOTE 21 - OPERATING LEASE

On February 24, 2020 the City entered into an operating leases with ALBEM, LLP for office space located at One Kennedy Drive, South Burlington. The lease term is for four years with monthly payments of \$2,365 in year 1 and increase by 3% each of the subsequent three years.

2022	\$	29,889
2023		30,785
2024		<u>7,753</u>
Total minimum lease payments		68,427
Less: Amount representing interest		-
Present value of future minimum lease payments	\$	<u>68,427</u>

NOTE 22 - OVERSPENT APPROPRIATIONS

In 2021, the City overspent the general fund appropriations by \$4,124,124. This was the result of refunding a pension note from direct borrowings payable with principal, interest and prepayment penalty of \$5,862,236. The proceeds from the new note from direct borrowings payable increased revenues by \$5,862,236. The annual interest rate on the note from direct borrowings payable decreased from 5.410% to 1.750%.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 23 - RESTATEMENTS

In 2021, the City determined that certain transactions in prior years had been recorded incorrectly, therefore, a restatement to the 2020 government-wide, business-type activities and fund financial statements were required. The beginning net position and general fund balance were restated by \$85,000 to reverse accrued expenses for a project that was not executed. The capital assets were restated to correct classifications between government-wide and business type activities along with adjustments to most asset categories and accumulated depreciation balances. The net capital asset balance was decreased by \$22,157,113 for government-wide and increased by \$20,040,341 for business-type activities. The long-term bonds payable was decreased by \$14,435,757 for government-wide and increased by \$16,399,658 for business-type activities. The accounts payable for business type activities decreased by \$18,246.

The resulting restatements decreased governmental activities net position from \$36,203,666 to \$28,567,310 and increased the general fund balance from \$1,626,020 to \$1,711,020.

The business-type activities net position increased by \$3,640,477 from \$21,289,093 to \$24,929,570 to correct the capital assets, debt service and accounts payable balances.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental 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
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- Schedule of Changes in Net Pension Liability and Related Ratios - Employees' Pension Plan
- Schedule of Contributions - Employees' Pension Plan
- Schedule of Investment Returns
- Schedule of Funding Progress - Employees' Pension Plan
- Notes to Required Supplementary Information

CITY OF SOUTH BURLINGTON, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1, Restated	\$ 1,711,020	\$ 1,711,020	\$ 1,711,020	\$ -
Resources (Inflows):				
General tax revenue - municipal and education	62,733,744	62,733,744	62,363,567	(370,177)
Intergovernmental revenue	825,000	825,000	723,550	(101,450)
Charges for services	4,107,032	4,107,032	3,680,676	(426,356)
Other revenue	1,500	1,500	19,569	18,069
Debt proceeds - refunding pension note	-	-	5,862,236	5,862,236
Transfers from other funds	20,000	20,000	263,050	243,050
Amounts Available for Appropriation	<u>69,398,296</u>	<u>69,398,296</u>	<u>74,623,668</u>	<u>5,225,372</u>
Charges to Appropriations (Outflows):				
General government	8,658,373	8,658,373	8,473,002	185,371
Public safety	8,717,297	8,717,297	8,793,910	(76,613)
Public works	3,391,698	3,391,698	2,547,894	843,804
Social services	749,987	749,987	737,880	12,107
Recreation and culture	1,793,814	1,793,814	1,271,298	522,516
Debt service:				
Principal	1,104,984	1,104,984	6,145,354	(5,040,370)
Interest	512,335	512,335	661,597	(149,262)
Education	41,404,055	41,404,055	41,404,055	-
Transfers to other funds	1,354,733	1,354,733	1,776,410	(421,677)
Total Charges to Appropriations	<u>67,687,276</u>	<u>67,687,276</u>	<u>71,811,400</u>	<u>(4,124,124)</u>
Budgetary Fund Balance, June 30	<u>\$ 1,711,020</u>	<u>\$ 1,711,020</u>	<u>\$ 2,812,268</u>	<u>\$ 1,101,248</u>

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

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2021	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>							
Proportion of the net pension liability	1.09%	0.93%	0.73%	0.58%	0.52%	0.41%	0.31%
Proportionate share of the net pension liability	\$ 2,754,179	\$ 1,619,994	\$ 1,019,989	\$ 707,670	\$ 669,756	\$ 314,202	\$ 31,441
Covered payroll	\$ 3,642,168	\$ 2,869,100	\$ 2,223,744	\$ 1,734,340	\$ 1,438,095	\$ 1,059,889	\$ 962,454
Proportionate share of the net pension liability as a percentage of its covered payroll	75.62%	56.46%	45.87%	40.80%	46.57%	29.64%	3.27%
Plan fiduciary net position as a percentage of the total pension liability	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

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

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>VMERS:</u>							
Contractually required contribution	\$ 256,629	\$ 220,562	\$ 161,387	\$ 122,306	\$ 95,389	\$ 79,095	\$ 147,760
Contributions in relation to the contractually required contribution	<u>(256,629)</u>	<u>(220,562)</u>	<u>(161,387)</u>	<u>(122,306)</u>	<u>(95,389)</u>	<u>(79,095)</u>	<u>(147,760)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,011,214	\$ 3,642,168	\$ 2,869,100	\$ 2,223,744	\$ 1,734,340	\$ 1,438,095	\$ 1,059,889
Contributions as a percentage of covered payroll	6.40%	6.06%	5.63%	5.50%	5.50%	5.50%	13.94%

* The amounts presented for each fiscal year are for those years for which information is available.

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

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS EMPLOYEES' PENSION PLAN
LAST 10 FISCAL YEARS*

	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	\$ 992,644	\$ 992,682	\$ 1,049,187	\$ 966,711	\$ 932,286	\$ 804,013	\$ 764,636
Interest	3,237,160	3,090,936	2,949,206	2,756,390	2,548,930	2,337,631	2,177,059
Changes in benefit terms	-	-	-	-	-	-	-
Difference between actual and expected experience	(194,956)	57,126	(294,839)	896,053	52,789	445,709	558,135
Changes of assumptions	(16,031)	(145,632)	165,987	(360,328)	1,047,528	600,947	(70,880)
Benefit payments	(2,077,646)	(1,929,009)	(1,816,072)	(1,615,723)	(1,413,887)	(1,328,091)	(1,247,876)
Net change in total pension liability	<u>1,941,171</u>	<u>2,066,103</u>	<u>2,053,469</u>	<u>2,643,103</u>	<u>3,167,646</u>	<u>2,860,209</u>	<u>2,181,074</u>
Total pension liability - beginning	<u>44,622,994</u>	<u>42,556,891</u>	<u>40,503,422</u>	<u>37,860,319</u>	<u>34,692,673</u>	<u>31,832,464</u>	<u>29,651,390</u>
Total pension liability - ending (a)	<u>\$ 46,564,165</u>	<u>\$ 44,622,994</u>	<u>\$ 42,556,891</u>	<u>\$ 40,503,422</u>	<u>\$ 37,860,319</u>	<u>\$ 34,692,673</u>	<u>\$ 31,832,464</u>
Plan fiduciary net position							
Contributions - employer	\$ 1,302,918	\$ 1,384,798	\$ 1,394,798	\$ 1,246,468	\$ 1,037,443	\$ 765,860	\$ 1,192,750
Contributions - employee	373,582	379,719	349,543	337,958	313,535	305,476	297,142
Net investment income	9,685,649	1,020,614	1,695,376	2,415,936	3,457,472	(306,473)	451,391
Benefit payments	(2,077,646)	(1,929,009)	(1,816,072)	(1,615,723)	(1,413,888)	(1,328,091)	(1,247,876)
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>9,284,503</u>	<u>856,122</u>	<u>1,623,645</u>	<u>2,384,639</u>	<u>3,394,562</u>	<u>(563,228)</u>	<u>693,407</u>
Plan fiduciary net position - beginning	<u>36,617,628</u>	<u>35,761,506</u>	<u>34,137,861</u>	<u>31,753,222</u>	<u>28,358,660</u>	<u>28,921,888</u>	<u>28,228,481</u>
Plan fiduciary net position - ending (b)	<u>\$ 45,902,131</u>	<u>\$ 36,617,628</u>	<u>\$ 35,761,506</u>	<u>\$ 34,137,861</u>	<u>\$ 31,753,222</u>	<u>\$ 28,358,660</u>	<u>\$ 28,921,888</u>
Net pension liability - ending (a) - (b)	<u>\$ 662,034</u>	<u>\$ 8,005,366</u>	<u>\$ 6,795,385</u>	<u>\$ 6,365,561</u>	<u>\$ 6,107,097</u>	<u>\$ 6,334,013</u>	<u>\$ 2,910,576</u>
Plan fiduciary net position as a percentage of the total pension liability	98.58%	82.06%	84.03%	84.28%	83.87%	81.74%	90.86%
Covered payroll	\$ 5,983,545	\$ 6,730,654	\$ 6,749,677	\$ 7,041,414	\$ 7,257,365	\$ 7,064,300	\$ 6,743,881
Net pension liability as a percentage of its covered payroll	11.06%	118.94%	100.68%	90.40%	84.15%	89.66%	43.16%

* The amounts presented for each fiscal year were determined as of July 1 and are for those years for which information is available.

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

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF CONTRIBUTIONS - EMPLOYEES' PENSION PLAN
LAST 10 FISCAL YEARS*

	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,302,918	\$ 1,384,798	\$ 1,246,468	\$ 1,037,443	\$ 765,860	\$ 569,198
Contributions in relation to the actuarially determined contribution	<u>(1,384,798)</u>	<u>(1,394,798)</u>	<u>(1,246,468)</u>	<u>(1,037,443)</u>	<u>(765,860)</u>	<u>(569,198)</u>
Contribution deficiency (excess)	<u>\$ (81,880)</u>	<u>\$ (10,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,730,654	\$ 6,749,677	\$ 7,041,414	\$ 7,257,365	\$ 7,064,300	\$ 6,743,881
Contributions as a percentage of covered payroll	20.57%	20.66%	17.70%	14.30%	10.84%	8.44%

Notes to schedule:

Valuation date: July 1, 2021
 Actuarial cost method: Entry age normal.
 Recognition period for liabilities: Average future service period of active employees of 14.0795 years.
 Recognition period for assets: 5 years.
 Asset-valuation method: Market value of assets as of the measurement date.

Actuarial assumptions

Investment rate of return: 7.25%
 Discount rate: 7.25%
 Compensation annual rate of increase: Public Safety 5.00% annually, Non-Public Safety 4.00% annually
 Cost of living adjustment (public safety employees only)

Members who retire on or after their Normal Retirement Date will receive an annual increase in their monthly benefit of 3% until social security benefits commence. Upon commencement of social security, the plan benefit is reduced by a fraction of the member's social security benefit based on the member's Years of Service at retirement.

Employee contribution rate (public safety only): Police 7.50%, Fire 7.50%
 Public Safety - Age 53, Non-Public Safety - Normal retirement age, Terminated Public Safety Participants - Age 50

Assumed retirement age: NPS - Pri-2012 Total Dataset projected generationally with scale MP2021
 Pre- and post-retirement mortality: Scale Crocker-Sarason T-3
 Employee turnover:
 IRC Section 401(a)(17) maximum compensation limit: \$290,000
 IRC Section 415(b) maximum benefit limit: \$230,000

* The amounts presented for each fiscal year were determined as of July 1 and are for those years for which information is available.

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

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF INVESTMENT RETURNS
LAST 10 FISCAL YEARS*

	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	10.19%	6.17%	6.86%	7.25%	7.25%	7.50%	7.50%

* The amounts presented for each fiscal year were determined as of July 1 and are for those years for which information is available.

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

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF FUNDING PROGRESS - EMPLOYEES' PENSION PLAN
LAST 10 FISCAL YEARS*

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)
7/1/11	\$ 22,140,718	\$ 20,777,281	\$ (1,363,437)	106.56%	\$ 6,004,876	-22.71%
7/1/12	22,354,550	22,362,659	8,109	99.96%	5,623,012	0.14%
7/1/13	25,206,769	23,824,374	(1,382,395)	105.80%	5,611,009	-24.64%
7/1/14	28,852,033	24,080,967	(4,771,066)	119.81%	6,333,287	-75.33%
7/1/15	28,921,889	26,436,535	(2,485,354)	109.40%	6,743,881	-36.85%
7/1/16	28,358,660	28,741,050	382,390	98.67%	7,064,300	5.41%
7/1/17	31,753,223	32,098,384	345,161	98.92%	7,257,365	4.76%
7/1/18	34,137,861	34,203,530	65,669	99.81%	7,041,414	0.93%
7/1/19	35,761,506	36,297,464	535,958	98.52%	6,749,677	7.94%
7/1/20	36,617,628	38,180,434	1,562,806	95.91%	6,730,654	23.22%
7/1/21	45,902,131	41,444,055	(4,458,076)	110.76%	6,730,654	-66.24%

* The amounts presented for each fiscal year were determined as of July 1 and are for those years for which information is available.

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

Changes of Assumptions

VMERS Pension Plan:

- The investment return assumption was lowered from 7.50% to 7.00%.
- The inflation assumption was lowered from 2.50% to 2.30%.
- The COLA assumption was lowered from 1.15% to 1.10% for Group A members and from 1.30% to 1.20% for Groups B, C and D members.
- The mortality assumptions were updated as follows with generational projection using scale MP-2019:
 - Pre- Retirement - Groups A/B/C - 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, Group D - PubG-2010 General Employee above-median
 - Healthy Post Retirement - Retirees - Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree
 - Healthy Post-Retirement - Beneficiaries - Groups A/B/C - 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor. Group D - Pub-2010 Contingent Survivor.
 - Disabled Retirees - All Groups - PubNS-2010 Non-Safety Disabled Retiree Mortality Table.
- The salary scale assumption was revised for varying service based rates from 0-10 years of service, then a single rate of 2.20% for all subsequent years, plus revised inflation of 2.30%.
- The active retirement rates were updated as follows:
 - Group A - Decreased the rates throughout all ages.
 - Group B - For females, slightly decreased the rates at younger ages and then increase the rates at later ages. For males, slightly decreased the rates at most ages.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

- Group C - Simplified the assumption to a unisex table that more accurately aligns with the actual experience for both males and females.
- Group D - For members with less than 20 years of service, increased the rates for ages 55-59.
- The inactive retirement assumption was updated to add a rate of 10% from early retirement age for each year until normal retirement age, then 100% at normal retirement age.
- The liability load of accumulated contributions for Inactive Members was removed. Liabilities for Inactive Members are now based on 100% of the accumulated contributions. Inactive Members who are vested immediately become Deferred Members and the liabilities for all Deferred Members are based on the accrued benefit.
- The termination rates were simplified for females to one set of slightly reduced rates for all females.

Employees' Pension Plan:

The mortality projection scale was changed from MP 2020 to MP 2021.

Other Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- 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 Projects 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

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 16,941,889	\$ 16,941,889	\$ 16,960,500	\$ 18,611
Property taxes (education)	41,404,055	41,404,055	41,404,055	-
Local options tax	4,050,000	4,050,000	3,688,828	(361,172)
Interest and penalties	337,800	337,800	310,184	(27,616)
Intergovernmental revenues:				
Highway aid	225,000	225,000	285,720	60,720
Grants	600,000	600,000	437,830	(162,170)
Charges for services:				
Administrative services	662,462	662,462	571,836	(90,626)
Fire department	510,700	510,700	606,521	95,821
Other city clerk fees	267,800	267,800	438,916	171,116
Building and sign permits	90,000	90,000	73,395	(16,605)
Other planning fees	289,700	289,700	308,593	18,893
Vermont district court	10,000	10,000	5,654	(4,346)
Police department	407,365	407,365	356,834	(50,531)
Highway department	781,815	781,815	617,026	(164,789)
Recreation	205,600	205,600	52,090	(153,510)
Ambulance	875,800	875,800	646,569	(229,231)
Library	5,790	5,790	3,242	(2,548)
Other income				
Miscellaneous	1,500.00	1,500	19,569	18,069
Debt proceeds - refunding pension note	-	-	5,862,236	5,862,236
Transfers from other funds	20,000	20,000	263,050	243,050
Total amounts available for appropriation	\$ 67,687,276	\$ 67,687,276	\$ 72,912,648	\$ 5,225,372

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
City council	\$ 147,250	\$ -	\$ 147,250	\$ 81,198	\$ 66,052
Employee benefits	5,160,741	-	5,160,741	5,106,434	54,307
City manager	525,455	-	525,455	494,708	30,747
City clerk	262,807	-	262,807	325,730	(62,923)
Legal/accounting/actuary	332,001	-	332,001	334,046	(2,045)
Administrative services	1,130,584	-	1,130,584	1,065,098	65,486
Information technology	273,763	-	273,763	290,169	(16,406)
Assessing/tax	368,689	-	368,689	393,832	(25,143)
Planning/design review	457,083	-	457,083	381,787	75,296
	<u>8,658,373</u>	<u>-</u>	<u>8,658,373</u>	<u>8,473,002</u>	<u>185,371</u>
Public safety					
Fire department	3,311,856	-	3,311,856	3,600,576	(288,720)
Ambulance	150,025	-	150,025	106,194	43,831
Police department	5,255,416	-	5,255,416	5,087,140	168,276
	<u>8,717,297</u>	<u>-</u>	<u>8,717,297</u>	<u>8,793,910</u>	<u>(76,613)</u>
Public works					
Highway department	3,391,698	-	3,391,698	2,547,894	843,804
	<u>3,391,698</u>	<u>-</u>	<u>3,391,698</u>	<u>2,547,894</u>	<u>843,804</u>
Social services					
County court	145,000	-	145,000	142,363	2,637
Winooski Valley Park	60,494	-	60,494	60,494	-
C.C.T.A	508,732	-	508,732	499,262	9,470
Regional planning	35,761	-	35,761	35,761	-
	<u>749,987</u>	<u>-</u>	<u>749,987</u>	<u>737,880</u>	<u>12,107</u>

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Recreation and culture					
Recreation administration	361,901	-	361,901	285,910	75,991
Programs	21,000	-	21,000	5,138	15,862
Red Rocks Park	8,850	-	8,850	821	8,029
Facilities	63,700	-	63,700	25,452	38,248
Contracted programs	157,100	-	157,100	49,583	107,517
Community library	617,898	-	617,898	477,626	140,272
Park maintenance	383,365	-	383,365	339,581	43,784
Capital items	180,000	-	180,000	87,187	92,813
	<u>1,793,814</u>	<u>-</u>	<u>1,793,814</u>	<u>1,271,298</u>	<u>522,516</u>
Debt service					
Principal public works facility	98,550	-	98,550	98,568	(18)
Principal Kennedy drive recon.	22,494	-	22,494	22,508	(14)
Principal Lime Kiln bridge	22,494	-	22,494	22,508	(14)
Principal F/D building improvements	29,992	-	29,992	30,005	(13)
Principal police headquarters	360,000	-	360,000	360,000	-
Principal communication equipment	190,000	-	190,000	190,000	-
Principal refunding pension liability	-	-	-	5,421,765	(5,421,765)
Principal pension liability	381,454	-	381,454	-	381,454
Interest public works facility	2,782	-	2,782	(4,087)	6,869
Interest Kennedy drive recon.	5,011	-	5,011	3,587	1,424
Interest Lime Kiln bridge	5,011	-	5,011	3,587	1,424
Interest F/D building improvements	6,719	-	6,719	4,626	2,093
Interest police headquarters	175,644	-	175,644	175,644	-
Interest communication equipment	25,669	-	25,669	25,764	(95)
Interest sewer fund note	12,005	-	12,005	12,005	-
Interest and prepayment penalty pension liability	279,494	-	279,494	440,471	(160,977)
	<u>1,617,319</u>	<u>-</u>	<u>1,617,319</u>	<u>6,806,951</u>	<u>(5,189,632)</u>

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education	41,404,055	-	41,404,055	41,404,055	-
Transfers	1,354,733	-	1,354,733	1,776,410	(421,677)
TOTAL DEPARTMENTAL OPERATIONS	\$ 67,687,276	\$ -	\$ 67,687,276	\$ 71,811,400	\$ (4,124,124)

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

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 932,418	\$ -	\$ -	\$ 932,418
Accounts receivable (net of allowance for uncollectibles)	66,875	-	-	66,875
Prepaid items	67	-	-	67
Due from other funds	3,944,934	1,746,722	466,502	6,158,158
TOTAL ASSETS	\$ 4,944,294	\$ 1,746,722	\$ 466,502	\$ 7,157,518
LIABILITIES				
Due to agencies	\$ -	\$ -	\$ 5,490	\$ 5,490
Due to other funds	175,526	5,668	-	181,194
TOTAL LIABILITIES	175,526	5,668	5,490	186,684
FUND BALANCES				
Nonspendable	67	-	-	67
Restricted	3,490,785	260,689	438,665	4,190,139
Committed	1,179,780	1,559,518	15,701	2,754,999
Assigned	262,272	-	6,646	268,918
Unassigned	(164,136)	(79,153)	-	(243,289)
TOTAL FUND BALANCES	4,768,768	1,741,054	461,012	6,970,834
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,944,294	\$ 1,746,722	\$ 466,502	\$ 7,157,518

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, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 1,279,560	\$ -	\$ 306,533	\$ 1,586,093
Charges for services	415,974	94,233	5,115	515,322
Interest income	-	3,251	-	3,251
Other income	53,797	1,143	34,270	89,210
TOTAL REVENUES	1,749,331	98,627	345,918	2,193,876
EXPENDITURES				
Program expenses	661,285	310,738	145,450	1,117,473
Capital outlay	66,477	70,564	-	137,041
TOTAL EXPENDITURES	727,762	381,302	145,450	1,254,514
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,021,569	(282,675)	200,468	939,362
OTHER FINANCING SOURCES (USES)				
Transfers in	572,227	341,824	5,000	919,051
Transfers (out)	(875,183)	(291,952)	(430,388)	(1,597,523)
TOTAL OTHER FINANCING SOURCES (USES)	(302,956)	49,872	(425,388)	(678,472)
NET CHANGE IN FUND BALANCES	718,613	(232,803)	(224,920)	260,890
FUND BALANCES - JULY 1	4,050,155	1,973,857	685,932	6,709,944
FUND BALANCES - JUNE 30	\$ 4,768,768	\$ 1,741,054	\$ 461,012	\$ 6,970,834

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, 2021

	204 Sewer Impact Fees	207 Police Forfeiture Fund	210 MPG 10 Natural Resources	211 EMTP Training	212 Fueling Station
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
Prepaid items	-	-	-	-	-
Due from other funds	-	43,005	39,708	20,000	82,000
TOTAL ASSETS	\$ -	\$ 43,005	\$ 39,708	\$ 20,000	\$ 82,000
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	43,005	-	20,000	82,000
Committed	-	-	-	-	-
Assigned	-	-	39,708	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	-	43,005	39,708	20,000	82,000
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ 43,005	\$ 39,708	\$ 20,000	\$ 82,000

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	214 Housing Trust	216 Clerk Computer- ization	219 Community Justice Grant - 2	220 Recreation Impact Fees	221 Highway Impact Fees	222 Police Impact Fees
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	11,255	-	-	-
Prepaid items	-	-	67	-	-	-
Due from other funds	50,100	242,148	65,530	1,272,960	815,597	-
TOTAL ASSETS	\$ 50,100	\$ 242,148	\$ 76,952	\$ 1,272,960	\$ 815,597	\$ -
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	67	-	-	-
Restricted	50,100	-	-	1,272,960	-	-
Committed	-	242,148	-	-	815,597	-
Assigned	-	-	76,885	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	50,100	242,148	76,952	1,272,960	815,597	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 50,100	\$ 242,148	\$ 76,952	\$ 1,272,960	\$ 815,597	\$ -

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	226	227	228	229	230	233	234
	Community	Records	Reparative	Protective	Dorset	Fed	Road
	Garden	Preservation	Board	Vests	Street H2O	EECBG #1	Opening
				Grant	Milot	Energy	Impact Fees
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	31,575	-	-
Prepaid items	-	-	-	-	-	-	-
Due from other funds	8,567	75,045	1,633	-	-	7,560	16,000
TOTAL ASSETS	\$ 8,567	\$ 75,045	\$ 1,633	\$ -	\$ 31,575	\$ 7,560	\$ 16,000
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 11,390	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	11,390	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	20,185	-	-
Committed	8,567	-	1,633	-	-	-	16,000
Assigned	-	75,045	-	-	-	7,560	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	8,567	75,045	1,633	-	20,185	7,560	16,000
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 8,567	\$ 75,045	\$ 1,633	\$ -	\$ 31,575	\$ 7,560	\$ 16,000

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2021

	235 FEMA Medic Grant	238 Senior Citizens Organization	243 South Village Rec. Impact	247 Conference Room Rental	251 Fields Use Impact Fees	253 Health Insurance Reserve
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	58,502	-	380,489	4,250	42,340	328,000
TOTAL ASSETS	\$ 58,502	\$ -	\$ 380,489	\$ 4,250	\$ 42,340	\$ 328,000
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	58,502	-	380,489	-	-	328,000
Committed	-	-	-	-	-	-
Assigned	-	-	-	4,250	42,340	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	58,502	-	380,489	4,250	42,340	328,000
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 58,502	\$ -	\$ 380,489	\$ 4,250	\$ 42,340	\$ 328,000

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2021

	256 Human Trafficking Grant	269 MPG/Traffic Overlay Grant	282 American Rescue Plan	285 Indoor Rec Center	288 A/P A/Guard Enviromental	298 Sick Bank
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 932,318	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	24,045	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	28,225	4,207	-	-	15,964	230,785
TOTAL ASSETS	\$ 52,270	\$ 4,207	\$ 932,318	\$ -	\$ 15,964	\$ 230,785
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ 164,136	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	164,136	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	52,270	4,207	932,318	-	15,964	230,785
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	(164,136)	-	-
TOTAL FUND BALANCES (DEFICITS)	52,270	4,207	932,318	(164,136)	15,964	230,785
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 52,270	\$ 4,207	\$ 932,318	\$ -	\$ 15,964	\$ 230,785

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021

	611 Senior Citizens	616 Police Estate Funds	620 Police Bequeath Fund	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 932,418
Accounts receivable (net of allowance for uncollectibles)	-	-	-	66,875
Prepaid items	-	-	-	67
Due from other funds	16,484	-	95,835	3,944,934
TOTAL ASSETS	<u>\$ 16,484</u>	<u>\$ -</u>	<u>\$ 95,835</u>	<u>\$ 4,944,294</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ 175,526
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,526</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	67
Restricted	-	-	-	3,490,785
Committed	-	-	95,835	1,179,780
Assigned	16,484	-	-	262,272
Unassigned	-	-	-	(164,136)
TOTAL FUND BALANCES (DEFICITS)	<u>16,484</u>	<u>-</u>	<u>95,835</u>	<u>4,768,768</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 16,484</u>	<u>\$ -</u>	<u>\$ 95,835</u>	<u>\$ 4,944,294</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, 2021

	204 Sewer Impact Fees	207 Police Forfeiture Fund	210 MPG 10 Natural Resources	211 EMTP Training	212 Fueling Station
REVENUES					
Intergovernmental revenue	\$ -	\$ 207	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Other income	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>207</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Program expenses	81,066	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>81,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(81,066)</u>	<u>207</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	10,000	8,200
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>8,200</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(81,066)	207	-	10,000	8,200
FUND BALANCES (DEFICITS) - JULY 1	<u>81,066</u>	<u>42,798</u>	<u>39,708</u>	<u>10,000</u>	<u>73,800</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ 43,005</u>	<u>\$ 39,708</u>	<u>\$ 20,000</u>	<u>\$ 82,000</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, 2021

	214 Housing Trust	216 Clerk Computer- ization	219 Community Justice Grant - 2	220 Recreation Impact Fees	221 Highway Impact Fees	222 Police Impact Fees
REVENUES						
Intergovernmental revenue	\$ -	\$ 110,843	\$ 131,470	\$ -	\$ -	\$ -
Charges for services	-	-	9,295	121,821	107,471	62,403
Other income	100	-	18,064	-	-	-
TOTAL REVENUES	<u>100</u>	<u>110,843</u>	<u>158,829</u>	<u>121,821</u>	<u>107,471</u>	<u>62,403</u>
EXPENDITURES						
Program expenses	-	44,855	142,566	-	-	-
Capital outlay	-	-	-	55,399	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>44,855</u>	<u>142,566</u>	<u>55,399</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>100</u>	<u>65,988</u>	<u>16,263</u>	<u>66,422</u>	<u>107,471</u>	<u>62,403</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	50,000	-	-	-	-	-
Transfers (out)	-	-	-	-	(694,898)	(108,050)
TOTAL OTHER FINANCING SOURCES (USES)	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(694,898)</u>	<u>(108,050)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	50,100	65,988	16,263	66,422	(587,427)	(45,647)
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>176,160</u>	<u>60,689</u>	<u>1,206,538</u>	<u>1,403,024</u>	<u>45,647</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 50,100</u>	<u>\$ 242,148</u>	<u>\$ 76,952</u>	<u>\$ 1,272,960</u>	<u>\$ 815,597</u>	<u>\$ -</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, 2021

	226	227	228	229	230	233	234
	Community Garden	Records Preservation	Reparative Board	Protective Vests Grant	Dorset Street H2O Milot	Fed EECBG #1 Energy	Road Opening Impact Fees
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	2,345	891	-	-	-	-	-
TOTAL REVENUES	<u>2,345</u>	<u>891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Program expenses	296	91,090	-	4,951	-	-	-
Capital outlay	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>296</u>	<u>91,090</u>	<u>-</u>	<u>4,951</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,049</u>	<u>(90,199)</u>	<u>-</u>	<u>(4,951)</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	(31,208)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(31,208)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	2,049	(121,407)	-	(4,951)	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>6,518</u>	<u>196,452</u>	<u>1,633</u>	<u>4,951</u>	<u>20,185</u>	<u>7,560</u>	<u>16,000</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 8,567</u>	<u>\$ 75,045</u>	<u>\$ 1,633</u>	<u>\$ -</u>	<u>\$ 20,185</u>	<u>\$ 7,560</u>	<u>\$ 16,000</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, 2021

	235 FEMA Medic Grant	238 Senior Citizens Organization	243 South Village Rec. Impact	247 Conference Room Rental	251 Fields Use Impact Fees	253 Health Insurance Reserve
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	74,654	-	40,330	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	-	74,654	-	40,330	-
EXPENDITURES						
Program expenses	-	-	-	450	30,820	-
Capital outlay	-	-	-	-	11,078	-
TOTAL EXPENDITURES	-	-	-	450	41,898	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	74,654	(450)	(1,568)	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	328,000
Transfers (out)	-	(4,177)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(4,177)	-	-	-	328,000
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(4,177)	74,654	(450)	(1,568)	328,000
FUND BALANCES (DEFICITS) - JULY 1	58,502	4,177	305,835	4,700	43,908	-
FUND BALANCES (DEFICITS) - JUNE 30	\$ 58,502	\$ -	\$ 380,489	\$ 4,250	\$ 42,340	\$ 328,000

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, 2021

	256 Human Trafficking Grant	269 MPO/Traffic Overlay Grant	282 American Rescue Plan	285 Construction Fund	288 A/P A/Guard Enviromental	298 Sick Bank
REVENUES						
Intergovernmental revenue	\$ 104,829	\$ -	\$ 932,211	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	-	107	-	-	22,962
TOTAL REVENUES	<u>104,829</u>	<u>-</u>	<u>932,318</u>	<u>-</u>	<u>-</u>	<u>22,962</u>
EXPENDITURES						
Program expenses	77,144	-	-	-	-	188,047
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>77,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,047</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>27,685</u>	<u>-</u>	<u>932,318</u>	<u>-</u>	<u>-</u>	<u>(165,085)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	135,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	27,685	-	932,318	-	-	(30,085)
FUND BALANCES (DEFICITS) - JULY 1	<u>24,585</u>	<u>4,207</u>	<u>-</u>	<u>(164,136)</u>	<u>15,964</u>	<u>260,870</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 52,270</u>	<u>\$ 4,207</u>	<u>\$ 932,318</u>	<u>\$ (164,136)</u>	<u>\$ 15,964</u>	<u>\$ 230,785</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, 2021

	611 Senior Citizens	616 Police Estate Funds	620 Police Bequeath Fund	Total
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 1,279,560
Charges for services	-	-	-	415,974
Other income	3,636	-	5,692	53,797
TOTAL REVENUES	<u>3,636</u>	<u>-</u>	<u>5,692</u>	<u>1,749,331</u>
EXPENDITURES				
Program expenses	-	-	-	661,285
Capital outlay	-	-	-	66,477
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>727,762</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,636</u>	<u>-</u>	<u>5,692</u>	<u>1,021,569</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,177	-	36,850	572,227
Transfers (out)	-	(36,850)	-	(875,183)
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,177</u>	<u>(36,850)</u>	<u>36,850</u>	<u>(302,956)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	7,813	(36,850)	42,542	718,613
FUND BALANCES (DEFICITS) - JULY 1	<u>8,671</u>	<u>36,850</u>	<u>53,293</u>	<u>4,050,155</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 16,484</u>	<u>\$ -</u>	<u>\$ 95,835</u>	<u>\$ 4,768,768</u>

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 PROJECTS FUNDS
JUNE 30, 2021

	301 Reappraisal Fund	242 Energy Project Rev. Fund	307 Ambulance Equipment Replacement
ASSETS			
Due from other funds	\$ 155,033	\$ (73,485)	\$ 5,000
TOTAL ASSETS	\$ 155,033	\$ (73,485)	\$ 5,000
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	155,033	-	5,000
Assigned	-	-	-
Unassigned	-	(73,485)	-
TOTAL FUND BALANCES (DEFICITS)	155,033	(73,485)	5,000
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 155,033	\$ (73,485)	\$ 5,000

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2021

	309 Open Space Special Assessment	323 ARRA Quarry Ridge S/W	324 ARRA Twin Oaks
ASSETS			
Due from other funds	\$ 1,399,485	\$ 37,327	\$ 106,248
TOTAL ASSETS	\$ 1,399,485	\$ 37,327	\$ 106,248
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	-	37,327	106,248
Committed	1,399,485	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES (DEFICITS)	1,399,485	37,327	106,248
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 1,399,485	\$ 37,327	\$ 106,248

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2021

	325 ARRA Ridgewood	326 ARRA Winding Brook	327 ARRA Harbor Heights	328 Hayes Avenue Stormwater	Total
ASSETS					
Due from other funds	\$ 60,517	\$ 45,061	\$ 11,536	\$ -	\$ 1,746,722
TOTAL ASSETS	\$ 60,517	\$ 45,061	\$ 11,536	\$ -	\$ 1,746,722
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 5,668	\$ 5,668
TOTAL LIABILITIES	-	-	-	5,668	5,668
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	60,517	45,061	11,536	-	260,689
Committed	-	-	-	-	1,559,518
Assigned	-	-	-	-	-
Unassigned	-	-	-	(5,668)	(79,153)
TOTAL FUND BALANCES (DEFICITS)	60,517	45,061	11,536	(5,668)	1,741,054
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 60,517	\$ 45,061	\$ 11,536	\$ -	\$ 1,746,722

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, 2021

	301 Reappraisal Fund	242 Energy Project Rev. Fund	307 Ambulance Equipment Replacement
REVENUES			
Charges for services	\$ -	\$ 94,233	\$ -
Interest income	-	-	-
Other income	-	1,143	-
TOTAL REVENUES	<u>-</u>	<u>95,376</u>	<u>-</u>
EXPENDITURES			
Program expenses	164,982	21,348	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	<u>164,982</u>	<u>21,348</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(164,982)</u>	<u>74,028</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	35,291	-
Transfers (out)	-	(291,952)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(256,661)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(164,982)	(182,633)	-
FUND BALANCES (DEFICITS) - JULY 1	<u>320,015</u>	<u>109,148</u>	<u>5,000</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 155,033</u>	<u>\$ (73,485)</u>	<u>\$ 5,000</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, 2021

	309 Open Space Special Assessment	323 ARRA Quarry Ridge S/W	324 ARRA Twin Oaks
REVENUES			
Charges for services	\$ -	\$ -	\$ -
Interest income	3,251	-	-
Other income	-	-	-
TOTAL REVENUES	<u>3,251</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Program expenses	124,408	-	-
Capital outlay	70,564	-	-
TOTAL EXPENDITURES	<u>194,972</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(191,721)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	306,533	-	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>306,533</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	114,812	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>1,284,673</u>	<u>37,327</u>	<u>106,248</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,399,485</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, 2021

	325 ARRA Ridgewood	326 ARRA Winding Brook	327 ARRA Harbor Heights	328 Hayes Avenue Stormwater	Total
REVENUES					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 94,233
Interest income	-	-	-	-	3,251
Other income	-	-	-	-	1,143
TOTAL REVENUES	-	-	-	-	98,627
EXPENDITURES					
Program expenses	-	-	-	-	310,738
Capital outlay	-	-	-	-	70,564
TOTAL EXPENDITURES	-	-	-	-	381,302
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	(282,675)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	341,824
Transfers (out)	-	-	-	-	(291,952)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	49,872
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	(232,803)
FUND BALANCES (DEFICITS) - JULY 1	60,517	45,061	11,536	(5,668)	1,973,857
FUND BALANCES (DEFICITS) - JUNE 30	\$ 60,517	\$ 45,061	\$ 11,536	\$ (5,668)	\$ 1,741,054

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, 2021

	Cemetery Trust	Community Library Trust	Penny for Paths	Veterans Memorial
ASSETS				
Due from other funds	\$ 11,699	\$ 20,349	\$ 400,625	\$ 6,646
TOTAL ASSETS	\$ 11,699	\$ 20,349	\$ 400,625	\$ 6,646
LIABILITIES				
Due to agencies	\$ -	\$ -	\$ 8	\$ -
TOTAL LIABILITIES	-	-	8	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	11,699	20,349	400,617	-
Committed	-	-	-	-
Assigned	-	-	-	6,646
Unassigned	-	-	-	-
TOTAL FUND BALANCES	11,699	20,349	400,617	6,646
TOTAL LIABILITIES AND FUND BALANCE	\$ 11,699	\$ 20,349	\$ 400,625	\$ 6,646

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2021

	Library (Blanchette)	Recreation Path Donations	Fire Department Donations	Dog Park Donations	Total
ASSETS					
Due from other funds	\$ -	\$ 11,482	\$ 3,882	\$ 11,819	\$ 466,502
TOTAL ASSETS	\$ -	\$ 11,482	\$ 3,882	\$ 11,819	\$ 466,502
LIABILITIES					
Due to agencies	\$ -	\$ 5,482	\$ -	\$ -	\$ 5,490
TOTAL LIABILITIES	-	5,482	-	-	5,490
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	6,000	-	-	438,665
Committed	-	-	3,882	11,819	15,701
Assigned	-	-	-	-	6,646
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	-	6,000	3,882	11,819	461,012
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 11,482	\$ 3,882	\$ 11,819	\$ 466,502

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

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Cemetery Trust	Community Library Trust	Penny for Paths	Veterans Memorial
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 306,533	\$ -
Charges for services	-	-	-	-
Other income	400	3,206	-	1,000
TOTAL REVENUES	<u>400</u>	<u>3,206</u>	<u>306,533</u>	<u>1,000</u>
EXPENDITURES				
Other	-	9,213	135,910	427
TOTAL EXPENDITURES	<u>-</u>	<u>9,213</u>	<u>135,910</u>	<u>427</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>400</u>	<u>(6,007)</u>	<u>170,623</u>	<u>573</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	5,400	(6,007)	170,623	573
FUND BALANCES - JULY 1	<u>6,299</u>	<u>26,356</u>	<u>229,994</u>	<u>6,073</u>
FUND BALANCES - JUNE 30	<u>\$ 11,699</u>	<u>\$ 20,349</u>	<u>\$ 400,617</u>	<u>\$ 6,646</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Library (Blanchette)	Recreation Path Donations	Fire Department Donations	Dog Park Donations	Total
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 306,533
Charges for services	-	-	-	5,115	5,115
Other income	29,575	-	89	-	34,270
TOTAL REVENUES	29,575	-	89	5,115	345,918
EXPENDITURES					
Other	-	-	(225)	125	145,450
TOTAL EXPENDITURES	-	-	(225)	125	145,450
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	29,575	-	314	4,990	200,468
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	5,000
Transfers (out)	(430,388)	-	-	-	(430,388)
TOTAL OTHER FINANCING SOURCES (USES)	(430,388)	-	-	-	(425,388)
NET CHANGE IN FUND BALANCES	(400,813)	-	314	4,990	(224,920)
FUND BALANCES - JULY 1	400,813	6,000	3,568	6,829	685,932
FUND BALANCES - JUNE 30	\$ -	\$ 6,000	\$ 3,882	\$ 11,819	\$ 461,012

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, 2021

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General Government	\$ 375,532	\$ 1,773,721	\$ 44,968	\$ 9,371,056	\$ 11,565,277
Ambulance	-	-	59,628	-	59,628
Fire	1,118,500	6,336,227	6,378,057	-	13,832,784
Police	-	8,828,410	1,997,110	-	10,825,520
Public Works	330,500	791,049	4,445,714	49,143,261	54,710,524
Library	14,382,704	-	6,756	-	14,389,460
Recreation	2,679,438	249,752	192,571	2,087,056	5,208,817
Health	-	681,648	-	108,305	789,953
City Wide	8,417,545	1,268,910	798,389	-	10,484,844
Storm Water Utilities	30,000	154,994	1,012,935	9,671,445	10,869,374
Water Pollution Control	488,000	38,976,351	947,696	4,312,987	44,725,034
Water Department	-	-	7,967,582	-	7,967,582
Total General Capital Assets	27,822,219	59,061,062	23,851,406	74,694,110	185,428,797
Less: Accumulated Depreciation	-	(30,396,887)	(14,761,815)	(41,666,686)	(86,825,388)
Net General Capital Assets	\$ 27,822,219	\$ 28,664,175	\$ 9,089,591	\$ 33,027,424	\$ 98,603,409

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, 2021

	General Capital Assets 7/1/20 (Restated)	Additions	Transfers/ Disposals	General Capital Assets 6/30/21
General Government	\$ 11,187,083	\$ 9,386,054	\$ (9,007,860)	\$ 11,565,277
Ambulance	59,628	-	-	59,628
Fire	13,799,852	32,932	-	13,832,784
Police	9,425,610	1,450,000	(50,090)	10,825,520
Public Works	53,864,072	846,452	-	54,710,524
Library	756,648	13,632,812	-	14,389,460
Recreation	5,208,817	-	-	5,208,817
Health	789,953	-	-	789,953
City Wide	11,733,967	662,028	(1,911,151)	10,484,844
Storm Water Utilities	10,869,374	-	-	10,869,374
Water Pollution Control	44,725,034	-	-	44,725,034
Water Department	7,478,678	488,904	-	7,967,582
Total General Capital Assets	169,898,716	26,499,182	(10,969,101)	185,428,797
Less: Accumulated Depreciation	(82,427,594)	(4,447,884)	50,090	(86,825,388)
Net General Capital Assets	\$ 87,471,122	\$ 22,051,298	\$ (10,919,011)	\$ 98,603,409

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

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor Pass Through Grantor Program/Cluster Title	Federal AL Number	Pass Through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Housing and Urban Development				
Passed Through State of Vermont:				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	07110-IG-2017-SBURLI	\$ 365	\$ -
Total U.S. Department of Housing and Urban Development			<u>365</u>	<u>-</u>
U.S. Department of Justice				
Passed Through State of Vermont:				
Crime Victim Assistance	16.575	0216VOCA19-40155-6	60,323	-
Crime Victim Assistance	16.575	02160-VOCA19-40155-8	35,547	-
			<u>95,870</u>	<u>-</u>
Passed Through State of Vermont Department of Public Safety (DPS):				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	02140-11919C-100	91,160	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	02140-11917C-100	7,203	-
			<u>98,363</u>	<u>-</u>
Total U.S. Department of Justice			<u>194,233</u>	<u>-</u>
U.S. Department of Transportation				
Passed Through State of Vermont Agency of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	CA0542	36,173	-
Highway Planning and Construction	20.205	CA0528	11,767	-
Highway Planning and Construction	20.205	CA0644	19,609	-
Highway Planning and Construction	20.205	CA0576	27,977	-
Subtotal Highway Planning and Construction Cluster			<u>95,526</u>	<u>-</u>
Highway Safety Cluster:				
State and Community Highway Safety	20.600	GR1434	5,038	-
State and Community Highway Safety	20.600	GR1500	7,680	-
Subtotal Highway Safety Cluster			<u>12,718</u>	<u>-</u>
Total U.S. Department of Transportation			<u>108,244</u>	<u>-</u>

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor Pass Through Grantor Program/Cluster Title	Federal AL Number	Pass Through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Treasury Department				
Passed Through State of Vermont:				
Coronavirus Relief Fund	21.019	01140CRF20LGE0103	73,148	-
Passed Through State of Vermont Department of Health:				
Coronavirus Relief Fund	21.019	03420-08574	30,367	-
Passed Through State of Vermont Agency of Administration - Department of Taxes:				
Coronavirus Relief Fund	21.019	01140CRF20DLR080	20,367	-
Passed Through State of Vermont Department of Corrections:				
Coronavirus Relief Fund	21.019	03520 1493 CRF	6,325	-
Passed Through State of Vermont Department of Public Safety:				
Coronavirus Relief Fund	21.019	02140-84532-072	28,404	-
Total U.S. Treasury Department			<u>158,611</u>	<u>-</u>
U.S. Environmental Protection Agency:				
Passed Through Vermont Environmental Conservation:				
Lake Champlain Basin Program	66.481	5/6--LS-2019-058	13,715	-
Clean Water State Revolving Fund Cluster				
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS500000119	1,554,030	-
Subtotal Clean Water State Revolving Fund Cluster			<u>1,554,030</u>	<u>-</u>
Total U.S. Environmental Protection Agency			<u>1,567,745</u>	<u>-</u>
U.S. Department of Health and Human Services				
Passed through State of Vermont Department of Health:				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	03420-08749	20,764	-
Passed through State of Vermont Department of Public Safety:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	02140-84532-072	85,213	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	02140-84474-063	13,845	-
			<u>99,058</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>119,822</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 2,149,020</u>	<u>\$ -</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO SCHEDULE OF EXPEDITURES OF FEDERAL AWARDS
JUNE 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of South Burlington, Vermont under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of South Burlington, Vermont it is not intended to and does not present the financial position, changes in net position or cash flows of the City of South Burlington, Vermont.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. City of South Burlington, Vermont has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



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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, 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, 2021 and the related notes to the financial statements, which collectively comprise the City of South Burlington, Vermont's basic financial statements and have issued our report thereon dated September 30, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of South Burlington, Vermont'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, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of South Burlington, Vermont'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 correct, 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, Vermont'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 matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the City of South Burlington, Vermont in a separate letter dated December 23, 2021.

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
September 30, 2022



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE

City Council
City of South Burlington
South Burlington, Vermont

Report on Compliance for Each Major Federal Program

We have audited City of South Burlington, Vermont's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of South Burlington, Vermont's major federal programs for the year ended June 30, 2021. City of South Burlington, Vermont'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 federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of South Burlington, Vermont'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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 City of South Burlington, Vermont's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of South Burlington, Vermont's compliance.

Opinion on Each Major Federal Program

In our opinion, 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, 2021.

Report on Internal Control Over Compliance

Management of 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 City of South Burlington, Vermont'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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of South Burlington, Vermont's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of South Burlington, Vermont'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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 the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine

Vermont Registration No. 092.0000697

September 30, 2022

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

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - INTERNAL CONTROL
FOR THE YEAR ENDED JUNE 30, 2021

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 OMB Compliance Supplement? yes no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
66.458	Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Federal Awards Findings and Questioned Costs

None