

Federal Compliance Audit

Revised

City of South Burlington, Vermont

June 30, 2020



Proven Expertise & Integrity

CITY OF SOUTH BURLINGTON, VERMONT

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JUNE 30, 2020

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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, 2020 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, 2020 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 and OPEB information on pages 4 through 12 and 82 through 91 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 March 2, 2021, 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
March 2, 2021

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

(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, 2020. 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 and OPEB 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, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pensions, a Schedule of Changes in Net Pension Liability and Related Ratios - Employees' Pension Plan, a Schedule of Contributions - Employees' Pension Plan, a Schedule of Investment Returns, a Schedule of Funding Progress - Employees' Pension Plan, a Schedule of Proportionate Share of the Net OPEB Liability, a Schedule of Contributions - OPEB 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 \$36,203,666 compared to \$32,889,991 in the prior year, an increase of \$3,313,675. For the business-type activities, total net position is \$21,289,093 compared to \$20,328,392 in the prior year, an increase of \$960,701.

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 \$1,339,765 at the end of this year for governmental activities and \$3,953,596 for the business-type activities.

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

	2020		2019 (Restated)	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Assets:				
Current Assets	\$ 20,736,695	\$ 4,944,154	\$ 29,222,921	\$ 3,334,793
Noncurrent Assets - Capital Assets	71,755,582	17,832,312	60,325,847	18,774,598
Total Assets	<u>92,492,277</u>	<u>22,776,466</u>	<u>89,548,768</u>	<u>22,109,391</u>
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	3,951,332	-	3,780,879	-
Total Deferred Inflows of Resources	<u>3,951,332</u>	<u>-</u>	<u>3,780,879</u>	<u>-</u>
Liabilities:				
Current Liabilities	5,148,951	1,107,309	4,211,145	1,284,481
Noncurrent Liabilities	54,254,380	380,064	54,944,783	496,518
Total Liabilities	<u>59,403,331</u>	<u>1,487,373</u>	<u>59,155,928</u>	<u>1,780,999</u>
Deferred Inflows of Resources:				
Deferred Inflows Related to Pensions	805,284	-	1,197,400	-
Deferred Revenue	31,328	-	86,328	-
Total Deferred Inflows of Resources	<u>836,612</u>	<u>-</u>	<u>1,283,728</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	26,319,114	17,335,497	12,702,247	17,916,628
Restricted for: Special Revenue Funds	7,614,636	-	17,115,133	-
Capital Projects Funds	260,689	-	260,689	-
Permanent Funds	669,462	-	432,493	-
Unrestricted	1,339,765	3,953,596	2,379,429	2,411,764
Total Net Position	<u>\$ 36,203,666</u>	<u>\$ 21,289,093</u>	<u>\$ 32,889,991</u>	<u>\$ 20,328,392</u>

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

	2020		2019	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 3,863,816	\$ 10,074,808	\$ 4,545,925	\$ 9,257,047
Operating grants and contributions	14,788,675	925,268	14,987,168	1,253,044
<i>General Revenues:</i>				
Taxes	60,794,637	-	64,419,333	-
Investment income	-	3,498	-	1,591
Miscellaneous	274,481	376,252	378,164	338,185
Total Revenues	79,721,609	11,379,826	84,330,590	10,849,867
Expenses				
General government	6,600,663	-	8,928,003	-
Public safety	9,101,982	-	9,359,809	-
Public works	3,145,392	-	3,000,568	-
Social services	743,260	-	730,760	-
Recreation and culture	1,262,505	-	1,405,073	-
Education	40,203,373	-	44,461,521	-
Program expenditures	912,291	-	697,380	-
Capital outlay	-	-	140,886	-
Interest expense	1,286,692	-	843,068	-
Unallocated depreciation (Note 5)	7,973	-	34,770	-
On-behalf payments - State of Vermont	13,143,803	-	11,414,002	-
Enterprise funds	-	10,419,125	-	8,199,642
Total Expenses	76,407,934	10,419,125	81,015,840	8,199,642
Total Transfers	-	-	1,258,431	(1,258,431)
Change in Net Position	3,313,675	960,701	4,573,181	1,391,794
Net Position - July 1, Restated	32,889,991	20,328,392	28,316,810	18,936,598
Net Position - June 30	\$ 36,203,666	\$ 21,289,093	\$ 32,889,991	\$ 20,328,392

Revenues and Expenses

Revenues for the City's governmental activities decreased by 5.48%, while total expenses decreased by 5.70%. On-behalf payments - State of Vermont experienced the largest increase while general government and education had the largest decreases.

The revenues for the proprietary fund increased by 4.88% while expenses increased by 27.07%. The proprietary fund has five enterprise funds that all have a positive net position with the exception of the recreation programs and ambulance.

The proprietary funds had an operating income for the current year of \$973,498.

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>2020</u>	<u>2019 (Restated)</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 497,407	\$ 401,354	\$ 96,053
Assigned	365,757	-	365,757
Unassigned	762,856	1,203,942	(441,086)
City Center - TIF District Fund:			
Restricted	5,505,335	15,225,143	(9,719,808)
Capital Improvement Reserve Fund:			
Committed	<u>3,778,258</u>	<u>3,501,710</u>	<u>276,548</u>
Subtotal Major Funds	<u>10,909,613</u>	<u>20,332,149</u>	<u>\$ (9,422,536)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	108	108	-
Restricted	2,109,301	1,889,990	219,311
Committed	1,739,125	1,720,295	18,830
Assigned	365,757	394,614	(28,857)
Unassigned	(164,136)	(1,433)	(162,703)
Capital Projects Funds:			
Restricted	260,689	260,689	-
Committed	1,718,836	1,621,833	97,003
Unassigned	(5,668)	(5,668)	-
Permanent Funds:			
Restricted	669,462	432,493	236,969
Committed	10,397	5,274	5,123
Assigned	6,073	6,430	(357)
Unassigned	-	(32,068)	32,068
Subtotal Nonmajor Funds	<u>6,709,944</u>	<u>6,292,557</u>	<u>417,387</u>
Total Governmental Funds	<u>\$ 17,619,557</u>	<u>\$ 26,624,706</u>	<u>\$ (9,005,149)</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 were below budgeted amounts by \$363,874. This was a result of all revenue categories being receipted in excess of budgeted amounts with the exception of general tax revenue - municipal and education and charges for services.

The general fund actual expenditures were below budgeted amounts by \$384,598. All expenditures were within or below budgeted amounts with the exception of public safety, public works, debt service - principal and transfers to other funds.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2020, the net book value of capital assets recorded by the City increased by \$10,487,449 from the prior fiscal year. This increase was a result of additions of \$13,300,533, less current year depreciation expense of \$2,813,084. 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,

	2020	2019 (Restated)
Land	\$ 7,816,163	\$ 7,816,163
Art work	36,000	16,000
Construction in progress	46,277,936	34,292,310
Buildings, building improvements and land improvements	9,158,737	9,154,881
Machinery, equipment and vehicles	7,961,043	8,530,800
Infrastructure	18,338,015	19,290,291
Total	\$ 89,587,894	\$ 79,100,445

Debt

At June 30, 2020, the City had \$45,933,283 in bonds and notes from direct borrowings outstanding versus \$48,481,867 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 Tom Hubbard, Assistant City Manager at 575 Dorset Street, South Burlington, Vermont 05403-0808. Tom can also be reached by phone at 802-846-4107 or by email at thubbard@sburl.com.

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 17,965,492	\$ 1,289,542	\$ 19,255,034
Taxes receivable (net of allowance for uncollectibles)	341,918	-	341,918
Due from water - billed	-	1,014,193	1,014,193
Due from water - unbilled	-	1,438,648	1,438,648
Other receivables	2,281,277	792,760	3,074,037
Inventory	12,437	59,504	71,941
Prepaid items	485,078	-	485,078
Internal balances	(349,507)	349,507	-
Total current assets	<u>20,736,695</u>	<u>4,944,154</u>	<u>25,680,849</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	53,592,944	536,455	54,129,399
Depreciable assets, net of accumulated depreciation	18,162,638	17,295,857	35,458,495
Total noncurrent assets	<u>71,755,582</u>	<u>17,832,312</u>	<u>89,587,894</u>
TOTAL ASSETS	<u>92,492,277</u>	<u>22,776,466</u>	<u>115,268,743</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on pensions	3,951,332	-	3,951,332
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,951,332</u>	<u>-</u>	<u>3,951,332</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 96,443,609</u>	<u>\$ 22,776,466</u>	<u>\$ 119,220,075</u>

STATEMENT A (CONTINUED)
CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,791,830	\$ 990,558	\$ 2,782,388
Accrued expenses	668,186	-	668,186
Escrows	184,680	-	184,680
Due to taxpayers	168,973	-	168,973
Due to agencies	5,490	-	5,490
Current portion of long-term obligations	2,329,792	116,751	2,446,543
Total current liabilities	<u>5,148,951</u>	<u>1,107,309</u>	<u>6,256,260</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	35,885,696	380,064	36,265,760
Notes from direct borrowings payable	7,450,490	-	7,450,490
Accrued benefit time	868,286	-	868,286
Post retirement incentive	424,548	-	424,548
Net pension liability	9,625,360	-	9,625,360
Total noncurrent liabilities	<u>54,254,380</u>	<u>380,064</u>	<u>54,634,444</u>
TOTAL LIABILITIES	<u>59,403,331</u>	<u>1,487,373</u>	<u>60,890,704</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	31,328	-	31,328
Deferred amount on pensions	805,284	-	805,284
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>836,612</u>	<u>-</u>	<u>836,612</u>
NET POSITION			
Net Investment in capital assets	26,319,114	17,335,497	43,654,611
Restricted for:			
Special Revenue Funds	7,614,636	-	7,614,636
Capital Projects Funds	260,689	-	260,689
Permanent Funds	669,462	-	669,462
Unrestricted	1,339,765	3,953,596	5,293,361
TOTAL NET POSITION	<u>36,203,666</u>	<u>21,289,093</u>	<u>57,492,759</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 96,443,609</u>	<u>\$ 22,776,466</u>	<u>\$ 119,220,075</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, 2020

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	\$ 6,600,663	\$ 1,205,162	\$ 1,644,872	\$ -	\$ (3,750,629)	\$ -	\$ (3,750,629)
Public safety	9,101,982	1,329,113	-	-	(7,772,869)	-	(7,772,869)
Public works	3,145,392	580,470	-	-	(2,564,922)	-	(2,564,922)
Social services	743,260	-	-	-	(743,260)	-	(743,260)
Recreation and culture	1,262,505	142,636	-	-	(1,119,869)	-	(1,119,869)
Education	40,203,373	-	-	-	(40,203,373)	-	(40,203,373)
Program expenditures	912,291	606,435	-	-	(305,856)	-	(305,856)
On-behalf payments - State of Vermont	13,143,803	-	13,143,803	-	-	-	-
Interest on long-term debt	1,286,692	-	-	-	(1,286,692)	-	(1,286,692)
Unallocated depreciation* (Note 5)	7,973	-	-	-	(7,973)	-	(7,973)
Total governmental activities	76,407,934	3,863,816	14,788,675	-	(57,755,443)	-	(57,755,443)
Business-type activities:							
Recreation programs	27,655	6,734	-	-	-	(20,921)	(20,921)
Ambulance fund	80	-	-	-	-	(80)	(80)
Water department	2,624,698	2,583,815	-	-	-	(40,883)	(40,883)
Water pollution	4,518,876	4,696,312	-	-	-	177,436	177,436
Storm water utilities	3,247,816	2,787,947	925,268	-	-	465,399	465,399
Total business-type activities	10,419,125	10,074,808	925,268	-	-	580,951	580,951
Total government	\$ 86,827,059	\$ 13,938,624	\$ 15,713,943	\$ -	(57,755,443)	580,951	(57,174,492)

*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, 2020

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(57,755,443)	580,951	(57,174,492)
General revenues:			
Property taxes, levied for general purposes			
Education	40,203,373	-	40,203,373
Municipal	20,591,264	-	20,591,264
Investment income	-	3,498	3,498
Miscellaneous	274,481	376,252	650,733
Total general revenues	61,069,118	379,750	21,245,495
Change in net position	3,313,675	960,701	4,274,376
NET POSITION - JULY 1, RESTATED	32,889,991	20,328,392	53,218,383
NET POSITION - JUNE 30	\$ 36,203,666	\$ 21,289,093	\$ 57,492,759

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

STATEMENT C

CITY OF SOUTH BURLINGTON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	City Center - TIF District Fund	Capital Improvement Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 7,550,210	\$ 8,521,229	\$ -	\$ 1,894,053	\$ 17,965,492
Taxes receivable (net of allowance for uncollectibles)	341,918	-	-	-	341,918
Other receivables	2,247,716	1,986	-	31,575	2,281,277
Inventory	12,437	-	-	-	12,437
Prepaid items	484,970	-	-	108	485,078
Due from other funds	4,168,972	-	3,778,258	5,137,535	13,084,765
TOTAL ASSETS	\$ 14,806,223	\$ 8,523,215	\$ 3,778,258	\$ 7,063,271	\$ 34,170,967
LIABILITIES					
Accounts payable	\$ 1,780,361	\$ -	\$ -	\$ 11,469	\$ 1,791,830
Accrued expenses	668,186	-	-	-	668,186
Escrows	184,680	-	-	-	184,680
Due to taxpayers	168,973	-	-	-	168,973
Due to agencies	-	-	-	5,490	5,490
Due to other funds	10,080,024	3,017,880	-	336,368	13,434,272
TOTAL LIABILITIES	12,882,224	3,017,880	-	353,327	16,253,431
DEFERRED INFLOWS OF RESOURCES					
Deferred tax revenues	266,651	-	-	-	266,651
Deferred revenue	31,328	-	-	-	31,328
TOTAL DEFERRED INFLOWS OF RESOURCES	297,979	-	-	-	297,979
FUND BALANCES					
Nonspendable	497,407	-	-	108	497,515
Restricted	-	5,505,335	-	3,039,452	8,544,787
Committed	-	-	3,778,258	3,468,358	7,246,616
Assigned	365,757	-	-	371,830	737,587
Unassigned	762,856	-	-	(169,804)	593,052
TOTAL FUND BALANCES	1,626,020	5,505,335	3,778,258	6,709,944	17,619,557
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,806,223	\$ 8,523,215	\$ 3,778,258	\$ 7,063,271	\$ 34,170,967

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, 2020

	Total Governmental Funds
Total Fund Balances	\$ 17,619,557
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	71,755,582
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	266,651
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	3,951,332
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(37,869,227)
Notes from direct borrowings payable	(7,567,241)
Accrued benefit time	(1,021,513)
Post retirement incentive	(500,831)
Net pension liability	(9,625,360)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	(805,284)
Net position of governmental activities	\$ 36,203,666

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

STATEMENT E

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	City Center - TIF District Fund	Capital Improvement Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
General tax revenue - municipal and education	\$ 60,536,964	\$ 158,868	\$ -	\$ -	\$ 60,695,832
Intergovernmental revenue	4,878,837	1,015,009	-	629,863	6,523,709
Charges for services	3,257,381	-	-	606,435	3,863,816
Other revenue	25,278	69,521	-	179,682	274,481
TOTAL REVENUES	68,698,460	1,243,398	-	1,415,980	71,357,838
EXPENDITURES					
Current:					
General government	7,977,173	-	-	-	7,977,173
Public safety	8,577,083	-	-	-	8,577,083
Public works	2,628,201	-	-	-	2,628,201
Social services	739,650	-	-	-	739,650
Recreation and culture	1,170,146	-	-	-	1,170,146
Education	40,203,373	-	-	-	40,203,373
Program expenditures	-	7,817	-	904,474	912,291
On-behalf payments - State of Vermont	4,489,964	-	-	-	4,489,964
Debt service					
Principal	1,085,633	-	-	-	1,085,633
Interest	541,107	745,585	-	-	1,286,692
Capital outlay	-	10,921,820	-	370,961	11,292,781
TOTAL EXPENDITURES	67,412,330	11,675,222	-	1,275,435	80,362,987
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,286,130	(10,431,824)	-	140,545	(9,005,149)
OTHER FINANCING SOURCES (USES)					
Transfers in	197,753	712,016	860,000	448,159	2,217,928
Transfers (out)	(1,463,159)	-	(583,452)	(171,317)	(2,217,928)
TOTAL OTHER FINANCING SOURCES (USES)	(1,265,406)	712,016	276,548	276,842	-
NET CHANGE IN FUND BALANCES	20,724	(9,719,808)	276,548	417,387	(9,005,149)
FUND BALANCES - JULY 1, RESTATED	1,605,296	15,225,143	3,501,710	6,292,557	26,624,706
FUND BALANCES - JUNE 30	\$ 1,626,020	\$ 5,505,335	\$ 3,778,258	\$ 6,709,944	\$ 17,619,557

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, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (9,005,149)</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	13,141,393
Depreciation expense	<u>(1,711,658)</u>
	<u>11,429,735</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported:	
Taxes and liens receivable	<u>98,805</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>170,453</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>2,187,132</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	(202,782)
Post retirement incentive	53,351
Net pension liability	<u>(1,809,986)</u>
	<u>(1,959,417)</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>392,116</u>
Change in net position of governmental activities (Statement B)	<u>\$ 3,313,675</u>

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

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2020

	Enterprise Funds					Total
	Recreation Programs	Ambulance	Water Department	Water Pollution	Storm Water Utilities	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ 1,289,542	\$ -	\$ -	\$ 1,289,542
Accounts receivable (net of allowance for uncollectibles)	-	-	50,450	742,310	-	792,760
Due from water - billed	-	-	785,664	-	228,529	1,014,193
Due from water - unbilled	-	-	412,819	613,010	412,819	1,438,648
Inventory	-	-	59,504	-	-	59,504
Due from other funds	-	-	-	-	1,164,231	1,164,231
Total current assets	-	-	2,597,979	1,355,320	1,805,579	5,758,878
Noncurrent assets:						
Land, buildings, mains and other water assets	-	-	5,572,961	19,243,931	8,949,681	33,766,573
Vehicles and equipment	-	-	1,920,594	979,426	1,439,045	4,339,065
Total capital assets	-	-	7,493,555	20,223,357	10,388,726	38,105,638
Less: accumulated depreciation	-	-	(4,256,060)	(13,629,002)	(2,388,264)	(20,273,326)
Total noncurrent assets	-	-	3,237,495	6,594,355	8,000,462	17,832,312
TOTAL ASSETS	\$ -	\$ -	\$ 5,835,474	\$ 7,949,675	\$ 9,806,041	\$ 23,591,190
LIABILITIES AND NET POSITION						
Current liabilities:						
Accounts payable	\$ -	\$ -	\$ 990,558	\$ -	\$ -	\$ 990,558
Due to other funds	88,687	80	-	725,957	-	814,724
Current portion of long-term obligations	-	-	116,751	-	-	116,751
Total current liabilities	88,687	80	1,107,309	725,957	-	1,922,033
Noncurrent liabilities:						
Noncurrent portion of long-term obligations:						
Bonds payable	-	-	380,064	-	-	380,064
Total noncurrent liabilities	-	-	380,064	-	-	380,064
TOTAL LIABILITIES	88,687	80	1,487,373	725,957	-	2,302,097
NET POSITION						
Net investment in capital assets	-	-	2,740,680	6,594,355	8,000,462	17,335,497
Unrestricted (deficit)	(88,687)	(80)	1,607,421	629,363	1,805,579	3,953,596
TOTAL NET POSITION	(88,687)	(80)	4,348,101	7,223,718	9,806,041	21,289,093
TOTAL LIABILITIES AND NET POSITION	\$ -	\$ -	\$ 5,835,474	\$ 7,949,675	\$ 9,806,041	\$ 23,591,190

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, 2020

	Enterprise Funds					Total
	Recreation Programs	Ambulance	Water Department	Water Pollution	Storm Water Utilities	
OPERATING REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 925,268	\$ 925,268
Water sales	-	-	2,419,303	-	-	2,419,303
Charges for services	6,734	-	164,512	4,696,312	2,787,947	7,655,505
Other	-	-	15,951	360,301	-	376,252
TOTAL OPERATING REVENUES	6,734	-	2,599,766	5,056,613	3,713,215	11,376,328
OPERATING EXPENSES						
Salaries and benefits	6,493	-	486,570	1,514,452	885,817	2,893,332
Professional and contracted services	-	-	170,939	763,476	1,453,777	2,388,192
Supplies, materials and fuel	-	80	78,601	692,610	14,796	786,087
Water purchases	-	-	1,481,243	-	-	1,481,243
Repairs and maintenance	-	-	111,768	145,326	41,624	298,718
Utilities	-	-	-	726,802	3,461	730,263
Depreciation	-	-	187,153	436,692	477,581	1,101,426
Administrative services	-	-	47,500	100,686	84,742	232,928
Liability insurance	-	-	3,989	-	-	3,989
Miscellaneous	21,162	-	40,640	138,832	286,018	486,652
TOTAL OPERATING EXPENSES	27,655	80	2,608,403	4,518,876	3,247,816	10,402,830
OPERATING INCOME (LOSS)	(20,921)	(80)	(8,637)	537,737	465,399	973,498
NONOPERATING INCOME (EXPENSE)						
Transfers in	-	-	99,300	-	-	99,300
Transfers (out)	-	-	-	(49,650)	(49,650)	(99,300)
Interest income	-	-	3,498	-	-	3,498
Interest expense	-	-	(16,295)	-	-	(16,295)
TOTAL NONOPERATING INCOME (EXPENSE)	-	-	86,503	(49,650)	(49,650)	(12,797)
CHANGE IN NET POSITION (DEFICIT)	(20,921)	(80)	77,866	488,087	415,749	960,701
NET POSITION (DEFICIT) - JULY 1, RESTATED	(67,766)	-	4,270,235	6,735,631	9,390,292	20,328,392
NET POSITION (DEFICIT) - JUNE 30	\$ (88,687)	\$ (80)	\$ 4,348,101	\$ 7,223,718	\$ 9,806,041	\$ 21,289,093

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, 2020

	Enterprise Funds					Total
	Recreation Programs	Ambulance	Water Department	Water Pollution	Storm Water Utilities	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 6,734	\$ -	\$ 2,486,779	\$ 3,954,002	\$ 1,903,617	\$ 8,351,132
Intergovernmental receipts	-	-	-	-	925,268	925,268
Other receipts	-	-	15,951	422,832	-	438,783
Payments to employees	(6,493)	-	(486,570)	(1,514,452)	(885,817)	(2,893,332)
Payments to suppliers	(241)	-	(1,866,854)	(2,567,732)	(1,884,418)	(6,319,245)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-	-	149,306	294,650	58,650	502,606
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund transfers	-	-	99,300	(49,650)	(49,650)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	-	99,300	(49,650)	(49,650)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Interest income	-	-	3,498	-	-	3,498
(Purchase) sale of fixed assets	-	-	(150,140)	-	(9,000)	(159,140)
Interest payments on bond/note payable	-	-	(16,295)	-	-	(16,295)
Principal payments on bond/note payable	-	-	(116,452)	(245,000)	-	(361,452)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	(279,389)	(245,000)	(9,000)	(533,389)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	(30,783)	-	-	(30,783)
CASH AND CASH EQUIVALENTS - JULY 1	-	-	1,320,325	-	-	1,320,325
CASH AND CASH EQUIVALENTS - JUNE 30	\$ -	\$ -	\$ 1,289,542	\$ -	\$ -	\$ 1,289,542

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	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)	\$ (20,921)	\$ (80)	\$ (8,637)	\$ 537,737	\$ 465,399	\$ 973,498
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	-	-	187,153	436,692	477,581	1,101,426
Changes in operating assets and liabilities:						
(Increase) decrease in due from water - billed	-	-	(27,141)	-	(1,940)	(29,081)
(Increase) decrease in due from water - unbilled	-	-	(1,910)	-	(60,289)	(62,199)
(Increase) decrease in accounts receivable	-	-	(50,450)	(742,310)	88,503	(704,257)
(Increase) decrease in inventory	-	-	(17,535)	-	-	(17,535)
(Increase) decrease in due from other funds	-	-	-	-	(910,604)	(910,604)
(Decrease) increase in accounts payable	-	-	67,826	-	-	67,826
(Decrease) increase in due to other funds	20,921	80	-	62,531	-	83,532
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,306</u>	<u>\$ 294,650</u>	<u>\$ 58,650</u>	<u>\$ 502,606</u>

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

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020

	Employee Pension Trust
ASSETS	
Investments, at fair value:	
Equity mutual funds	\$ 22,102,459
Hedge fund	2,908,134
Fixed income mutual funds	<u>11,607,035</u>
TOTAL ASSETS	<u>\$ 36,617,628</u>
NET POSITION	
Restricted - held in trust for pension benefits	<u>\$ 36,617,628</u>
TOTAL NET POSITION	<u>\$ 36,617,628</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, 2020

	Employee Pension Trust
ADDITIONS	
Contributions:	
Employer	\$ 1,765,346
Employee	152,242
Total contributions	<u>1,917,588</u>
Investment earnings:	
Income earned	833,173
Net increase (decrease) in fair value of investments	216,077
Total investment earnings, net	<u>1,049,250</u>
Total additions	<u>2,966,838</u>
DEDUCTIONS	
Benefit payments	1,929,835
Administrative expenses	180,881
Total deductions	<u>2,110,716</u>
CHANGE IN NET POSITION	856,122
NET POSITION - JULY 1	<u>35,761,506</u>
NET POSITION - JUNE 30	<u><u>\$ 36,617,628</u></u>

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

Impact on and Results of Operations

On March 31, 2020 Vermont Secretary of State issued a "Waiver of Mandated Upcoming Municipal Election Dates in 2020". This allowed mandated date meetings or elections and special meeting petitions to be delayed pursuant to the order. This act was authorized by Act 92, §3 (2020). Additional guidance provided that all current incumbent officers would retain their position until the election may be held. As most Vermont municipalities hold their annual meetings during the first week of March annually, most City meeting days occurred as scheduled.

In accordance with Addendum 6 to Executive Order 01-20, issued by the Governor of Vermont on March 24, 2020 (also referred to as the "Stay Home, Stay Safe Order") and Directive 5 to Executive Order 01-20, issued by the Governor of Vermont on March 26, 2020, City facilities were temporarily closed to the public and all nonessential services to its inhabitants were suspended from March 23, 2020 to July 6, 2020. The City was required to reduce its staff temporarily.

Unemployment rates

Closures of City facilities and staff reduction increased the unemployment expenditures of the City above budgeted levels for FY 2020. However, the City was able to compensate for those expenditures with current available resources.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax and excise tax 60-day deferred revenue extended

Closures and/or reduced hours of City facilities have provided limited ability for some taxpayers to remit payments for property and excise taxes that generally would have occurred during the current fiscal year. The August 15, 2020 tax deadline was delayed to September 15, 2020 and the installment due November 15, 2020 was delayed until December 15, 2020. The City waived late tax payment fees, which amounted to a very small amount.

Impact on Finances

The City does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security (“CARES”) Act funding and applicable State programs.

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, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 “Postponement of the Effective Dates of Certain Authoritative Guidance.” The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. 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, 2020

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, 2020

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, 2020

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, 2020

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	\$ 64,406,249
Add: On-behalf payments	<u>4,489,964</u>
Total GAAP basis	<u>\$ 68,896,213</u>
Expenditures per budgetary basis	\$ 64,385,525
Add: On-behalf basis	<u>4,489,964</u>
Total GAAP basis	<u>\$ 68,875,489</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, 2020

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 deposits 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, 2020. Allowances for uncollectible accounts netted with accounts receivable were \$5,526,878 for the year ended June 30, 2020.

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, 2020

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. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives. 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 valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

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

Estimated useful lives are as follows:

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

Long-term Obligations

The accounting treatment of long-term 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 and net pension liability.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 State Teachers' Retirement System (VSTRS) and the Vermont Municipal Employees' Retirement System (VMERS) Plans and additions to/deductions from the VSTRS and VMERS Plans' fiduciary net position have been determined on the same basis as they are reported by the VSTRS and 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.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, information about the fiduciary net position of the Vermont State Teachers' Retirement System (VSTRS) and additions to/deductions from the VSTRS OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by VSTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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, 2019 on the assessed value listed as of April 1, 2019, for all real and personal property located in the City. Taxes were due on August 15, 2019, November 15, 2019 and March 15, 2020. Interest on unpaid taxes commenced on August 16, 2019, November 16, 2019 and March 16, 2020. 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).

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2020, the City's cash balance of \$19,255,034 was comprised of bank deposits and cash equivalents totaling \$18,243,569. Of these bank deposits, \$706,989 was insured by federal depository insurance and consequently was not exposed to custodial credit risk, \$626,322 was in excess of federal depository insurance but collateralized with securities held by financial institutions in the City's name and \$16,910,258 was uninsured and uncollateralized.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 9,095,197
Repurchase agreements	626,322
Cash equivalents	8,522,050
	<u>\$ 18,243,569</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the City does not have a policy for custodial credit risk for investments; however, the City seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers.

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, 2020, the City had investments of \$37,020,502. Of these investments, certificates of deposit in the amount of \$160,905 was insured by federal depository insurance and consequently was not exposed to custodial credit risk, \$739,246 was insured by SIPC and consequently was not exposed to custodial credit and the remaining investments of \$36,120,351 were uncollateralized and uninsured.

At June 30, 2020, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>< 1 Year</u>	<u>1 - 5 Years</u>
Debt securities:				
Corporate bonds	\$ 2,724	\$ -	\$ -	\$ 2,724
Equity securities:				
Mutual funds:				
Equity - domestic	22,320,765	22,320,765	-	-
Fixed income - domestic	11,627,974	11,627,974	-	-
Pooled investment fund	2,908,134	2,908,134	-	-
	<u>\$ 36,859,597</u>	<u>\$ 36,856,873</u>	<u>\$ -</u>	<u>\$ 2,724</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020:

	June 30, 2020 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>				
Debt securities:				
Corporate bonds	\$ 2,724	\$ -	\$ 2,724	\$ -
Total debt securities	<u>2,724</u>	<u>-</u>	<u>2,724</u>	<u>-</u>
Equity securities:				
Mutual funds - domestic and foreign	\$ 33,948,739	\$ 33,948,739	\$ -	\$ -
Total equity securities	<u>33,948,739</u>	<u>33,948,739</u>	<u>-</u>	<u>-</u>
Pooled investment funds	2,908,134	-	2,908,134	-
Total investments by fair value level	<u>\$ 36,859,597</u>	<u>\$ 33,948,739</u>	<u>\$ 2,910,858</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Open end mutual funds	822			
Total cash equivalents measured at the NAV	<u>822</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 36,860,419</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. Certificates of deposit held with local financial institutions for \$160,905 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

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, 2020

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2020 consisted of the following individual fund receivables and payables:

	<u>Receivables</u> (Due from)	<u>Payables</u> (Due to)
General fund	\$ 4,020,967	\$ 8,465,444
City center - TIF district fund	-	2,953,332
Capital improvement reserve fund	3,501,710	-
Nonmajor special revenue funds	3,927,019	45,655
Nonmajor capital project funds	733,024	258,569
Nonmajor permanent funds	50,064	32,219
Enterprise funds	253,627	731,192
	<u>\$ 12,486,411</u>	<u>\$ 12,486,411</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, 2020 consisted of the following:

	<u>Transfers</u> From	<u>Transfers</u> To
General fund	\$ 197,753	\$ 1,463,159
City center - TIF district fund	712,016	-
Capital improvement reserve fund	860,000	583,452
Nonmajor special revenue funds	134,633	144,506
Nonmajor capital project funds	305,519	26,409
Nonmajor permanent funds	8,007	402
Enterprise funds	99,300	99,300
	<u>\$ 2,317,228</u>	<u>\$ 2,317,228</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, 2020

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance, 7/1/19 (Restated)	Additions	Transfers/ Disposals	Balance, 6/30/20
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 7,298,163	\$ -	\$ -	\$ 7,298,163
Art work	16,000	20,000	-	36,000
Construction in progress	34,961,530	12,159,480	(862,229)	46,258,781
	<u>42,275,693</u>	<u>12,179,480</u>	<u>(862,229)</u>	<u>53,592,944</u>
Depreciated assets:				
Land improvements	116,887	1,224,346	-	1,341,233
Buildings	16,206,462	-	-	16,206,462
Building improvements	1,026,185	21,250	-	1,047,435
Machinery and equipment	4,925,735	314,520	-	5,240,255
Vehicles	6,265,736	264,026	(795,108)	5,734,654
Infrastructure	42,869,496	-	-	42,869,496
	<u>71,410,501</u>	<u>1,824,142</u>	<u>(795,108)</u>	<u>72,439,535</u>
Less: accumulated depreciation	<u>(53,360,347)</u>	<u>(1,711,658)</u>	<u>795,108</u>	<u>(54,276,897)</u>
	<u>18,050,154</u>	<u>112,484</u>	<u>-</u>	<u>18,162,638</u>
Net capital assets	<u>\$ 60,325,847</u>	<u>\$ 12,291,964</u>	<u>\$ (862,229)</u>	<u>\$ 71,755,582</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/19 (Restated)	Additions	Transfers/ Disposals	Balance, 6/30/20
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 518,000	\$ -	\$ -	\$ 518,000
Construction in progress	-	34,462	(16,007)	18,455
	<u>518,000</u>	<u>34,462</u>	<u>(16,007)</u>	<u>536,455</u>
Depreciated assets:				
Buildings	5,952,242	-	-	5,952,242
Building improvements	11,130	-	-	11,130
Land improvements	8,634,566	-	-	8,634,566
Vehicles	1,604,297	-	-	1,604,297
Machinery and equipment	8,104,058	9,000	-	8,113,058
Infrastructure	4,366,517	131,685	-	4,498,202
Storm water utilities	8,755,688	-	-	8,755,688
	<u>37,428,498</u>	<u>140,685</u>	<u>-</u>	<u>37,569,183</u>
Less: accumulated depreciation	<u>(19,171,900)</u>	<u>(1,101,426)</u>	<u>-</u>	<u>(20,273,326)</u>
	<u>18,256,598</u>	<u>(960,741)</u>	<u>-</u>	<u>17,295,857</u>
Net capital assets	<u>\$ 18,774,598</u>	<u>\$ (926,279)</u>	<u>\$ (16,007)</u>	<u>\$ 17,832,312</u>
<u>Current year depreciation</u>				
Fire				\$ 370,244
Ambulance				5,083
Public works				548,031
General government				19,948
Health				3,610
Police				387,421
Recreation				92,021
Highway				276,989
Library				338
City-wide				7,973
Subtotal governmental				<u>1,711,658</u>
Water department				187,153
Water pollution control				436,692
Storm water utilities				477,581
Subtotal business-type				<u>1,101,426</u>
Total depreciation expense				<u>\$ 2,813,084</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2020:

	Balance, 7/1/19	Additions	Deletions	Balance, 6/30/20	Current Portion
<u>Governmental Activities:</u>					
Bonds payable	\$ 39,366,825	\$ -	\$ (1,497,598)	\$ 37,869,227	\$ 1,983,531
Notes from direct borrowings payable	8,256,775	-	(689,534)	7,567,241	116,751
Total Governmental Activities	<u>\$ 47,623,600</u>	<u>\$ -</u>	<u>\$ (2,187,132)</u>	<u>\$ 45,436,468</u>	<u>\$ 2,100,282</u>
<u>Business-type Activities:</u>					
Bonds payable	\$ 858,267	\$ -	\$ (361,452)	\$ 496,815	\$ 116,751
Total Business-type Activities	<u>\$ 858,267</u>	<u>\$ -</u>	<u>\$ (361,452)</u>	<u>\$ 496,815</u>	<u>\$ 116,751</u>

The following is a summary of outstanding bonds payable:

	Governmental Activities	Business-type Activities
\$2,435,000, 2000 General Obligation Bond due in annual principal installments and semiannual interest installments through December 2020. Interest is charged at a fixed rate of 5.23% per annum. Annual principal installments are \$120,000.	\$ 98,537	\$ 21,538
\$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.	374,881	475,277
\$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.	3,960,000	-

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - LONG TERM DEBT (CONTINUED)

	Governmental Activities	Business-type Activities
\$2,000,000, 2010 General Obligation Bond due in annual principal installments and semiannual interest installments through December 2022. Interest is charged at a fixed rate ranging from 3.25% to 4.75% per annum. \$1,000,000 was paid by ARRA funding.	694,029	-
\$19,800,000, 2010 General Obligation Bond due in annual principal installments and semiannual interest installments through April 2030. Interest is charged at a fixed rate of 1.00% per annum. Annual principal installments vary.	13,741,780	-
\$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.	14,000,000	-
	<u>\$ 37,869,227</u>	<u>\$ 496,815</u>

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

	Governmental Activities	Business-type Activities
\$8,168,158, Note payable to Merchants Bank for Pension Financing with a fixed interest rate of 5.410% per annum. Note matures on June 30, 2031 with annual installments of \$668,390 and a final installment of \$645,987.	\$ 5,421,765	\$ -
\$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.	1,330,000	-
\$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.	815,476	-
	<u>\$ 7,567,241</u>	<u>\$ -</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - LONG TERM DEBT (CONTINUED)

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	Principal	Interest	
2021	\$ 1,983,531	\$ 1,093,745	\$ 674,092	\$ 335,716	\$ 4,087,084
2022	1,904,661	1,020,995	696,329	310,191	3,932,176
2023	1,924,721	972,660	720,438	282,748	3,900,567
2024	2,278,536	1,284,190	745,144	254,716	4,562,586
2025	2,492,939	849,381	772,334	243,180	4,357,834
2026-2030	11,616,363	3,464,337	3,346,071	622,900	19,049,671
2031-2035	7,668,472	2,245,791	612,833	33,154	10,560,250
2036-2040	3,333,334	1,203,959	-	-	4,537,293
2041-2045	2,333,335	636,855	-	-	2,970,190
2046-2050	2,333,335	239,225	-	-	2,572,560
	<u>\$ 37,869,227</u>	<u>\$ 13,011,138</u>	<u>\$ 7,567,241</u>	<u>\$ 2,082,605</u>	<u>\$ 60,530,211</u>

Business-type activities:

	BONDS PAYABLE		Total Debt Service
	Principal	Interest	
2021	\$ 116,751	\$ 14,253	\$ 131,004
2022	95,016	10,379	105,395
2023	95,016	5,035	100,051
2024	95,016	1,989	97,005
2025	95,016	(27,623)	67,393
	<u>\$ 496,815</u>	<u>\$ 4,033</u>	<u>\$ 500,848</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of other long-term obligations for the year ended June 30, 2020:

	Balance, 7/1/19 (Restated)	Additions	Deletions	Balance, 6/30/20	Current Portion
<u>Governmental Activities:</u>					
Accrued benefit time	\$ 818,731	\$ 202,782	\$ -	\$ 1,021,513	\$ 153,227
Post retirement incentive	554,182	-	(53,351)	500,831	76,283
Net pension liability	7,815,374	2,030,548	(220,562)	9,625,360	-
Total Governmental Activities	<u>\$ 8,634,105</u>	<u>\$ 2,233,330</u>	<u>\$ (273,913)</u>	<u>\$ 11,147,704</u>	<u>\$ 229,510</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, 2020, the City's liability for accrued benefit time is \$1,021,513.

NOTE 9 - NONSPENDABLE FUND BALANCES

At June 30, 2020, the City had the following nonspendable fund balances:

General fund:	
Inventory	\$ 12,437
Prepaid items	484,970
Nonmajor special revenue funds (Schedule D)	108
	<u>\$ 497,515</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2020, the City had the following restricted net position and fund balances:

City center - TIF district fund	\$ 5,505,335
Nonmajor special revenue funds:	
Sewer impact fees	81,066
Police forfeiture fund	42,798
EMTP training	10,000
Fueling station	73,800
Recreation impact fees	1,206,538
Protective vests grant	4,951
Dorset street H2O Milot	20,185
FEMA medic grant	58,502
South Village rec. impact	305,835
Human trafficking grant	24,585
MPO/traffic overlay grant	4,207
AP A/guard environmental	15,964
Rooms meal tax	260,870
Nonmajor capital projects funds:	
ARRA Quarry Ridge S/W	37,327
ARRA Twin Oaks	106,248
ARRA Ridgewood	60,517
ARRA Winding Brook	45,061
ARRA Harbor Lights	11,536
Nonmajor permanent funds:	
Cemetery	6,299
Community library trust	26,356
Penny for paths	229,994
Library (Blanchette)	400,813
Recreation paths donation	6,000
	<u>\$ 8,544,787</u>

NOTE 11 - COMMITTED FUND BALANCES

At June 30, 2020, the City had the following committed fund balances:

Capital improvement reserve fund	\$ 3,778,258
Nonmajor special revenue funds (Schedule D)	1,739,125
Nonmajor capital projects funds (Schedule F)	1,718,836
Nonmajor permanent funds (Schedule H)	10,397
	<u>\$ 7,246,616</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2020, the City had the following assigned fund balances:

Nonmajor special revenue funds (Schedule D)	\$ 365,757
Nonmajor permanent funds (Schedule H)	6,073
	<u>\$ 371,830</u>

NOTE 13 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Vermont League of Cities and Towns.

Based on the coverage provided by the insurance purchased, the City is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2020. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

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

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 - RISK MANAGEMENT - PARTICIPATION IN A PUBLIC ENTITY RISK POOL (CONTINUED)

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

To provide unemployment coverage, VLCTUT has established a separate trust of funds from member contributions to pay administrative costs, unemployment claims and provide excess reinsurance protection. Contributions are based on payroll expense and the previous two year unemployment compensation experience. In the event that total 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 37 people presently receiving life insurance benefits with an annual cost to the city of \$1,360 in 2020. 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 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, 2020, the actual liability for retired employees is \$500,831 and the contingent liability for active employees has been estimated at \$4,137,297.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, 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	41	38
Terminated vested or inactive but still employed	19	27
Actively employed members	66	29
Total membership	<u>126</u>	<u>94</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, 575 Dorset 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 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.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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, 2020

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%
<i>Plan compensation</i>		<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, 2020

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, 2020 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 20.66% of covered payroll.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, 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
Money market funds	0.00%
Equity mutual funds	60.30%
Fixed income mutual funds	31.70%
Other assets	7.94%
Accrued income	0.06%
Total	100.00%

Rate of return - For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.17%. 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, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Net Pension Liability

The City's net pension liability was measured as of July 1, 2018 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, 2020 were as follows:

Total pension liability	\$ 44,622,994
Plan fiduciary net position	<u>36,617,628</u>
Net pension liability	<u><u>\$ 8,005,366</u></u>

Plan fiduciary net position as a percentage of the total pension liability	82.06%
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Net pension liability as a percentage of covered valuation payroll	118.94%
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Significant Actuarial Assumptions and Methods

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<i>Actuarial valuation date</i>	July 1, 2020	
<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)	RP-2014 Static Annuitant and Nonannuitant	
Employee turnover	Scale T-3 from the Pension Actuary's Handbook	

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

IRC Section 401(a)(17) maximum compensation limit	\$270,000
IRC Section 415(b) maximum benefit limit	\$215,000
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, 2020 are summarized on the table below:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Money market funds	0.00%
Equity mutual funds	1.56%
Fixed income mutual funds	2.53%
Other assets	0.00%
Accrued income	<u>0.00%</u>
Total	<u><u>4.09%</u></u>

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.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Discount rate	6.25%	7.25%	8.25%
City's proportionate share of the net pension liability	\$ 3,262,870	\$ 8,005,366	\$ 13,699,836

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, 2020, the City recognized pension expense of \$1,209,981. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 672,877	\$ 160,821
Changes of assumptions	775,483	256,866
Net difference between projected and actual earnings on pension plan investments	1,661,893	373,594
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 3,110,253</u>	<u>\$ 791,281</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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	\$	615,141
2022		816,539
2023		583,522
2024		307,771
2025		-
Thereafter		-

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Plan Description

All of the teachers employed by the City participate in the Vermont State Teachers' Retirement System ("VSTRS"), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, covering nearly all public day school and nonsectarian private City teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State of Vermont that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2018 (the most recent period available), the retirement system consisted of 22,561 participating members.

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

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. The Vermont State Agency of Administration issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the VSTRS. That report may be viewed on the State's Department of Finance and Management website at: http://finance.vermont.gov/reports_and_publications/cafr.

Benefits Provided

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

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

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Normal service retirement eligibility (no reduction)	Age 60 or 30 years of service	Age 62 or with 30 years of service	Age 65 or when the sum of age and service equals 90
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave, sick leave and bonus/incentives	Highest 3 consecutive years, excluding all payments for anything other than service actually performed	Highest 3 consecutive years, excluding all payments for anything other than service actually performed
Benefit formula – normal service retirement	1.67% x creditable service x AFC	1.25% x service prior to 7/1/90 x AFC + 1.67% x service after 7/1/90 x AFC	1.25% x service prior to 7/1/90 x AFC + 1.67% x service after 7/1/90 x AFC, 2.0% after attaining 20 years

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Maximum Benefit Payable	100% of AFC	53.34% of AFC	60% of AFC
Post-Retirement COLA	Full CPI, up to a maximum of 5% after 12 months of retirement; minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5%, minimum of 1% after 12 months of normal retirement or age 65
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% for each year prior to age 62	Actuarial reduction

Other post-employment benefits are available to all plan members include the following:

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Medical Benefits	Health subsidy based on member's service credit	Health subsidy based on member's service credit	Health subsidy based on member's service credit
Dental	Members pay full premium	Members pay full premium	Members pay full premium

Contributions

VSTRS is a cost-sharing public employee retirement system with one exception: all risks and costs are not shared by the City but are the liability of the State of Vermont. VSTRS is funded through State and employee contributions and trust fund investment earnings; and the City has no legal obligation for paying benefits. Required contributions to the System are made by the State of Vermont based upon a valuation report prepared by the System's actuary, which varies by plan group. The Vermont State Teachers Retirement System estimates the contributions on behalf of the City's employees included in the teacher's retirement plan which approximates \$4,489,964 or 19.15% of total payroll for employees covered under the plan.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Employee contribution rates by plan group follow:

VSTRS	Group A	Group C – Group # 1	Group C – Group # 2
Employee Contributions	5.5% of gross salary, contributions stop after 25 years of creditable service	5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14	5.0% of gross salary with 5 or more years of service as of 7/1/14; 6.0% of gross salary if less than 5 years of service as of 7/1/14

Employee contributions totaled \$1,239,556 during the year and were paid by the City to the State of Vermont. The City has no other liability under the plan. The City's total payroll for all employees covered under this plan was \$23,446,287 for the year ended June 30, 2020.

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 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.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 Comprehensive Annual Financial Report (CAFR). The CAFR may be viewed on the State's Department of Finance and Management website at:

http://finance.vermont.gov/reports_and_publications/cafr.

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 & 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:

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
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 55 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

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 are as follows:

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	2.750% of gross salary	5.125% of gross salary	10.250% of gross salary	11.600% of gross salary
Employer Contributions	4.250% of gross salary	5.750% of gross salary	7.500% of gross salary	10.100% 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, 2020 totaled \$211,832. The City contributed \$220,562 for the year ended June 30, 2020. The City's total payroll for the year ended June 30, 2020 for all employees covered under this plan was \$3,642,168.

Pension Liabilities

VSTRS Plan

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

City's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the City	<u>50,895,637</u>
Total	<u><u>\$ 50,895,637</u></u>

The State of Vermont's proportionate share of the net pension liability associated with the City is equal to the collective net pension liability, actuarially measured as of June 30, 2019, multiplied by the City's proportionate share percentage. The City's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2019, the City's proportion was 3.26123%, which was an increase of 0.05670% from its proportion measured as of June 30, 2018.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

VMERS Plan

At June 30, 2020, the City reported a liability of \$1,619,994 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2019 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. 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, 2019, the City's proportion was 0.93376% for VMERS, which was an increase of 0.20866% from its proportion measured as of June 30, 2018 for VMERS.

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

For the year ended June 30, 2020, the City recognized pension expense of \$7,295,467 and revenue of \$7,295,467 for support provided by the State of Vermont for the VSTRS plan. In the same period, the City recognized net pension expense of \$365,983 for the VMERS plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VSTRS		VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ 209,886	\$ 14,003
Changes of assumptions	-	-	54,088	-
Net difference between projected and actual earnings on pension plan investments	-	-	110,339	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	246,204	-
Contributions subsequent to the measurement date	-	-	220,562	-
Total	\$ -	\$ -	\$ 841,079	\$ 14,003

\$220,562 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	VSTRS	VMERS
Plan year ended June 30:		
2020	\$ -	\$ 214,982
2021	-	147,753
2022	-	148,515
2023	-	95,264
2024	-	-
Thereafter	-	-

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using the actuarial assumptions outlined below.

Investment Rate of Return: For both plans, 7.50%, net of pension plan investment expenses, including inflation.

Inflation: For both plans, 2.50%.

Salary Increases: For the VSTRS plan, increases ranging from 3.75% to 9.09%. For the VMERS plan, increases are 5.00% per year.

Deaths After Retirement: The VSTRS plan used 98% of the RP-2006 White Collar Employee with generational projection using Scale SSA-2017 for pre-retirement, 98% of the RP-2006 White Collar Annuitant with generational projection using Scale SSA-2017 for healthy retirees and the RP-2006 Disabled Mortality Table with generational projection using Scale SSA-2017 for disabled retirees.

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

Pre-retirement - Groups A, B and C blended with a 60% Blue Collar Employee and 40% Healthy Employee and Group D with a Blue Collar Annuitant Table

Healthy Retiree - Groups A, B and C 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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Inactive Members: Valuation liability for the VSTRS plan equals 250.0% of accumulated contributions and 200% for the VMERS plan.

Future Administrative Expenses: No provisions were made for the VSTRS plan as Systems expenses are paid for by the State. For the VMERS plan, 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: For both plans, they are the same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

Percent Married: For both plans, 85% of male members are assumed to be married. 35% of female members for the VSTRS plan and 50% of female members for the VMERS plan are assumed to be married.

Spouse's Age: For both plans, husbands are assumed to be three years older than their wives.

Cost-of-Living Adjustments: Adjustments for both plans are assumed to occur on January 1 following one year of retirement. For the VSTRS plan this occurs at the rate of 2.55% per annum for Group A members and 1.40% per annum for Group C members (beginning at age 62 for Group C members who elect reduced early retirement). The January 1, 2020 COLA is assumed to be 1.60% for Group A and 1.00% for Group C. For the VMERS plan, this occurs at the rate of 1.15% per annum for Group A members and 1.30% per annum for Groups B, C and D members (beginning Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for Group A, B and D members 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 COLA is 0.80% for all groups.

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

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	29.00%	6.90%
US Equity - Large Cap	4.00%	5.94%
US Equity - Small/Mid Cap	3.00%	6.72%
Non-US Equity - Large Cap	5.00%	6.81%
Non-US Equity - Small Cap	2.00%	7.31%
Emerging Markets Debt	4.00%	4.26%
Core Bonds	14.00%	1.79%
Non-Core Bonds	6.00%	3.22%
Short Quality Credit	5.00%	1.81%
Private Credit	5.00%	6.00%
US TIPS	3.00%	1.45%
Core Real Estate	5.00%	4.26%
Non-Core Real Estate	3.00%	5.76%
Private Equity	10.00%	10.81%
Infrastructure/Farmland	2.00%	4.89%

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the VSTRS plan and 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.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 7.50% for the VSTRS plan and 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 (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
<u>VSTRS:</u>			
Discount rate	6.50%	7.50%	8.50%
City's proportionate share of the net pension liability	\$ -	\$ -	\$ -
<u>VMERS:</u>			
Discount rate	6.50%	7.50%	8.50%
City's proportionate share of the net pension liability	\$ 2,656,546	\$ 1,619,994	\$ 761,920

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 the VSTRS and VMERS or their participating employers. VSTRS and VMERS do not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance and Management website at: http://finance.vermont.gov/reports_and_publications/cafr

NOTE 16 - DEFERRED COMPENSATION PLAN

INTERNATIONAL CITY MANAGERS ASSOCIATION - RETIREMENT CORPORATION

A. Plan Description

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 - DEFERRED COMPENSATION PLAN (CONTINUED)

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

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

B. Funding Policy

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

The City's contributions to the plan including employee contributions for 2020, 2019 and 2018 were \$662,710, \$749,639 and \$506,796, respectively.

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

VERMONT STATE TEACHERS' RETIREMENT SYSTEM

Plan Description

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

The plan covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2019, the Plan consisted of 184 participating employers and at June 30, 2018 (the most recent period available), the plan consisted of 6,713 retired members or beneficiaries currently receiving benefits and 9,892 active members.

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

alternate who are retired members of the system receiving retirement benefits (who are elected by the Association of Retired Teachers of Vermont).

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

Benefits Provided

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

Contributions

Varying levels of contributions are required from retirees and spouses for medical and prescription drug coverage at the following premium subsidy rates:

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	Retiree Subsidy		Spouse Subsidy*	
Retired before June 30, 2010	At least ten years of service - 80% of premium Less than ten years of service - 0% of premium		0% of premium	
Retired after June 30, 2010	10 years or more of service at June 30, 2010 - 80% of premium		Years of service at June 30, 2010 - 80% of premium if meet the following years of service at retirement requirement:	
	Less than 10 years of service at June 30, 2010:			
	Less than 15 years at retirement	0% of premium	Less than 10 years	25 years at retirement
	15-19.99 years at retirement	60% of premium	10-14.99 years	25 years at retirement
	20-24.99 years at retirement	70% of premium	15-24.99 years	10 additional years from June 30, 2010
	25 years or more at retirement	80% of premium	25-29.99 years	35 years at retirement
			30 or more years	5 additional years from June 30, 2010

* Spouses of retirees who do not meet the requirements for an 80% subsidy can receive unsubsidized coverage

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

Retirees pay full cost of dental benefits.

OPEB Liabilities

The State is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of member employers. Therefore, these employers are considered to be in a special funding situation as defined in GASB

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

No. 75 and the State is treated as a nonemployer to VSTRS. Since the City does not contribute directly to VSTRS, no net OPEB liability was recorded at June 30, 2020. The State's portion of the collective net OPEB liability that was associated with the City was as follows:

City's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the City	<u>26,345,209</u>
Total	<u><u>\$ 26,345,209</u></u>

The State of Vermont's proportionate share of the net OPEB liability associated with the City is equal to the collective net OPEB liability, actuarially measured as of June 30, 2019, multiplied by the City's proportionate share percentage. The City's proportionate share percentage was based on its reported salaries to the total reported salaries for all participating employers. At June 30, 2019, the City's proportion was 2.5314% which was a decrease of 0.00571% from its proportion measured as of June 30, 2018.

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

For the year ended June 30, 2020, the City recognized total OPEB expense of \$1,358,372 and revenue of \$1,358,372 for support provided by the State of Vermont for the Plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>VSTRS OPEB Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

	<u>VSTRS OPEB Plan</u>	
Plan year ended June 30:		
2020	\$	-
2021		-
2022		-
2023		-
2024		-
Thereafter		-

Discount Rate

The discount rate is the single rate of return, that when applied to all projected benefit payments, results in an actuarial present value that is the sum of the actuarial present value of projected benefit payments projected to be funded by plan assets using a long term rate of return and the actuarial present value of projected benefit payments that are not included in (1) using a yield or index rate for 20 year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
VSTRS OPEB Plan:			
Discount rate	2.50%	3.50%	4.50%
City's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -

Healthcare Trend Rate

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease		Healthcare Trend Rates		1% Increase
City's proportionate share of the net OPEB liability	\$	-	\$	-	\$

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2019, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

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

Amortization

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

Asset Valuation Method

The Asset Valuation Method used is market value as of the measurement date.

The long-term expected rate of return on OPEB plan investments are developed for each major asset class. These returns are 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.

The target allocation, long-term expected rates of return for each major asset class and expected inflation, as of June 30, 2019, are summarized below:

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large cap equity	20.00%	7.50%
International equity	15.00%	7.75%
Emerging international equity	5.00%	9.25%
Core bonds	60.00%	4.37%
Inflation		2.75%
Total	100.00%	

Assumptions

The actuarial assumptions used to calculate the actuarially determined contribution rates can be found in the Report on the Actuarial Valuation of Post-Retirement Benefits of the Vermont State Teachers' Retirement System Prepared as of June 30, 2016 completed by Buck Consulting. As of June 30, 2019, they are as follows:

Discount Rate	3.50%
Salary Increase Rate	Varies by age
Non-Medicare	7.15% graded to 4.50% over 12 years
Medicare	7.15% graded to 4.50% over 12 years
Retiree Contributions	Equal to health trend
Pre-retirement Mortality	98% of RP-2006 White Collar Employee with generational projection using Scale SSA-2017.
Post-retirement Mortality	98% of RP-2006 White Collar Annuitant with generational projection using Scale SSA-2017.

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2019 with the following exceptions:

Changes in Assumptions

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

outflows of resources or deferred inflows of resources. The amortization period remaining was twenty-nine years as of July 1, 2019. For the fiscal year ended June 30, 2019, the discount rate was decreased from 3.87% to 3.50%.

OPEB Plan Fiduciary Net Position

The schedule of employer allocations and schedule of OPEB 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 VSTRS or their participating employers. VSTRS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance and Management website at: http://finance.vermont.gov/reports_and_publications/cafr

NOTE 18 - DEFICIT FUND BALANCES

At June 30, 2020 the City had the following deficit fund balances:

Nonmajor funds:	
LED signage/crosswalks (283)	\$ 164,136
Hayes Avenue stormwater (328)	5,668
	<u>\$ 169,804</u>

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

NOTE 19 - 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.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

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

NOTE 20 - 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 21 - RESTATEMENTS

In 2020, the City determined that certain transactions in prior years had been recorded incorrectly, therefore, a restatement to the 2019 government-wide and fund financial statements was required. The beginning net position and general fund unassigned fund balance were restated by \$64,561 to correct errors in cash accounts. The capital assets were restated to correct the land improvements, construction in progress and accumulated depreciation balances. The net capital asset balance was decreased by \$157,041. The long-term obligations were increased by \$554,182 for the post retirement incentive.

The resulting restatement decreased governmental activities net position from \$33,419,079 to \$32,889,991 and the general fund unassigned fund balance from \$1,669,857 to \$1,605,296.

The business-type activities net position was increased by \$10,408 from \$20,317,984 to \$20,328,392 to correct the capital asset balance.

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
- Schedule of Proportionate Share of the Net OPEB Liability
- Schedule of Contributions - OPEB
- 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, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 1,605,296	\$ 1,605,296	\$ 1,605,296	\$ -
Resources (Inflows):				
General tax revenue - municipal and education	60,638,703	60,638,703	60,536,964	(101,739)
Intergovernmental revenue	225,000	225,000	388,873	163,873
Charges for services	3,869,420	3,869,420	3,257,381	(612,039)
Other revenue	12,000	12,000	25,278	13,278
Transfers from other funds	25,000	25,000	197,753	172,753
Amounts Available for Appropriation	<u>66,375,419</u>	<u>66,375,419</u>	<u>66,011,545</u>	<u>(363,874)</u>
Charges to Appropriations (Outflows):				
General government	8,309,856	8,309,856	7,977,173	332,683
Public safety	8,358,898	8,358,898	8,577,083	(218,185)
Public works	2,566,340	2,566,340	2,628,201	(61,861)
Social services	745,293	745,293	739,650	5,643
Recreation and culture	1,612,815	1,612,815	1,170,146	442,669
Debt service:				
Principal	1,085,611	1,085,611	1,085,633	(22)
Interest	558,737	558,737	541,107	17,630
Education	40,203,373	40,203,373	40,203,373	-
Transfers to other funds	1,329,200	1,329,200	1,463,159	(133,959)
Total Charges to Appropriations	<u>64,770,123</u>	<u>64,770,123</u>	<u>64,385,525</u>	<u>384,598</u>
Budgetary Fund Balance, June 30	<u>\$ 1,605,296</u>	<u>\$ 1,605,296</u>	<u>\$ 1,626,020</u>	<u>\$ 20,724</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*

	2020	2019	2018	2017	2016	2015
<u>VSTRS:</u>						
Proportion of the net pension liability	3.26%	3.20%	3.21%	3.14%	3.21%	3.18%
Proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the City	<u>50,895,637</u>	<u>48,410,959</u>	<u>47,554,360</u>	<u>41,168,996</u>	<u>38,063,925</u>	<u>30,522,465</u>
Total	<u>\$ 50,895,637</u>	<u>\$ 48,410,959</u>	<u>\$ 47,554,360</u>	<u>\$ 41,168,996</u>	<u>\$ 38,063,925</u>	<u>\$ 30,522,465</u>
Covered payroll	\$ 22,409,034	\$ 21,663,717	\$ 21,195,067	\$ 20,365,564	\$ 17,891,681	\$ 18,052,166
Proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	54.96%	54.81%	53.98%	55.31%	58.22%	64.02%
<u>VMERS:</u>						
Proportion of the net pension liability	0.93%	0.73%	0.58%	0.52%	0.41%	0.31%
Proportionate share of the net pension liability	\$ 1,619,994	\$ 1,019,989	\$ 707,670	\$ 669,756	\$ 314,202	\$ 31,441
Covered payroll	\$ 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	56.46%	45.87%	40.80%	46.57%	29.64%	3.27%
Plan fiduciary net position as a percentage of the total pension liability	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>VSTRS:</u>						
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 23,446,287	\$ 22,409,034	\$ 21,663,717	\$ 21,195,067	\$ 20,365,564	\$ 17,891,681
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>VMERS:</u>						
Contractually required contribution	\$ 220,562	\$ 161,387	\$ 122,306	\$ 95,389	\$ 79,095	\$ 147,760
Contributions in relation to the contractually required contribution	<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>
Covered payroll	\$ 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	6.06%	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*

	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 992,682	\$ 1,049,187	\$ 966,711	\$ 932,286	\$ 804,013
Interest	3,090,936	2,949,206	2,756,390	2,548,930	2,337,631
Changes in benefit terms	-	-	-	-	-
Difference between actual and expected experience	57,126	(294,839)	896,053	52,789	445,709
Changes of assumptions	(145,632)	165,987	(360,328)	1,047,528	600,947
Benefit payments	(1,929,009)	(1,816,072)	(1,615,723)	(1,413,887)	(1,328,091)
Net change in total pension liability	<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>
Total pension liability - beginning	<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>
Total pension liability - ending (a)	<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>
Plan fiduciary net position					
Contributions - employer	\$ 1,384,798	\$ 1,394,798	\$ 1,246,468	\$ 1,037,443	\$ 765,860
Contributions - employee	379,719	349,543	337,958	313,535	305,476
Net investment income	1,020,614	1,695,376	2,415,936	3,457,472	(306,473)
Benefit payments	(1,929,009)	(1,816,072)	(1,615,723)	(1,413,888)	(1,328,091)
Other	-	-	-	-	-
Net change in plan fiduciary net position	<u>856,122</u>	<u>1,623,645</u>	<u>2,384,639</u>	<u>3,394,562</u>	<u>(563,228)</u>
Plan fiduciary net position - beginning	<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>
Plan fiduciary net position - ending (b)	<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>
Net pension liability - ending (a) - (b)	<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>
Plan fiduciary net position as a percentage of the total pension liability	82.06%	84.03%	84.28%	83.87%	81.74%
Covered payroll	\$ 6,730,654	\$ 6,749,677	\$ 7,041,414	\$ 7,257,365	\$ 7,064,300
Net pension liability as a percentage of its covered payroll	118.94%	100.68%	90.40%	84.15%	89.66%

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

CITY OF SOUTH BURLINGTON, VERMONT

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

	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,384,798	\$ 1,246,468	\$ 1,037,443	\$ 765,860	\$ 1,192,750
Contributions in relation to the actuarially determined contribution	<u>(1,394,798)</u>	<u>(1,246,468)</u>	<u>(1,037,443)</u>	<u>(765,860)</u>	<u>(1,192,750)</u>
Contribution deficiency (excess)	<u>\$ (10,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,749,677	\$ 6,749,677	\$ 7,041,414	\$ 7,064,300	\$ 7,064,300
Contributions as a percentage of covered payroll	20.66%	18.47%	14.73%	10.84%	16.88%

Notes to schedule:

Valuation date: July 1, 2020
 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%
 Assumed retirement age: Public Safety - Age 53, Non- Public Safety -Normal retirement age, Terminated Public Safety Participants - Age 50
 Pre- and post-retirement mortality: NPS - Pri-2012 Total Dataset projected generationally with scale MP2020
 Employee turnover: Scale Crocker-Sarason T-3
 IRC Section 401(a)(17) maximum compensation limit: \$270,000
 IRC Section 415(b) maximum benefit limit: \$215,000

* 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*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	6.17%	6.86%	7.25%	7.25%	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%

* 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 PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>VSTRS OPEB Plan:</u>			
Proportion of the net OPEB liability	2.5314%	2.5371%	2.5098%
City's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the City	<u>26,345,209</u>	<u>24,211,316</u>	<u>23,398,896</u>
Total	<u>\$ 26,345,209</u>	<u>\$ 24,211,316</u>	<u>\$ 23,398,896</u>
Covered payroll	\$ 22,409,034	\$ 21,663,717	\$ 21,195,067
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.03%	-2.85%	-2.94%

* 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 - OPEB
LAST 10 FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>VSTRS OPEB Plan:</u>			
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 23,446,287	\$ 22,409,034	\$ 21,663,717
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

Changes of Assumptions

VSTRS OPEB Plan:

The discount rate was decreased from 3.87% to 3.50%.

The per capita valuation-year claims and retiree contribution rates were updated.

The assumed health trend rates were modified.

The percentage of future retirees not eligible for a subsidy assumed to elect coverage was increased from 10% to 15%.

60% of terminated vested participants who are eligible for a subsidy and 0% of those not eligible for a subsidy were assumed to elect coverage. Previously 30% of future terminated vested participants who are eligible for a subsidy and 10% of those not eligible for a subsidy were assumed to elect coverage and 30% of current terminated vested participants were assumed to elect coverage.

Employees' Pension Plan:

The mortality projection scale was changed from MP 2019 to MP 2020.

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, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$ 16,361,330	\$ 16,361,330	\$ 16,265,508	\$ (95,822)
Property taxes (education)	40,203,373	40,203,373	40,203,373	-
Local options tax	3,790,000	3,790,000	3,829,499	39,499
Interest and penalties	284,000	284,000	238,584	(45,416)
Intergovernmental revenues:				
Highway aid	225,000	225,000	388,873	163,873
Charges for services:				
Administrative services	458,862	458,862	431,119	(27,743)
Fire department	471,000	471,000	423,662	(47,338)
Other city clerk fees	189,600	189,600	325,347	135,747
Building and sign permits	260,000	260,000	262,029	2,029
Other planning fees	98,700	98,700	186,667	87,967
Vermont district court	-	-	8,312	8,312
Police department	464,275	464,275	279,711	(184,564)
Highway department	774,443	774,443	580,470	(193,973)
Recreation	363,600	363,600	137,366	(226,234)
Ambulance	782,000	782,000	617,428	(164,572)
Library	6,940	6,940	5,270	(1,670)
Other income				
Interest income	-	-	14,706	14,706
Miscellaneous	12,000	12,000	10,572	(1,428)
Transfers from other funds	25,000	25,000	197,753	172,753
Total amounts available for appropriation	<u>\$ 64,770,123</u>	<u>\$ 64,770,123</u>	<u>\$ 64,406,249</u>	<u>\$ (363,874)</u>

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
City council	\$ 134,855	\$ -	\$ 134,855	\$ 133,162	\$ 1,693
Employee benefits	5,035,027	-	5,035,027	4,829,619	205,408
City manager	483,939	-	483,939	483,027	912
City clerk	242,314	-	242,314	241,120	1,194
Legal/accounting/actuary	315,164	-	315,164	297,051	18,113
Administrative services	1,101,597	-	1,101,597	1,016,584	85,013
Information technology	235,855	-	235,855	233,830	2,025
Assessing/tax	340,514	-	340,514	340,339	175
Planning/design review	420,591	-	420,591	402,441	18,150
	<u>8,309,856</u>	<u>-</u>	<u>8,309,856</u>	<u>7,977,173</u>	<u>332,683</u>
Public safety					
Fire department	3,100,464	-	3,100,464	3,390,734	(290,270)
Ambulance	151,750	-	151,750	126,515	25,235
Police department	5,106,684	-	5,106,684	5,059,834	46,850
	<u>8,358,898</u>	<u>-</u>	<u>8,358,898</u>	<u>8,577,083</u>	<u>(218,185)</u>
Public works					
Highway department	2,566,340	-	2,566,340	2,628,201	(61,861)
	<u>2,566,340</u>	<u>-</u>	<u>2,566,340</u>	<u>2,628,201</u>	<u>(61,861)</u>
Social services					
County court	146,000	-	146,000	140,351	5,649
Winooski Valley Park	59,086	-	59,086	59,086	-
C.C.T.A	504,403	-	504,403	504,409	(6)
Regional planning	35,804	-	35,804	35,804	-
	<u>745,293</u>	<u>-</u>	<u>745,293</u>	<u>739,650</u>	<u>5,643</u>

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Recreation and culture					
Recreation administration	316,278	-	316,278	300,181	16,097
Programs	30,000	-	30,000	25,302	4,698
Red Rocks Park	8,450	-	8,450	6,961	1,489
Facilities	327,300	-	327,300	22,501	304,799
Contracted programs	140,200	-	140,200	95,428	44,772
Community library	545,556	-	545,556	472,536	73,020
Park maintenance	245,031	-	245,031	247,237	(2,206)
	<u>1,612,815</u>	<u>-</u>	<u>1,612,815</u>	<u>1,170,146</u>	<u>442,669</u>
Debt service					
Principal public works facility	98,550	-	98,550	98,568	(18)
Principal Kennedy drive recon.	22,494	-	22,494	22,494	-
Principal Lime Kiln bridge	22,494	-	22,494	22,494	-
Principal F/D building improvements	29,992	-	29,992	29,996	(4)
Principal police headquarters	360,000	-	360,000	360,000	-
Principal communication equipment	190,000	-	190,000	190,000	-
Principal pension liability	362,081	-	362,081	362,081	-
Interest public works facility	8,335	-	8,335	-	8,335
Interest Kennedy drive recon.	6,080	-	6,080	4,633	1,447
Interest Lime Kiln bridge	6,080	-	6,080	4,633	1,447
Interest F/D building improvements	8,153	-	8,153	6,013	2,140
Interest police headquarters	189,882	-	189,882	189,882	-
Interest communication equipment	29,336	-	29,336	29,637	(301)
Interest sewer fund note	12,004	-	12,004	-	12,004
Interest pension liability	298,867	-	298,867	306,309	(7,442)
	<u>1,644,348</u>	<u>-</u>	<u>1,644,348</u>	<u>1,626,740</u>	<u>17,608</u>

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Education	40,203,373	-	40,203,373	40,203,373	-
Transfers	1,329,200	-	1,329,200	1,463,159	(133,959)
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 64,770,123</u>	<u>\$ -</u>	<u>\$ 64,770,123</u>	<u>\$ 64,385,525</u>	<u>\$ 384,598</u>

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

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 75,100	\$ 1,417,981	\$ 400,972	\$ 1,894,053
Accounts receivable (net of allowance for uncollectibles)	31,575	-	-	31,575
Due from agencies	-	-	-	-
Prepaid items	108	-	-	108
Due from other funds	4,152,074	694,852	290,609	5,137,535
TOTAL ASSETS	\$ 4,258,857	\$ 2,112,833	\$ 691,581	\$ 7,063,271
LIABILITIES				
Accounts payable	\$ 11,469	\$ -	\$ -	\$ 11,469
Due to agencies	-	-	5,490	5,490
Due to other funds	197,233	138,976	159	336,368
TOTAL LIABILITIES	208,702	138,976	5,649	353,327
FUND BALANCES				
Nonspendable	108	-	-	108
Restricted	2,109,301	260,689	669,462	3,039,452
Committed	1,739,125	1,718,836	10,397	3,468,358
Assigned	365,757	-	6,073	371,830
Unassigned	(164,136)	(5,668)	-	(169,804)
TOTAL FUND BALANCES	4,050,155	1,973,857	685,932	6,709,944
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,258,857	\$ 2,112,833	\$ 691,581	\$ 7,063,271

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

SCHEDULE D

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 324,343	\$ -	\$ 305,520	\$ 629,863
Charges for services	414,859	186,873	4,703	606,435
Interest income	-	15,583	-	15,583
Other income	62,792	92,780	8,527	164,099
TOTAL REVENUES	801,994	295,236	318,750	1,415,980
EXPENDITURES				
Program expenses	517,471	334,451	52,552	904,474
Capital outlay	228,069	142,892	-	370,961
TOTAL EXPENDITURES	745,540	477,343	52,552	1,275,435
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	56,454	(182,107)	266,198	140,545
OTHER FINANCING SOURCES (USES)				
Transfers in	134,633	305,519	8,007	448,159
Transfers (out)	(144,506)	(26,409)	(402)	(171,317)
TOTAL OTHER FINANCING SOURCES (USES)	(9,873)	279,110	7,605	276,842
NET CHANGE IN FUND BALANCES	46,581	97,003	273,803	417,387
FUND BALANCES - JULY 1	4,003,574	1,876,854	412,129	6,292,557
FUND BALANCES - JUNE 30	\$ 4,050,155	\$ 1,973,857	\$ 685,932	\$ 6,709,944

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, 2020

	204 Sewer Impact Fees	205 Project Dare	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	81,066	-	42,798	39,708	10,000	73,800
TOTAL ASSETS	\$ 81,066	\$ -	\$ 42,798	\$ 39,708	\$ 10,000	\$ 73,800
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	81,066	-	42,798	-	10,000	73,800
Committed	-	-	-	-	-	-
Assigned	-	-	-	39,708	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	81,066	-	42,798	39,708	10,000	73,800
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 81,066	\$ -	\$ 42,798	\$ 39,708	\$ 10,000	\$ 73,800

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	216 Clerk Computer- ization	219 MPG FY 08 Growth Center	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)	-	-	-	-	-
Prepaid items	-	108	-	-	-
Due from other funds	176,160	71,950	1,206,538	1,403,024	45,647
TOTAL ASSETS	<u>\$ 176,160</u>	<u>\$ 72,158</u>	<u>\$ 1,206,538</u>	<u>\$ 1,403,024</u>	<u>\$ 45,647</u>
LIABILITIES					
Accounts payable	\$ -	\$ 11,469	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>11,469</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	108	-	-	-
Restricted	-	-	1,206,538	-	-
Committed	176,160	-	-	1,403,024	45,647
Assigned	-	60,581	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>176,160</u>	<u>60,689</u>	<u>1,206,538</u>	<u>1,403,024</u>	<u>45,647</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 176,160</u>	<u>\$ 72,158</u>	<u>\$ 1,206,538</u>	<u>\$ 1,403,024</u>	<u>\$ 45,647</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	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	6,518	196,452	1,633	4,951	-	7,560	16,000
TOTAL ASSETS	<u>\$ 6,518</u>	<u>\$ 196,452</u>	<u>\$ 1,633</u>	<u>\$ 4,951</u>	<u>\$ 31,575</u>	<u>\$ 7,560</u>	<u>\$ 16,000</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	11,390	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,390</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	4,951	20,185	-	-
Committed	6,518	-	1,633	-	-	-	16,000
Assigned	-	196,452	-	-	-	7,560	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<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>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 6,518</u>	<u>\$ 196,452</u>	<u>\$ 1,633</u>	<u>\$ 4,951</u>	<u>\$ 31,575</u>	<u>\$ 7,560</u>	<u>\$ 16,000</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	235 FEMA Medic Grant	238 Senior Citizens Organization	243 South Village Rec. Impact	247 Conference Room Rental	250 Infrastructure Upgrade	251 Fields Use Impact Fees
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	58,502	4,177	305,835	4,700	-	43,908
TOTAL ASSETS	\$ 58,502	\$ 4,177	\$ 305,835	\$ 4,700	\$ -	\$ 43,908
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	58,502	-	305,835	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	4,177	-	4,700	-	43,908
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	58,502	4,177	305,835	4,700	-	43,908
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 58,502	\$ 4,177	\$ 305,835	\$ 4,700	\$ -	\$ 43,908

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	256 Human Trafficking Grant	261 C/L Specific Outlays	269 MPO/Traffic Overlay Grant	275 Transportation Action	277 Stag EPA Grant
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
Prepaid items	-	-	-	-	-
Due from other funds	24,585	-	4,207	-	-
TOTAL ASSETS	<u>\$ 24,585</u>	<u>\$ -</u>	<u>\$ 4,207</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	24,585	-	4,207	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>24,585</u>	<u>-</u>	<u>4,207</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 24,585</u>	<u>\$ -</u>	<u>\$ 4,207</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	285 Construction Fund	248 MPG 2018 City Center Design	288 A/P A/Guard Enviromental	298 Rooms Meals Tax	299 Safer Grant
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
Prepaid items	-	-	-	-	-
Due from other funds	-	-	15,964	260,870	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,964</u>	<u>\$ 260,870</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	164,136	-	-	-	-
TOTAL LIABILITIES	<u>164,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	15,964	260,870	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(164,136)	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>(164,136)</u>	<u>-</u>	<u>15,964</u>	<u>260,870</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,964</u>	<u>\$ 260,870</u>	<u>\$ -</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2020

	611	616	617	620 Police Bequeath Fund	Total
	Senior Citizens	Police Bequeath	Canine Unit		
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 75,000	\$ 75,100
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	31,575
Prepaid items	-	-	-	-	108
Due from other funds	8,671	36,850	-	-	4,152,074
TOTAL ASSETS	<u>\$ 8,671</u>	<u>\$ 36,850</u>	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ 4,258,857</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 11,469
Due to other funds	-	-	-	21,707	197,233
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,707</u>	<u>208,702</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	108
Restricted	-	-	-	-	2,109,301
Committed	-	36,850	-	53,293	1,739,125
Assigned	8,671	-	-	-	365,757
Unassigned	-	-	-	-	(164,136)
TOTAL FUND BALANCES (DEFICITS)	<u>8,671</u>	<u>36,850</u>	<u>-</u>	<u>53,293</u>	<u>4,050,155</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 8,671</u>	<u>\$ 36,850</u>	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ 4,258,857</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, 2020

	204 Sewer Impact Fees	205 Project Dare	207 Police Forfeiture Fund	210 MPG 10 Natural Resources	211 EMTP Training	212 Fueling Station
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ 1,933	\$ -	\$ -	\$ -
Charges for services	81,066.00	-	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>81,066</u>	<u>-</u>	<u>1,933</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Program expenses	-	-	30,325	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>30,325</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>81,066</u>	<u>-</u>	<u>(28,392)</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	8,200
Transfers (out)	-	(809)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(809)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,200</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	81,066	(809)	(28,392)	-	-	8,200
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>809</u>	<u>71,190</u>	<u>39,708</u>	<u>10,000</u>	<u>65,600</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 81,066</u>	<u>\$ -</u>	<u>\$ 42,798</u>	<u>\$ 39,708</u>	<u>\$ 10,000</u>	<u>\$ 73,800</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, 2020

	216 Clerk Computer- ization	219 MPG FY 08 Growth Center	220 Recreation Impact Fees	221 Highway Impact Fees	222 Police Impact Fees
REVENUES					
Intergovernmental revenue	\$ 88,369	\$ 138,221	\$ -	\$ -	\$ -
Charges for services	-	11,430	111,184	78,398	45,647
Other income	-	21,676	-	-	-
TOTAL REVENUES	<u>88,369</u>	<u>171,327</u>	<u>111,184</u>	<u>78,398</u>	<u>45,647</u>
EXPENDITURES					
Program expenses	58,020	165,839	-	-	-
Capital outlay	-	-	54,740	-	-
TOTAL EXPENDITURES	<u>58,020</u>	<u>165,839</u>	<u>54,740</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>30,349</u>	<u>5,488</u>	<u>56,444</u>	<u>78,398</u>	<u>45,647</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	(128,564)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(128,564)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	30,349	5,488	56,444	(50,166)	45,647
FUND BALANCES (DEFICITS) - JULY 1	<u>145,811</u>	<u>55,201</u>	<u>1,150,094</u>	<u>1,453,190</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 176,160</u>	<u>\$ 60,689</u>	<u>\$ 1,206,538</u>	<u>\$ 1,403,024</u>	<u>\$ 45,647</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, 2020

	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	2,190	868	-	-	-	1,804	-
TOTAL REVENUES	2,190	868	-	-	-	1,804	-
EXPENDITURES							
Program expenses	42	841	-	-	-	-	-
Capital outlay	-	4,225	-	-	-	-	-
TOTAL EXPENDITURES	42	5,066	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,148	(4,198)	-	-	-	1,804	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	2,148	(4,198)	-	-	-	1,804	-
FUND BALANCES (DEFICITS) - JULY 1	4,370	200,650	1,633	4,951	20,185	5,756	16,000
FUND BALANCES (DEFICITS) - JUNE 30	<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>

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, 2020

	235 FEMA Medic Grant	238 Senior Citizens Organization	243 South Village Rec. Impact	247 Conference Room Rental	250 Infrastructure Upgrade	251 Fields Use Impact Fees
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	46,347	-	-	40,787
Other income	-	-	-	900	-	-
TOTAL REVENUES	-	-	46,347	900	-	40,787
EXPENDITURES						
Program expenses	-	-	-	-	67,396	1,978
Capital outlay	-	-	-	-	-	4,968
TOTAL EXPENDITURES	-	-	-	-	67,396	6,946
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	46,347	900	(67,396)	33,841
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	46,347	900	(67,396)	33,841
FUND BALANCES (DEFICITS) - JULY 1	58,502	4,177	259,488	3,800	67,396	10,067
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 58,502</u>	<u>\$ 4,177</u>	<u>\$ 305,835</u>	<u>\$ 4,700</u>	<u>\$ -</u>	<u>\$ 43,908</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, 2020

	256 Human Trafficking Grant	261 C/L Specific Outlays	269 MPO/Traffic Overlay Grant	275 Transportation Action	277 Stag EPA Grant
REVENUES					
Intergovernmental revenue	\$ 95,776	\$ -	\$ 44	\$ -	\$ -
Charges for services	-	-	-	-	-
Other income	-	-	-	-	-
TOTAL REVENUES	<u>95,776</u>	<u>-</u>	<u>44</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Program expenses	71,338	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>71,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>24,438</u>	<u>-</u>	<u>44</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	(2,603)	-	(20)	(6,244)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(2,603)</u>	<u>-</u>	<u>(20)</u>	<u>(6,244)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	24,438	(2,603)	44	(20)	(6,244)
FUND BALANCES (DEFICITS) - JULY 1	<u>147</u>	<u>2,603</u>	<u>4,163</u>	<u>20</u>	<u>6,244</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 24,585</u>	<u>\$ -</u>	<u>\$ 4,207</u>	<u>\$ -</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, 2020

	285 Construction Fund	248 MPG 2018 City Center Design	288 A/P A/Guard Enviromental	298 Rooms Meal Tax	299 Safer Grant
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Other income	-	-	-	34,630	-
TOTAL REVENUES	-	-	-	34,630	-
EXPENDITURES					
Program expenses	-	-	-	120,372	-
Capital outlay	164,136	-	-	-	-
TOTAL EXPENDITURES	164,136	-	-	120,372	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(164,136)	-	-	(85,742)	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	1,433	-	125,000	-
Transfers (out)	-	-	-	-	(1,041)
TOTAL OTHER FINANCING SOURCES (USES)	-	1,433	-	125,000	(1,041)
NET CHANGE IN FUND BALANCES (DEFICITS)	(164,136)	1,433	-	39,258	(1,041)
FUND BALANCES (DEFICITS) - JULY 1	-	(1,433)	15,964	221,612	1,041
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (164,136)</u>	<u>\$ -</u>	<u>\$ 15,964</u>	<u>\$ 260,870</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, 2020

	611	616	617	620	
	Senior	Police	Canine	Police	
	Citizens	Bequeath	Unit	Bequeath	Total
				Fund	
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 324,343
Charges for services	-	-	-	-	414,859
Other income	724	-	-	-	62,792
TOTAL REVENUES	<u>724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>801,994</u>
EXPENDITURES					
Program expenses	-	-	-	1,320	517,471
Capital outlay	-	-	-	-	228,069
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,320</u>	<u>745,540</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>724</u>	<u>-</u>	<u>-</u>	<u>(1,320)</u>	<u>56,454</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	134,633
Transfers (out)	-	-	(5,225)	-	(144,506)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(5,225)</u>	<u>-</u>	<u>(9,873)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	724	-	(5,225)	(1,320)	46,581
FUND BALANCES (DEFICITS) - JULY 1	<u>7,947</u>	<u>36,850</u>	<u>5,225</u>	<u>54,613</u>	<u>4,003,574</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 8,671</u>	<u>\$ 36,850</u>	<u>\$ -</u>	<u>\$ 53,293</u>	<u>\$ 4,050,155</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, 2020

	301 Reappraisal Fund	242 Revolve Loan EPS Bond	303 Kennedy Drive Reconstruction	306 Fire Department Fund	307 Ambulance Equipment Replacement
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	320,015	109,148	-	-	5,000
TOTAL ASSETS	<u>\$ 320,015</u>	<u>\$ 109,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	320,015	109,148	-	-	5,000
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>320,015</u>	<u>109,148</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 320,015</u>	<u>\$ 109,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2020

	309 Open Space Special Assessment	318 Exit 14B Lane Expansion	323 ARRA Quarry Ridge S/W	324 ARRA Twin Oaks
ASSETS				
Cash and cash equivalents	\$ 1,417,981	\$ -	\$ -	\$ -
Due from other funds	-	-	37,327	106,248
TOTAL ASSETS	<u>\$ 1,417,981</u>	<u>\$ -</u>	<u>\$ 37,327</u>	<u>\$ 106,248</u>
LIABILITIES				
Due to other funds	\$ 133,308	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>133,308</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	-	-	37,327	106,248
Committed	1,284,673	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>1,284,673</u>	<u>-</u>	<u>37,327</u>	<u>106,248</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,417,981</u>	<u>\$ -</u>	<u>\$ 37,327</u>	<u>\$ 106,248</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2020

	325 ARRA Ridgewood	326 ARRA Winding Brook	327 ARRA Harbor Heights	328 Hayes Avenue Stormwater	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 1,417,981
Due from other funds	60,517	45,061	11,536	-	694,852
TOTAL ASSETS	\$ 60,517	\$ 45,061	\$ 11,536	\$ -	\$ 2,112,833
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 5,668	\$ 138,976
TOTAL LIABILITIES	-	-	-	5,668	138,976
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	60,517	45,061	11,536	-	260,689
Committed	-	-	-	-	1,718,836
Assigned	-	-	-	-	-
Unassigned	-	-	-	(5,668)	(5,668)
TOTAL FUND BALANCES (DEFICITS)	60,517	45,061	11,536	(5,668)	1,973,857
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 60,517	\$ 45,061	\$ 11,536	\$ -	\$ 2,112,833

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, 2020

	301 Reappraisal Fund	242 Revolve Loan EPS Bond	303 Kennedy Drive Reconstruction	306 Fire Department Fund	307 Ambulance Equipment Replacement
REVENUES					
Charges for services	\$ -	\$ 161,364	\$ -	\$ -	\$ -
Interest income	-	-	-	-	-
Other income	72,989	19,791	-	-	-
TOTAL REVENUES	<u>72,989</u>	<u>181,155</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Program expenses	188,077	22,538	-	-	-
Capital outlay	-	55,292	-	-	-
TOTAL EXPENDITURES	<u>188,077</u>	<u>77,830</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(115,088)</u>	<u>103,325</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	(1,141)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,141)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(115,088)	103,325	-	(1,141)	-
FUND BALANCES (DEFICITS) - JULY 1	<u>435,103</u>	<u>5,823</u>	<u>-</u>	<u>1,141</u>	<u>5,000</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 320,015</u>	<u>\$ 109,148</u>	<u>\$ -</u>	<u>\$ -</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, 2020

	309 Open Space Special Assessment	318 Exit 14B Lane Expansion	323 ARRA Quarry Ridge S/W	324 ARRA Twin Oaks
REVENUES				
Charges for services	\$ 25,509	\$ -	\$ -	\$ -
Interest income	15,583	-	-	-
Other income	-	-	-	-
TOTAL REVENUES	<u>41,092</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Program expenses	123,836	-	-	-
Capital outlay	87,600	-	-	-
TOTAL EXPENDITURES	<u>211,436</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(170,344)</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	305,519	-	-	-
Transfers (out)	-	(25,268)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>305,519</u>	<u>(25,268)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	135,175	(25,268)	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>1,149,498</u>	<u>25,268</u>	<u>37,327</u>	<u>106,248</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,284,673</u>	<u>\$ -</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, 2020

	325 ARRA Ridgewood	326 ARRA Winding Brook	327 ARRA Harbor Heights	328 Hayes Avenue Stormwater	Total
REVENUES					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 186,873
Interest income	-	-	-	-	15,583
Other income	-	-	-	-	92,780
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>295,236</u>
EXPENDITURES					
Program expenses	-	-	-	-	334,451
Capital outlay	-	-	-	-	142,892
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>477,343</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(182,107)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	305,519
Transfers (out)	-	-	-	-	(26,409)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,110</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	97,003
FUND BALANCES (DEFICITS) - JULY 1	<u>60,517</u>	<u>45,061</u>	<u>11,536</u>	<u>(5,668)</u>	<u>1,876,854</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 60,517</u>	<u>\$ 45,061</u>	<u>\$ 11,536</u>	<u>\$ (5,668)</u>	<u>\$ 1,973,857</u>

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

Permanent Funds

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

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2020

	Cemetery	Community Library Trust	Penny for Paths	Recreation Donation	P.A.C.T.	Veterans Memorial
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	6,299	26,356	230,002	-	-	6,073
TOTAL ASSETS	<u>\$ 6,299</u>	<u>\$ 26,356</u>	<u>\$ 230,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,073</u>
LIABILITIES						
Due to agencies	\$ -	\$ -	\$ 8	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	6,299	26,356	229,994	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	6,073
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>6,299</u>	<u>26,356</u>	<u>229,994</u>	<u>-</u>	<u>-</u>	<u>6,073</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 6,299</u>	<u>\$ 26,356</u>	<u>\$ 230,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,073</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2020

	Library (Blanchette)	Recreation Path Donations	Fire Department Donations	Dog Park Donations	Community Music Festival	Total
ASSETS						
Cash and cash equivalents	\$ 400,972	\$ -	\$ -	\$ -	\$ -	\$ 400,972
Due from other funds	-	11,482	3,568	6,829	-	290,609
TOTAL ASSETS	\$ 400,972	\$ 11,482	\$ 3,568	\$ 6,829	\$ -	\$ 691,581
LIABILITIES						
Due to agencies	\$ -	\$ 5,482	\$ -	\$ -	\$ -	\$ 5,490
Due to other funds	159	-	-	-	-	159
TOTAL LIABILITIES	159	5,482	-	-	-	5,649
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	400,813	6,000	-	-	-	669,462
Committed	-	-	3,568	6,829	-	10,397
Assigned	-	-	-	-	-	6,073
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	400,813	6,000	3,568	6,829	-	685,932
TOTAL LIABILITIES AND FUND BALANCE	\$ 400,972	\$ 11,482	\$ 3,568	\$ 6,829	\$ -	\$ 691,581

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, 2020

	Cemetery	Community Library Trust	Penny for Paths	Recreation Donation	P.A.C.T.	Veterans Memorial
REVENUES						
Intergovernmental	\$ -	\$ -	\$ 305,520	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	1,600	4,064	-	-	-	220
TOTAL REVENUES	<u>1,600</u>	<u>4,064</u>	<u>305,520</u>	<u>-</u>	<u>-</u>	<u>220</u>
EXPENDITURES						
Other	-	485	51,465	-	-	577
TOTAL EXPENDITURES	<u>-</u>	<u>485</u>	<u>51,465</u>	<u>-</u>	<u>-</u>	<u>577</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,600</u>	<u>3,579</u>	<u>254,055</u>	<u>-</u>	<u>-</u>	<u>(357)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	8,007	-	-	-
Transfers (out)	-	-	-	-	(402)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>8,007</u>	<u>-</u>	<u>(402)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	1,600	3,579	262,062	-	(402)	(357)
FUND BALANCES (DEFICITS) - JULY 1	<u>4,699</u>	<u>22,777</u>	<u>(32,068)</u>	<u>-</u>	<u>402</u>	<u>6,430</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 6,299</u>	<u>\$ 26,356</u>	<u>\$ 229,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,073</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, 2020

	Library (Blanchette)	Recreation Path Donations	Fire Department Donations	Dog Park Donations	Community Music Festival	Total
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 305,520
Charges for services	-	-	-	4,703	-	4,703
Other income	1,198	1,000	445	-	-	8,527
TOTAL REVENUES	<u>1,198</u>	<u>1,000</u>	<u>445</u>	<u>4,703</u>	<u>-</u>	<u>13,230</u>
EXPENDITURES						
Other	-	-	-	25	-	52,552
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>52,552</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,198</u>	<u>1,000</u>	<u>445</u>	<u>4,678</u>	<u>-</u>	<u>(39,322)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	8,007
Transfers (out)	-	-	-	-	-	(402)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,605</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	1,198	1,000	445	4,678	-	273,803
FUND BALANCES (DEFICITS) - JULY 1	<u>399,615</u>	<u>5,000</u>	<u>3,123</u>	<u>2,151</u>	<u>-</u>	<u>412,129</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 400,813</u>	<u>\$ 6,000</u>	<u>\$ 3,568</u>	<u>\$ 6,829</u>	<u>\$ -</u>	<u>\$ 685,932</u>

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

General Capital Assets

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

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2020

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General Government	\$ 9,383,392	\$ 1,773,721	\$ 89,050	\$ -	\$ 11,246,163
Ambulance	-	-	244,797	-	244,797
Fire	1,118,500	6,336,227	4,527,129	-	11,981,856
Police	-	7,378,410	1,746,443	-	9,124,853
Highway	1,114,629	-	2,295,174	4,198,700	7,608,503
Public Works	6,621,526	791,049	1,666,305	36,475,435	45,554,315
Library	749,892	-	12,084	-	761,976
Recreation	2,679,438	400,429	173,102	2,087,056	5,340,025
Health	280,500	681,648	-	108,305	1,070,453
Airport	21,375,571	-	-	-	21,375,571
City Wide	10,270,196	1,232,946	220,825	-	11,723,967
Storm Water Utilities	30,000	154,994	1,448,045	8,755,687	10,388,726
Water Pollution Control	488,000	14,442,944	979,426	4,312,987	20,223,357
Water Department	18,455	-	7,289,884	185,216	7,493,555
Total General Capital Assets	54,130,099	33,192,368	20,692,264	56,123,386	164,138,117
Less: Accumulated Depreciation	-	(24,033,631)	(12,731,221)	(37,785,371)	(74,550,223)
Net General Capital Assets	<u>\$ 54,130,099</u>	<u>\$ 9,158,737</u>	<u>\$ 7,961,043</u>	<u>\$ 18,338,015</u>	<u>\$ 89,587,894</u>

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, 2020

	General Capital Assets 7/1/2019 (Restated)	Additions	Transfers/ Disposals	General Capital Assets 6/30/20
General Government	\$ 6,396,357	\$ 4,849,806	\$ -	\$ 11,246,163
Ambulance	244,797	-	-	244,797
Fire	11,919,740	62,116	-	11,981,856
Police	9,633,270	175,733	(684,150)	9,124,853
Highway	7,424,629	294,832	(110,958)	7,608,503
Public Works	45,554,315	-	-	45,554,315
Library	761,976	-	-	761,976
Recreation	5,340,025	-	-	5,340,025
Health	1,070,453	-	-	1,070,453
Airport	21,375,571	-	-	21,375,571
City Wide	3,965,061	8,621,135	(862,229)	11,723,967
Storm Water Utilities	10,379,726	9,000	-	10,388,726
Water Pollution Control	20,223,357	-	-	20,223,357
Water Department	7,343,415	166,147	(16,007)	7,493,555
Total General Capital Assets	151,816,868	14,178,769	(1,673,344)	164,138,117
Less: Accumulated Depreciation	(72,532,247)	(2,813,084)	795,108	(74,550,223)
Net General Capital Assets	<u>\$ 79,247,078</u>	<u>\$ 11,365,685</u>	<u>\$ (878,236)</u>	<u>\$ 89,587,894</u>

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, 2020

Federal Grantor Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Pass Through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
US Department of Transportation				
Passed Through State of Vermont Agency of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	CA0577	\$ 17,488	\$ -
Highway Planning and Construction	20.205	CA0542	27,336	-
Highway Planning and Construction	20.205	CA0576	30,027	-
Highway Planning and Construction	20.205	CA0517	56,314	-
Highway Planning and Construction	20.205	08126-CA0118	956,710	-
Highway Planning and Construction	20.205	CA0491	210,839	-
Highway Planning and Construction	20.205	CA0624	99,116	-
Highway Planning and Construction	20.205	ER0134	446,278	-
Highway Planning and Construction	20.205	CA0541	3,745	-
Highway Planning and Construction	20.205	CA0528	9,236	-
Subtotal Highway Planning and Construction Cluster			<u>1,857,089</u>	<u>-</u>
Highway Safety Cluster:				
National Priority Safety Programs	20.616	GR1434	13,427	-
Subtotal Highway Safety Cluster			<u>13,427</u>	<u>-</u>
Total US Department of Transportation			<u>1,870,516</u>	<u>-</u>
US Department of Justice				
Passed Through State of Vermont Department of Public Safety:				
Crime Victim Assistance	16.575	0216VOCA16-401556	65,339	-
Crime Victim Assistance	16.575	0216VOCA17-2-401556	30,437	-
Crime Victim Assistance	16.575	0216VOCA18-2-40155	29,097	-
			<u>124,873</u>	<u>-</u>
Passed Through State of Vermont Department of Public Safety:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	02140-11917C-100	84,672	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	02140-11916C-100	26,840	-
			<u>111,512</u>	<u>-</u>
Total US Department of Justice			<u>236,385</u>	<u>-</u>
Institute of Museum and Library Services				
Passed Through State of Vermont:				
Grants to States	45.310	01130 COURIER LSTA19	390	-
Total Institute of Museum and Library Services			<u>390</u>	<u>-</u>
Enviromental Protection Agency:				
Passed Through New England Interstate Water Pollution Control Commission:				
Lake Champlain Basin Program	66.481	5/6--LS-2019-058	79,271	-
Total Enviromental Protection Agency			<u>79,271</u>	<u>-</u>
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	625,000	-
Total Department of Housing and Urban Development			<u>625,000</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 2,811,562</u>	<u>\$ -</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO SCHEDULE OF EXPEDITURES OF FEDERAL AWARDS
JUNE 30, 2020

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, 2020. 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.



Proven Expertise & Integrity

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, 2020 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 March 2, 2021.

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 March 2, 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
March 2, 2021



Proven Expertise & Integrity

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, 2020. 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, 2020.

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.

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

March 2, 2021

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - INTERNAL CONTROL
FOR THE YEAR ENDED JUNE 30, 2020

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>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Cluster

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