

Federal Compliance Audit

City of South Burlington, Vermont

June 30, 2022



Proven Expertise & Integrity

CITY OF SOUTH BURLINGTON, VERMONT

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JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

City Council
City of South Burlington
South Burlington, Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2022 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.

In our opinion, the accompanying 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, 2022 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of South Burlington, Vermont and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principle generally accepted in the United States of America and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of South Burlington, Vermont's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit 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 City of South Burlington, Vermont's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the City of South Burlington, Vermont's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 5 through 12 and 70 through 77 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.

Supplementary 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 January 19, 2023, on our consideration of the City of South Burlington, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City of South Burlington, Vermont's 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
January 19, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

(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, 2022. Please read it in conjunction with the City's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the City's basic services are reported in governmental activities, which include general government, public safety, public works, social services, recreation and culture, education and program expenditures.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the City of South Burlington include the recreation programs, 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, water department, water pollution and storm water utilities. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

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

Notes to the Financial Statements

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

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pensions, Schedule of Changes in Net Pension Liability and Related Ratios - Employees' Pension Plan, Schedule of Contributions - Employees' Pension Plan, a Schedule of Investment Returns, a Schedule of Funding Progress - Employees' Pension Plan and Notes to Required Supplementary Information.

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the City's governmental activities. The City's total net position for governmental funds is \$40,247,918 compared to \$34,140,989 in the prior year, an increase of \$6,106,929. For the business-type activities, total net position is \$29,786,592 compared to \$30,273,500 in the prior year, a decrease of \$486,908.

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 \$4,157,381 at the end of this year for governmental activities and \$6,178,479 for the business-type activities.

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

	2022		2021	
	Governmental Activities	Business-type Activities	Governmental Activities (Restated)	Business-type Activities
Assets:				
Current Assets	\$ 21,393,225	\$ 7,817,499	\$ 24,056,425	\$ 7,592,897
Noncurrent Assets - Capital Assets	63,515,437	34,592,197	62,460,387	36,242,941
Total Assets	84,908,662	42,409,696	86,516,812	43,835,838
Deferred Outflows of Resources:				
Deferred Outflows Related to Pensions	8,831,324	-	3,439,428	-
Total Deferred Inflows of Resources	8,831,324	-	3,439,428	-
Liabilities:				
Current Liabilities	4,258,420	2,046,472	12,380,946	2,034,037
Noncurrent Liabilities	43,794,879	10,576,632	37,325,719	11,528,301
Total Liabilities	48,053,299	12,623,104	49,706,665	13,562,338
Deferred Inflows of Resources:				
Deferred Inflows Related to Pensions	5,413,969	-	6,083,786	-
Deferred Revenue	24,800	-	24,800	-
Total Deferred Inflows of Resources	5,438,769	-	6,108,586	-
Net Position:				
Net Investment in Capital Assets	28,761,470	23,063,896	27,317,623	23,779,768
Restricted for: Special Revenue Funds	7,263,485	-	3,509,079	-
Capital Projects Funds	-	-	260,689	-
Permanent Funds	65,582	-	438,665	-
Water Department Capital Reserve	-	544,217	-	799,224
Unrestricted	4,157,381	6,178,479	2,614,933	5,694,508
Total Net Position	\$ 40,247,918	\$ 29,786,592	\$ 34,140,989	\$ 30,273,500

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

	2022		2021	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Revenues				
<i>Program Revenues:</i>				
Charges for services	\$ 5,900,383	\$ 10,729,325	\$ 4,195,998	\$ 9,361,733
Operating grants and contributions	4,818,401	2,363,279	2,398,199	852,616
<i>General Revenues:</i>				
Taxes	65,790,781	-	62,601,225	-
Investment income	-	3,364	-	3,681
Miscellaneous	312,849	306,862	366,545	29,911
Total Revenues	76,822,414	13,402,830	69,561,967	10,247,941
Expenses				
General government	9,291,008	-	7,484,840	-
Public safety	9,876,960	-	8,376,287	-
Public works	3,095,249	-	2,779,643	-
Social services	777,349	-	741,490	-
Recreation and culture	1,732,446	-	1,364,376	-
Education	42,923,659	-	41,404,055	-
Program expenditures	1,517,294	-	1,123,910	-
Interest expense	1,013,632	-	1,354,493	-
Unallocated depreciation (Note 5)	133,618	-	74,077	-
Enterprise funds	-	14,244,008	-	10,321,838
Total Expenses	70,361,215	14,244,008	64,703,171	10,321,838
Other items:				
Transfers	(354,270)	354,270	14,214	(14,214)
Loan forgiveness	-	-	-	5,432,041
Total other items	(354,270)	354,270	14,214	5,417,827
Change in Net Position	6,106,929	(486,908)	4,873,010	5,343,930
Net Position - July 1, Restated	34,140,989	30,273,500	29,267,970	24,929,570
Net Position - June 30	\$ 40,247,918	\$ 29,786,592	\$ 34,140,980	\$ 30,273,500

Revenues and Expenses

Revenues for the City's governmental activities increased by 10.44%, while total expenses increased by 8.74%. Revenues increased in all areas except miscellaneous. General government, public safety and education experienced the largest increase while interest expense had the largest decrease.

The revenues for the proprietary fund increased by 30.79% while expenses increased by 38.00%. The proprietary fund has four enterprise funds that all have a positive net position with the exception of specific recreation programs.

The proprietary funds had an operating loss for the current year of \$704,292.

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>2022</u>	<u>2021</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
General Fund:			
Nonspendable	\$ 301,129	\$ 508,696	\$ (207,567)
Assigned	1,950,720	-	1,950,720
Unassigned	2,568,840	2,303,572	265,268
City Center - TIF District Fund:			
Restricted	59,259	18,294	40,965
Capital Improvement Reserve Fund:			
Committed	3,203,285	3,602,202	(398,917)
Subtotal Major Funds	<u>8,083,233</u>	<u>6,432,764</u>	<u>\$ 1,650,469</u>
Nonmajor Funds:			
Special Revenue Funds:			
Nonspendable	230	67	163
Restricted	7,204,226	3,490,785	3,713,441
Committed	1,548,235	1,179,780	368,455
Assigned	266,415	262,272	4,143
Unassigned	(164,136)	(164,136)	-
Capital Projects Funds:			
Restricted	-	260,689	(260,689)
Committed	1,690,121	1,559,518	130,603
Unassigned	-	(79,153)	79,153
Permanent Funds:			
Restricted	65,582	438,665	(373,083)
Committed	22,654	15,701	6,953
Assigned	6,453	6,646	(193)
Subtotal Nonmajor Funds	<u>10,639,780</u>	<u>6,970,834</u>	<u>3,668,946</u>
Total Governmental Funds	<u>\$18,723,013</u>	<u>\$13,403,598</u>	<u>\$ 5,319,415</u>

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

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

Budgetary Highlights

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

The general fund actual revenues exceeded budgeted amounts by \$1,722,245. This was primarily a result of all categories exceeding budgeted amounts except other revenue.

The general fund actual expenditures were below budgeted amounts by \$286,176. Most expenditures were within or below budgeted amounts with the exception of public safety, social services, debt service - principal and transfers to other funds.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2022, the net book value of capital assets recorded by the City decreased by \$595,694 from the prior fiscal year. This increase was a result of additions of \$4,223,240, less net disposals of \$2,069 and current year depreciation expense of \$4,816,865. 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,

	2022	2021 (Restated)
Land	\$ 8,527,208	\$ 7,535,663
Art work	94,500	94,500
Construction in progress	21,002,137	20,192,056
Buildings, building improvements and land improvements	27,019,404	28,664,175
Machinery, furniture, equipment and vehicles	8,987,948	9,189,510
Infrastructure and storm water utilities	32,476,437	33,027,424
Total	\$98,107,634	\$ 98,703,328

Debt

At June 30, 2022, the City had \$46,282,268 in bonds and notes from direct borrowings outstanding versus \$47,605,937 last year. Refer to Note 6 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions or Conditions

Economic Factors and Next Year's Budgets and Rates

The City's unassigned fund balance has fallen below a level sufficient to sustain government operations for less than a period of three months. However, the City continues to maintain significant reserves for future operations, capital and program needs.

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 Martha Machar, Finance Director at 180 Market Street, South Burlington, Vermont 05403-0808. Martha can also be reached by phone at 802-846-4107 or by email at mmachar@southburlingtonvt.gov.

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 22,257,036	\$ 934,571	\$ 23,191,607
Taxes receivable (net of allowance for uncollectibles)	585,302	-	585,302
Due from water - billed	-	1,119,495	1,119,495
Due from water - unbilled	-	1,438,706	1,438,706
Other receivables	1,834,701	666,958	2,501,659
Inventory	48,960	52,438	101,398
Prepaid items	252,399	20,158	272,557
Internal balances	(3,585,173)	3,585,173	-
Total current assets	<u>21,393,225</u>	<u>7,817,499</u>	<u>29,210,724</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	29,105,845	518,000	29,623,845
Depreciable assets, net of accumulated depreciation	34,409,592	34,074,197	68,483,789
Total noncurrent assets	<u>63,515,437</u>	<u>34,592,197</u>	<u>98,107,634</u>
TOTAL ASSETS	<u>84,908,662</u>	<u>42,409,696</u>	<u>127,318,358</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on pensions	8,831,324	-	8,831,324
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>8,831,324</u>	<u>-</u>	<u>8,831,324</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 93,739,986</u>	<u>\$ 42,409,696</u>	<u>\$ 136,149,682</u>

STATEMENT A (CONTINUED)
CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,625,999	\$ 1,094,803	\$ 2,720,802
Accrued expenses	389,550	-	389,550
Due to taxpayers	269,794	-	269,794
Due to agencies	5,490	-	5,490
Current portion of long-term obligations	1,967,587	951,669	2,919,256
Total current liabilities	<u>4,258,420</u>	<u>2,046,472</u>	<u>6,304,892</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	26,991,163	10,576,632	37,567,795
Notes from direct borrowings payable	5,932,488	-	5,932,488
Accrued benefit time	230,897	-	230,897
Post retirement incentive	546,976	-	546,976
Net pension liability	10,093,355	-	10,093,355
Total noncurrent liabilities	<u>43,794,879</u>	<u>10,576,632</u>	<u>54,371,511</u>
TOTAL LIABILITIES	<u>48,053,299</u>	<u>12,623,104</u>	<u>60,676,403</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	24,800	-	24,800
Deferred amount on pensions	5,413,969	-	5,413,969
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,438,769</u>	<u>-</u>	<u>5,438,769</u>
NET POSITION			
Net Investment in capital assets	28,761,470	23,063,896	51,825,366
Restricted for: Special Revenue Funds	7,263,485	-	7,263,485
Permanent Funds	65,582	-	65,582
Water Department Capital Reserve	-	544,217	544,217
Unrestricted	4,157,381	6,178,479	10,335,860
TOTAL NET POSITION	<u>40,247,918</u>	<u>29,786,592</u>	<u>70,034,510</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 93,739,986</u>	<u>\$ 42,409,696</u>	<u>\$ 136,149,682</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 9,291,008	\$ 1,648,723	\$ 4,532,681	\$ -	\$ (3,109,604)	\$ -	\$(3,109,604)
Public safety	9,876,960	2,166,440	-	-	(7,710,520)	-	(7,710,520)
Public works	3,095,249	773,264	285,720	-	(2,036,265)	-	(2,036,265)
Social services	777,349	-	-	-	(777,349)	-	(777,349)
Recreation and culture	1,732,446	130,739	-	-	(1,601,707)	-	(1,601,707)
Education	42,923,659	-	-	-	(42,923,659)	-	(42,923,659)
Program expenditures	1,517,294	1,181,217	-	-	(336,077)	-	(336,077)
Interest on long-term debt	1,013,632	-	-	-	(1,013,632)	-	(1,013,632)
Unallocated depreciation* (Note 5)	133,618	-	-	-	(133,618)	-	(133,618)
Total governmental activities	<u>70,361,215</u>	<u>5,900,383</u>	<u>4,818,401</u>	<u>-</u>	<u>(59,642,431)</u>	<u>-</u>	<u>(59,642,431)</u>
Business-type activities:							
Recreation programs	26,115	43,479	-	-	-	17,364	17,364
Water department	2,944,888	2,914,529	-	-	-	(30,359)	(30,359)
Water pollution	5,615,553	5,370,795	124,669	-	-	(120,089)	(120,089)
Storm water utilities	5,657,452	2,400,522	2,238,610	-	-	(1,018,320)	(1,018,320)
Total business-type activities	<u>14,244,008</u>	<u>10,729,325</u>	<u>2,363,279</u>	<u>-</u>	<u>-</u>	<u>(1,151,404)</u>	<u>(1,151,404)</u>
Total government	<u>\$ 84,605,223</u>	<u>\$ 16,629,708</u>	<u>\$ 7,181,680</u>	<u>\$ -</u>	<u>(59,642,431)</u>	<u>(1,151,404)</u>	<u>(60,793,835)</u>

*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, 2022

	Governmental Activities	Business- type Activities	Total
Changes in net position:			
Net (expense) revenue	(59,642,431)	(1,151,404)	(60,793,835)
General revenues:			
Property taxes, levied for general purposes			
Education	42,923,659	-	42,923,659
Municipal	22,867,122	-	22,867,122
Investment income	-	3,364	3,364
Miscellaneous	312,849	306,862	619,711
Total general revenues	66,103,630	310,226	66,413,856
Other items:			
Transfers	(354,270)	354,270	-
Change in net position	6,106,929	(486,908)	5,620,021
NET POSITION - JULY 1, RESTATED	34,140,989	30,273,500	64,414,489
NET POSITION - JUNE 30	<u>\$ 40,247,918</u>	<u>\$ 29,786,592</u>	<u>\$ 70,034,510</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	City Center - TIF District Fund	Capital Improvement Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 20,354,339	\$ 1,902,597	\$ -	\$ 100	\$ 22,257,036
Taxes receivable (net of allowance for uncollectibles)	585,302	-	-	-	585,302
Other receivables	1,599,894	166,729	-	68,078	1,834,701
Inventory	48,960	-	-	-	48,960
Prepaid items	252,169	-	-	230	252,399
Due from other funds	2,236,745	-	3,203,285	10,752,388	16,192,418
TOTAL ASSETS	\$ 25,077,409	\$ 2,069,326	\$ 3,203,285	\$ 10,820,796	\$ 41,170,816
LIABILITIES					
Accounts payable	\$ 1,625,999	\$ -	\$ -	\$ -	\$ 1,625,999
Accrued expenses	389,550	-	-	-	389,550
Due to taxpayers	269,794	-	-	-	269,794
Due to agencies	-	-	-	5,490	5,490
Due to other funds	17,591,998	2,010,067	-	175,526	19,777,591
TOTAL LIABILITIES	19,877,341	2,010,067	-	181,016	22,068,424
DEFERRED INFLOWS OF RESOURCES					
Deferred tax revenues	354,579	-	-	-	354,579
Deferred revenue	24,800	-	-	-	24,800
TOTAL DEFERRED INFLOWS OF RESOURCES	379,379	-	-	-	379,379
FUND BALANCES					
Nonspendable	301,129	-	-	230	301,359
Restricted	-	59,259	-	7,269,808	7,329,067
Committed	-	-	3,203,285	3,261,010	6,464,295
Assigned	1,950,720	-	-	272,868	2,223,588
Unassigned	2,568,840	-	-	(164,136)	2,404,704
TOTAL FUND BALANCES	4,820,689	59,259	3,203,285	10,639,780	18,723,013
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 25,077,409	\$ 2,069,326	\$ 3,203,285	\$ 10,820,796	\$ 41,170,816

See accompanying independent auditor's 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, 2022

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 18,723,013
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	63,515,437
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	354,579
Deferred outflows of resources are not financial resources and therefore are not reported in the funds	8,831,324
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(27,931,616)
Notes from direct borrowings payable	(6,822,351)
Accrued benefit time	(271,643)
Post retirement incentive	(643,501)
Net pension liability	(10,093,355)
Deferred inflows of resources are not financial resources and therefore are not reported in the funds	<u>(5,413,969)</u>
Net position of governmental activities	<u>\$ 40,247,918</u>

See accompanying independent auditor's 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, 2022

	General Fund	City Center - TIF District Fund	Capital Improvement Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
General tax revenue - municipal and education	\$ 65,258,008	\$ 418,123	\$ -	\$ -	\$ 65,676,131
Intergovernmental revenue	1,105,661	41,006	-	3,671,734	4,818,401
Charges for services	4,719,166	-	-	1,181,217	5,900,383
Other revenue	13,291	181,141	-	118,417	312,849
TOTAL REVENUES	71,096,126	640,270	-	4,971,368	76,707,764
EXPENDITURES					
Current:					
General government	8,552,323	-	-	-	8,552,323
Public safety	9,199,136	-	-	-	9,199,136
Public works	2,875,135	-	-	-	2,875,135
Social services	773,739	-	-	-	773,739
Recreation and culture	1,639,368	-	-	-	1,639,368
Education	42,923,659	-	-	-	42,923,659
Program expenditures	-	4,360	-	1,512,934	1,517,294
Debt service					
Principal	1,211,245	466,667	-	-	1,677,912
Interest	305,985	707,647	-	-	1,013,632
Capital outlay	-	2,095,976	-	165,905	2,261,881
TOTAL EXPENDITURES	67,480,590	3,274,650	-	1,678,839	72,434,079
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,615,536	(2,634,380)	-	3,292,529	4,273,685
OTHER FINANCING SOURCES (USES)					
Debt proceeds	-	1,400,000	-	-	1,400,000
Transfers in	295,463	1,275,345	860,000	906,611	3,337,419
Transfers (out)	(1,902,578)	-	(1,258,917)	(530,194)	(3,691,689)
TOTAL OTHER FINANCING SOURCES (USES)	(1,607,115)	2,675,345	(398,917)	376,417	1,045,730
NET CHANGE IN FUND BALANCES	2,008,421	40,965	(398,917)	3,668,946	5,319,415
FUND BALANCES - JULY 1	2,812,268	18,294	3,602,202	6,970,834	13,403,598
FUND BALANCES - JUNE 30	\$ 4,820,689	\$ 59,259	\$ 3,203,285	\$ 10,639,780	\$ 18,723,013

See accompanying independent auditor's 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, 2022

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 5,319,415</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	3,829,548
Depreciation expense	<u>(2,774,498)</u>
	<u>1,055,050</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported:	
Taxes and liens receivable	<u>114,650</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>5,391,896</u>
Debt proceeds provide current financial resources to governmental funds, but long-term obligations in the Statement of Net Position	
	<u>(1,400,000)</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>1,788,797</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	(28,709)
Post retirement incentive	(126,845)
Net pension liability	<u>(6,677,142)</u>
	<u>(6,832,696)</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>669,817</u>
Change in net position of governmental activities (Statement B)	<u>\$ 6,106,929</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2022

	Enterprise Funds				Total
	Specific Rec. Programs	Water Department	Water Pollution	Storm Water Utilities	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ -	\$ 934,571	\$ -	\$ -	\$ 934,571
Accounts receivable (net of allowance for uncollectibles)	-	598	-	666,360	666,958
Due from water - billed	-	861,183	-	258,312	1,119,495
Due from water - unbilled	-	412,848	613,010	412,848	1,438,706
Inventory	-	52,438	-	-	52,438
Prepaid items	-	1,620	12,048	6,490	20,158
Due from other funds	-	-	2,096,149	1,540,176	3,636,325
Total current assets	-	2,263,258	2,721,207	2,884,186	7,868,651
Noncurrent assets:					
Land, buildings, mains and other water assets	-	7,330,648	44,023,876	9,895,932	61,250,456
Vehicles and equipment	-	-	947,696	1,012,935	1,960,631
Total capital assets	-	7,330,648	44,971,572	10,908,867	63,211,087
Less: accumulated depreciation	-	(3,884,879)	(21,545,937)	(3,188,074)	(28,618,890)
Total noncurrent assets	-	3,445,769	23,425,635	7,720,793	34,592,197
TOTAL ASSETS	\$ -	\$ 5,709,027	\$ 26,146,842	\$ 10,604,979	\$ 42,460,848
LIABILITIES AND NET POSITION					
Current liabilities:					
Accounts payable	\$ -	\$ 1,094,803	\$ -	\$ -	\$ 1,094,803
Due to other funds	51,152	-	-	-	51,152
Current portion of long-term obligations	-	95,016	856,653	-	951,669
Total current liabilities	51,152	1,189,819	856,653	-	2,097,624
Noncurrent liabilities:					
Noncurrent portion of long-term obligations:					
Bonds payable	-	190,033	10,386,599	-	10,576,632
Total noncurrent liabilities	-	190,033	10,386,599	-	10,576,632
TOTAL LIABILITIES	51,152	1,379,852	11,243,252	-	12,674,256
NET POSITION					
Net investment in capital assets	-	3,160,720	12,182,383	7,720,793	23,063,896
Restricted	-	544,217	-	-	544,217
Unrestricted (deficit)	(51,152)	624,238	2,721,207	2,884,186	6,178,479
TOTAL NET POSITION	(51,152)	4,329,175	14,903,590	10,604,979	29,786,592
TOTAL LIABILITIES AND NET POSITION	\$ -	\$ 5,709,027	\$ 26,146,842	\$ 10,604,979	\$ 42,460,848

See accompanying independent auditor's 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, 2022

	Enterprise Funds				Total
	Specific Rec. Programs	Water Department	Water Pollution	Storm Water Utilities	
OPERATING REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ 124,669	\$ 2,238,610	\$ 2,363,279
Water sales	-	2,461,016	-	-	2,461,016
Charges for services	43,479	453,513	5,370,795	2,400,522	8,268,309
Other	-	6,039	11,578	289,245	306,862
TOTAL OPERATING REVENUES	<u>43,479</u>	<u>2,920,568</u>	<u>5,507,042</u>	<u>4,928,377</u>	<u>13,399,466</u>
OPERATING EXPENSES					
Salaries and benefits	-	533,912	1,339,891	981,651	2,855,454
Professional and contracted services	-	262,856	347,898	96,533	707,287
Supplies, materials and fuel	-	153,682	638,358	18,081	810,121
Water purchases	-	1,638,286	-	-	1,638,286
Repairs and maintenance	-	87,908	398,981	3,766,838	4,253,727
Utilities	-	6,195	1,078,257	3,553	1,088,005
Depreciation	-	194,782	1,412,131	435,454	2,042,367
Administrative services	-	47,500	150,336	134,762	332,598
Insurances	-	5,727	102,181	39,558	147,466
Miscellaneous	26,115	3,665	17,645	181,022	228,447
TOTAL OPERATING EXPENSES	<u>26,115</u>	<u>2,934,513</u>	<u>5,485,678</u>	<u>5,657,452</u>	<u>14,103,758</u>
OPERATING INCOME (LOSS)	<u>17,364</u>	<u>(13,945)</u>	<u>21,364</u>	<u>(729,075)</u>	<u>(704,292)</u>
NONOPERATING INCOME (EXPENSE)					
Transfers in	-	-	15,964	355,020	370,984
Transfers (out)	-	-	(10,464)	(6,250)	(16,714)
Interest income	-	3,364	-	-	3,364
Interest (expense)	-	(10,375)	(129,875)	-	(140,250)
TOTAL NONOPERATING INCOME (EXPENSE)	<u>-</u>	<u>(7,011)</u>	<u>(124,375)</u>	<u>348,770</u>	<u>217,384</u>
CHANGE IN NET POSITION (DEFICIT)	17,364	(20,956)	(103,011)	(380,305)	(486,908)
NET POSITION (DEFICIT) - JULY 1, RESTATED	<u>(68,516)</u>	<u>4,350,131</u>	<u>15,006,601</u>	<u>10,985,284</u>	<u>30,273,500</u>
NET POSITION (DEFICIT) - JUNE 30	<u>\$ (51,152)</u>	<u>\$ 4,329,175</u>	<u>\$ 14,903,590</u>	<u>\$ 10,604,979</u>	<u>\$ 29,786,592</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Funds				Total
	Specific Rec. Programs	Water Department	Water Pollution	Storm Water Utilities	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 43,479	\$ 2,876,104	\$ 5,160,117	\$ 2,384,866	\$ 10,464,566
Intergovernmental receipts	-	-	124,669	2,238,610	2,363,279
Other receipts	-	6,039	11,578	289,245	306,862
Payments to employees	-	(533,912)	(1,339,891)	(981,651)	(2,855,454)
Payments to suppliers	(43,479)	(2,193,966)	(2,745,704)	(4,240,347)	(9,223,496)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-	154,265	1,210,769	(309,277)	1,055,757
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund transfers	-	-	5,500	348,770	354,270
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	-	5,500	348,770	354,270
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest income	-	3,364	-	-	3,364
(Purchase) sale of fixed assets	-	(105,592)	(246,538)	(39,493)	(391,623)
Interest payments on bond/note payable	-	(10,375)	(129,875)	-	(140,250)
Principal payments on bond/note payable	-	(95,016)	(839,856)	-	(934,872)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(207,619)	(1,216,269)	(39,493)	(1,463,381)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	(53,354)	-	-	(53,354)
CASH AND CASH EQUIVALENTS - JULY 1	-	987,925	-	-	987,925
CASH AND CASH EQUIVALENTS - JUNE 30	\$ -	\$ 934,571	\$ -	\$ -	\$ 934,571

STATEMENT I (CONTINUED)
CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Funds				Total
	Specific Rec. Programs	Water Department	Water Pollution	Storm Water Utilities	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 17,364	\$ (13,945)	\$ 21,364	\$ (729,075)	\$ (704,292)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	-	194,782	1,412,131	435,454	2,042,367
Changes in operating assets and liabilities:					
(Increase) decrease in due from water - billed	-	(61,959)	-	(20,092)	(82,051)
(Increase) decrease in due from water - unbilled	-	22,352	-	22,352	44,704
(Increase) decrease in accounts receivable	-	1,182	-	(666,360)	(665,178)
(Increase) decrease in inventory	-	15,133	-	-	15,133
(Increase) decrease in prepaid items	-	1,082	(12,048)	(6,490)	(17,456)
(Increase) decrease in due from other funds	-	-	(210,678)	654,934	444,256
(Decrease) increase in accounts payable	-	(4,362)	-	-	(4,362)
(Decrease) increase in due to other funds	(17,364)	-	-	-	(17,364)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ -</u>	<u>\$ 154,265</u>	<u>\$ 1,210,769</u>	<u>\$ (309,277)</u>	<u>\$ 1,055,757</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2022

	Employee Pension Trust
	<u> </u>
ASSETS	
Cash:	
Cash equivalents	\$ 12,521
Investments, at fair value:	
Equity mutual funds	23,316,473
Hedge fund	3,979,163
Fixed income mutual funds	12,866,494
Accrued interest receivable	25,593
TOTAL ASSETS	<u>\$ 40,200,244</u>
NET POSITION	
Restricted - held in trust for pension benefits	<u>\$ 40,200,244</u>
TOTAL NET POSITION	<u>\$ 40,200,244</u>

See accompanying independent auditor's 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, 2022

	Employee Pension Trust
ADDITIONS	
Contributions:	
Employer	\$ 1,054,731
Employee	368,209
Total contributions	<u>1,422,940</u>
Investment earnings:	
Net increase (decrease) in fair value of investments	<u>(4,650,641)</u>
Total investment earnings, net	<u>(4,650,641)</u>
Total additions	<u>(3,227,701)</u>
DEDUCTIONS	
Benefit payments	2,248,480
Administrative expenses	225,706
Total deductions	<u>2,474,186</u>
CHANGE IN NET POSITION	(5,701,887)
NET POSITION - JULY 1, RESTATED	<u>45,902,131</u>
NET POSITION - JUNE 30	<u>\$ 40,200,244</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

Implementation of New Accounting Standards

During the year ended June 30, 2022, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 87 "Leases". The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined the impact of this Statement is not material to the financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 89 “Accounting for Interest Cost Incurred before the End of a Construction Period”. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 91 “Conduit Debt Obligations”. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations and improving required note disclosures. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 92 “Omnibus 2020”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 93 “Replacement of Interbank Offered Rates (paragraphs 13-14)”. The primary objectives of paragraphs 13-14 concern provisions of lease contracts that are amended while the contract is in effect. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 97 “*Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*”. The primary objectives of this Statement are to (1) 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; (2) mitigate costs associated

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. 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.

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.).

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
- 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.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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 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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Budget

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

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

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 considered to be a cash equivalent. The City Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2022. Accounts receivable netted with allowances for uncollectible accounts were \$5,059,860 for the year ended June 30, 2022.

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.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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”.

Transactions Between Funds

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

Capital Assets

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

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

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

Estimated useful lives are as follows:

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

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

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

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

Pensions

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

Net Position

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 1, 2021 on the assessed value listed as of April 1, 2021, for all real and personal property located in the City. Taxes were due on August 30, 2021, November 15, 2021 and March 15, 2022. Interest on unpaid taxes commenced on August 31, 2021, November 16, 2021 and March 16, 2022. Taxes unpaid after the due date are considered delinquent. An 8% penalty is assessed and interest is charged at 1% per annum. The penalty is charged once while interest accrues on the 15th of each month.

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

Program Revenues

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

Operating/Nonoperating Proprietary Fund Revenues

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022, the City's cash balance of \$23,204,128 was comprised of bank deposits and cash equivalents totaling \$20,653,120. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the City's cash and cash equivalents balance. Of these bank deposits, \$500,000 was insured by federal depository insurance and consequently was not exposed to custodial credit risk, \$20,153,120 was in excess of federal depository insurance but collateralized with a standby letter of credit.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 3,766,817
Money market accounts	16,873,782
Cash equivalents	<u>12,521</u>
	<u><u>\$ 20,653,120</u></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.

At June 30, 2022, the City had investments of \$40,162,130. Of these investments, \$40,162,130 were uncollateralized and uninsured.

At June 30, 2022, 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>
Equity securities:				
Mutual funds:				
Equity - domestic	\$23,316,473	\$23,316,473	\$ -	\$ -
Fixed income - domestic	12,866,494	12,866,494	-	-
Pooled investment fund	<u>3,979,163</u>	<u>3,979,163</u>	-	-
	<u><u>\$40,162,130</u></u>	<u><u>\$40,162,130</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022:

	June 30, 2022 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Equity securities:				
Mutual funds - domestic and foreign	\$ 36,182,967	\$ 36,182,967	\$ -	\$ -
Total equity securities	36,182,967	36,182,967	-	-
Pooled investment funds	3,979,163	-	3,979,163	-
Total investments by fair value level	\$ 40,162,130	\$ 36,182,967	\$ 3,979,163	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Total cash equivalents measured at the NAV	12,521			
Total investments and cash equivalents measured at fair value	\$ 40,174,651			

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

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General fund	\$ 2,236,745	\$ 17,591,998
City center - TIF district fund	-	2,010,067
Capital improvement reserve fund	3,203,285	-
Nonmajor special revenue funds	8,962,088	175,526
Nonmajor capital project funds	1,690,121	-
Nonmajor permanent funds	100,179	-
Enterprise funds	3,636,325	51,152
	<u>\$ 19,828,743</u>	<u>\$ 19,828,743</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, 2022 consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 295,463	\$ 1,902,578
City center - TIF district fund	1,275,345	-
Capital improvement reserve fund	860,000	1,258,917
Nonmajor special revenue funds	249,762	169,505
Nonmajor capital project funds	344,979	260,689
Nonmajor permanent funds	311,870	100,000
Enterprise funds	370,984	16,714
	<u>\$ 3,708,403</u>	<u>\$ 3,708,403</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, 2022

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2022:

	Balance, 7/1/21 (Restated)	Additions	Transfers/ Disposals	Balance, 6/30/22
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 8,009,208	\$ -	\$ -	\$ 8,009,208
Art work	94,500	-	-	94,500
Construction in progress	19,300,565	1,701,572	-	21,002,137
	<u>27,404,273</u>	<u>1,701,572</u>	<u>-</u>	<u>29,105,845</u>
Depreciated assets:				
Land improvements	1,340,533	-	-	1,340,533
Buildings	17,505,785	-	-	17,505,785
Building improvements	1,083,399	-	-	1,083,399
Machinery and equipment	6,506,031	89,082	-	6,595,113
Furniture and fixtures	645,096	471,371	-	1,116,467
Vehicles	6,771,931	601,109	(222,084)	7,150,956
Infrastructure	60,709,678	966,414	-	61,676,092
	<u>94,562,453</u>	<u>2,127,976</u>	<u>(222,084)</u>	<u>96,468,345</u>
Less: accumulated depreciation	<u>(59,506,339)</u>	<u>(2,774,498)</u>	<u>222,084</u>	<u>(62,058,753)</u>
	<u>35,056,114</u>	<u>(646,522)</u>	<u>-</u>	<u>34,409,592</u>
Net capital assets	<u>\$ 62,460,387</u>	<u>\$ 1,055,050</u>	<u>\$ -</u>	<u>\$ 63,515,437</u>
<u>Business-type activities</u>				
Non-depreciated assets:				
Land	\$ 518,000	\$ -	\$ -	\$ 518,000
	<u>518,000</u>	<u>-</u>	<u>-</u>	<u>518,000</u>
Depreciated assets:				
Buildings	5,952,242	-	-	5,952,242
Building improvements	11,130	-	-	11,130
Land improvements	33,167,973	-	-	33,167,973
Vehicles	1,289,958	54,986	-	1,344,944
Machinery and equipment	8,638,255	169,445	(744,595)	8,063,105
Infrastructure	4,312,987	169,261	-	4,482,248
Storm water utilities	9,671,445	-	-	9,671,445
	<u>63,043,990</u>	<u>393,692</u>	<u>(744,595)</u>	<u>62,693,087</u>
Less: accumulated depreciation	<u>(27,319,049)</u>	<u>(2,042,367)</u>	<u>742,526</u>	<u>(28,618,890)</u>
	<u>35,724,941</u>	<u>(1,648,675)</u>	<u>(2,069)</u>	<u>34,074,197</u>
Net capital assets	<u>\$ 36,242,941</u>	<u>\$ (1,648,675)</u>	<u>\$ (2,069)</u>	<u>\$ 34,592,197</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS (CONTINUED)

<u>Current year depreciation</u>	
Fire	\$ 574,643
Public works	1,131,474
General government	392,833
Health	3,610
Police	445,242
Recreation	92,740
Library	338
City-wide	133,618
Subtotal governmental	<u>2,774,498</u>
Water department	194,782
Water pollution control	1,412,131
Storm water utilities	435,454
Subtotal business-type	<u>2,042,367</u>
 Total depreciation expense	 <u><u>\$ 4,816,865</u></u>

NOTE 6 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2022:

	Balance, 7/1/21 (Restated)	Additions	Deletions	Balance, 6/30/22	Current Portion
<u>Governmental Activities:</u>					
Bonds payable	\$ 27,433,267	\$ 1,400,000	\$ (901,651)	\$ 27,931,616	\$ 940,453
Notes from direct borrowings payable	7,709,497	-	(887,146)	6,822,351	889,863
Total Governmental Activities	<u>\$ 35,142,764</u>	<u>\$ 1,400,000</u>	<u>\$ (1,788,797)</u>	<u>\$ 34,753,967</u>	<u>\$ 1,830,316</u>
<u>Business-type Activities:</u>					
Bonds payable	\$ 12,463,173	\$ -	\$ (934,872)	\$ 11,528,301	\$ 951,669
Total Business-type Activities	<u>\$ 12,463,173</u>	<u>\$ -</u>	<u>\$ (934,872)</u>	<u>\$ 11,528,301</u>	<u>\$ 951,669</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds payable:

<u>Bonds payable:</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Bonds</u>		
\$3,400,000, 2004 General Obligation Bond due in annual principal installments and semiannual interest installments through December 2024. Interest is charged at a fixed rate of 4.455% per annum. Annual principal installments are \$170,000.	\$ 224,951	\$ 285,049
\$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.	3,240,000	-
\$2,000,000, 2010 General Obligation Bond due in annual principal installments and semiannual interest installments through June 2033. Interest is charged at a fixed rate ranging from 3.25% to 4.75% per annum. \$1,000,000 was paid by ARRA funding in FY2021.	-	638,503
\$19,800,000, 2010 General Obligation Bond due in annual principal installments and semiannual interest installments through June 2033. Interest is charged at a fixed rate of 1.00% per annum. Annual principal installments vary. \$4,395,000 principal forgiveness in FY2021.	-	8,852,108
\$5,000,000, 2017 General Obligation Bond due in annual principal installments and semiannual interest installments through November 2037. Interest is charged at a fixed rate of 3.39% per annum. Annual principal installments are \$333,333 beginning in November 2023.	5,000,000	-
\$14,000,000, 2019 General Obligation Bond due in annual principal installments and semiannual interest installments through November 2049. Interest is charged at a fixed rate ranging from 1.84% to 4.10% per annum. Annual principal installments are \$466,667.	13,066,665	-
\$1,864,911, 2020 General Obligation Bond due in annual principal installments through January 2041. Administrative fee of 2.000% per annum. Annual principal installments range from \$75,229 to \$109,595. Principal forgiveness of \$37,041 in FY2021.	-	1,752,641
\$5,000,000, 2020 General Obligation Bond due in annual principal installments and semiannual interest installments through November 2036. Interest is charged at a fixed rate ranging from 0.650% to 2.206% per annum. Annual principal installments are \$416,667.	5,000,000	-
\$429,962 Vermont Municipal Bond Bank 2022 Series 1 General Obligation TIF Bond with principal due in annual installments of \$35,279 to \$43,132 through November of 2037. Semi-annual interest charged at a fixed rate of 2.030%.	429,962	
\$970,038 Vermont Municipal Bond Bank 2022 Series 1 General Obligation Bond with principal due in annual installments of \$38,802 with a final payment of \$38,790 due in November of 2046. Semi-annual interest charged at a fixed rate of 2.030%.	970,038	
	<u>\$ 27,931,616</u>	<u>\$ 11,528,301</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG TERM DEBT (CONTINUED)

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

<u>Notes from direct borrowings payable:</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
\$5,862,236, Refinanced note payable to TD Bank, NA for Pension Financing with a fixed interest rate of 1.750% per annum. Note matures on April 6, 2031 with annual principal payments of \$586,224, semi-annual interest payments.	\$ 5,276,012	\$ -
\$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.	950,000	-
\$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.	596,339	-
	<u>\$ 6,822,351</u>	<u>\$ -</u>

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

Governmental activities:

	<u>Bonds Payable</u>		<u>Notes from Direct Borrowings Payable</u>		<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest/Admin.</u>	<u>Principal</u>	<u>Interest/Admin.</u>	
2023	\$ 940,453	\$ 869,046	\$ 889,863	\$ 198,765	\$ 2,898,127
2024	1,273,786	840,770	892,648	176,116	3,183,320
2025	1,273,786	809,429	895,476	152,497	3,131,188
2026	1,615,469	767,661	898,422	129,272	3,410,824
2027	1,615,469	721,349	901,050	105,986	3,343,854
2028-2032	7,901,051	2,901,615	2,344,892	206,831	13,354,389
2033-2037	6,480,468	1,805,684	-	-	8,286,152
2038-2042	2,903,810	1,006,605	-	-	3,910,415
2043-2047	2,527,333	530,764	-	-	3,058,097
2048-2052	1,399,991	86,121	-	-	1,486,112
	<u>\$ 27,931,616</u>	<u>\$ 10,339,044</u>	<u>\$ 6,822,351</u>	<u>\$ 969,467</u>	<u>\$ 46,062,478</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG TERM DEBT (CONTINUED)

Business-type activities:

	<u>Bonds Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest/Admin.</u>	<u>Debt Service</u>
2023	\$ 951,669	\$ 229,903	\$ 1,181,572
2024	968,802	209,721	1,178,523
2025	986,278	182,548	1,168,826
2026	909,087	172,431	1,081,518
2027	927,268	154,249	1,081,517
2028-2032	4,922,053	485,536	5,407,589
2033-2037	1,437,492	91,172	1,528,664
2038-2042	425,652	21,493	447,145
	<u>\$ 11,528,301</u>	<u>\$ 1,547,053</u>	<u>\$ 13,075,354</u>

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of other long-term obligations for the year ended June 30, 2022:

	Balance, 7/1/21 (Restated)	Additions	Deletions	Balance, 6/30/22	Current Portion
<u>Governmental Activities:</u>					
Accrued benefit time	\$ 242,934	\$ 28,709	\$ -	\$ 271,643	\$ 40,746
Post retirement incentive	516,656	220,281	(93,436)	643,501	96,525
Net pension liability	3,416,213	9,299,804	(2,622,662)	10,093,355	-
Total Governmental Activities	<u>\$ 4,175,803</u>	<u>\$ 9,548,794</u>	<u>\$ (2,716,098)</u>	<u>\$ 11,008,499</u>	<u>\$ 137,271</u>

Please see Notes 8, 15 and 16 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, 2022, the City's liability for accrued benefit time is \$271,643.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the City at June 30, 2022:

	Governmental Activities	Business-type Activities
Invested in capital assets	\$ 125,574,190	\$ 63,211,087
Accumulated depreciation	(62,058,753)	(28,618,890)
Outstanding capital related debt	(34,753,967)	(11,528,301)
	<u>\$ 28,761,470</u>	<u>\$ 23,063,896</u>

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NOTE 10 - NONSPENDABLE FUND BALANCES

At June 30, 2022, the City had the following nonspendable fund balances:

General fund:	
Inventory	\$ 48,960
Prepaid items	252,169
Nonmajor special revenue funds (Schedule D)	230
	<u>\$ 301,359</u>

NOTE 11 - RESTRICTED NET POSITION AND FUND BALANCES

At June 30, 2022, the City had the following restricted net position and fund balances:

City Center - TIF funds	\$ 59,259
Nonmajor special revenue funds (Schedule D)	7,204,226
Nonmajor permanent funds (Schedule H)	65,582
	<u>\$ 7,329,067</u>

NOTE 12 - COMMITTED FUND BALANCES

At June 30, 2022, the City had the following committed fund balances:

Capital improvement reserve fund	\$ 3,203,285
Nonmajor special revenue funds (Schedule D)	1,548,235
Nonmajor capital projects funds (Schedule F)	1,690,121
Nonmajor permanent funds (Schedule H)	22,654
	<u>\$ 6,464,295</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - ASSIGNED FUND BALANCES

At June 30, 2022, the City had the following assigned fund balances:

General fund:	
Garage bay expansion	\$ 200,000
Paving	200,000
Fire and ambulance critical needs	59,125
Trinity Education Center	13,000
Dorset Street signal	1,228,595
Planning and zoning staffing contingency	150,000
S. Burlington pension plan	100,000
Nonmajor special revenue funds (Schedule D)	266,415
Nonmajor permanent funds (Schedule H)	6,453
	<u>\$ 2,223,588</u>

NOTE 14 - RISK MANAGEMENT

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

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

The City of South Burlington, Vermont is a member of Vermont League of Cities and Towns (VLCT). To provide unemployment coverage, VLCT has established a separate trust of funds (VLCTUT) from member contributions to pay administrative costs, unemployment claims and provide excess reinsurance protection. Contributions are based on payroll expense and the previous two-year unemployment compensation experience. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VLCTUT is unable to meet its required obligations, the program will be terminated with each members assessed their proportionate share of the deficit.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - 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 34 people presently receiving life insurance benefits with an annual cost to the city of \$1,295 in 2022. The liability will change from year to year based on the cost of the insurance and the number of people receiving the insurance benefit. This program is no longer offered to new entrants. Employees are now offered a lump sum payout upon retirement based on contract agreements.

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, 2022, the actual liability for retired employees is \$643,501 and the contingent liability for active employees has been estimated at \$3,504,672.

NOTE 16 - 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.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

At June 30, 2022, the plan membership consisted of the following:

Membership	Public Safety	Non-Public Safety Group
Retired members currently receiving benefits	48	45
Terminated vested or inactive but still employed	26	26
Actively employed members	48	20
Total membership	122	91

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

Benefits Provided

The plan provides retirement, disability and death benefits to plan members and their beneficiaries based on eligibility. Plan eligibility requirements for public safety 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, 2022

NOTE 16 - 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, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - 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, 2022 of \$1,054,371 was made in accordance with actuarially determined requirements through an actuarial valuation performed as of July 1, 2021. This contribution represents 20.57% of covered payroll.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - 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, 2022, the average active employee contribution rate was 7.25% of annual pay.

Investments

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

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

Rate of return - For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.19%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Net Pension Liability

The City's net pension liability was measured as of July 1, 2021 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, 2022 were as follows:

Total pension liability	\$ 48,594,728
Plan fiduciary net position	<u>40,200,244</u>
Net pension liability	<u><u>\$ 8,394,484</u></u>
Plan fiduciary net position as a percentage of the total pension liability	82.73%
Net pension liability as a percentage of covered valuation payroll	151.82%

Significant Actuarial Assumptions and Methods

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<i>Actuarial valuation date</i>	July 1, 2022	
<i>Valuation interest (pre- and post-retirement)</i>	7.25%	
<i>Compensation annual rate of increase</i>	Public Safety - 5.00%; Non-public Safety - 4.00%	
<i>Valuation compensation:</i>	Public Safety:	Non-public Safety:
Compensation paid during the plan year preceding the valuation date	Base compensation plus overtime not to exceed 25% of base pay	Total compensation
Employee contribution rate (public safety only)	Police - 7.50% Fire - 7.50%	
Assumed retirement age	Public Safety - Age 53, Non- Public Safety -Normal retirement age, Terminated Public Safety Participants - Age 50	
Mortality (pre- and post-retirement)	NPS - Pri-2012 Total Dataset projected generationally with scale MP2021	

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

The *long-term expected rate of return* on pension plan assets was determined using a building block method in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2022 are summarized on the table below:

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Discount Rate

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

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

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

	1% Decrease	Discount Rate	1% Increase
Discount rate	6.25%	7.25%	8.25%
City's proportionate share of the net pension liability	\$ 330,506	\$ 8,394,484	\$ 14,470,797

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, 2022, the City recognized pension expense of \$438,909. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 139,979	\$ 118,059
Changes of assumptions	185,790	45,525
Net difference between projected and actual earnings on pension plan investments	7,264,086	4,248,683
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 7,589,855</u>	<u>\$ 4,412,267</u>

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

Plan year ended June 30:	
2023	\$ 809,559
2024	522,708
2025	218,637
2026	1,626,684
2027	1
Thereafter	-

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2020 (the most recent data available), the retirement system consisted of 15,548 participating members.

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

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

Benefits Provided

The pension plan is divided into four membership groups:

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

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Contributions

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2021 are as follows:

VMERS	Group A	Group B	Group C	Group D
Employee Contributions	3.250% of gross salary	5.625% of gross salary	10.750% of gross salary	12.100% of gross salary
Employer Contributions	4.750% of gross salary	6.250% of gross salary	8.000% of gross salary	10.600% 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, 2022 totaled \$344,916. The City contributed \$336,103 for the year ended June 30, 2022. The City's total payroll for the year ended June 30, 2022 for all employees covered under this plan was \$4,980,671.

Pension Liabilities

At June 30, 2022, the City reported a liability of \$1,698,871 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2021 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2020. 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, 2021, the City's proportion was 1.15425% for VMERS, which was an increase of 0.06553% from its proportion measured as of June 30, 2020 for VMERS.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2022, the City recognized pension expense of \$176,520 for the VMERS plan. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>VMERS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 316,639	\$ -
Changes of assumptions	268,532	-
Net difference between projected and actual earnings on pension plan investments	-	1,001,702
Changes in proportion and differences between contributions and proportionate share of contributions	320,195	-
Contributions subsequent to the measurement date	<u>336,103</u>	<u>-</u>
Total	<u>\$ 1,241,469</u>	<u>\$ 1,001,702</u>

\$336,103 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>VMERS</u>
Plan year ended June 30:	
2022	\$ 127,012
2023	66,302
2024	(41,717)
2025	(247,933)
2026	-
Thereafter	-

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Significant Actuarial Assumptions and Methods

The total pension liability for the June 30, 2021 measurement date was determined by rolling forward the total pension liability as of June 30, 2020 to June 30, 2021. The total pension liability was calculated using the following actuarial assumptions:

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

Inflation: 2.30%

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

Deaths After Retirement: Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based on historical and current demographic data, adjusted to reflect health characteristics of the underlying groups and estimated future experience and professional judgment. The mortality tables were then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Pre-Retirement:

- Groups A/B/C - 40% PubG-2010 General Employee Amount-Weighted below-median and 60% of PubG-2010 General Employee Amount-Weighted, with generational projection using Scale MP-2019.
- Group D - PubG-2010 General Employee Amount-Weighted above-median, with generational projection using scale MP-2019.

Healthy Post-Retirement - Retirees:

- Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted below-median and 60% of PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019.
- Group D - PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019.

Disabled Post-Retirement:

- All Groups - PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using Scale MP-2019.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

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

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

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2021 COLA is 0.40% for all groups. The January 1, 2022 COLA is 2.00% for Group A members and 2.30% for Group B, C and D members.

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

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

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Passive Global Equities	24.00%	5.05%
Active Global Equities	5.00%	5.05%
US Equity - Large Cap	4.00%	4.00%
US Equity - Small/Mid Cap	3.00%	4.50%
Non-US Developed Market Equities	7.00%	5.50%
Non-US Equity - Small Cap	0.00%	0.00%
Emerging Markets Debt	4.00%	3.00%
Core Bonds	19.00%	0.00%
Private and Alternative Credit	10.00%	4.75%
US TIPS	3.00%	-0.50%
Core Real Estate	4.00%	3.75%
Non-Core Real Estate	4.00%	5.75%
Private Equity	10.00%	6.75%
Infrastructure/Farmland	3.00%	4.25%

Discount Rate

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

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

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.00%	7.00%	8.00%
City's proportionate share of the net pension liability	\$ 3,357,916	\$ 1,698,871	\$ 334,651

Pension Plan Fiduciary Net Position

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

NOTE 17 - DEFERRED COMPENSATION PLAN

MISSION SQUARE RETIREMENT

A. Plan Description

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

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

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 - DEFERRED COMPENSATION PLAN (CONTINUED)

Funding Policy

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

The City's contributions to the plan including employee contributions for 2022, 2021, 2020 and 2019 were \$810,859, \$770,266, \$662,710 and \$749,639, respectively.

NOTE 18 - DEFICIT FUND BALANCE

At June 30, 2022 the City had the following deficit fund balance:

Nonmajor special revenue funds (Schedule D):	
Indoor recreation center (285)	<u>\$ 164,136</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.

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 19 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

NOTE 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 - COLLATERALIZATION

At June 30, 2022, the City has an outstanding irrevocable stand-by letter of credit issued by FHL Bank of Pittsburg serving as collateral for its deposits held at TD Bank, NA. The May 10, 2022, letter of credit for \$27,000,000 expires on August 10, 2022. There were no draws for the year ended June 30, 2022.

NOTE 22 - OPERATING LEASE

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

2023	\$	30,785
2024		<u>7,753</u>
Total minimum lease payments		38,538
Less: Amount representing interest		<u>-</u>
Present value of future minimum lease payments	\$	<u><u>38,538</u></u>

NOTE 23 - RESTATEMENTS

In 2022, the City determined that certain transactions in prior years had been recorded incorrectly, therefore, a restatement to the 2021 government-wide activities, accrued benefit time and capital assets were required. The beginning net position and capital asset balance were restated by \$99,919 to correct the capital asset balance. The net capital asset balance was increased by \$99,919 for government-wide activities. The accrued benefit time beginning balance was decreased by \$600,750. The resulting restatements increased governmental activities net position from \$33,440,320 to \$40,247,918.

Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- Schedule of Changes in Net Pension Liability and Related Ratios - Employees' Pension Plan
- Schedule of Contributions - Employees' Pension Plan
- Schedule of Investment Returns
- Schedule of Funding Progress - Employees' Pension Plan
- Notes to Required Supplementary Information

CITY OF SOUTH BURLINGTON, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1	\$ 2,812,268	\$ 2,812,268	\$ 2,812,268	\$ -
Resources (Inflows):				
General tax revenue - municipal and education	64,929,372	64,929,372	65,258,008	328,636
Intergovernmental revenue	825,000	825,000	1,105,661	280,661
Charges for services	3,840,893	3,840,893	4,719,166	878,273
Other revenue	36,500	36,500	13,291	(23,209)
Transfers from other funds	37,579	37,579	295,463	257,884
Amounts Available for Appropriation	<u>72,481,612</u>	<u>72,481,612</u>	<u>74,203,857</u>	<u>1,722,245</u>
Charges to Appropriations (Outflows):				
General government	8,724,246	8,724,246	8,552,323	171,923
Public safety	8,857,400	8,857,400	9,199,136	(341,736)
Public works	3,221,317	3,221,317	2,875,135	346,182
Social services	763,543	763,543	773,739	(10,196)
Recreation and culture	1,798,880	1,798,880	1,639,368	159,512
Debt service:				
Principal	1,020,387	1,020,387	1,211,245	(190,858)
Interest	480,972	480,972	305,985	174,987
Education	42,923,659	42,923,659	42,923,659	-
Transfers to other funds	1,878,940	1,878,940	1,902,578	(23,638)
Total Charges to Appropriations	<u>69,669,344</u>	<u>69,669,344</u>	<u>69,383,168</u>	<u>286,176</u>
Budgetary Fund Balance, June 30	<u>\$ 2,812,268</u>	<u>\$ 2,812,268</u>	<u>\$ 4,820,689</u>	<u>\$ 2,008,421</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>VMERS:</u>									
Proportion of the net pension liability	1.15%	1.09%	0.93%	0.73%	0.58%	0.52%	0.41%	0.31%	0.29%
Proportionate share of the net pension liability	\$ 1,698,871	\$ 2,754,179	\$ 1,619,994	\$ 1,019,989	\$ 707,670	\$ 669,756	\$ 314,202	\$ 31,441	\$ 112,493
Covered payroll	\$ 4,011,214	\$ 3,642,168	\$ 2,869,100	\$ 2,223,744	\$ 1,734,340	\$ 1,438,095	\$ 1,059,889	\$ 962,454	\$ 907,232
Proportionate share of the net pension liability as a percentage of its covered payroll	42.35%	75.62%	56.46%	45.87%	40.80%	46.57%	29.64%	3.27%	12.40%
Plan fiduciary net position as a percentage of the total pension liability	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%	92.71%

* 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 auditor's report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF CONTRIBUTIONS - PENSIONS
LAST 10 FISCAL YEARS*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>VMERS:</u>									
Contractually required contribution	\$ 336,103	\$ 256,629	\$ 220,562	\$ 161,387	\$ 122,306	\$ 95,389	\$ 79,095	\$ 147,760	\$ 126,668
Contributions in relation to the contractually required contribution	<u>(336,103)</u>	<u>(256,629)</u>	<u>(220,562)</u>	<u>(161,387)</u>	<u>(122,306)</u>	<u>(95,389)</u>	<u>(79,095)</u>	<u>(147,760)</u>	<u>(126,668)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,980,671	\$ 4,011,214	\$ 3,642,168	\$ 2,869,100	\$ 2,223,744	\$ 1,734,340	\$ 1,438,095	\$ 1,059,889	\$ 962,454
Contributions as a percentage of covered payroll	6.75%	6.40%	6.06%	5.63%	5.50%	5.50%	5.50%	13.94%	13.16%

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

See accompanying independent auditor's 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*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 775,869	\$ 992,644	\$ 992,682	\$ 1,049,187	\$ 966,711	\$ 932,286	\$ 804,013	\$ 764,636	\$ 649,470
Interest	3,341,616	3,237,160	3,090,936	2,949,206	2,756,390	2,548,930	2,337,631	2,177,059	1,970,702
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Difference between actual and expected experience	161,558	(194,956)	57,126	(294,839)	896,053	52,789	445,709	558,135	3,091,068
Changes of assumptions	-	(16,031)	(145,632)	165,987	(360,328)	1,047,528	600,947	(70,880)	(1,677,930)
Benefit payments	(2,248,480)	(2,077,646)	(1,929,009)	(1,816,072)	(1,615,723)	(1,413,887)	(1,328,091)	(1,247,876)	(1,315,889)
Net change in total pension liability	2,030,563	1,941,171	2,066,103	2,053,469	2,643,103	3,167,646	2,860,209	2,181,074	2,717,421
Total pension liability - beginning	46,564,165	44,622,994	42,556,891	40,503,422	37,860,319	34,692,673	31,832,464	29,651,390	26,933,969
Total pension liability - ending (a)	\$ 48,594,728	\$ 46,564,165	\$ 44,622,994	\$ 42,556,891	\$ 40,503,422	\$ 37,860,319	\$ 34,692,673	\$ 31,832,464	\$ 29,651,390
Plan fiduciary net position									
Contributions - employer	\$ 1,054,731	\$ 1,302,918	\$ 1,384,798	\$ 1,394,798	\$ 1,246,468	\$ 1,037,443	\$ 765,860	\$ 1,192,750	\$ -
Contributions - employee	368,209	373,582	379,719	349,543	337,958	313,535	305,476	297,142	310,118
Net investment income	(4,876,347)	9,685,649	1,020,614	1,695,376	2,415,936	3,457,472	(306,473)	451,391	4,043,122
Benefit payments	(2,248,480)	(2,077,646)	(1,929,009)	(1,816,072)	(1,615,723)	(1,413,888)	(1,328,091)	(1,247,876)	(1,315,889)
Other	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(5,701,887)	9,284,503	856,122	1,623,645	2,384,639	3,394,562	(563,228)	693,407	3,037,351
Plan fiduciary net position - beginning	45,902,131	36,617,628	35,761,506	34,137,861	31,753,222	28,358,660	28,921,888	28,228,481	25,191,130
Plan fiduciary net position - ending (b)	\$ 40,200,244	\$ 45,902,131	\$ 36,617,628	\$ 35,761,506	\$ 34,137,861	\$ 31,753,222	\$ 28,358,660	\$ 28,921,888	\$ 28,228,481
Net pension liability - ending (a) - (b)	\$ 8,394,484	\$ 662,034	\$ 8,005,366	\$ 6,795,385	\$ 6,365,561	\$ 6,107,097	\$ 6,334,013	\$ 2,910,576	\$ 1,422,909
Plan fiduciary net position as a percentage of the total pension liability	82.73%	98.58%	82.06%	84.03%	84.28%	83.87%	81.74%	90.86%	95.20%
Covered payroll	\$ 5,983,545	\$ 5,983,545	\$ 6,730,654	\$ 6,749,677	\$ 7,041,414	\$ 7,257,365	\$ 7,064,300	\$ 6,743,881	\$ 6,333,287
Net pension liability as a percentage of its covered payroll	140.29%	11.06%	118.94%	100.68%	90.40%	84.15%	89.66%	43.16%	22.47%

* 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 auditor's report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,313,346	\$ 1,313,346	\$ 1,302,918	\$ 1,384,798	\$ 1,246,468	\$ 1,037,443	\$ 765,860	\$ 569,198	\$ 569,550
Contributions in relation to the actuarially determined contribution	(1,054,731)	(1,302,918)	(1,384,798)	(1,394,798)	(1,246,468)	(1,037,443)	(765,860)	(569,198)	(623,552)
Contribution deficiency (excess)	\$ 258,615	\$ 10,428	\$ (81,880)	\$ (10,000)	\$ -	\$ -	\$ -	\$ -	\$ (54,002)
Covered payroll	\$ 5,983,545	\$ 5,983,545	\$ 6,730,654	\$ 6,749,677	\$ 7,041,414	\$ 7,257,365	\$ 7,064,300	\$ 6,743,881	\$ 6,743,881
Contributions as a percentage of covered payroll	17.63%	21.78%	20.57%	20.66%	17.70%	14.30%	10.84%	8.44%	9.25%

Notes to schedule:

Valuation date: July 1, 2022
 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 MP2021
 Employee turnover: Scale Crocker-Sarason T-3
 IRC Section 401(a)(17) maximum compensation limit: \$290,000
 IRC Section 415(b) maximum benefit limit: \$230,000

* 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 auditor's report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF INVESTMENT RETURNS
LAST 10 FISCAL YEARS*

	2022	2021	2020	2019	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	10.19%	6.17%	6.86%	7.25%	7.25%	7.50%	7.50%

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

CITY OF SOUTH BURLINGTON, VERMONT

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

Actuarial Valuation Date	Fair Value of Plan Assets (a)	PV of Accumulated Plan Benefits - Frozen Initial Liability (b)	Unfunded Plan Benefits (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/11	\$22,140,718	\$ 20,777,281	\$ (1,363,437)	106.56%	\$ 6,004,876	-22.71%
7/1/12	22,354,550	22,362,659	8,109	99.96%	5,623,012	0.14%
7/1/13	25,206,769	23,824,374	(1,382,395)	105.80%	5,611,009	-24.64%
7/1/14	28,852,033	24,080,967	(4,771,066)	119.81%	6,333,287	-75.33%
7/1/15	28,921,889	26,436,535	(2,485,354)	109.40%	6,743,881	-36.85%
7/1/16	28,358,660	28,741,050	382,390	98.67%	7,064,300	5.41%
7/1/17	31,753,223	32,098,384	345,161	98.92%	7,257,365	4.76%
7/1/18	34,137,861	34,203,530	65,669	99.81%	7,041,414	0.93%
7/1/19	35,761,506	36,297,464	535,958	98.52%	6,749,677	7.94%
7/1/20	36,617,628	38,180,434	1,562,806	95.91%	6,730,654	23.22%
7/1/21	45,902,131	41,444,055	(4,458,076)	110.76%	6,730,654	-66.24%
7/1/22	40,200,244	42,727,562	2,527,318	94.09%	5,529,140	45.71%

* 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 auditor's report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

Changes of Assumptions

VMERS Pension Plan:

There have been no changes in actuarial assumptions since the last measurement date.

Employees' Pension Plan:

There have been no changes in actuarial assumptions since the last measurement date.

See accompanying independent auditor's report and notes to financial statements.

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, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues:				
Property taxes	\$17,848,413	\$17,848,413	\$ 17,504,861	\$ (343,552)
Property taxes (education)	42,923,659	42,923,659	42,923,659	-
Local options tax	3,800,000	3,800,000	4,431,694	631,694
Interest and penalties	357,300	357,300	397,794	40,494
Intergovernmental revenues:				
Highway aid	225,000	225,000	398,366	173,366
Grants	600,000	600,000	707,295	107,295
Charges for services:				
Administrative services	517,632	517,632	626,165	108,533
Fire department	510,700	510,700	953,494	442,794
Other city clerk fees	312,000	312,000	354,823	42,823
Building and sign permits	95,000	95,000	126,968	31,968
Other planning fees	258,100	258,100	540,767	282,667
Vermont district court	10,000	10,000	7,334	(2,666)
Police department	442,375	442,375	366,493	(75,882)
Highway department	725,386	725,386	773,264	47,878
Recreation	207,600	207,600	122,372	(85,228)
Ambulance	755,000	755,000	839,119	84,119
Library	7,100	7,100	8,367	1,267
Other income				
Miscellaneous	36,500	36,500	13,291	(23,209)
Transfers from other funds	37,579	37,579	295,463	257,884
Total amounts available for appropriation	<u>\$69,669,344</u>	<u>\$69,669,344</u>	<u>\$ 71,391,589</u>	<u>\$ 1,722,245</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General government					
City council	\$ 86,690	\$ -	\$ 86,690	\$ 91,325	\$ (4,635)
Employee benefits	5,508,595	-	5,508,595	5,179,634	328,961
City manager	450,292	-	450,292	479,948	(29,656)
City clerk	261,237	-	261,237	246,728	14,509
Legal/accounting/actuary	319,464	-	319,464	279,222	40,242
Administrative services	1,120,930	-	1,120,930	1,155,397	(34,467)
Information technology	271,001	-	271,001	319,992	(48,991)
Assessing/tax	303,083	-	303,083	342,417	(39,334)
Planning/design review	402,954	-	402,954	457,660	(54,706)
	<u>8,724,246</u>	<u>-</u>	<u>8,724,246</u>	<u>8,552,323</u>	<u>171,923</u>
Public safety					
Fire department	3,389,789	-	3,389,789	3,623,066	(233,277)
Ambulance	194,350	-	194,350	167,750	26,600
Police department	5,273,261	-	5,273,261	5,408,320	(135,059)
	<u>8,857,400</u>	<u>-</u>	<u>8,857,400</u>	<u>9,199,136</u>	<u>(341,736)</u>
Public works					
Highway department	3,221,317	-	3,221,317	2,875,135	346,182
	<u>3,221,317</u>	<u>-</u>	<u>3,221,317</u>	<u>2,875,135</u>	<u>346,182</u>
Social services					
County court	145,000	-	145,000	145,957	(957)
Winooski Valley Park	63,320	-	63,320	63,320	-
C.C.T.A	519,232	-	519,232	528,471	(9,239)
Regional planning	35,991	-	35,991	35,991	-
	<u>763,543</u>	<u>-</u>	<u>763,543</u>	<u>773,739</u>	<u>(10,196)</u>

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Recreation and culture					
Recreation administration	362,722	-	362,722	309,048	53,674
Programs	23,000	-	23,000	10,035	12,965
Red Rocks Park	11,000	-	11,000	12,688	(1,688)
Facilities	41,400	-	41,400	21,766	19,634
Contracted programs	199,000	-	199,000	127,256	71,744
Community library	814,255	-	814,255	750,299	63,956
Park maintenance	312,503	-	312,503	340,676	(28,173)
Capital items	35,000	-	35,000	67,600	(32,600)
	<u>1,798,880</u>	<u>-</u>	<u>1,798,880</u>	<u>1,639,368</u>	<u>159,512</u>
Debt service					
Principal Kennedy drive recon.	22,494	-	22,494	22,508	(14)
Principal Lime Kiln bridge	22,494	-	22,494	22,508	(14)
Prinicpal F/D building improvements	29,992	-	29,992	30,005	(13)
Principal police headquarters	360,000	-	360,000	360,000	-
Principal communication equipment	190,000	-	190,000	190,000	-
Principal pension liability	395,407	-	395,407	586,224	(190,817)
Interest Kennedy drive recon.	3,926	-	3,926	2,459	1,467
Interest Lime Kiln bridge	3,926	-	3,926	2,459	1,467
Interest F/D building improvements	5,264	-	5,264	3,277	1,987
Interest police headquarters	160,866	-	160,866	160,866	-
Interest communication equipment	22,002	-	22,002	22,330	(328)
Interest sewer fund note	12,005	-	12,005	12,005	-
Interest and prepayment penalty pension liability	272,983	-	272,983	102,589	170,394
	<u>1,501,359</u>	<u>-</u>	<u>1,501,359</u>	<u>1,517,230</u>	<u>(15,871)</u>
Education	<u>42,923,659</u>	<u>-</u>	<u>42,923,659</u>	<u>42,923,659</u>	<u>-</u>
Transfers	<u>1,878,940</u>	<u>-</u>	<u>1,878,940</u>	<u>1,902,578</u>	<u>(23,638)</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 69,669,344</u>	<u>\$ -</u>	<u>\$ 69,669,344</u>	<u>\$ 69,383,168</u>	<u>\$ 286,176</u>

See accompanying independent auditor’s report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 100	\$ -	\$ -	\$ 100
Accounts receivable (net of allowance for uncollectibles)	68,078	-	-	68,078
Prepaid items	230	-	-	230
Due from other funds	8,962,088	1,690,121	100,179	10,752,388
TOTAL ASSETS	<u>\$ 9,030,496</u>	<u>\$ 1,690,121</u>	<u>\$ 100,179</u>	<u>\$ 10,820,796</u>
LIABILITIES				
Due to agencies	\$ -	\$ -	\$ 5,490	\$ 5,490
Due to other funds	175,526	-	-	175,526
TOTAL LIABILITIES	<u>175,526</u>	<u>-</u>	<u>5,490</u>	<u>181,016</u>
FUND BALANCES				
Nonspendable	230	-	-	230
Restricted	7,204,226	-	65,582	7,269,808
Committed	1,548,235	1,690,121	22,654	3,261,010
Assigned	266,415	-	6,453	272,868
Unassigned	(164,136)	-	-	(164,136)
TOTAL FUND BALANCES	<u>8,854,970</u>	<u>1,690,121</u>	<u>94,689</u>	<u>10,639,780</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,030,496</u>	<u>\$ 1,690,121</u>	<u>\$ 100,179</u>	<u>\$ 10,820,796</u>

See accompanying independent auditor's report and notes to financial statements.

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$3,600,097	\$ -	\$ 71,637	\$ 3,671,734
Charges for services	1,059,005	116,284	5,928	1,181,217
Other income	42,833	66,266	9,318	118,417
TOTAL REVENUES	4,701,935	182,550	86,883	4,971,368
EXPENDITURES				
Program expenses	645,148	202,710	665,076	1,512,934
Capital outlay	50,842	115,063	-	165,905
TOTAL EXPENDITURES	695,990	317,773	665,076	1,678,839
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,005,945	(135,223)	(578,193)	3,292,529
OTHER FINANCING SOURCES (USES)				
Transfers in	249,762	344,979	311,870	906,611
Transfers (out)	(169,505)	(260,689)	(100,000)	(530,194)
TOTAL OTHER FINANCING SOURCES (USES)	80,257	84,290	211,870	376,417
NET CHANGE IN FUND BALANCES	4,086,202	(50,933)	(366,323)	3,668,946
FUND BALANCES - JULY 1	4,768,768	1,741,054	461,012	6,970,834
FUND BALANCES - JUNE 30	\$8,854,970	\$1,690,121	\$ 94,689	\$ 10,639,780

See accompanying independent auditor's 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, 2022

	213 Cider Mill Impact Fees	207 Police Forfeiture Fund	210 MPG 10 Natural Resources	211 EMTP Training	212 Fueling Station
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-
Prepaid items	-	-	-	-	-
Due from other funds	6,000	73,207	39,708	42,062	90,200
TOTAL ASSETS	<u>\$ 6,000</u>	<u>\$ 73,207</u>	<u>\$ 39,708</u>	<u>\$ 42,062</u>	<u>\$ 90,200</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	6,000	73,207	-	42,062	90,200
Committed	-	-	-	-	-
Assigned	-	-	39,708	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>6,000</u>	<u>73,207</u>	<u>39,708</u>	<u>42,062</u>	<u>90,200</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 6,000</u>	<u>\$ 73,207</u>	<u>\$ 39,708</u>	<u>\$ 42,062</u>	<u>\$ 90,200</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	214 Housing Trust	216 Clerk Computer- ization	219 Community Justice Grant - 2	220 Recreation Impact Fees	221 Highway Impact Fees	222 Police Impact Fees
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	10,949	-	-	-
Prepaid items	-	-	230	-	-	-
Due from other funds	100,433	196,466	66,972	1,603,580	1,250,653	-
TOTAL ASSETS	<u>\$ 100,433</u>	<u>\$ 196,466</u>	<u>\$ 78,251</u>	<u>\$ 1,603,580</u>	<u>\$ 1,250,653</u>	<u>\$ -</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	230	-	-	-
Restricted	100,433	-	-	1,603,580	-	-
Committed	-	196,466	-	-	1,250,653	-
Assigned	-	-	78,021	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>100,433</u>	<u>196,466</u>	<u>78,251</u>	<u>1,603,580</u>	<u>1,250,653</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 100,433</u>	<u>\$ 196,466</u>	<u>\$ 78,251</u>	<u>\$ 1,603,580</u>	<u>\$ 1,250,653</u>	<u>\$ -</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2022

	226	227	228	230	233	234
	Community Garden	Records Preservation	Reparative Board	Dorset Street H2O Milot	Fed EECBG #1 Energy	Road Opening Impact Fees
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	31,575	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	9,455	41,429	1,633	-	7,466	16,000
TOTAL ASSETS	<u>\$ 9,455</u>	<u>\$ 41,429</u>	<u>\$ 1,633</u>	<u>\$ 31,575</u>	<u>\$ 7,466</u>	<u>\$ 16,000</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ 11,390	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,390</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	20,185	-	-
Committed	9,455	-	1,633	-	-	16,000
Assigned	-	41,429	-	-	7,466	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>9,455</u>	<u>41,429</u>	<u>1,633</u>	<u>20,185</u>	<u>7,466</u>	<u>16,000</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 9,455</u>	<u>\$ 41,429</u>	<u>\$ 1,633</u>	<u>\$ 31,575</u>	<u>\$ 7,466</u>	<u>\$ 16,000</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2022

	235 FEMA Medic Grant	243 South Village Rec. Impact	244 Public Art City Center	247 Conference Room Rental	251 Fields Use Impact Fees	253 Health Insurance Reserve
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	58,502	392,145	5,000	4,250	75,582	355,000
TOTAL ASSETS	\$ 58,502	\$ 392,145	\$ 5,000	\$ 4,250	\$ 75,582	\$ 355,000
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	58,502	392,145	-	-	-	355,000
Committed	-	-	-	-	-	-
Assigned	-	-	5,000	4,250	75,582	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	58,502	392,145	5,000	4,250	75,582	355,000
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 58,502	\$ 392,145	\$ 5,000	\$ 4,250	\$ 75,582	\$ 355,000

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2022

	256 Human Trafficking Grant	258 Aviation Fund	265 Tree Maintenance	269 MPG/Traffic Overlay Grant	282 American Rescue Plan	285 Indoor Rec Center
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	25,554	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	29,477	430,256	5,300	4,207	3,658,633	-
TOTAL ASSETS	<u>\$ 55,031</u>	<u>\$ 430,256</u>	<u>\$ 5,300</u>	<u>\$ 4,207</u>	<u>\$ 3,658,633</u>	<u>\$ -</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,136
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,136</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	55,031	430,256	5,300	4,207	3,658,633	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(164,136)
TOTAL FUND BALANCES (DEFICITS)	<u>55,031</u>	<u>430,256</u>	<u>5,300</u>	<u>4,207</u>	<u>3,658,633</u>	<u>(164,136)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 55,031</u>	<u>\$ 430,256</u>	<u>\$ 5,300</u>	<u>\$ 4,207</u>	<u>\$ 3,658,633</u>	<u>\$ -</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2022

	288 A/P A/Guard Enviromental	298 Sick Bank	611 Senior Citizens	620 Police Bequeath Fund	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 100
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	68,078
Prepaid items	-	-	-	-	230
Due from other funds	-	309,485	14,959	74,028	8,962,088
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 309,485</u>	<u>\$ 14,959</u>	<u>\$ 74,028</u>	<u>\$ 9,030,496</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 175,526
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,526</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	230
Restricted	-	309,485	-	-	7,204,226
Committed	-	-	-	74,028	1,548,235
Assigned	-	-	14,959	-	266,415
Unassigned	-	-	-	-	(164,136)
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>309,485</u>	<u>14,959</u>	<u>74,028</u>	<u>8,854,970</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)					
	<u>\$ -</u>	<u>\$ 309,485</u>	<u>\$ 14,959</u>	<u>\$ 74,028</u>	<u>\$ 9,030,496</u>

See accompanying independent auditor's 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, 2022

	213 Cider Mill Impact Fees	207 Police Forfeiture Fund	210 MPG 10 Natural Resources	211 EMTP Training	212 Fueling Station
REVENUES					
Intergovernmental revenue	\$ -	\$ 30,202	\$ -	\$ -	\$ -
Charges for services	6,000	-	-	-	-
Other income	-	-	-	-	-
TOTAL REVENUES	<u>6,000</u>	<u>30,202</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Program expenses	-	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,000</u>	<u>30,202</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	22,062	8,200
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,062</u>	<u>8,200</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	6,000	30,202	-	22,062	8,200
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>43,005</u>	<u>39,708</u>	<u>20,000</u>	<u>82,000</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 6,000</u>	<u>\$ 73,207</u>	<u>\$ 39,708</u>	<u>\$ 42,062</u>	<u>\$ 90,200</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, 2022

	214 Housing Trust	216 Clerk Computer- ization	219 Community Justice Grant - 2	220 Recreation Impact Fees	221 Highway Impact Fees	222 Police Impact Fees
REVENUES						
Intergovernmental revenue	\$ -	\$ 90,368	\$ 130,488	\$ -	\$ -	\$ -
Charges for services	-	-	1,120	379,445	448,134	140,463
Other income	333	-	17,912	-	-	-
TOTAL REVENUES	<u>333</u>	<u>90,368</u>	<u>149,520</u>	<u>379,445</u>	<u>448,134</u>	<u>140,463</u>
EXPENDITURES						
Program expenses	-	136,050	148,221	298	-	-
Capital outlay	-	-	-	48,527	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>136,050</u>	<u>148,221</u>	<u>48,825</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>333</u>	<u>(45,682)</u>	<u>1,299</u>	<u>330,620</u>	<u>448,134</u>	<u>140,463</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	50,000	-	-	-	-	-
Transfers (out)	-	-	-	-	(13,078)	(140,463)
TOTAL OTHER FINANCING SOURCES (USES)	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,078)</u>	<u>(140,463)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	50,333	(45,682)	1,299	330,620	435,056	-
FUND BALANCES (DEFICITS) - JULY 1	<u>50,100</u>	<u>242,148</u>	<u>76,952</u>	<u>1,272,960</u>	<u>815,597</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 100,433</u>	<u>\$ 196,466</u>	<u>\$ 78,251</u>	<u>\$ 1,603,580</u>	<u>\$ 1,250,653</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, 2022

	226	227	228	230	233	234
	Community	Records	Reparative	Dorset	Fed	Road
	Garden	Preservation	Board	Street H2O	EECBG #1	Opening
				Milot	Energy	Impact Fees
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other income	2,350	72	-	-	(94)	-
TOTAL REVENUES	<u>2,350</u>	<u>72</u>	<u>-</u>	<u>-</u>	<u>(94)</u>	<u>-</u>
EXPENDITURES						
Program expenses	1,462	33,688	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>1,462</u>	<u>33,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>888</u>	<u>(33,616)</u>	<u>-</u>	<u>-</u>	<u>(94)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	888	(33,616)	-	-	(94)	-
FUND BALANCES (DEFICITS) - JULY 1	<u>8,567</u>	<u>75,045</u>	<u>1,633</u>	<u>20,185</u>	<u>7,560</u>	<u>16,000</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 9,455</u>	<u>\$ 41,429</u>	<u>\$ 1,633</u>	<u>\$ 20,185</u>	<u>\$ 7,466</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, 2022

	235 FEMA Medic Grant	243 South Village Rec. Impact	244 Public Art City Center	247 Conference Room Rental	251 Fields Use Impact Fees	253 Health Insurance Reserve
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	11,656	-	-	72,187	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	-	11,656	-	-	72,187	-
EXPENDITURES						
Program expenses	-	-	-	-	36,630	-
Capital outlay	-	-	-	-	2,315	-
TOTAL EXPENDITURES	-	-	-	-	38,945	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	11,656	-	-	33,242	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	5,000	-	-	27,000
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	5,000	-	-	27,000
NET CHANGE IN FUND BALANCES (DEFICITS)	-	11,656	5,000	-	33,242	27,000
FUND BALANCES (DEFICITS) - JULY 1	58,502	380,489	-	4,250	42,340	328,000
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 58,502</u>	<u>\$ 392,145</u>	<u>\$ 5,000</u>	<u>\$ 4,250</u>	<u>\$ 75,582</u>	<u>\$ 355,000</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, 2022

	256 Human Trafficking Grant	258 Aviation Fund	265 Tree Maintenance	269 MPO/Traffic Overlay Grant	282 American Rescue Plan	285 Indoor Rec Center
REVENUES						
Intergovernmental revenue	\$ 86,216	\$ 430,256	\$ 5,300	\$ -	\$ 2,827,267	\$ -
Charges for services	-	-	-	-	-	-
Other income	-	-	-	-	7,233	-
TOTAL REVENUES	<u>86,216</u>	<u>430,256</u>	<u>5,300</u>	<u>-</u>	<u>2,834,500</u>	<u>-</u>
EXPENDITURES						
Program expenses	83,455	-	-	-	108,185	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>83,455</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,185</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,761</u>	<u>430,256</u>	<u>5,300</u>	<u>-</u>	<u>2,726,315</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	2,761	430,256	5,300	-	2,726,315	-
FUND BALANCES (DEFICITS) - JULY 1	<u>52,270</u>	<u>-</u>	<u>-</u>	<u>4,207</u>	<u>932,318</u>	<u>(164,136)</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 55,031</u>	<u>\$ 430,256</u>	<u>\$ 5,300</u>	<u>\$ 4,207</u>	<u>\$ 3,658,633</u>	<u>\$ (164,136)</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, 2022

	288 A/P A/Guard Enviromental	298 Sick Bank	611 Senior Citizens	620 Police Bequeath Fund	Total
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 3,600,097
Charges for services	-	-	-	-	1,059,005
Other income	-	10,027	-	5,000	42,833
TOTAL REVENUES	<u>-</u>	<u>10,027</u>	<u>-</u>	<u>5,000</u>	<u>4,701,935</u>
EXPENDITURES					
Program expenses	-	68,827	1,525	26,807	645,148
Capital outlay	-	-	-	-	50,842
TOTAL EXPENDITURES	<u>-</u>	<u>68,827</u>	<u>1,525</u>	<u>26,807</u>	<u>695,990</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(58,800)</u>	<u>(1,525)</u>	<u>(21,807)</u>	<u>4,005,945</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	137,500	-	-	249,762
Transfers (out)	(15,964)	-	-	-	(169,505)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,964)</u>	<u>137,500</u>	<u>-</u>	<u>-</u>	<u>80,257</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(15,964)	78,700	(1,525)	(21,807)	4,086,202
FUND BALANCES (DEFICITS) - JULY 1	<u>15,964</u>	<u>230,785</u>	<u>16,484</u>	<u>95,835</u>	<u>4,768,768</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ 309,485</u>	<u>\$ 14,959</u>	<u>\$ 74,028</u>	<u>\$ 8,854,970</u>

See accompanying independent auditor's 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, 2022

	301 Reappraisal Fund	242 Energy Project Rev. Fund	307 Ambulance Equipment Replacement
ASSETS			
Due from other funds	\$ 155,676	\$ 61,795	\$ 5,000
TOTAL ASSETS	<u>\$ 155,676</u>	<u>\$ 61,795</u>	<u>\$ 5,000</u>
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	155,676	61,795	5,000
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>155,676</u>	<u>61,795</u>	<u>5,000</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 155,676</u>	<u>\$ 61,795</u>	<u>\$ 5,000</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2022

	309 Open Space Special Assessment	323 ARRA Quarry Ridge S/W	324 ARRA Twin Oaks
ASSETS			
Due from other funds	\$ 1,467,650	\$ -	\$ -
TOTAL ASSETS	\$ 1,467,650	\$ -	\$ -
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	1,467,650	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES (DEFICITS)	1,467,650	-	-
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)			
	\$ 1,467,650	\$ -	\$ -

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2022

	325 ARRA Ridgewood	326 ARRA Winding Brook	327 ARRA Harbor Heights	328 Hayes Avenue Stormwater	Total
ASSETS					
Due from other funds	\$ -	\$ -	\$ -	\$ -	\$ 1,690,121
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,690,121</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	1,690,121
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,690,121</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,690,121</u>

See accompanying independent auditor's 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, 2022

	301 Reappraisal Fund	242 Energy Project Rev. Fund	307 Ambulance Equipment Replacement
REVENUES			
Charges for services	\$ -	\$ 116,284	\$ -
TOTAL REVENUES	<u>66,266</u>	<u>116,284</u>	<u>-</u>
EXPENDITURES			
Program expenses	65,623	9,445	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	<u>65,623</u>	<u>9,445</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>643</u>	<u>106,839</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	28,441	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>28,441</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	643	135,280	-
FUND BALANCES (DEFICITS) - JULY 1	<u>155,033</u>	<u>(73,485)</u>	<u>5,000</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 155,676</u>	<u>\$ 61,795</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, 2022

	309 Open Space Special Assessment	323 ARRA Quarry Ridge S/W	324 ARRA Twin Oaks
REVENUES			
Charges for services	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Program expenses	127,642	-	-
Capital outlay	115,063	-	-
TOTAL EXPENDITURES	<u>242,705</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(242,705)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	310,870	-	-
Transfers (out)	-	(37,327)	(106,248)
TOTAL OTHER FINANCING SOURCES (USES)	<u>310,870</u>	<u>(37,327)</u>	<u>(106,248)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	68,165	(37,327)	(106,248)
FUND BALANCES (DEFICITS) - JULY 1	<u>1,399,485</u>	<u>37,327</u>	<u>106,248</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,467,650</u>	<u>\$ -</u>	<u>\$ -</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, 2022

	325 ARRA Ridgewood	326 ARRA Winding Brook	327 ARRA Harbor Heights	328 Hayes Avenue Stormwater	Total
REVENUES					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 116,284
Other income	-	-	-	-	66,266
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,550</u>
EXPENDITURES					
Program expenses	-	-	-	-	202,710
Capital outlay	-	-	-	-	115,063
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>317,773</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(135,223)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	5,668	344,979
Transfers (out)	\$ (60,517)	(45,061)	(11,536)	-	(260,689)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(60,517)</u>	<u>(45,061)</u>	<u>(11,536)</u>	<u>5,668</u>	<u>84,290</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(60,517)	(45,061)	(11,536)	5,668	(50,933)
FUND BALANCES (DEFICITS) - JULY 1	<u>60,517</u>	<u>45,061</u>	<u>11,536</u>	<u>(5,668)</u>	<u>1,741,054</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,690,121</u>

See accompanying independent auditor's 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, 2022

	Cemetery Trust	Community Library Trust	Penny for Paths	Veterans Memorial
ASSETS				
Due from other funds	\$ 14,399	\$ 24,574	\$ 20,617	\$ 6,453
TOTAL ASSETS	\$ 14,399	\$ 24,574	\$ 20,617	\$ 6,453
LIABILITIES				
Due to agencies	\$ -	\$ -	\$ 8	\$ -
TOTAL LIABILITIES	-	-	8	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	14,399	24,574	20,609	-
Committed	-	-	-	-
Assigned	-	-	-	6,453
Unassigned	-	-	-	-
TOTAL FUND BALANCES	14,399	24,574	20,609	6,453
TOTAL LIABILITIES AND FUND BALANCE	\$ 14,399	\$ 24,574	\$ 20,617	\$ 6,453

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2022

	Recreation Path Donations	Fire Department Donations	Dog Park Donations	Total
ASSETS				
Due from other funds	\$ 11,482	\$ 4,882	\$ 17,772	\$ 100,179
TOTAL ASSETS	<u>\$ 11,482</u>	<u>\$ 4,882</u>	<u>\$ 17,772</u>	<u>\$ 100,179</u>
LIABILITIES				
Due to agencies	\$ 5,482	\$ -	\$ -	\$ 5,490
TOTAL LIABILITIES	<u>5,482</u>	<u>-</u>	<u>-</u>	<u>5,490</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	6,000	-	-	65,582
Committed	-	4,882	17,772	22,654
Assigned	-	-	-	6,453
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>6,000</u>	<u>4,882</u>	<u>17,772</u>	<u>94,689</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 11,482</u>	<u>\$ 4,882</u>	<u>\$ 17,772</u>	<u>\$ 100,179</u>

See accompanying independent auditor's 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, 2022

	Cemetery Trust	Community Library Trust	Penny for Paths	Veterans Memorial
REVENUES				
Intergovernmental	\$ -	\$ 39,032	\$ 32,605	\$ -
Charges for services	-	-	-	-
Other income	1,800	6,493	-	-
TOTAL REVENUES	<u>1,800</u>	<u>45,525</u>	<u>32,605</u>	<u>-</u>
EXPENDITURES				
Other	100	41,300	623,483	193
TOTAL EXPENDITURES	<u>100</u>	<u>41,300</u>	<u>623,483</u>	<u>193</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,700</u>	<u>4,225</u>	<u>(590,878)</u>	<u>(193)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000	-	310,870	-
Transfers (out)	-	-	(100,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,000</u>	<u>-</u>	<u>210,870</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2,700	4,225	(380,008)	(193)
FUND BALANCES - JULY 1	<u>11,699</u>	<u>20,349</u>	<u>400,617</u>	<u>6,646</u>
FUND BALANCES - JUNE 30	<u>\$ 14,399</u>	<u>\$ 24,574</u>	<u>\$ 20,609</u>	<u>\$ 6,453</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, 2022

	Recreation Path Donations	Fire Department Donations	Dog Park Donations	Total
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ 71,637
Charges for services	-	-	5,928	5,928
Other income	-	1,000	25	9,318
TOTAL REVENUES	-	1,000	5,953	86,883
EXPENDITURES				
Other	-	-	-	665,076
TOTAL EXPENDITURES	-	-	-	665,076
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	1,000	5,953	(578,193)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	311,870
Transfers (out)	-	-	-	(100,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	211,870
NET CHANGE IN FUND BALANCES	-	1,000	5,953	(366,323)
FUND BALANCES - JULY 1	6,000	3,882	11,819	461,012
FUND BALANCES - JUNE 30	\$ 6,000	\$ 4,882	\$ 17,772	\$ 94,689

See accompanying independent auditor's 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, 2022

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General Government	\$ 375,532	\$ 1,773,721	\$ 71,230	\$ 9,371,056	\$ 11,591,539
Ambulance	-	-	59,628	-	59,628
Fire	1,118,500	6,336,227	6,518,352	-	13,973,079
Police	-	8,828,410	2,146,505	-	10,974,915
Public Works	493,924	791,049	4,651,296	50,109,675	56,045,944
Library	14,862,972	-	6,756	-	14,869,728
Recreation	2,679,438	249,752	165,406	2,087,056	5,181,652
Health	-	681,648	-	108,305	789,953
City Wide	9,575,479	1,268,910	1,243,363	-	12,087,752
Storm Water Utilities	30,000	154,994	1,052,428	9,671,445	10,908,867
Water Pollution Control	488,000	38,976,351	1,024,973	4,482,248	44,971,572
Water Department	-	-	7,330,648	-	7,330,648
Total General Capital Assets	29,623,845	59,061,062	24,270,585	75,829,785	188,785,277
Less: Accumulated Depreciation	-	(32,041,658)	(15,282,637)	(43,353,348)	(90,677,643)
Net General Capital Assets	<u>\$ 29,623,845</u>	<u>\$ 27,019,404</u>	<u>\$ 8,987,948</u>	<u>\$ 32,476,437</u>	<u>\$ 98,107,634</u>

See accompanying independent auditor's 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, 2022

	General Capital Assets 7/1/21 (Restated)	Additions	Transfers/ Disposals	General Capital Assets 6/30/22
General Government	\$ 11,565,277	\$ 26,262	\$ -	\$ 11,591,539
Ambulance	59,628	-	-	59,628
Fire	13,832,784	140,295	-	13,973,079
Police	10,825,520	201,764	(52,369)	10,974,915
Public Works	54,710,524	1,477,970	(142,550)	56,045,944
Library	14,389,513	480,215	-	14,869,728
Recreation	5,208,817	-	(27,165)	5,181,652
Health	789,953	-	-	789,953
City Wide	10,584,710	1,503,042	-	12,087,752
Storm Water Utilities	10,869,374	39,493	-	10,908,867
Water Pollution Control	44,725,034	246,538	-	44,971,572
Water Department	7,967,582	107,661	(744,595)	7,330,648
Total General Capital Assets	185,528,716	4,223,240	(966,679)	188,785,277
Less: Accumulated Depreciation	(86,825,388)	(4,816,865)	964,610	(90,677,643)
Net General Capital Assets	<u>\$ 98,703,328</u>	<u>\$ (593,625)</u>	<u>\$ (2,069)</u>	<u>\$ 98,107,634</u>

See accompanying independent auditor's report and notes to financial statements.

Federal Compliance

Federal compliance includes financial information and reports that are required in accordance with Government Auditing Standards and/or the Uniform Guidance in accordance with 2 CFR § 515. Such financial information and reports include:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditor's 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
- Independent Auditor's Report on Compliance or Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Pass Through Grantor Program/Cluster Title	Federal AL Number	Pass Through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Justice				
Passed Through State of Vermont:				
Crime Victim Assistance	16.575	02160VOCA19-40155-6	\$ 43,938	\$ -
Crime Victim Assistance	16.575	02160VOCA22-40155-6	40,769	-
Crime Victim Assistance	16.575	02160VOCA22-40155-8	23,015	-
Crime Victim Assistance	16.575	02160-VOCA20-40155-8	9,740	-
			<u>117,462</u>	<u>-</u>
Passed Through State of Vermont Department of Public Safety:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	02140-12120C-100	86,891	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	02140-11918C-100	41,741	-
			<u>128,632</u>	<u>-</u>
Total U.S. Department of Justice			<u>246,094</u>	<u>-</u>
U.S. Department of Transportation				
Passed Through State of Vermont Agency of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	CA0542	36,913	-
Highway Planning and Construction	20.205	CA0624	300,000	-
Highway Planning and Construction	20.205	CA0644	22,850	-
Highway Planning and Construction	20.205	CA0607	32,605	-
Highway Planning and Construction	20.205	CA0517	1,986	-
Highway Planning and Construction	20.205	CA0541	180,301	-
Highway Planning and Construction	20.205	CA0576	40,727	-
Highway Planning and Construction	20.205	CA0577	17,623	-
Subtotal Highway Planning and Construction Cluster			<u>633,005</u>	<u>-</u>
Highway Safety Cluster:				
State and Community Highway Safety	20.600	GR1500	4,101	-
Subtotal Highway Safety Cluster			<u>4,101</u>	<u>-</u>
Total U.S. Department of Transportation			<u>637,106</u>	<u>-</u>

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Pass Through Grantor Program/Cluster Title	Federal AL Number	Pass Through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Treasury Department				
Passed Through State of Vermont Department of Public Safety:				
Coronavirus Relief Fund	21.019	02140-94532C-016	<u>360,875</u>	<u>-</u>
Coronavirus State and Local Fiscal Recovery Funds (Alternative Compliance Examination) Cluster:				
Coronavirus State and Local Fiscal Recovery Funds (Alternative Compliance Examination)	21.027	03420-08574	<u>108,185</u>	<u>-</u>
Subtotal Coronavirus State and Local Fiscal Recovery Funds (Alternative Compliance Examination) Cluster:			<u>108,185</u>	<u>-</u>
Total U.S. Treasury Department			<u>469,060</u>	<u>-</u>
Institute of Museum and Library Services				
Passed Through State of Vermont:				
Grants to States	45.310	01130 COURIER LSTA21	1,074	-
Grants to States	45.310	01130 ARPA E&S 130	27,926	-
Grants to States	45.310	1131 ARPA C&E 038	<u>9,309</u>	<u>-</u>
			<u>38,309</u>	<u>-</u>
Total Institute of Museum and Library Services			<u>38,309</u>	<u>-</u>
U.S. Environmental Protection Agency:				
Passed Through Vermont Environmental Conservation:				
Lake Champlain Basin Program	66.481	LS-2021-004	24,000	-
Lake Champlain Basin Program	66.481	LS-2020-032	<u>40,000</u>	<u>-</u>
			<u>64,000</u>	<u>-</u>
Total U.S. Environmental Protection Agency			<u>64,000</u>	<u>-</u>
U.S. Department of Health and Human Services				
Passed through State of Vermont Department of Health:				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	03420-08749	<u>48,762</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>48,762</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 1,503,331</u>	<u>\$ -</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO SCHEDULE OF EXPEDITURES OF FEDERAL AWARDS
JUNE 30, 2022

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, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of South Burlington, Vermont it is not intended to and does not present the financial position, changes in net position or cash flows of the City of South Burlington, Vermont.

2. Summary of Significant Accounting Policies

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



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INDEPENDENT AUDITOR'S 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, 2022 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 January 19, 2023.

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 January 19, 2023.

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
January 19, 2023



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S 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, 2022. 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.

Auditor's 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, 2022.

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

January 19, 2023

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - INTERNAL CONTROL
FOR THE YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

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

- *Federal Awards*

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported
In accordance with section OMB Compliance Supplement? yes no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

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