

Federal Compliance Audit

City of South Burlington, Vermont

June 30, 2011



Proven Expertise and Integrity

CITY OF SOUTH BURLINGTON, VERMONT

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JUNE 30, 2011

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Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

November 2, 2011

City Council
City of South Burlington
South Burlington, Vermont

We have audited the accompanying financial statements of the governmental activities, the 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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining information of the City of South Burlington, Vermont as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2011 on our consideration of the City of South Burlington, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 13 and 55 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Burlington, Vermont's financial statements as a whole. The combining and individual non major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RHR Smith & Company

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

(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, 2011. Please read it in conjunction with the City's financial statements.

Financial Statement Overview

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

Basic Financial Statements

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

Government - Wide Financial Statements

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

The Statement of Net Assets – this statement presents *all* of the government's assets and liabilities with the difference being reported as net assets.

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

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

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

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

Government-Wide Financial Analysis

Our analysis below focuses on the net assets, and changes in net assets of the City's governmental activities. The City's total net assets for governmental funds is \$17.78 million compared to \$16.38 million in the prior year, an increase of 8.60%. For the business-type activities total net assets are \$7.88 million as compared to \$7.92 million in the prior year, a decrease of .56%.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – is \$3,890,374 million at the end of this year for governmental activities and \$1,543,835 million for the business-type activities.

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

	2011		2010	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Assets:				
Current and Other Assets	\$ 8,522,491	\$ 2,259,829	\$ 24,700,721	\$ 2,584,769
Capital Assets	52,950,257	10,079,918	35,507,639	10,584,235
Total Assets	<u>\$ 61,472,748</u>	<u>\$ 12,339,747</u>	<u>\$ 60,208,360</u>	<u>\$ 13,169,004</u>
Liabilities:				
Current Liabilities	\$ 3,648,229	\$ 1,072,405	\$ 3,443,557	\$ 1,495,840
Long-term Debt Outstanding	40,041,948	3,388,144	40,389,672	3,749,555
Total Liabilities	<u>\$ 43,690,177</u>	<u>\$ 4,460,549</u>	<u>\$ 43,833,229</u>	<u>\$ 5,245,395</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ 12,112,301	\$ 6,330,363	\$ 19,359,572	\$ 10,222,824
Restricted for: Special revenues	977,574	-	1,578,863	-
Permanent funds	407,851	-	341,189	-
Capital projects	394,471	-	47,819	-
Storm water	-	5,000	-	5,000
Unrestricted Net Assets	<u>3,890,374</u>	<u>1,543,835</u>	<u>(4,952,312)</u>	<u>(2,304,215)</u>
Total Net Assets	<u>\$ 17,782,571</u>	<u>\$ 7,879,198</u>	<u>\$ 16,375,131</u>	<u>\$ 7,923,609</u>

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

	<u>2011</u>		<u>2010</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Revenues				
General tax revenue (City)	\$ 13,301,819	\$ -	\$ 12,232,913	\$ 155,000
Intergovernmental revenue	2,512,422	89,640	2,344,144	38,219
Charges for services	1,577,690	6,709,727	2,231,991	6,005,020
Investment income	161,859	4,946	130,578	5,640
Bond proceeds	24,876	-	96,029	-
Pension - net earnings	-	-	655,022	-
Other revenue	498,511	197,664	307,902	227,531
Total Revenues	<u>18,077,177</u>	<u>7,001,977</u>	<u>17,998,579</u>	<u>6,431,410</u>
Expenses				
Current:				
General government	2,947,013	-	2,304,295	-
Public safety	7,915,580	-	6,718,004	-
Public works	2,661,337	-	3,230,934	-
Social services	597,084	-	582,907	-
Recreation and culture	994,460	-	1,062,664	-
Program expenditures	7,283	-	8,717	-
Capital outlay	449,829	-	-	-
Interest expense	1,180,029	-	191,606	-
Education	125,000	-	-	-
Write offs	-	-	-	454,663
Enterprise fund	-	6,838,510	-	6,486,216
Total Expenses	<u>16,877,615</u>	<u>6,838,510</u>	<u>14,099,127</u>	<u>6,940,879</u>
Total transfers	<u>207,878</u>	<u>(207,878)</u>	<u>5,206</u>	<u>(5,206)</u>
Change in Net Assets	<u>1,407,440</u>	<u>(44,411)</u>	<u>3,904,658</u>	<u>(514,675)</u>
Net Assets - July 1 (Restated)	<u>16,375,131</u>	<u>7,923,609</u>	<u>12,470,473</u>	<u>8,438,284</u>
Net Assets - June 30	<u>\$ 17,782,571</u>	<u>\$ 7,879,198</u>	<u>\$ 16,375,131</u>	<u>\$ 7,923,609</u>

Revenues and Expenses

Revenues for the City's governmental activities increased by .44%, while total expenses increased by 19.71%. Most of the City's expenses had increased from the prior year.

The intergovernmental revenue for the governmental funds increased this year due to grants for special revenue purposes. The charges for services decreased in the current year due to special revenue funds.

The expenses and revenues for the proprietary fund were consistent with the prior year. The proprietary fund has five enterprise funds with all of them having positive net assets with the exception of ambulance services.

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, unreserved 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>2011</u>	<u>2010</u>
Major Funds:		
General Fund:		
Nonspendable	\$ 412,638	\$ 92,983
Unassigned	1,226,972	1,749,976
Airport parkway expansion		
Unassigned	<u>(4,163,267)</u>	<u>(955,894)</u>
Subtotal Major Funds	<u>(2,523,657)</u>	<u>887,065</u>
Non-Major Funds:		
Special revenue funds		
Restricted	977,574	682,771
Committed	4,599,381	4,221,029
Assigned	81,464	52,854
Unassigned	(428,986)	(676,819)
Capital projects fund		
Restricted	394,471	203,690
Committed	1,184,615	940,622
Unassigned	(1,228,082)	(862,578)
Permanent funds		
Restricted	407,851	336,239
Committed	3,557	4,950
Unassigned	<u>(1,486)</u>	<u>(2,920)</u>
Subtotal Non-Major Funds	<u>5,990,359</u>	<u>4,899,838</u>
Total Governmental Funds	<u>\$ 3,466,702</u>	<u>\$ 5,786,903</u>

The general fund total fund balance decreased by \$203,349 over the prior fiscal year. Other major funds fund balance decreased by \$3,207,373 and the non-major fund balances increased by \$1,090,521 over the prior fiscal year. Most of the decrease in the general fund came as a result of the use of undesignated fund balances for budgeting purposes.

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

The proprietary funds had a net loss for the current year of \$44,411. The decrease was mainly caused by the water pollution fund.

Budgetary Highlights

There were small differences between the original and final budget for the general fund. The storm water bond payments being made in the general fund are transferred from the storm water fund.

The general fund actual revenues were under budget by \$280,049. This was a result of general tax revenue, investment income and intergovernmental revenues.

The general fund actual expenditures were under budget by \$277,700. The following expenditures were under budget which accounts for most of the balance:

Public safety	\$ 593,108
Recreation & culture	72,477
Debt service	409,384

The City used \$201,000 in fund balance to balance their budget. The shortfall in revenues, the savings in expenditures, and the use of fund balance of \$201,000 is combined to arrive at the net loss in the general fund of \$203,349.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2011 the net book value of capital assets recorded by the City increased by \$16,938,301 over the prior fiscal year. The increase was due to additions in all categories less depreciation of \$1,759,133

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

	2011	2010
Land and improvements	\$ 8,049,192	\$ 8,240,735
Buildings and improvements	10,795,851	11,233,282
Machinery and equipment	5,787,536	5,648,674
Vehicles	2,021,784	2,310,132
Infrastructure	7,804,561	7,820,888
Construction in progress	28,571,251	10,838,163
Total	\$63,030,175	\$ 46,091,874

Debt

At June 30, 2011, the City had \$34.365 million in bonds outstanding versus \$35.105 million last year, a decrease of 2.11%, as shown in Note 5 of the financial statements.

Economic Factors and Future Year's Budgets and Rates

As required by the City Charter, I am presenting the City Manager's proposed budget for FY 2013 for City Council consideration. This proposed budget does much to restore service and staff cuts instituted in FY 2011 and FY 2012.

While the FY 2011 General Fund ran a deficit, we project the FY 2012 budget will be balanced or in surplus. Many changes in how our budgets are constructed and monitored – including sound revenue and expenditure projections and greater accountability – have accounted for this turnaround. We also expect all the Enterprise Funds to be balanced or run a surplus in FY 2012.

Considering all the services residents and taxpayers receive from the City of South Burlington (roads, plowing, recreation, library, police, fire, ambulance, vital records, planning and water, wastewater and stormwater utilities), the City is providing a relative bargain. Many households have higher cable and internet or wireless phone bills than the cost of municipal services they are asked to contribute to.

The FY 2013 General Fund budget expenditures are proposed at \$18,834,743, an increase of \$1,164,191, or 6.59%. General Fund non-property tax revenues are estimated to increase by \$840,895, a 12.15% increase over the current year. The property tax rate needed is estimated to be \$0.3987, an increase of \$0.0161 (1.61 cents), or 4.21%.

Special Funds (200, 300 and 600) continue to be consolidated into the General Fund. The FY 2013 Special Funds budget expenditure is proposed at \$790,284, a decrease of \$169,594 from the FY 2012 figure of \$959,878.

The Water Fund budget for FY 2013 is proposed at \$2,370,308, an increase of \$32,873, or 1.4% over the FY 2012 budget. Water user fees are proposed to increase 2.8%.

The Water Pollution Control Fund budget for FY 2013 is proposed at \$2,671,686. This is a decrease of \$35,724 or 1.32% from the current year's budget. A rate increase of 1.5% is proposed.

The Stormwater Fund budget is proposed at \$3,622,114, an increase of \$1,884,496 which is offset by \$1,670,650 in additional revenues related to capital expenditures. No rate increase is proposed for FY 2013.

The total of all funds for FY 2013 is \$ 28,289,135, compared to \$25,412,893 for FY 2012, an increase of \$2,876,242. A large portion of this increase, \$1,670,650, is due to Stormwater capital projects expenditures and will be offset by revenues in the Stormwater Fund.

A spreadsheet, entitled, "FY13 - Summary, All Funds, Expenses and Revenues" provides a quick overview and is attached to this Executive Summary.

Copies of the FY 2013 proposed budget, including this Executive Summary and the full Budget Message are available for inspection at the following locations: the South Burlington Community Library, the City Manager's Office, the City Clerk's Office and on the City's website at www.sburl.com.

Acknowledgements:

I extend my thanks to all our City employees for their continued dedication and hard work. I also extend the administration's appreciation to the many volunteers who serve on the City's boards, committees, commissions and who aid us in many other ways year round.

Special thanks to all division and department heads who participated in the development of the budget and have continually found ways to avoid waste and produce innovative solutions. I want to single out the contribution of Justin Rabidoux in assisting in the development of the Enterprise Fund budgets. Kudos to Deputy Finance Officer, Sue Dorey, who participated in all budget meetings and provided assistance in many facets of this process and to Janice Ladd, Human Resources Coordinator, who helped with compensation and benefits calculations.

Last, but not least, I acknowledge the extremely capable work performed by Deputy City Manager Bob Rusten. Bob, working with department and division heads and other staff, has developed a budget process which will serve South Burlington well for many years to come. It is based on accuracy, trends and collaboration among team members, all of which are essential to achieve the level of transparency we are striving for.

Responsibility for reviewing, revising and finalizing the budget to go to voters now shifts to City Council whose assistance during the past year is also greatly appreciated. Councilors, with assistance from City Staff, will hold a number of meetings over the next several weeks in accordance with the attached schedule.

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 Bob Rusten Assistant City Manager at 575 Dorset Street, South Burlington, Vermont 05403-0808. Bob can also be reached by phone at 802-846-4107 or by email brusten@sburl.com.

STATEMENT A

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 2,970,235	\$ 645,881	\$ 3,616,116
Investments	373,575	-	373,575
Accounts receivable (net of allowance for uncollectibles):			
Taxes	247,876	-	247,876
Due from other governments	485,025	-	485,025
Due from water - billed	-	438,746	438,746
Due from water - unbilled	-	1,140,355	1,140,355
Other	260,948	749,607	1,010,555
Drawdowns due from bond	3,022,782	-	3,022,782
Due from agencies	75	-	75
Prepaid expenses	412,638	512	413,150
Inventory	-	34,065	34,065
Internal balances	749,337	(749,337)	-
Total current assets	8,522,491	2,259,829	10,782,320
Noncurrent assets:			
Capital assets:			
Land, infrastructure, and other assets not being depreciated	34,601,514	518,000	35,119,514
Buildings and vehicles net of accumulated depreciation	18,348,743	9,561,918	27,910,661
Total noncurrent assets	52,950,257	10,079,918	63,030,175
TOTAL ASSETS	\$ 61,472,748	\$ 12,339,747	\$ 73,812,495
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,745,824	\$ 137,302	\$ 1,883,126
Accrued expenses	92,880	-	92,880
Due to taxpayers	21,715	-	21,715
Due to agencies	6,964	-	6,964
Due to other governments	59,747	573,692	633,439
Other liabilities	18,303	-	18,303
Post retirement benefits	246,696	-	246,696
Current portion of long-term obligations	1,456,100	361,411	1,817,511
Total current liabilities	3,648,229	1,072,405	4,720,634
Noncurrent liabilities			
Noncurrent portion of long-term obligations:			
Bonds payable	29,876,856	3,388,144	33,265,000
Notes payable	9,505,000	-	9,505,000
Accrued compensated absences	660,092	-	660,092
Total noncurrent liabilities	40,041,948	3,388,144	43,430,092
TOTAL LIABILITIES	43,690,177	4,460,549	48,150,726
NET ASSETS			
Invested in capital assets, net of related debt	12,112,301	6,330,363	18,442,664
Restricted for:			
Special revenues	977,574	-	977,574
Permanent funds	407,851	-	407,851
Capital projects	394,471	-	394,471
Storm water	-	5,000	5,000
Unrestricted	3,890,374	1,543,835	5,434,209
TOTAL NET ASSETS	17,782,571	7,879,198	25,661,769
TOTAL LIABILITIES AND NET ASSETS	\$ 61,472,748	\$ 12,339,747	\$ 73,812,495

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

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities							
Current:							
General government	\$ 2,947,013	\$ 547,559	\$ -	\$ -	\$ (2,399,454)	\$ -	\$ (2,399,454)
Public safety	7,915,580	42,464	-	-	(7,873,116)	-	(7,873,116)
Public works	2,661,337	254,687	-	-	(2,406,650)	-	(2,406,650)
Social services	597,084	51,975	-	-	(545,109)	-	(545,109)
Recreation and culture	994,460	43,622	-	-	(950,838)	-	(950,838)
Education	31,755,540	-	-	-	(31,755,540)	-	(31,755,540)
Program expenditures	7,283	-	-	-	(7,283)	-	(7,283)
Capital outlay	449,829	637,383	-	-	187,554	-	187,554
Interest expense	1,180,029	-	-	-	(1,180,029)	-	(1,180,029)
Total governmental activities	<u>48,508,155</u>	<u>1,577,690</u>	<u>-</u>	<u>-</u>	<u>(46,930,465)</u>	<u>-</u>	<u>(46,930,465)</u>
Business-type activities:							
Recreation programs	153,360	173,998	-	-	-	20,638	20,638
Water department	2,083,270	1,988,588	-	-	-	(94,682)	(94,682)
Water pollution	3,024,674	2,634,755	89,640	-	-	(300,279)	(300,279)
Ambulance services	786,427	611,892	-	-	-	(174,535)	(174,535)
Storm water utilities	790,779	1,300,494	-	-	-	509,715	509,715
Total business-type activities	<u>6,838,510</u>	<u>6,709,727</u>	<u>89,640</u>	<u>-</u>	<u>-</u>	<u>(39,143)</u>	<u>(39,143)</u>
Total government	<u>55,346,665</u>	<u>8,287,417</u>	<u>89,640</u>	<u>-</u>	<u>(46,930,465)</u>	<u>(39,143)</u>	<u>(46,969,608)</u>

STATEMENT B (CONTINUED)
CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Changes in net assets:			
Net (expense) revenue	<u>(46,930,465)</u>	<u>(39,143)</u>	<u>(46,969,608)</u>
General revenue:			
Property taxes, levied for general purposes			
Education	31,630,540	-	31,630,540
Municipal	13,301,819	-	13,301,819
Grants and contributions not restricted to specific programs	2,512,422	-	2,512,422
Investment income	161,859	4,946	166,805
Bond proceeds	24,876	-	24,876
Miscellaneous	498,511	197,664	696,175
Total revenue and transfers	<u>48,130,027</u>	<u>202,610</u>	<u>16,702,097</u>
Transfers	<u>207,878</u>	<u>(207,878)</u>	<u>-</u>
Change in net assets	1,407,440	(44,411)	1,363,029
NET ASSETS - JULY 1, 2010	<u>16,375,131</u>	<u>7,923,609</u>	<u>24,298,740</u>
NET ASSETS - JUNE 30, 2011	<u>\$ 17,782,571</u>	<u>\$ 7,879,198</u>	<u>\$ 25,661,769</u>

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

STATEMENT C

CITY OF SOUTH BURLINGTON, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	311 Airport Parkway Expansion	Other Governmental Funds	Totals Governmental Funds
ASSETS				
Cash	\$ 2,970,235	\$ -	\$ -	\$ 2,970,235
Investments	-	-	373,575	373,575
Receivables (net of allowance for uncollectibles)				
Taxes/liens	247,876	-	-	247,876
Due from other governments	485,025	-	-	485,025
Other	260,948	-	-	260,948
Due from agencies	-	-	75	75
Prepaid expenses	412,638	-	-	412,638
Due from other funds	7,642,703	-	7,284,924	14,927,627
TOTAL ASSETS	\$ 12,019,425	\$ -	\$ 7,658,574	\$ 19,677,999
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts payable	\$ 1,745,824	\$ -	\$ -	\$ 1,745,824
Accrued payroll	86,269	-	-	86,269
Accrued expenses	6,611	-	-	6,611
Due to other funds	8,356,200	4,163,267	1,658,823	14,178,290
Due to taxpayers	21,715	-	-	21,715
Due to agencies	-	-	6,964	6,964
Due to other governments	57,319	-	2,428	59,747
Deferred tax revenues	87,574	-	-	87,574
Other liabilities	18,303	-	-	18,303
TOTAL LIABILITIES	10,379,815	4,163,267	1,668,215	16,211,297
Fund Equity				
Nonspendable	412,638	-	-	412,638
Restricted	-	-	1,779,896	1,779,896
Committed	-	-	5,787,553	5,787,553
Assigned	-	-	81,464	81,464
Unassigned	1,226,972	(4,163,267)	(1,658,554)	(4,594,849)
TOTAL FUND EQUITY	1,639,610	(4,163,267)	5,990,359	3,466,702
TOTAL LIABILITIES AND FUND EQUITY	\$ 12,019,425	\$ -	\$ 7,658,574	\$ 19,677,999

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

CITY OF SOUTH BURLINGTON, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Total Governmental Funds</u>
Total Fund Equity	\$ 3,466,702
Amounts reported for governmental activities in the statement are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	52,950,257
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	87,574
Drawdowns due from bond	3,022,782
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(30,615,445)
Notes payable	(10,222,511)
Accrued compensated absences	(660,092)
Post retirement benefits	<u>(246,696)</u>
 Net assets of governmental activities	 <u><u>\$ 17,782,571</u></u>

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

STATEMENT E

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	311 Airport Parkway Expansion	Other Governmental Funds	Totals Governmental Funds
REVENUES				
General tax revenue - municipal and education	\$ 44,934,680	\$ -	\$ 21,519	\$ 44,956,199
Intergovernmental revenue	3,847	247,731	2,260,844	2,512,422
Charges for services	940,307	-	637,383	1,577,690
Investment income	92,151	-	69,708	161,859
Other revenue	58,432	-	440,079	498,511
TOTAL REVENUES	<u>46,029,417</u>	<u>247,731</u>	<u>3,429,533</u>	<u>49,706,681</u>
EXPENDITURES				
Current:				
General government	2,205,768	-	779,963	2,985,731
Public safety	7,168,413	-	369,010	7,537,423
Public works	2,248,954	-	-	2,248,954
Social services	597,084	-	-	597,084
Recreation and culture	907,148	-	-	907,148
Debt service	801,440	-	-	801,440
Education	31,630,540	-	125,000	31,755,540
Program expenditures	-	-	7,283	7,283
Capital outlay	-	16,837,554	1,963,929	18,801,483
TOTAL EXPENDITURES	<u>45,559,347</u>	<u>16,837,554</u>	<u>3,245,185</u>	<u>65,642,086</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>470,070</u>	<u>(16,589,823)</u>	<u>184,348</u>	<u>(15,935,405)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	13,382,450	24,876	13,407,326
Operating transfers in	84,849	-	916,556	1,001,405
Operating transfers (out)	(758,268)	-	(35,259)	(793,527)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(673,419)</u>	<u>13,382,450</u>	<u>906,173</u>	<u>13,615,204</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>(203,349)</u>	<u>(3,207,373)</u>	<u>1,090,521</u>	<u>(2,320,201)</u>
FUND BALANCES - JULY 1	<u>1,842,959</u>	<u>(955,894)</u>	<u>4,899,838</u>	<u>5,786,903</u>
FUND BALANCES - JUNE 30	<u>\$ 1,639,610</u>	<u>\$ (4,163,267)</u>	<u>\$ 5,990,359</u>	<u>\$ 3,466,702</u>

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

CITY OF SOUTH BURLINGTON, VERMONT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (2,320,201)</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocated those expenditures over the life of the assets:</p>	
Capital asset purchases capitalized	18,351,654
Reclassification of fixed assets	(93,605)
Depreciation expense	<u>(882,583)</u>
	<u>17,375,466</u>
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported.</p>	
Drawdowns due from bond	3,022,782
Taxes and liens receivable	<u>(23,840)</u>
	<u>2,998,942</u>
<p>Debt proceeds provide current financial resources to governmental funds, but long-term liabilities in the Statement of Net Assets.</p>	
	<u>(9,743,112)</u>
<p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets</p>	
	<u>1,458,455</u>
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>	
Post retirement benefits	(125,300)
Funding of pension liability	(8,169,040)
Accrued compensated absences	<u>(67,770)</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ 1,407,440</u></u>

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

CITY OF SOUTH BURLINGTON, VERMONT

BALANCE SHEET – PROPRIETARY FUNDS
JUNE 30, 2011

	Enterprise Funds					Totals
	Recreation Programs	Water Department	Water Pollution	Ambulance Services	Storm Water Utilities	
ASSETS						
Current assets:						
Cash	\$ -	\$ 645,881	\$ -	\$ -	\$ -	\$ 645,881
Accounts receivable (net of allowance for uncollectibles)						
Due from water - billed	-	-	245,071	-	193,675	438,746
Due from water - unbilled	-	342,520	554,240	-	243,595	1,140,355
Other	-	520,321	-	229,286	-	749,607
Inventory	-	34,065	-	-	-	34,065
Prepaid expenses	-	512	-	-	-	512
Due from other funds	169,349	-	-	-	901,927	1,071,276
Total current assets	<u>169,349</u>	<u>1,543,299</u>	<u>799,311</u>	<u>229,286</u>	<u>1,339,197</u>	<u>4,080,442</u>
Noncurrent assets:						
Net capital assets	-	4,015,235	5,091,744	-	972,939	10,079,918
Total noncurrent assets	-	<u>4,015,235</u>	<u>5,091,744</u>	-	<u>972,939</u>	<u>10,079,918</u>
TOTAL ASSETS	<u>\$ 169,349</u>	<u>\$ 5,558,534</u>	<u>\$ 5,891,055</u>	<u>\$ 229,286</u>	<u>\$ 2,312,136</u>	<u>\$ 14,160,360</u>

STATEMENT G (CONTINUED)

CITY OF SOUTH BURLINGTON, VERMONT

BALANCE SHEET – PROPRIETARY FUNDS
JUNE 30, 2011

	Enterprise Funds					Totals
	Recreation Programs	Water Department	Water Pollution	Ambulance Services	Storm Water Utilities	
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable	\$ -	\$ 137,302	\$ -	\$ -	\$ -	\$ 137,302
Due to other governments	-	573,692	-	-	-	573,692
Due to other funds	-	-	1,119,891	700,722	-	1,820,613
Current portion of long-term debt	-	116,411	245,000	-	-	361,411
Total current liabilities	-	827,405	1,364,891	700,722	-	2,893,018
Noncurrent liabilities						
Bonds payable	-	1,428,144	1,960,000	-	-	3,388,144
Notes payable	-	-	-	-	-	-
Total noncurrent liabilities	-	1,428,144	1,960,000	-	-	3,388,144
TOTAL LIABILITIES	-	2,255,549	3,324,891	700,722	-	6,281,162
NET ASSETS						
Invested in capital assets, net of related debt	-	2,470,680	2,886,744	-	972,939	6,330,363
Restricted	-	-	-	-	5,000	5,000
Unrestricted	169,349	832,305	(320,580)	(471,436)	1,334,197	1,543,835
TOTAL NET ASSETS	169,349	3,302,985	2,566,164	(471,436)	2,312,136	7,879,198
TOTAL LIABILITIES AND NET ASSETS	\$ 169,349	\$ 5,558,534	\$ 5,891,055	\$ 229,286	\$ 2,312,136	\$ 14,160,360

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

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Enterprise Funds					Totals
	Recreation Programs	Water Department	Water Pollution	Ambulance Services	Storm Water Utilities	
OPERATING REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ 89,640	\$ -	\$ -	\$ 89,640
Water sales	-	1,886,895	-	-	-	1,886,895
Charges for services	173,998	101,693	2,634,755	611,892	1,300,494	4,822,832
Other	-	170,995	23,169	-	3,500	197,664
TOTAL OPERATING REVENUES	173,998	2,159,583	2,747,564	611,892	1,303,994	6,997,031
OPERATING EXPENSES						
Salaries and benefits	95,015	351,883	818,197	644,608	426,388	2,336,091
Professional and contracted services	36,664	114,902	849,258	8,999	131,410	1,141,233
Supplies, materials and fuel	7,207	4,601	298,164	38,280	24,953	373,205
Water purchases	-	1,040,193	-	-	-	1,040,193
Capital outlays	-	138,994	-	-	-	138,994
Utilities	-	-	322,251	-	3,730	325,981
Depreciation	-	186,663	575,790	26,453	87,644	876,550
City admin fee	-	39,000	-	-	-	39,000
Liability insurance	-	29,622	140,516	40,822	38,206	249,166
Dues, fees and other	14,474	99,494	20,498	27,265	78,448	240,179
TOTAL OPERATING EXPENSES	153,360	2,005,352	3,024,674	786,427	790,779	6,760,592
OPERATING INCOME (LOSS)	20,638	154,231	(277,110)	(174,535)	513,215	236,439

STATEMENT H (CONTINUED)

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Enterprise Funds					Totals
	Recreation Programs	Water Department	Water Pollution	Ambulance Services	Storm Water Utilities	
NON-OPERATING INCOME (EXPENSE)						
Transfers in	-	-	-	212,754	-	212,754
Transfers (out)	-	-	-	(15,000)	(405,632)	(420,632)
Interest income	-	4,946	-	-	-	4,946
Interest expense	-	(77,918)	-	-	-	(77,918)
TOTAL NON-OPERATING INCOME (EXPENSE)	-	(72,972)	-	197,754	(405,632)	(280,850)
NET INCOME	20,638	81,259	(277,110)	23,219	107,583	(44,411)
NET ASSETS - JULY 1	148,711	3,221,726	2,843,274	(494,655)	2,204,553	7,923,609
NET ASSETS - JUNE 30	<u>\$ 169,349</u>	<u>\$ 3,302,985</u>	<u>\$ 2,566,164</u>	<u>\$ (471,436)</u>	<u>\$ 2,312,136</u>	<u>\$ 7,879,198</u>

See accompanying independent auditors' report and notes to financial statements

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Enterprise Funds					Totals
	Recreation Programs	Water Department	Water Pollution	Ambulance Services	Storm Water Utilities	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 168,301	\$ 1,835,193	\$ 2,515,911	\$ 495,867	\$ 1,118,442	\$ 6,133,714
Intergovernmental receipts	-	-	89,640	-	-	89,640
Other receipts	-	170,995	23,169	-	3,500	197,664
Payments to employees	(109,840)	(351,883)	(829,904)	(658,833)	(434,055)	(2,384,515)
Payments to suppliers	(58,461)	(1,713,411)	(1,422,594)	(34,788)	(282,255)	(3,511,509)
Net cash provided (used) by operating activities	-	(59,106)	376,222	(197,754)	405,632	524,994
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Interest income	-	4,946	-	-	-	4,946
(Purchase) sale of fixed assets	-	(214,558)	(131,222)	-	-	(345,780)
Interest payments on bond payable	-	(77,918)	-	-	-	(77,918)
Principal payments on bond/note payable	-	(116,416)	(245,000)	-	-	(361,416)
Transfers	-	-	-	197,754	(405,632)	(207,878)
Net cash provided (used) by capital and related financing activities	-	(403,946)	(376,222)	197,754	(405,632)	(988,046)
NET INCREASE (DECREASE) IN CASH	-	(463,052)	-	-	-	(463,052)
CASH - JULY 1	-	1,108,933	-	-	-	1,108,933
CASH - JUNE 30	\$ -	\$ 645,881	\$ -	\$ -	\$ -	\$ 645,881

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Enterprise Funds					Totals
	Recreation Programs	Water Department	Water Pollution	Ambulance Services	Storm Water Utilities	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 20,638	\$ 154,231	\$ (277,110)	\$ (174,535)	\$ 513,215	\$ 236,439
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	-	186,663	575,790	26,453	87,644	876,550
Changes in operating assets and liabilities:						
(Increase) decrease in due from water - billed	-	-	(36,584)	-	117,612	81,028
(Increase) decrease in due from water - unbilled	-	(17,913)	(111,600)	-	(51,329)	(180,842)
(Increase) decrease in accounts receivable	-	(132,873)	29,340	(116,025)	-	(219,558)
(Increase) decrease in inventory	-	(2,597)	-	-	-	(2,597)
(Increase) decrease in prepaid expenses	-	(12)	-	-	5,538	5,526
(Increase) decrease in due from other funds	(5,697)	-	-	-	(253,873)	(259,570)
(Decrease) increase in accounts payable	(116)	(300,523)	(119,432)	(3,350)	(5,508)	(428,929)
(Decrease) increase in accrued payroll	(14,825)	-	(11,707)	(14,225)	(7,667)	(48,424)
(Decrease) increase in due to other governments	-	53,918	-	-	-	53,918
(Decrease) increase in due to other funds	-	-	327,525	83,928	-	411,453
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ -	\$ (59,106)	\$ 376,222	\$ (197,754)	\$ 405,632	\$ 524,994

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

CITY OF SOUTH BURLINGTON, VERMONT

STATEMENT OF NET ASSETS – FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Agency Pension Trust</u>
ASSETS	
Current assets:	
Investments	\$ 19,218,813
Due from city unfunded pension	-
TOTAL ASSETS	<u>\$ 19,218,813</u>
LIABILITIES	
Accrued benefits	\$ 5,246,253
Due to employees/retirees	-
TOTAL LIABILITIES	<u>5,246,253</u>
NET ASSETS	
Held in trust for special purposes	<u>13,972,560</u>
TOTAL NET ASSETS	<u>13,972,560</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,218,813</u>

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so.

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

Government –Wide and Fund Financial Statements

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

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

In the government-wide Statement of Net Assets, 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 assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Measurement Focus - Basic Financial Statements & Fund Financial Statements

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

The following fund types are used by the City:

1. Governmental Funds:

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

- a. The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- d. Permanent Funds are used to account for assets held by the City in trust for specific purposes.

2. Proprietary Funds

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

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

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). 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.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Basis of Accounting

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

1. Accrual

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

2. Modified Accrual

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

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

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

1. Early in the second half of the year the City prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the City Council was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the Voters.
4. The City did not adopt budgets for Special Revenue Funds.

Deposits and Investments

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

It is the City's policy to value investments at fair value. None of the City's investments are reported at amortized cost. The City Treasurer is authorized by State Statutes to invest all excess funds in the following:

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

The City of South Burlington has no formal investment policy but instead follows the State of Vermont Statutes. They are in the process of adopting a more detailed investment policy.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet. The enterprise fund inventory consists of water department supplies on hand at the end of the year, valued at cost. The cost value is determined using the first-in, first-out (FIFO) method.

Interfund Receivables and Payables

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

Transactions Between Funds

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

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$244,167 as of June 30, 2011. The allowance is for ambulance receivables in the enterprise funds.

Capital Assets

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

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

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

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

Long-term Obligations

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

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

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

Compensated Absences

The City's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2011 the City's liability for compensated absences is \$660,092.

Reserves

The City records reserves to indicate that a portion of the fund balance is legally segregated for a specific future use, which is indicated by the title of each reserves listed in the balance sheet and statement of net assets. It is the City's policy to first use restricted assets for restricted programs and only unrestricted assets after the restricted assets have been exhausted.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets / Fund Balances

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. 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 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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

assigned funds, and finally unassigned funds, as needed, unless the City meeting vote has provided otherwise in its commitment or assignment actions.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The City's property tax for the current year was levied July 2, 2010 on the assessed value listed as of April 1, 2010, for all real and personal property located in the City. Taxes were due on August 15, 2010, November 15, 2010 and March 15, 2011. Interest on unpaid taxes commenced on August 16, 2010, November 16, 2010 and March 16, 2011, at 8% penalties and 1% interest per installment.

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

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

The City's property tax collection rate for the current year was 97.75%.

Program Revenues

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

Operating/Non-operating Proprietary Fund Revenues

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

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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 - CASH AND INVESTMENTS

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

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 or will not be able to recover collateral securities that are in possession of an outside party. The City does not have a policy covering custodial credit risk.

At June 30, 2011, the City's cash balance of \$3,616,116 was comprised of deposits amounting to \$5,577,028. This amount was comprised of \$250,000 which was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$5,327,028 that was in excess of federal depository insurance, but collateralized with securities held by the financial institutions in the City's name.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	<u>\$ 5,577,028</u>
	<u>\$ 5,577,028</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

At June 30, 2011, all of the City's investments of \$19,592,388 were not collateralized.

<u>Investment Type</u>	<u>Current</u>	<u>1 Year</u>	<u>2 - 5 Years</u>	<u>Thereafter</u>
Prudential:				
U.S. Stocks	\$ -	\$ -	\$ -	\$ 6,125,319
International Stocks	-	-	-	2,200,391
U.S. Bonds	-	-	-	4,570,791
Short term	-	-	-	614,229
Real estate	-	-	-	461,830
ICMA:				
Money market funds	-	-	-	1,405,214
Bond funds	-	-	-	420,642
Assett allocation funds	-	-	-	1,388,187
U.S. Stocks	-	-	-	1,734,553
International Stocks	-	-	-	297,659
Wells Fargo:				
Cash equivalent	1,297	-	-	-
Asset backed securities	-	-	-	25,207
Certificate of deposits	-	-	7,286	-
Mutual funds	234,400	-	-	-
Fixed rate cap securities	25,084	33,125	10,036	37,140
	<u>\$ 260,781</u>	<u>\$ 33,125</u>	<u>\$ 17,322</u>	<u>\$ 19,281,160</u>

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2011 consisted of the following individual fund receivables and payables.

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General fund	\$ 7,642,703	\$ 8,356,200
Airport parkway expansion	-	4,163,267
Special revenue fund	5,658,419	428,986
Capital project fund	1,581,514	1,228,082
Permanent fund	44,991	1,755
Enterprise fund	1,071,276	1,820,613
	<u>\$ 15,998,903</u>	<u>\$ 15,998,903</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2011:

	Balance, 7/1/10	Additions	Disposals	Balance, 6/30/11
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 5,970,263	\$ 60,000	\$ -	\$ 6,030,263
Construction in progress	10,838,163	17,733,088	-	28,571,251
	<u>16,808,426</u>	<u>17,793,088</u>	<u>-</u>	<u>34,601,514</u>
Depreciated assets:				
Land Improvements	40,760	30,943	-	71,703
Buildings	16,184,962	21,500	-	16,206,462
Building improvements	551,198	8,600	-	559,798
Machinery & equipment	1,707,020	174,990	-	1,882,010
Vehicles	4,309,139	106,505	-	4,415,644
Infrastructure	38,740,462	216,028	-	38,956,490
	<u>61,718,710</u>	<u>558,566</u>	<u>-</u>	<u>62,092,107</u>
Less: accumulated depreciation	<u>(42,860,781)</u>	<u>(882,583)</u>	<u>-</u>	<u>(43,743,364)</u>
	<u>18,699,213</u>	<u>(324,017)</u>	<u>-</u>	<u>18,348,743</u>
Net capital assets	<u>\$ 35,507,639</u>	<u>\$ 17,469,071</u>	<u>\$ -</u>	<u>\$ 52,950,257</u>
	Balance, 7/1/10	Additions	Disposals	Balance, 6/30/11
<u>Business-type activities</u>				
Non-depreciated assets:				
Land / construction in progress	\$ 518,000	\$ -	\$ -	\$ 518,000
	<u>518,000</u>	<u>-</u>	<u>-</u>	<u>518,000</u>
Depreciated assets:				
Buildings	5,952,242	-	-	5,952,242
Building improvements	11,130	-	-	11,130
Land improvements	7,362,506	-	-	7,362,506
Vehicles	811,164	-	-	811,164
Machinery & equipment	6,612,877	236,776	-	6,849,653
Storm water utilities	1,181,348	109,004	-	1,290,352
	<u>21,931,267</u>	<u>345,780</u>	<u>-</u>	<u>22,277,047</u>
Less: accumulated depreciation	<u>(11,838,579)</u>	<u>(876,550)</u>	<u>-</u>	<u>(12,715,129)</u>
	<u>10,092,688</u>	<u>(530,770)</u>	<u>-</u>	<u>9,561,918</u>
Net capital assets	<u>\$ 10,610,688</u>	<u>\$ (530,770)</u>	<u>\$ -</u>	<u>\$ 10,079,918</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Fire	\$ 145,240
Public works	263,707
General government	4,731
Health	3,610
Police	232,917
Recreation	82,298
Highway	148,676
Library	1,404
Subtotal governmental	<u>882,583</u>
Water department	186,663
Water pollution control	575,790
Storm water utilities	87,644
Ambulance	26,453
Subtotal business-type	<u>876,550</u>
Total depreciation expense	<u>\$ 1,759,133</u>

NOTE 5 – LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2011:

	Balance, 7/1/10	Additions	Deletions	Balance, 6/30/11	Due Within One Year
Governmental Activities					
Bonds payable	\$ 30,994,034	\$ -	\$ (378,589)	\$ 30,615,445	\$ 738,589
Notes payable	1,559,265	9,743,112	(1,079,866)	10,222,511	717,511
Accrued compensated absences	592,322	67,770	-	660,092	-
Total Governmental Activities	<u>\$ 33,145,621</u>	<u>\$ 9,810,882</u>	<u>\$ (1,458,455)</u>	<u>\$ 41,498,048</u>	<u>\$ 1,456,100</u>
Business-type Activities					
Bonds payable	\$ 4,110,966	\$ -	\$ (361,411)	\$ 3,749,555	\$ 361,411
Total Business-type Activities	<u>\$ 4,110,966</u>	<u>\$ -</u>	<u>\$ (361,411)</u>	<u>\$ 3,749,555</u>	<u>\$ 361,411</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds payable:

<u>Bonds</u>	<u>Governmental</u>	<u>Business-type</u>
\$700,000, 1992 General Obligation Bond due in annual installments and semiannual interest installments through December 2012. Interest is charged at a rate of 6.21% per annum. Annual installments are \$35,000.	\$ 70,000	\$ -
\$800,000, 1993 General Obligation Bond due in annual installments and semiannual interest installments through December 2013. Interest is charged at a rate of 5.27% per annum. Annual installments are \$40,000.	120,000	-
\$2,435,000, 2000 General Obligation Bond due in annual installments and semiannual interest installments through December 2020. Interest is charged at a rate of 5.23% per annum. Annual installments are \$120,000.	985,571	214,429
\$4,900,000, 1998 General Obligation Bond due in annual installments and semiannual interest installments through April 2020. Interest is not charged. Annual installments are \$245,000.	-	2,205,000
\$1,300,000, 2003 General Obligation Bond due in annual installments and semiannual interest installments through December 2013. Interest is charged at a rate of 2.978% per annum. Annual installments are \$130,000.	390,000	-
\$3,400,000, 2004 General Obligation Bond due in annual installments and semiannual interest installments through December 2024. Interest is charged at a rate of 4.455% per annum. Annual installments are \$170,000.	1,049,874	1,330,126
\$7,200,000, 2010 General Obligation Bond due in annual installments and semiannual interest installments through December 2030. Interest is charged at a rate of 4.34% per annum. Annual installments are \$360,000.	7,200,000	-
\$2,000,000, 2010 General Obligation Bond due in annual installments and semiannual interest installments through December 2022. Interest is charged at a rate from 3.25% to 4.75% per annum. \$1,000,000 was paid by ARRA funding.	1,000,000	-
\$19,800,000, 2010 General Obligation Bond due in annual installments and semiannual interest installments through April 2030. Interest is charged at 1.00% per annum. Annual installments vary.	19,800,000	-
	<u>\$ 30,615,445</u>	<u>\$ 3,749,555</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding notes payable:

<u>Notes</u>	<u>Governmental</u>	<u>Business-type</u>
\$587,000 Note payable to Northfield Savings Bank for a fire truck with interest at 2.40%. Note matures on July 15, 2015 with annual principal installments of \$146,750 .	\$ 587,000	\$ -
\$104,000, General Obligation Note from the Pollution Control Revolving Loan Fund due in annual principal installments with interest being forgiven. \$52,000 was paid by ARRA funding.	52,000	-
\$24,000 Note payable to Peoples Unity Bank for sludge management with no interest being charged. Note matures on January 1, 2012 with annual installments of \$4,800.	4,800	-
\$676,500 Note payable to Citizens Bank for 2 fire trucks with interest at 3.05%. Note matures on September 16, 2012 with annual installments of \$169,125.	338,250	-
\$90,310, General Obligation Note from the Pollution Control Revolving Loan Fund due in annual principal installments with interest being forgiven. \$45,155 was paid by ARRA funding.	45,155	-
\$74,000, General Obligation Note from the Pollution Control Revolving Loan Fund due in annual principal installments with interest being forgiven. \$37,000 was paid by ARRA funding.	37,000	-
\$213,316, General Obligation Note from the Pollution Control Revolving Loan Fund due in annual principal installments with interest being forgiven. \$106,658 was paid by ARRA funding.	106,658	-
\$198,281, General Obligation Note from the Pollution Control Revolving Loan Fund due in annual principal installments with interest being forgiven. \$99,140 was paid by ARRA funding.	99,141	-
\$54,304 Note payable to Chittenden Bank for a trackless sidewalk plow with interest at 2.40%. Note matures on December 14, 2011 at which time it may be refinanced.	36,202	-
\$83,422 Note payable to Chittenden Bank for a highway loader with interest at 2.40%. Note matures on December 14, 2011 at which time it may be refinanced.	55,615	-

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 - LONG TERM DEBT (CONTINUED)

Notes

	<u>Governmental</u>	<u>Business-type</u>
\$66,798 Note payable to Chittenden Bank for a dump truck with interest at 2.40%. Note matures on December 14, 2011 at which time it may be refinanced.	44,532	-
\$300,000 Note payable to TD Bank for storm water mitigation with interest at 1.84%. Note matures on January 21, 2012 at which time it may be refinanced.	300,000	-
\$8,168,158 Note payable to Merchants Bank for Pension Financing with interest at 5.125%. Note matures on June 30, 2031 with annual installments of \$660,948.	8,168,158	-
\$348,000 Note payable to TD Bank for storm water mitigation with interest at 1.84%. Note matures on April 7, 2012 at which time it may be refinanced.	348,000	-
	<u>\$ 10,222,511</u>	<u>\$ -</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 - LONG TERM DEBT (CONTINUED)

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

Bonds Payable

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2012	\$ 1,100,000	\$ 457,193	\$ 1,557,193
2013	1,100,000	429,557	1,529,557
2014	1,065,000	797,452	1,862,452
2015	1,751,060	776,036	2,527,096
2016	1,768,181	735,388	2,503,569
2017-2021	8,864,949	3,004,612	11,869,561
2022-2026	7,597,359	1,860,419	9,457,778
2027-2031	7,449,978	826,224	8,276,202
2032-2036	3,668,473	77,865	3,746,338
	<u>\$ 34,365,000</u>	<u>\$ 8,964,746</u>	<u>\$ 43,329,746</u>

Notes Payable

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2012	\$ 717,511	\$ 422,370	\$ 1,139,881
2013	921,161	440,204	1,361,365
2014	701,882	411,898	1,113,780
2015	497,414	389,551	886,965
2016	512,264	371,129	883,393
2017-2021	1,800,196	1,576,668	3,376,864
2022-2026	2,220,679	1,084,061	3,304,740
2027-2031	2,851,404	453,339	3,304,743
	<u>\$ 10,222,511</u>	<u>\$ 5,149,220</u>	<u>\$ 15,371,731</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – RESTRICTED NET ASSETS

The following net assets have been reserved at June 30, 2011 for the following purposes:

Restricted for special revenue funds:	
MPO/traffic overlay grant (269)	\$ 4,163
Project dare (205)	2,896
Police forfeiture fund (207)	112,917
MPG 10 Natural resources (210)	3,510
Bianchi ruling (213)	46,861
Williston road S/W study (218)	6,832
MPG FY 08 growth center (219)	17,795
Dorset street H2O Milot (230)	21,152
City Center - potash restoration (237)	389,055
Healthy homes grant (242)	38
South village rec. impact (243)	23,146
Butler farms S/W pond (246)	82,317
Police bequeath fund (620)	75,000
Freeman foundation grant (254)	1
Jewish writers grant (262)	123
C/L arts council grant (264)	155
Great escape (271)	25
EPA demonstration grant (273)	78,625
Transportation action (275)	20
Stag EPA grant (277)	6,244
LED signage/crosswalks (283)	28,763
A/P A/Guard enviromental (288)	77,936
Subtotal special revenue funds	<u>977,574</u>
Restricted for capital project funds:	
Spear street sewer (208)	9,375
S/W Oakcreek (295)	629
Tilley recreation path (312)	1,272
ACOE BBS (313)	134,042
ARRA Quarry ridge S/W (323)	37,327
ARRA Twin Oaks (324)	106,248
ARRA Ridgewood (325)	60,517
ARRA Winding brook (326)	45,061
Subtotal capital project funds	<u>394,471</u>
Restricted for permanent funds	<u>407,851</u>
Total	<u>\$ 1,779,896</u>

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7 – RISK MANAGEMENT – PARTICIPATION IN A PUBLIC ENTITY RISK POOL

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

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

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

To provide unemployment coverage, VLCTUT has established a separate trust of funds from member contributions to pay administrative costs, unemployment claims and provide excess reinsurance protection. Contributions are based on payroll expense and the previous two year unemployment compensation experience. In the event that total 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, 2011

NOTE 8 – SICK LEAVE

It is the City's policy to permit employees to accumulate earned but unused sick pay benefits. Such leave benefits do not vest under the City's policy, accordingly benefits must be used during employment. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illness and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.

NOTE 9 – 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 32 people presently receiving life insurance benefits with a cost to the city of \$480. The liability will change from year to year based on the cost of the insurance and the number of people receiving the insurance benefit.

Pursuant to employment contracts with the employees of the police and fire departments, the City offers a plan 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 is the amount credited to a sick leave bank to pay the cost of insurance. The amount is actually unfunded and treated as a "pay as u go" plan. During this year, seven employees retired, four employees are participating in the plan.

The estimated liability per year at June 30, 2012	\$37,946
2013	31,573
2014	31,573
2015	25,609
Thereafter	<u>119,995</u>
	<u>\$246,696</u>

NOTE 10 – DEFINED BENEFIT PENSION PLAN

The City of South Burlington, Vermont, sponsors one defined benefit pension plan with two components that cover all eligible employees. One component is for public safety employees (fire and police) and the other component is for all other City employees. The City of South Burlington, Vermont, provides the authority under which benefit provisions are established and the City's obligation to contribute is established. The plan calls for benefits to be paid to eligible employees at retirement based primarily upon years of service with the City and compensation rates near retirement.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

At June 30, 2011 the number of participants consisted of:

	<u>Public Safety</u>	<u>Non-Public Safety Group</u>
Retired participants currently receiving benefits	21	31
Terminated vested or inactive but still employed	6	33
Participants currently employed:	72	40
Total participants	<u>99</u>	<u>104</u>
Ineligible employees	<u>0</u>	<u>9</u>

The City of South Burlington, Vermont's current year aggregate compensation of active participants in the pension plan equaled \$6,004,876.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following sets forth the determination of normal cost of the plan for the year ended June 30, 2011:

	<u>Public Safety</u>	<u>Non-Public Safety Group</u>
1. Actual present value of future benefits:		
A. Inactive participants	\$ 7,174,313	\$ 3,585,594
B. Active participants	12,182,417	4,743,664
C. Total	19,356,730	8,329,258
2. Actuarial asset value:	16,224,502	5,916,216
3. Present value of future employee contributions:	1,714,306	-
4. Unfunded entry age accrued liability:	313,079	898,193
5. Present value of future normal cost (1C-2-3-4):	1,104,843	1,514,849
6. Present value of future payroll:	26,373,940	21,629,208
7. Normal cost accrual rate (5/6):	4.1891%	7.0037%
8. Current payroll:	3,687,115	2,317,761
9. Normal cost (7*8):	154,459	162,329

The following sets forth the actuarial present value of accumulated plan benefits as for June 30, 2011:

	<u>Public Safety</u>	<u>Non-Public Safety Group</u>
Actuarial present value of vested accumulated plan benefits		
Inactive participants (retirees, term vested):	\$ 7,174,313	\$ 3,585,594
Actively employed participants	7,912,662	1,838,974
Present value of vested accumulated benefits	15,086,975	5,424,568
Present value of non-vested accumulated benefits	200,050	65,688
Total present value of future benefits	15,287,025	5,490,256
Actuarially computed value of accrued vested		
Plan assets available to provide benefits	16,224,502	5,916,216
Unfunded pension benefit obligation	-	-
Funded ratio	106.1%	107.8%

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

	<u>Public Safety</u>	<u>Non-Public Safety Group</u>
Asset fair market value at July 1, 2010:	\$ 7,293,314	\$ 3,560,706
Employer contributions:	979,201	448,286
Mandatory employee contributions:	260,010	-
Benefit payments to participants:	(585,732)	(246,444)
Share of investment earnings (net of expenses):	1,528,338	734,881
Asset fair market value at June 30, 2011	9,475,131	4,497,429
Employer contribution receivable:	6,749,371	1,418,787
Employee contribution receivable:	-	-
Asset fair market value at June 30, 2011	16,224,502	5,916,216
Approximate annual rate of return for the plan year (net of expenses):		20.06%

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

Current actuarial valuation date	July 1, 2011
Actuarial present value interest rate	7.50%
Projected salary increase:	4.00%
Employee contribution rate (Public Safety Only)	6.50%
Actuarial cost method	Frozen initial liability cost method
Mortality table used in determining Actuarial present values	IRC Section 430-2009 Optional Combined Table

NOTE 11 – DEFERRED COMPENSATION PLAN

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.

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11 – DEFERRED COMPENSATION PLAN (CONTINUED)

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.

NOTE 12 – DEFICIT FUND BALANCES

At June 30, 2011 the City had the following deficit fund balances / net assets:

Major funds:

Airport parkway expansion (311)	\$ 4,163,267
Subtotal major funds	<u>4,163,267</u>

Non-major funds:

Fire department off duty work (215)	1,637
AREH bike path repaving (223)	7,269
S/W disconnection program (224)	2,620
Better roads grant (289)	4,003
FEMA mimic grant (235)	20,612
Potash brook culvert (296)	6,900
Public art City Center (244)	99,404
Mobile data terminals (245)	4,817
MPG City Center design (248)	26,115
Storm water utilities (252)	70,799
S/W monitoring equipment (255)	1,713
Fire act grant FEMA (267)	24,247
Homeland security (270)	3,619
Youth baseball (272)	53
BYFAE jag grant (278)	9,015
Market street federal (280)	68,258
Homeland security tech. rescue (284)	6,017
Highway safety grant (290)	6,424
Fire act 2004 (293)	34,308
Fire department safer grant (299)	30,397
Community development (615)	759
City Center planning & design (258)	76,183
San Remo drive project (285)	207,202
Reappraisal fund (301)	44,855
Police headquarters (302)	164,872
Kennedy drive reconstruction (303)	258,243
ACOE BBN (310)	117,254

CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 12 – DEFICIT FUND BALANCE (CONTINUED)

Spear street pinnacle (314)	179,820
Vactor SMMG 0054 (317)	128,320
Exit 14B Staples 3rd lane (318)	38,147
ARRA Harbor Heights (327)	3,890
Hayes ave. stormwater (328)	9,296
Fire department donations	1,486
Subtotal non-major funds	<u>1,658,554</u>
Subtotal governmental funds	<u>5,821,821</u>
Enterprise funds	
Water pollution	320,580
Ambulance services	471,436
Subtotal enterprise funds	<u>792,016</u>
Total all funds	<u>\$ 6,613,837</u>

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

NOTE 13 – CONTINGENCIES

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

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

NOTE 14 – OPERATING LEASE

On June 25, 2007 the City of South Burlington, Vermont entered into a lease agreement with Delage Landen for the lease of a copier. The total amount due is \$9,025.80, to be paid in monthly installment of \$150.43 over 5 years. The following is a schedule of future minimum lease payments under this lease.

During the year ended June 30, 2012	<u>\$1,806</u>
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CITY OF SOUTH BURLINGTON, VERMONT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 – LESSOR LEASE

Commencing May 1, 2005, the National Gardening Association (NGA) has entered into an agreement with the City for the lease of a building and a portion of the City's property located on Dorset Street. The lease is for 20 years with an option to extend an additional 20 years. The NGA agrees to pay the City \$1 per year.

NOTE 16 – COMMITMENTS

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.

NOTE 17 – RELATED PARTY

The City has two loans receivable from employees of the City, which are deemed to be related party transactions. These loans were paid off during the fiscal year.

Required Supplementary Information

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

- Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual - General Fund
- Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund Revenues

CITY OF SOUTH BURLINGTON, VERMONT

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,842,959	\$ 1,842,959	\$ 1,842,959	\$ -
Resources (Inflows):				
General tax revenue - municipal and education	45,050,695	45,050,695	44,934,680	(116,015)
Intergovernmental revenue	126,480	126,480	3,847	(122,633)
Charges for services	926,750	926,750	940,307	13,557
Investment income	210,000	210,000	92,151	(117,849)
Other revenue	-	-	58,432	58,432
Transfers from other funds	30,800	80,390	84,849	4,459
Amounts Available for Appropriation	<u>48,187,684</u>	<u>48,237,274</u>	<u>47,957,225</u>	<u>(280,049)</u>
Charges to Appropriations (Outflows):				
Current:				
General government	1,976,016	1,976,016	2,205,768	(229,752)
Public safety	7,761,521	7,761,521	7,168,413	593,108
Public works	2,101,870	2,101,870	2,248,954	(147,084)
Social services	593,919	593,919	597,084	(3,165)
Recreation and culture	979,625	979,625	907,148	72,477
Debt service	1,161,234	1,210,824	801,440	409,384
Education	31,630,540	31,630,540	31,630,540	-
Transfers to other funds	341,000	341,000	758,268	(417,268)
Total Charges to Appropriations	<u>46,545,725</u>	<u>46,595,315</u>	<u>46,317,615</u>	<u>277,700</u>
Budgetary Fund Balance, June 30	<u>\$ 1,641,959</u>	<u>\$ 1,641,959</u>	<u>\$ 1,639,610</u>	<u>\$ (2,349)</u>
Utilization of undesignated fund balance	\$ 201,000	\$ 201,000	\$ -	\$ (201,000)
Utilization of designated fund balance	-	-	-	-
	<u>\$ 201,000</u>	<u>\$ 201,000</u>	<u>\$ -</u>	<u>\$ (201,000)</u>

See accompanying independent auditors' report.

CITY OF SOUTH BURLINGTON, VERMONT

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND REVENUES
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
General tax revenues				
Property taxes	\$ 9,744,642	\$ 9,744,642	\$ 9,974,902	\$ 230,260
Property taxes (education)	31,630,540	31,630,540	31,630,540	-
Local options tax	3,515,513	3,515,513	3,167,432	(348,081)
Interest and penalties	160,000	160,000	161,806	1,806
Intergovernmental revenues				
Fire safer grant	126,480	126,480	-	(126,480)
Pager grant	-	-	3,847	3,847
Charges for services				
Administrative services	88,000	88,000	163,305	75,305
Recording fees	160,000	160,000	155,547	(4,453)
Other Town Clerk fees	73,000	73,000	53,681	(19,319)
Building & sign permits	123,000	123,000	121,496	(1,504)
Other planning fees	42,200	42,200	53,530	11,330
Vermont district court	180,000	180,000	51,975	(128,025)
Police department	16,000	16,000	42,464	26,464
Highway department	214,200	214,200	254,687	40,487
Recreation	28,350	28,350	31,121	2,771
Park maintenance	-	-	6,958	6,958
Community library	2,000	2,000	5,543	3,543
Investment income				
Investment income	210,000	210,000	92,151	(117,849)
Other income				
Insurance	-	-	55,374	55,374
Miscellaneous	-	-	3,058	3,058
Transfers from other funds				
Recreation impact fees	23,900	23,900	28,359	4,459
Blanchette library	6,900	6,900	6,900	-
Storm water debt	-	49,590	49,590	49,590
Use of surplus	201,000	201,000	-	(201,000)
Total revenues	<u>\$ 46,545,725</u>	<u>\$ 46,595,315</u>	<u>\$ 46,114,266</u>	<u>\$ (431,459)</u>

See accompanying independent auditors' report.

Other Supplementary Information

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

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

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Adjustments	Final Budget	Actual	Balances	
					Lapsed	Carried
General government						
City council	\$ 125,778	\$ -	\$ 125,778	\$ 107,049	\$ 18,729	\$ -
Administrative insurance	646,979	-	646,979	693,326	(46,347)	-
City manager	435,430	-	435,430	602,491	(167,061)	-
City clerk	206,060	-	206,060	200,555	5,505	-
General ledger/payroll	135,496	-	135,496	168,434	(32,938)	-
Assessing/tax	143,916	-	143,916	132,359	11,557	-
Planning/design review	279,457	-	279,457	301,444	(21,987)	-
Natural resources	2,900	-	2,900	110	2,790	-
	<u>1,976,016</u>	<u>-</u>	<u>1,976,016</u>	<u>2,205,768</u>	<u>(229,752)</u>	<u>-</u>
Public safety						
Fire department	2,449,654	-	2,449,654	2,278,739	170,915	-
Police department	5,311,867	-	5,311,867	4,889,674	422,193	-
	<u>7,761,521</u>	<u>-</u>	<u>7,761,521</u>	<u>7,168,413</u>	<u>593,108</u>	<u>-</u>
Public works:						
Highway department	2,101,870	-	2,101,870	2,248,954	(147,084)	-
	<u>2,101,870</u>	<u>-</u>	<u>2,101,870</u>	<u>2,248,954</u>	<u>(147,084)</u>	<u>-</u>
Social services:						
County court	137,392	-	137,392	137,338	54	-
Winooski Valley Park	53,040	-	53,040	53,000	40	-
C.C.T.A	368,220	-	368,220	371,375	(3,155)	-
Regional planning	18,165	-	18,165	18,269	(104)	-
Metropolitan planning	17,102	-	17,102	17,102	-	-
	<u>593,919</u>	<u>-</u>	<u>593,919</u>	<u>597,084</u>	<u>(3,165)</u>	<u>-</u>

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Adjustments	Final Budget	Actual	Balances	
					Lapsed	Carried
Recreation and culture:						
Recreation administration	235,812	-	235,812	238,385	(2,573)	-
Programs	33,888	-	33,888	32,162	1,726	-
Red Rocks park	14,200	-	14,200	13,344	856	-
Facilities	28,625	-	28,625	24,653	3,972	-
Leisure arts	13,283	-	13,283	11,664	1,619	-
Special activities	15,536	-	15,536	10,830	4,706	-
Community library	374,250	-	374,250	325,547	48,703	-
Park maintenance	264,031	-	264,031	250,563	13,468	-
	<u>979,625</u>	<u>-</u>	<u>979,625</u>	<u>907,148</u>	<u>72,477</u>	<u>-</u>
Debt service						
Principal public works facility	98,560	-	98,560	98,568	(8)	-
Principal Kennedy drive recon.	22,500	-	22,500	22,508	(8)	-
Principal Lime Kiln bridge	22,500	-	22,500	22,508	(8)	-
Principal F/D building improvements	30,000	-	30,000	30,005	(5)	-
Principal emergency center	130,000	-	130,000	130,000	-	-
Principal police headquarters	360,000	-	360,000	-	360,000	-
Principal Parkland, 1992	35,000	-	35,000	35,000	-	-
Principal Parkland/Brand farm	40,000	-	40,000	40,000	-	-
Principal stormwater	-	49,590	49,590	49,590	-	-
Interest public works facility	55,762	-	55,762	55,767	(5)	-
Interest Kennedy drive recon.	14,769	-	14,769	14,814	(45)	-
Interest Lime Kiln bridge	14,769	-	14,769	14,814	(45)	-
Interest F/E building improvements	19,804	-	19,804	19,748	56	-
Interest emergency center	15,899	-	15,899	15,899	-	-
Interest police headquarters	288,000	-	288,000	238,548	49,452	-
Interest Parkland, 1992	5,739	-	5,739	5,739	-	-
Interest Parkland/Brand farm	7,932	-	7,932	7,932	-	-
	<u>1,161,234</u>	<u>49,590</u>	<u>1,210,824</u>	<u>801,440</u>	<u>409,384</u>	<u>-</u>

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Adjustments	Final Budget	Actual	Balances	
					Lapsed	Carried
Education	31,630,540	-	31,630,540	31,630,540	-	-
Transfers						
Open space	267,500	-	267,500	271,994	(4,494)	-
Fire department equipment	25,000	-	25,000	25,000	-	-
Fire safer grant	-	-	-	200,020	(200,020)	-
Ambulance services	-	-	-	212,754	(212,754)	-
Senior citizens (611)	4,000	-	4,000	4,000	-	-
Reappraisal	44,500	-	44,500	44,500	-	-
	<u>341,000</u>	<u>-</u>	<u>341,000</u>	<u>758,268</u>	<u>(417,268)</u>	<u>-</u>
Total Expenditures	<u>\$ 46,545,725</u>	<u>\$ 49,590</u>	<u>\$ 46,595,315</u>	<u>\$ 46,317,615</u>	<u>\$ 277,700</u>	<u>\$ -</u>

See accompanying independent auditors' report.

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	-	-	373,575	373,575
Due from agencies	-	-	75	75
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-
Due from other funds	5,658,419	1,581,514	44,991	7,284,924
Total assets	<u>\$ 5,658,419</u>	<u>\$ 1,581,514</u>	<u>\$ 418,641</u>	<u>\$ 7,658,574</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-
Due to agencies	-	-	6,964	6,964
Due to other governments	-	2,428	-	2,428
Due to other funds	428,986	1,228,082	1,755	1,658,823
Total liabilities	<u>428,986</u>	<u>1,230,510</u>	<u>8,719</u>	<u>1,668,215</u>
FUND EQUITY				
Fund balance:				
Nonspendable	-	-	-	-
Restricted	977,574	394,471	407,851	1,779,896
Committed	4,599,381	1,184,615	3,557	5,787,553
Assigned	81,464	-	-	81,464
Unassigned	(428,986)	(1,228,082)	(1,486)	(1,658,554)
Total fund equity	<u>5,229,433</u>	<u>351,004</u>	<u>409,922</u>	<u>5,990,359</u>
Total liabilities and fund equity	<u>\$ 5,658,419</u>	<u>\$ 1,581,514</u>	<u>\$ 418,641</u>	<u>\$ 7,658,574</u>

See accompanying independent auditors' report.

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ 10,000	\$ 11,519	\$ -	\$ 21,519
Intergovernmental revenues	1,498,062	762,782	-	2,260,844
Charges for service	632,798	-	4,585	637,383
Other income	200,515	225,596	13,968	440,079
Investment income	-	-	69,708	69,708
TOTAL REVENUES	<u>2,341,375</u>	<u>999,897</u>	<u>88,261</u>	<u>3,429,533</u>
EXPENDITURES				
Administration	700,763	79,200	-	779,963
Public safety	366,585	-	2,425	369,010
Education	125,000	-	-	125,000
Capital outlay	640,090	1,323,839	-	1,963,929
Other	-	-	7,283	7,283
TOTAL EXPENDITURES	<u>1,832,438</u>	<u>1,403,039</u>	<u>9,708</u>	<u>3,245,185</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>508,937</u>	<u>(403,142)</u>	<u>78,553</u>	<u>184,348</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	24,876	-	24,876
Operating Transfers In	469,020	447,536	-	916,556
Operating Transfers (Out)	(28,359)	-	(6,900)	(35,259)
TOTAL OTHER FINANCING SOURCES (USES)	<u>440,661</u>	<u>472,412</u>	<u>(6,900)</u>	<u>906,173</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	949,598	69,270	71,653	1,090,521
FUND BALANCE, JULY 1	<u>4,279,835</u>	<u>281,734</u>	<u>338,269</u>	<u>4,899,838</u>
FUND BALANCE, JUNE 30	<u>\$ 5,229,433</u>	<u>\$ 351,004</u>	<u>\$ 409,922</u>	<u>\$ 5,990,359</u>

See accompanying independent auditors' report.

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, 2011

	269 MPO/Traffic Overlay Grant	203 Fire Impact Fees	204 Sewer Impact Fees	205 Project Dare	206 Police Off-Duty Work	207 Police Forfeiture Fund
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance)	-	-	-	-	-	-
Due from other funds	4,163	118,452	1,809,206	2,896	12,774	112,917
TOTAL ASSETS	<u>\$ 4,163</u>	<u>\$ 118,452</u>	<u>\$ 1,809,206</u>	<u>\$ 2,896</u>	<u>\$ 12,774</u>	<u>\$ 112,917</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	
Accrued Salaries	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY						
Fund balance:						
Nonspendable	-	-	-	-	-	-
Restricted	4,163	-	-	2,896	-	112,917
Committed	-	118,452	1,809,206	-	-	-
Assigned	-	-	-	-	12,774	-
Unassigned	-	-	-	-	-	-
TOTAL FUND EQUITY	<u>4,163</u>	<u>118,452</u>	<u>1,809,206</u>	<u>2,896</u>	<u>12,774</u>	<u>112,917</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 4,163</u>	<u>\$ 118,452</u>	<u>\$ 1,809,206</u>	<u>\$ 2,896</u>	<u>\$ 12,774</u>	<u>\$ 112,917</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	210 MPG 10 Natural Resources	213 Bianchi Ruling	215 Fire Dept. Off-Duty Work	216 Clerk Computerization	218 Williston Road S/W Study	219 MPG FY 08 Growth Center
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance)	-	-	-	-	-	-
Due from other funds	3,510	46,861	-	83,440	6,832	17,795
TOTAL ASSETS	<u>\$ 3,510</u>	<u>\$ 46,861</u>	<u>\$ -</u>	<u>\$ 83,440</u>	<u>\$ 6,832</u>	<u>\$ 17,795</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-	-
Due to other funds	-	-	1,637	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>1,637</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY						
Fund balance:						
Nonspendable	-	-	-	-	-	-
Restricted	3,510	46,861	-	-	6,832	17,795
Committed	-	-	-	83,440	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	(1,637)	-	-	-
TOTAL FUND EQUITY	<u>3,510</u>	<u>46,861</u>	<u>(1,637)</u>	<u>83,440</u>	<u>6,832</u>	<u>17,795</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 3,510</u>	<u>\$ 46,861</u>	<u>\$ -</u>	<u>\$ 83,440</u>	<u>\$ 6,832</u>	<u>\$ 17,795</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	220 Recreation Impact Fees	221 Highway Impact Fees	222 School Impact Fees	223 AREH Bike Path Repaving	224 S/W Disconnection Program	225 Special Needs Assessment
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance)	-	-	-	-	-	-
Due from other funds	148,924	494,445	90,232	-	-	1,204
TOTAL ASSETS	<u>\$ 148,924</u>	<u>\$ 494,445</u>	<u>\$ 90,232</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,204</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -		\$ -	\$ -
Accrued salaries	-	-	-	-	-	-
Due to other funds	-	-	-	7,269	2,620	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,269</u>	<u>2,620</u>	<u>-</u>
FUND EQUITY						
Fund balance:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	148,924	494,445	90,232	-	-	1,204
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	(7,269)	(2,620)	-
TOTAL FUND EQUITY	<u>148,924</u>	<u>494,445</u>	<u>90,232</u>	<u>(7,269)</u>	<u>(2,620)</u>	<u>1,204</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 148,924</u>	<u>\$ 494,445</u>	<u>\$ 90,232</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,204</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	289 Better Roads Grant	227 Records Preservation	228 Reparative Board	611 Senior Citizens	230 Dorset Street H2O Miltot	233 Federal EECBG #1 Energy
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance)	-	-	-	-	-	-
Due from other funds	-	68,381	2,608	309	21,152	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 68,381</u>	<u>\$ 2,608</u>	<u>\$ 309</u>	<u>\$ 21,152</u>	<u>\$ -</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-	-
Due to other funds	4,003	-	-	-	-	-
TOTAL LIABILITIES	<u>4,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY						
Fund balance:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	21,152	-
Committed	-	-	2,608	-	-	-
Assigned	-	68,381	-	309	-	-
Unassigned	(4,003)	-	-	-	-	-
TOTAL FUND EQUITY	<u>(4,003)</u>	<u>68,381</u>	<u>2,608</u>	<u>309</u>	<u>21,152</u>	<u>-</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ -</u>	<u>\$ 68,381</u>	<u>\$ 2,608</u>	<u>\$ 309</u>	<u>\$ 21,152</u>	<u>\$ -</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	234 Road Opening Impact Fees	235 FEMA Mimic Grant	237 City Center - Potash Restoration	296 Potash Brook Culvert	242 Healthy Homes Grant
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance)	-	-	-	-	-
Due from other funds	294,651	-	389,055	-	38
TOTAL ASSETS	<u>\$ 294,651</u>	<u>\$ -</u>	<u>\$ 389,055</u>	<u>\$ -</u>	<u>\$ 38</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-
Due to other funds	-	20,612	-	6,900	-
TOTAL LIABILITIES	<u>-</u>	<u>20,612</u>	<u>-</u>	<u>6,900</u>	<u>-</u>
FUND EQUITY					
Fund balance:					
Nonspendable	-	-	-	-	-
Restricted	-	-	389,055	-	38
Committed	294,651	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(20,612)	-	(6,900)	-
TOTAL FUND EQUITY	<u>294,651</u>	<u>(20,612)</u>	<u>389,055</u>	<u>(6,900)</u>	<u>38</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 294,651</u>	<u>\$ -</u>	<u>\$ 389,055</u>	<u>\$ -</u>	<u>\$ 38</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	243 South Village Rec. Impact	244 Public Art City Center	245 Mobile Data Terminals	246 Butler Farms S/W Pond	248 MPG - City Center Design
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance)	-	-	-	-	-
Due from other funds	23,146	-	-	82,317	-
TOTAL ASSETS	<u>\$ 23,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,317</u>	<u>\$ -</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-
Due to other funds	-	99,404	4,817	-	26,115
TOTAL LIABILITIES	<u>-</u>	<u>99,404</u>	<u>4,817</u>	<u>-</u>	<u>26,115</u>
FUND EQUITY					
Fund balance:					
Nonspendable	-	-	-	-	-
Restricted	23,146	-	-	82,317	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(99,404)	(4,817)	-	(26,115)
TOTAL FUND EQUITY	<u>23,146</u>	<u>(99,404)</u>	<u>(4,817)</u>	<u>82,317</u>	<u>(26,115)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 23,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,317</u>	<u>\$ -</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	620 Police Bequeath Fund	251 Fields Use Impact Fees	252 Storm Water Utilities	254 Freeman Foundation Grant	255 S/W Monitoring Equipment
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance)	-	-	-	-	-
Due from other funds	75,000	10,493	-	1	-
TOTAL ASSETS	<u>\$ 75,000</u>	<u>\$ 10,493</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-
Due to other funds	-	-	70,799	-	1,713
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>70,799</u>	<u>-</u>	<u>1,713</u>
FUND EQUITY					
Fund balance:					
Nonspendable	-	-	-	-	-
Restricted	75,000	-	-	1	-
Committed	-	10,493	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	(70,799)	-	(1,713)
TOTAL FUND EQUITY	<u>75,000</u>	<u>10,493</u>	<u>(70,799)</u>	<u>1</u>	<u>(1,713)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 75,000</u>	<u>\$ 10,493</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	261 CL Specific Outlays	262 Jewish Writers Grant	264 C/L Arts Council Grant	265 Tree Maintenance/ Replacement	267 Fire Act Grant (FEMA)	270 Homeland Security
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance)	-	-	-	-	-	-
Due from other funds	3,239	123	155	20,555	-	-
TOTAL ASSETS	<u>\$ 3,239</u>	<u>\$ 123</u>	<u>\$ 155</u>	<u>\$ 20,555</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-	-
Due to other funds	-	-	-	-	24,247	3,619
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,247</u>	<u>3,619</u>
FUND EQUITY						
Fund balance:						
Nonspendable	-	-	-	-	-	-
Restricted	-	123	155	-	-	-
Committed	3,239	-	-	20,555	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	(24,247)	(3,619)
TOTAL FUND EQUITY	<u>3,239</u>	<u>123</u>	<u>155</u>	<u>20,555</u>	<u>(24,247)</u>	<u>(3,619)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 3,239</u>	<u>\$ 123</u>	<u>\$ 155</u>	<u>\$ 20,555</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	271 Great Escape	272 Youth Baseball	273 EPA Demonstration Grant	274 Skiing Program	275 Transportation Action
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance)	-	-	-	-	-
Due from other funds	25	-	78,625	6,514	20
TOTAL ASSETS	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 78,625</u>	<u>\$ 6,514</u>	<u>\$ 20</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-
Due to other funds	-	53	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>53</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY					
Fund balance:					
Nonspendable	-	-	-	-	-
Restricted	25	-	78,625	-	20
Committed	-	-	-	6,514	-
Assigned	-	-	-	-	-
Unassigned	-	(53)	-	-	-
TOTAL FUND EQUITY	<u>25</u>	<u>(53)</u>	<u>78,625</u>	<u>6,514</u>	<u>20</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 78,625</u>	<u>\$ 6,514</u>	<u>\$ 20</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	277 Stag EPA Grant	278 BYFAE Jag Grant	280 Market Street (Federal)	282 MPG FY09 Plan Upgrade II	283 LED Signage/ Crosswalks	284 Homeland Security Tech. Rescue
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance)	-	-	-	-	-	-
Due from other funds	6,244	-	-	-	28,763	-
TOTAL ASSETS	<u>\$ 6,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,763</u>	<u>\$ -</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-	-
Due to other funds	-	9,015	68,258	-	-	6,017
TOTAL LIABILITIES	<u>-</u>	<u>9,015</u>	<u>68,258</u>	<u>-</u>	<u>-</u>	<u>6,017</u>
FUND EQUITY						
Fund balance:						
Nonspendable	-	-	-	-	-	-
Restricted	6,244	-	-	-	28,763	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	(9,015)	(68,258)	-	-	(6,017)
TOTAL FUND EQUITY	<u>6,244</u>	<u>(9,015)</u>	<u>(68,258)</u>	<u>-</u>	<u>28,763</u>	<u>(6,017)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 6,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,763</u>	<u>\$ -</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	286 C/L Resource Sharing Grant	287 C/L Summer Program	288 A/P A/Guard Environmental	290 Highway Safety Grant	293 Fire Act 2004
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance)	-	-	-	-	-
Due from other funds	-	100	77,936	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 77,936</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-
Due to other funds	-	-	-	6,424	34,308
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,424</u>	<u>34,308</u>
FUND EQUITY					
Fund balance:					
Nonspendable	-	-	-	-	-
Restricted	-	-	77,936	-	-
Committed	-	100	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	(6,424)	(34,308)
TOTAL FUND EQUITY	<u>-</u>	<u>100</u>	<u>77,936</u>	<u>(6,424)</u>	<u>(34,308)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 77,936</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	298 Local Options/ Rooms/Meals Tax	299 Fire Dept. Safer Grant	615 Community Development	617 Canine Unit	Totals
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance)	-	-	-	-	-
Due from other funds	1,510,318	-	-	5,000	5,658,419
TOTAL ASSETS	<u>\$ 1,510,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,658,419</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-
Due to other funds	-	30,397	759	-	428,986
TOTAL LIABILITIES	<u>-</u>	<u>30,397</u>	<u>759</u>	<u>-</u>	<u>428,986</u>
FUND EQUITY					
Fund balance:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	977,574
Committed	1,510,318	-	-	5,000	4,599,381
Assigned	-	-	-	-	81,464
Unassigned	-	(30,397)	(759)	-	(428,986)
TOTAL FUND EQUITY	<u>1,510,318</u>	<u>(30,397)</u>	<u>(759)</u>	<u>5,000</u>	<u>5,229,433</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,510,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,658,419</u>

See accompanying independent auditors' report.

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, 2011

	269 MPO/Traffic Overlay Grant	203 Fire Impact Fees	204 Sewer Impact Fees	205 Project Dare	206 Police Off-Duty Work	207 Police Forfeiture Fund
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	4,163	-	-	-	-	53,866
Charges for service	-	23,945	152,399	-	-	-
Other income	-	-	-	3,472	17,486	-
Total revenues	<u>4,163</u>	<u>23,945</u>	<u>152,399</u>	<u>3,472</u>	<u>17,486</u>	<u>53,866</u>
EXPENDITURES						
Administration	-	-	-	-	-	-
Public safety	-	-	-	2,279	12,126	5,511
Education	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,279</u>	<u>12,126</u>	<u>5,511</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,163</u>	<u>23,945</u>	<u>152,399</u>	<u>1,193</u>	<u>5,360</u>	<u>48,355</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	4,163	23,945	152,399	1,193	5,360	48,355
FUND BALANCE, JULY 1	<u>-</u>	<u>94,507</u>	<u>1,656,807</u>	<u>1,703</u>	<u>7,414</u>	<u>64,562</u>
FUND BALANCE, JUNE 30	<u>\$ 4,163</u>	<u>\$ 118,452</u>	<u>\$ 1,809,206</u>	<u>\$ 2,896</u>	<u>\$ 12,774</u>	<u>\$ 112,917</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, 2011

	210 MPG 10 Natural Resources	213 Bianchi Ruling	215 Fire Dept. Off-Duty Work	216 Clerk Computerization	218 Williston Road S/W Study	219 MPG FY 08 Growth Center
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	3,510	-	-	-	266	30,000
Charges for service	-	-	-	-	-	-
Other income	-	-	1,491	77,039	-	-
Total revenues	<u>3,510</u>	<u>-</u>	<u>1,491</u>	<u>77,039</u>	<u>266</u>	<u>30,000</u>
EXPENDITURES						
Administration	-	-	-	37,977	-	-
Public safety	-	-	2,190	-	-	-
Education	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	12,205
Total expenditures	<u>-</u>	<u>-</u>	<u>2,190</u>	<u>37,977</u>	<u>-</u>	<u>12,205</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,510</u>	<u>-</u>	<u>(699)</u>	<u>39,062</u>	<u>266</u>	<u>17,795</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>3,510</u>	<u>-</u>	<u>(699)</u>	<u>39,062</u>	<u>266</u>	<u>17,795</u>
FUND BALANCE, JULY 1	<u>-</u>	<u>46,861</u>	<u>(938)</u>	<u>44,378</u>	<u>6,566</u>	<u>-</u>
FUND BALANCE, JUNE 30	<u>\$ 3,510</u>	<u>\$ 46,861</u>	<u>\$ (1,637)</u>	<u>\$ 83,440</u>	<u>\$ 6,832</u>	<u>\$ 17,795</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, 2011

	220 Recreation Impact Fees	221 Highway Impact Fees	222 School Impact Fees	223 AREH Bike Path Repaving	224 S/W Disconnection Program	225 Special Needs Assessment
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	158,948	-	-
Charges for service	154,863	102,903	-	-	-	-
Other income	-	-	-	-	-	-
Total revenues	<u>154,863</u>	<u>102,903</u>	<u>-</u>	<u>158,948</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Administration	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Education	-	-	125,000	-	-	-
Capital outlay	30,134	-	-	7,176	-	-
Total expenditures	<u>30,134</u>	<u>-</u>	<u>125,000</u>	<u>7,176</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>124,729</u>	<u>102,903</u>	<u>(125,000)</u>	<u>151,772</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	(28,359)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(28,359)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	96,370	102,903	(125,000)	151,772	-	-
FUND BALANCE, JULY 1	<u>52,554</u>	<u>391,542</u>	<u>215,232</u>	<u>(159,041)</u>	<u>(2,620)</u>	<u>1,204</u>
FUND BALANCE, JUNE 30	<u>\$ 148,924</u>	<u>\$ 494,445</u>	<u>\$ 90,232</u>	<u>\$ (7,269)</u>	<u>\$ (2,620)</u>	<u>\$ 1,204</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, 2011

	289 Better Roads Grant	227 Records Preservation	228 Reparative Board	611 Senior Citizens	230 Dorset Street H2O Milot	233 Federal EECBG #1 Energy
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	7,000	-	1,000	-	-	12,198
Charges for service	-	27,232	-	-	3,046	-
Other income	-	-	-	413	-	-
Total revenues	<u>7,000</u>	<u>27,232</u>	<u>1,000</u>	<u>413</u>	<u>3,046</u>	<u>12,198</u>
EXPENDITURES						
Administration	-	4,291	25	4,104	-	-
Public safety	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital outlay	11,003	-	-	-	-	-
Total expenditures	<u>11,003</u>	<u>4,291</u>	<u>25</u>	<u>4,104</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,003)</u>	<u>22,941</u>	<u>975</u>	<u>(3,691)</u>	<u>3,046</u>	<u>12,198</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	4,000	-	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>(4,003)</u>	<u>22,941</u>	<u>975</u>	<u>309</u>	<u>3,046</u>	<u>12,198</u>
FUND BALANCE, JULY 1	<u>-</u>	<u>45,440</u>	<u>1,633</u>	<u>-</u>	<u>18,106</u>	<u>(12,198)</u>
FUND BALANCE, JUNE 30	<u>\$ (4,003)</u>	<u>\$ 68,381</u>	<u>\$ 2,608</u>	<u>\$ 309</u>	<u>\$ 21,152</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, 2011

	234 Road Opening Impact Fees	235 FEMA Mimic Grant	237 City Center - Potash Restoration	296 Potash Brook Culvert	242 Healthy Homes Grant
REVENUES					
Property taxes	\$ -	\$ 10,000	\$ -	\$ -	\$ -
Intergovernmental revenue	-	288,331	-	-	-
Charges for service	102,125	-	-	-	-
Other income	-	-	-	-	-
Total revenues	<u>102,125</u>	<u>298,331</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Administration	-	-	-	-	-
Public safety	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	16,343	332,675	30,247	6,900	-
Total expenditures	<u>16,343</u>	<u>332,675</u>	<u>30,247</u>	<u>6,900</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>85,782</u>	<u>(34,344)</u>	<u>(30,247)</u>	<u>(6,900)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	85,782	(34,344)	(30,247)	(6,900)	-
FUND BALANCE, JULY 1	<u>208,869</u>	<u>13,732</u>	<u>419,302</u>	<u>-</u>	<u>38</u>
FUND BALANCE, JUNE 30	<u>\$ 294,651</u>	<u>\$ (20,612)</u>	<u>\$ 389,055</u>	<u>\$ (6,900)</u>	<u>\$ 38</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, 2011

	243 South Village Rec. Impact	244 Public Art City Center	245 Mobile Data Terminals	246 Butler Farms S/W Pond	248 MPG - City Center Design
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	6,948	-	-
Charges for service	5,243	-	-	-	-
Other income	-	-	-	-	-
Total revenues	<u>5,243</u>	<u>-</u>	<u>6,948</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Administration	-	-	-	-	-
Public safety	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	-	1,271	4,228	-
Total expenditures	<u>-</u>	<u>-</u>	<u>1,271</u>	<u>4,228</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,243</u>	<u>-</u>	<u>5,677</u>	<u>(4,228)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	88,000	-
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	5,243	-	5,677	83,772	-
FUND BALANCE, JULY 1	<u>17,903</u>	<u>(99,404)</u>	<u>(10,494)</u>	<u>(1,455)</u>	<u>(26,115)</u>
FUND BALANCE, JUNE 30	<u>\$ 23,146</u>	<u>\$ (99,404)</u>	<u>\$ (4,817)</u>	<u>\$ 82,317</u>	<u>\$ (26,115)</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, 2011

	620 Police Bequeath Fund	251 Fields Use Impact Fees	252 Storm Water Utilities	254 Freeman Foundation Grant	255 S/W Monitoring Equipment
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-
Charges for service	-	26,405	-	-	-
Other income	75,000	-	-	-	-
Total revenues	<u>75,000</u>	<u>26,405</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Administration	-	30,569	-	174	-
Public safety	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>30,569</u>	<u>-</u>	<u>174</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>75,000</u>	<u>(4,164)</u>	<u>-</u>	<u>(174)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	100,000	-	-
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	75,000	(4,164)	100,000	(174)	-
FUND BALANCE, JULY 1	<u>-</u>	<u>14,657</u>	<u>(170,799)</u>	<u>175</u>	<u>(1,713)</u>
FUND BALANCE, JUNE 30	<u>\$ 75,000</u>	<u>\$ 10,493</u>	<u>\$ (70,799)</u>	<u>\$ 1</u>	<u>\$ (1,713)</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, 2011

	261 C/L Specific Outlays	262 Jewish Writers Grant	264 C/L Arts Council Grant	265 Tree Maintenance/ Replacement	267 Fire Act Grant (FEMA)	270 Homeland Security
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	-
Charges for service	-	-	-	2,993	-	-
Other income	1,057	-	-	-	-	-
Total revenues	<u>1,057</u>	<u>-</u>	<u>-</u>	<u>2,993</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Administration	1,009	-	-	-	-	-
Public safety	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>1,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>48</u>	<u>-</u>	<u>-</u>	<u>2,993</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	48	-	-	2,993	-	-
FUND BALANCE, JULY 1	<u>3,191</u>	<u>123</u>	<u>155</u>	<u>17,562</u>	<u>(24,247)</u>	<u>(3,619)</u>
FUND BALANCE, JUNE 30	<u>\$ 3,239</u>	<u>\$ 123</u>	<u>\$ 155</u>	<u>\$ 20,555</u>	<u>\$ (24,247)</u>	<u>\$ (3,619)</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, 2011

	271 Great Escape	272 Youth Baseball	273 EPA Demonstration Grant	274 Skiing Program	275 Transportation Action
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	157,885	-	-
Charges for service	16,224	-	-	15,420	-
Other income	-	324	-	-	-
Total revenues	<u>16,224</u>	<u>324</u>	<u>157,885</u>	<u>15,420</u>	<u>-</u>
EXPENDITURES					
Administration	19,174	324	-	12,281	88
Public safety	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	-	104,186	-	-
Total expenditures	<u>19,174</u>	<u>324</u>	<u>104,186</u>	<u>12,281</u>	<u>88</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,950)</u>	<u>-</u>	<u>53,699</u>	<u>3,139</u>	<u>(88)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	77,000	-	-
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>77,000</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>(2,950)</u>	<u>-</u>	<u>130,699</u>	<u>3,139</u>	<u>(88)</u>
FUND BALANCE, JULY 1	<u>2,975</u>	<u>(53)</u>	<u>(52,074)</u>	<u>3,375</u>	<u>108</u>
FUND BALANCE, JUNE 30	<u>\$ 25</u>	<u>\$ (53)</u>	<u>\$ 78,625</u>	<u>\$ 6,514</u>	<u>\$ 20</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, 2011

	277 Stag EPA Grant	278 BYFAE Jag Grant	280 Market Street (Federal)	282 MPG FY 09 Plan Upgrade II	283 LED Signage/ Crosswalks	284 Homeland Security Tech. Rescue
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	8,633	36,544	4,800	-	-
Charges for service	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>8,633</u>	<u>36,544</u>	<u>4,800</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Administration	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital outlay	-	10,026	72,459	-	1,237	-
Total expenditures	<u>-</u>	<u>10,026</u>	<u>72,459</u>	<u>-</u>	<u>1,237</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(1,393)</u>	<u>(35,915)</u>	<u>4,800</u>	<u>(1,237)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	-	(1,393)	(35,915)	4,800	(1,237)	-
FUND BALANCE, JULY 1	<u>6,244</u>	<u>(7,622)</u>	<u>(32,343)</u>	<u>(4,800)</u>	<u>30,000</u>	<u>(6,017)</u>
FUND BALANCE, JUNE 30	<u>\$ 6,244</u>	<u>\$ (9,015)</u>	<u>\$ (68,258)</u>	<u>\$ -</u>	<u>\$ 28,763</u>	<u>\$ (6,017)</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, 2011

	286 C/L Resource Sharing Grant	287 C/L Summer Program	288 A/P A/Guard Enviromental	290 Highway Safety Grant	293 Fire Act 2004
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	200	-	-	-
Charges for service	-	-	-	-	-
Other income	-	-	24,041	-	-
Total revenues	<u>-</u>	<u>200</u>	<u>24,041</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Administration	323	300	-	-	-
Public safety	-	-	-	6,424	-
Education	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>323</u>	<u>300</u>	<u>-</u>	<u>6,424</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(323)</u>	<u>(100)</u>	<u>24,041</u>	<u>(6,424)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>(323)</u>	<u>(100)</u>	<u>24,041</u>	<u>(6,424)</u>	<u>-</u>
FUND BALANCE, JULY 1	<u>323</u>	<u>200</u>	<u>53,895</u>	<u>-</u>	<u>(34,308)</u>
FUND BALANCE, JUNE 30	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 77,936</u>	<u>\$ (6,424)</u>	<u>\$ (34,308)</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, 2011

	298 Local Options/ Rooms/Meals Tax	299 Fire Dept. Safer Grant	615 Community Development	617 Canine Unit	Totals
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Intergovernmental revenue	-	133,770	590,000	-	1,498,062
Charges for service	-	-	-	-	632,798
Other income	-	-	192	-	200,515
Total revenues	<u>-</u>	<u>133,770</u>	<u>590,192</u>	<u>-</u>	<u>2,341,375</u>
EXPENDITURES					
Administration	-	-	590,124	-	700,763
Public safety	-	338,055	-	-	366,585
Education	-	-	-	-	125,000
Capital outlay	-	-	-	-	640,090
Total expenditures	<u>-</u>	<u>338,055</u>	<u>590,124</u>	<u>-</u>	<u>1,832,438</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(204,285)</u>	<u>68</u>	<u>-</u>	<u>508,937</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	200,020	-	-	469,020
Operating Transfers (Out)	-	-	-	-	(28,359)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>200,020</u>	<u>-</u>	<u>-</u>	<u>440,661</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>-</u>	<u>(4,265)</u>	<u>68</u>	<u>-</u>	<u>949,598</u>
FUND BALANCE, JULY 1	<u>1,510,318</u>	<u>(26,132)</u>	<u>(827)</u>	<u>5,000</u>	<u>4,279,835</u>
FUND BALANCE, JUNE 30	<u>\$ 1,510,318</u>	<u>\$ (30,397)</u>	<u>\$ (759)</u>	<u>\$ 5,000</u>	<u>\$ 5,229,433</u>

See accompanying independent auditors' report.

Capital Projects Funds

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

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2011

	208 Spear Street Sewer	258 City Center Planning & Design	285 San Remo Drive Project	295 S/W Oakcreek	301 Reappraisal Fund	302 Police Headquarters
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-
Due from other funds	11,803	-	-	629	-	-
TOTAL ASSETS	<u>\$ 11,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 629</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	76,183	207,202	-	44,855	164,872
Due to other governments	2,428	-	-	-	-	-
TOTAL LIABILITIES	<u>2,428</u>	<u>76,183</u>	<u>207,202</u>	<u>-</u>	<u>44,855</u>	<u>164,872</u>
FUND EQUITY						
Fund balance:						
Nonspendable	-	-	-	-	-	-
Restricted	9,375	-	-	629	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	(76,183)	(207,202)	-	(44,855)	(164,872)
TOTAL FUND EQUITY	<u>9,375</u>	<u>(76,183)</u>	<u>(207,202)</u>	<u>629</u>	<u>(44,855)</u>	<u>(164,872)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 11,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 629</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2011

	303 Kennedy Drive Reconstruction	305 Shelburne Road Water Relocation	306 Fire Department Fund	307 Ambulance Equipment Replacement	308 Open Space Fund	309 Open Space Special Assessment
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	65,000	105,000	1,380	520,779
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,000</u>	<u>\$ 105,000</u>	<u>\$ 1,380</u>	<u>\$ 520,779</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	258,243	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
TOTAL LIABILITIES	<u>258,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY						
Fund balance:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	65,000	105,000	1,380	520,779
Assigned	-	-	-	-	-	-
Unassigned	(258,243)	-	-	-	-	-
TOTAL FUND EQUITY	<u>(258,243)</u>	<u>-</u>	<u>65,000</u>	<u>105,000</u>	<u>1,380</u>	<u>520,779</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,000</u>	<u>\$ 105,000</u>	<u>\$ 1,380</u>	<u>\$ 520,779</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2011

	310 ACOE BBN	312 Tilley Recreation Path	313 ACOE BBS	314 Spear Street/ Pinnacle	315 Fire Dept. Building Improvements
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-
Due from other funds	-	1,272	134,042	-	3,480
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 1,272</u>	<u>\$ 134,042</u>	<u>\$ -</u>	<u>\$ 3,480</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	117,254	-	-	179,820	-
Due to other governments	-	-	-	-	-
TOTAL LIABILITIES	<u>117,254</u>	<u>-</u>	<u>-</u>	<u>179,820</u>	<u>-</u>
FUND EQUITY					
Fund balance:					
Nonspendable	-	-	-	-	-
Restricted	-	1,272	134,042	-	-
Committed	-	-	-	-	3,480
Assigned	-	-	-	-	-
Unassigned	(117,254)	-	-	(179,820)	-
TOTAL FUND EQUITY	<u>(117,254)</u>	<u>1,272</u>	<u>134,042</u>	<u>(179,820)</u>	<u>3,480</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ -</u>	<u>\$ 1,272</u>	<u>\$ 134,042</u>	<u>\$ -</u>	<u>\$ 3,480</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2011

	316 WPC Equip. Replacement Fund	317 Vactor SMMG 0054	318 Exit 14B Staples 3rd Lane	323 ARRA Quarry Ridge S/W	324 ARRA Twin Oaks
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-
Due from other funds	488,976	-	-	37,327	106,248
TOTAL ASSETS	\$ 488,976	\$ -	\$ -	\$ 37,327	\$ 106,248
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	128,320	38,147	-	-
Due to other governments	-	-	-	-	-
TOTAL LIABILITIES	-	128,320	38,147	-	-
FUND EQUITY					
Fund balance:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	37,327	106,248
Committed	488,976	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(128,320)	(38,147)	-	-
TOTAL FUND EQUITY	488,976	(128,320)	(38,147)	37,327	106,248
TOTAL LIABILITIES AND FUND EQUITY	\$ 488,976	\$ -	\$ -	\$ 37,327	\$ 106,248

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2011

	325 ARRA Ridgewood	326 ARRA Winding Brook	327 ARRA Harbor Heights	328 Hayes Avenue Stormwater	Totals
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-
Due from other funds	60,517	45,061	-	-	1,581,514
TOTAL ASSETS	<u>\$ 60,517</u>	<u>\$ 45,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,581,514</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	3,890	9,296	1,228,082
Due to other governments	-	-	-	-	2,428
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>3,890</u>	<u>9,296</u>	<u>1,230,510</u>
FUND EQUITY					
Fund balance:					
Nonspendable	-	-	-	-	-
Restricted	60,517	45,061	-	-	394,471
Committed	-	-	-	-	1,184,615
Assigned	-	-	-	-	-
Unassigned	-	-	(3,890)	(9,296)	(1,228,082)
TOTAL FUND EQUITY	<u>60,517</u>	<u>45,061</u>	<u>(3,890)</u>	<u>(9,296)</u>	<u>351,004</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 60,517</u>	<u>\$ 45,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,581,514</u>

See accompanying independent auditors' report.

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, 2011

	208 Spear Street Sewer	258 City Center Planning & Design	285 San Remo Drive Project	295 S/W Oakcreek	301 Reappraisal Fund	302 Police Headquarters
REVENUES						
Property taxes	\$ 11,519	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other income	66	-	-	-	-	2,500
Total revenues	<u>11,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>
EXPENDITURES						
Administration	-	-	-	-	-	79,200
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Capital outlay	-	-	286,073	832	-	23,672
Total expenditures	<u>-</u>	<u>-</u>	<u>286,073</u>	<u>832</u>	<u>-</u>	<u>102,872</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,585</u>	<u>-</u>	<u>(286,073)</u>	<u>(832)</u>	<u>-</u>	<u>(100,372)</u>
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	44,500	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,500</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>11,585</u>	<u>-</u>	<u>(286,073)</u>	<u>(832)</u>	<u>44,500</u>	<u>(100,372)</u>
FUND BALANCE, JULY 1	<u>(2,210)</u>	<u>(76,183)</u>	<u>78,871</u>	<u>1,461</u>	<u>(89,355)</u>	<u>(64,500)</u>
FUND BALANCE, JUNE 30	<u>\$ 9,375</u>	<u>\$ (76,183)</u>	<u>\$ (207,202)</u>	<u>\$ 629</u>	<u>\$ (44,855)</u>	<u>\$ (164,872)</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, 2011

	303 Kennedy Drive Reconstruction	305 Shelburne Road Water Relocation	306 Fire Department Fund	307 Ambulance Equipment Replacement	308 Open Space Fund	309 Open Space Special Assessment
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	639,903	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other income	1,989	-	-	-	-	-
Total revenues	<u>641,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Administration	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Capital outlay	594,195	-	-	-	-	60,000
Total expenditures	<u>594,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>47,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,000)</u>
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	-	-	-
Operating Transfers In	-	-	25,000	15,000	-	271,994
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>15,000</u>	<u>-</u>	<u>271,994</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>47,697</u>	<u>-</u>	<u>25,000</u>	<u>15,000</u>	<u>-</u>	<u>211,994</u>
FUND BALANCE, JULY 1	<u>(305,940)</u>	<u>-</u>	<u>40,000</u>	<u>90,000</u>	<u>1,380</u>	<u>308,785</u>
FUND BALANCE, JUNE 30	<u>\$ (258,243)</u>	<u>\$ -</u>	<u>\$ 65,000</u>	<u>\$ 105,000</u>	<u>\$ 1,380</u>	<u>\$ 520,779</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, 2011

	310 ACOE BBN	312 Tilley Recreation Path	313 ACOE BBS	314 Spear Street/ Pinnacle	315 Fire Dept. Building Improvements
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	6,105	-	-	-
Investment income	-	-	-	-	-
Other income	-	-	-	-	-
Total revenues	<u>-</u>	<u>6,105</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	105,830	556	-	-	8,001
Total expenditures	<u>105,830</u>	<u>556</u>	<u>-</u>	<u>-</u>	<u>8,001</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(105,830)</u>	<u>5,549</u>	<u>-</u>	<u>-</u>	<u>(8,001)</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	-	-
Operating Transfers In	-	-	57,042	-	-
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>57,042</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>(105,830)</u>	<u>5,549</u>	<u>57,042</u>	<u>-</u>	<u>(8,001)</u>
FUND BALANCE, JULY 1	<u>(11,424)</u>	<u>(4,277)</u>	<u>77,000</u>	<u>(179,820)</u>	<u>11,481</u>
FUND BALANCE, JUNE 30	<u><u>\$(117,254)</u></u>	<u><u>\$ 1,272</u></u>	<u><u>\$ 134,042</u></u>	<u><u>\$(179,820)</u></u>	<u><u>\$ 3,480</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, 2011

	316 WPC Equip. Replacement Fund	317 Vactor SMMG 0054	318 Exit 14B Staples 3rd Lane	323 ARRA Quarry Ridge S/W	324 ARRA Twin Oaks
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	97,946	-	1,534
Investment income	-	-	-	-	-
Other income	-	-	27,953	37,435	62,848
Total revenues	<u>-</u>	<u>-</u>	<u>125,899</u>	<u>37,435</u>	<u>64,382</u>
EXPENDITURES					
Administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	172,377	108	10,422
Total expenditures	<u>-</u>	<u>-</u>	<u>172,377</u>	<u>108</u>	<u>10,422</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(46,478)</u>	<u>37,327</u>	<u>53,960</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	-	-
Operating Transfers In	-	-	-	-	34,000
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,000</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	-	-	(46,478)	37,327	87,960
FUND BALANCE, JULY 1	<u>488,976</u>	<u>(128,320)</u>	<u>8,331</u>	<u>-</u>	<u>18,288</u>
FUND BALANCE, JUNE 30	<u>\$ 488,976</u>	<u>\$ (128,320)</u>	<u>\$ (38,147)</u>	<u>\$ 37,327</u>	<u>\$ 106,248</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	325 ARRA Ridgewood	326 ARRA Winding Brook	327 ARRA Harbor Heights	328 Hayes Avenue Stormwater	Totals
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 11,519
Intergovernmental	-	-	17,294	-	762,782
Investment income	-	-	-	-	-
Other income	47,100	45,705	-	-	225,596
Total revenues	<u>47,100</u>	<u>45,705</u>	<u>17,294</u>	<u>-</u>	<u>999,897</u>
EXPENDITURES					
Administration	-	-	-	-	79,200
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	24,485	95	27,897	9,296	1,323,839
Total expenditures	<u>24,485</u>	<u>95</u>	<u>27,897</u>	<u>9,296</u>	<u>1,403,039</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>22,615</u>	<u>45,610</u>	<u>(10,603)</u>	<u>(9,296)</u>	<u>(403,142)</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	24,068	-	808	-	24,876
Operating Transfers In	-	-	-	-	447,536
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>24,068</u>	<u>-</u>	<u>808</u>	<u>-</u>	<u>472,412</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	46,683	45,610	(9,795)	(9,296)	69,270
FUND BALANCE, JULY 1	13,834	(549)	5,905	-	\$ 281,734
FUND BALANCE, JUNE 30	<u>\$ 60,517</u>	<u>\$ 45,061</u>	<u>\$ (3,890)</u>	<u>\$ (9,296)</u>	<u>\$ 351,004</u>

See accompanying independent auditors' report.

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, 2011

	Cemetary	Community Library Trust	Community Chorus	Recreation Donation	P.A.C.T
ASSETS					
Investments	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	4,999	19,619	664	2,789	2,057
TOTAL ASSETS	<u>\$ 4,999</u>	<u>\$ 19,619</u>	<u>\$ 664</u>	<u>\$ 2,789</u>	<u>\$ 2,057</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Due to agencies	-	-	664	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>664</u>	<u>-</u>	<u>-</u>
FUND EQUITY					
Fund balance:					
Nonspendable	-	-	-	-	-
Restricted	4,999	19,619	-	-	2,057
Committed	-	-	-	2,789	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND EQUITY	<u>4,999</u>	<u>19,619</u>	<u>-</u>	<u>2,789</u>	<u>2,057</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 4,999</u>	<u>\$ 19,619</u>	<u>\$ 664</u>	<u>\$ 2,789</u>	<u>\$ 2,057</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2011

	Memorial Fund	Veterans Memorial	Dorset Street Banners	Recreation Path Donations	National Night Out
ASSETS					
Investments	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	2,886	4,900	9	6,300	-
TOTAL ASSETS	<u>\$ 2,886</u>	<u>\$ 4,900</u>	<u>\$ 9</u>	<u>\$ 6,300</u>	<u>\$ -</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Due to agencies	-	-	-	6,300	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,300</u>	<u>-</u>
FUND EQUITY					
Fund balance:					
Nonspendable	-	-	-	-	-
Restricted	2,886	4,900	9	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND EQUITY	<u>2,886</u>	<u>4,900</u>	<u>9</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 2,886</u>	<u>\$ 4,900</u>	<u>\$ 9</u>	<u>\$ 6,300</u>	<u>\$ -</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2011

	Library (Blanchette)	Fire Department Donations	Dog Park Donations	Community Music Festival	Totals
ASSETS					
Investments	\$ 373,575	\$ -	\$ -	\$ -	\$ 373,575
Due from agencies	-	-	-	75	75
Due from other funds	-	-	768	-	44,991
TOTAL ASSETS	<u>\$ 373,575</u>	<u>\$ -</u>	<u>\$ 768</u>	<u>\$ 75</u>	<u>\$ 418,641</u>
LIABILITIES					
Due to other funds	\$ 194	\$ 1,486	\$ -	\$ 75	\$ 1,755
Due to agencies	-	-	-	-	6,964
TOTAL LIABILITIES	<u>194</u>	<u>1,486</u>	<u>-</u>	<u>75</u>	<u>8,719</u>
FUND EQUITY					
Fund balance:					
Nonspendable	-	-	-	-	-
Restricted	373,381	-	-	-	407,851
Committed	-	-	768	-	3,557
Assigned	-	-	-	-	-
Unassigned	-	(1,486)	-	-	(1,486)
TOTAL FUND EQUITY	<u>373,381</u>	<u>(1,486)</u>	<u>768</u>	<u>-</u>	<u>409,922</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 373,575</u>	<u>\$ -</u>	<u>\$ 768</u>	<u>\$ 75</u>	<u>\$ 418,641</u>

See accompanying independent auditors' report.

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Cemetary</u>	<u>Community Library Trust</u>	<u>Community Chorus</u>	<u>Recreation Donation</u>	<u>P.A.C.T</u>
REVENUES					
Charges for services	\$ -	\$ 1,163	\$ -	\$ -	\$ 1,500
Investment income	-	-	-	-	-
Miscellaneous	-	2,852	-	1,000	2,424
Total revenues	<u>-</u>	<u>4,015</u>	<u>-</u>	<u>1,000</u>	<u>3,924</u>
EXPENDITURES					
Administration	-	-	-	-	-
Public safety	-	-	-	-	-
Other	-	2,120	-	2,964	1,952
Total expenditures	<u>-</u>	<u>2,120</u>	<u>-</u>	<u>2,964</u>	<u>1,952</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1,895</u>	<u>-</u>	<u>(1,964)</u>	<u>1,972</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	-	1,895	-	(1,964)	1,972
FUND BALANCE, JULY 1	<u>4,999</u>	<u>17,724</u>	<u>-</u>	<u>4,753</u>	<u>85</u>
FUND BALANCE, JUNE 30	<u>\$ 4,999</u>	<u>\$ 19,619</u>	<u>\$ -</u>	<u>\$ 2,789</u>	<u>\$ 2,057</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Memorial Fund	Veterans Memorial	Dorset Street Banners	Recreation Path Donations	National Night Out
REVENUES					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-
Miscellaneous	-	5,147	-	-	-
Total revenues	<u>-</u>	<u>5,147</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Administration	-	-	-	-	-
Public safety	-	-	-	-	-
Other	-	247	-	-	-
Total expenditures	<u>-</u>	<u>247</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	4,900	-	-	-
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	-	4,900	-	-	-
FUND BALANCE, JULY 1	<u>2,886</u>	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30	<u>\$ 2,886</u>	<u>\$ 4,900</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SOUTH BURLINGTON, VERMONT

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Library (Blanchette)	Fire Department Donations	Dog Park Donations	Community Music Festival	Totals
REVENUES					
Charges for services	\$ -	\$ 1,922	\$ -	\$ -	\$ 4,585
Investment income	69,708	-	-	-	69,708
Miscellaneous	37	1,937	571	-	13,968
Total revenues	<u>69,745</u>	<u>3,859</u>	<u>571</u>	<u>-</u>	<u>88,261</u>
EXPENDITURES					
Administration	-	-	-	-	-
Public safety	-	2,425	-	-	2,425
Other	-	-	-	-	7,283
Total expenditures	<u>-</u>	<u>2,425</u>	<u>-</u>	<u>-</u>	<u>9,708</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>69,745</u>	<u>1,434</u>	<u>571</u>	<u>-</u>	<u>78,553</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers (Out)	(6,900)	-	-	-	(6,900)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,900)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	62,845	1,434	571	-	71,653
FUND BALANCE, JULY 1	<u>310,536</u>	<u>(2,920)</u>	<u>197</u>	<u>-</u>	<u>338,269</u>
FUND BALANCE, JUNE 30	<u>\$ 373,381</u>	<u>\$ (1,486)</u>	<u>\$ 768</u>	<u>\$ -</u>	<u>\$ 409,922</u>
See accompanying independent auditors' report.					

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 assets.

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2011

	Land and Non-depreciable Assets	Buildings Buildings Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
General Government	\$ 329,511	\$ 1,398,945	\$ 75,425	\$ -	\$ 1,803,881
Ambulance	-	-	185,169	-	185,169
Fire	1,118,500	6,314,977	2,110,419	-	9,543,896
Police	-	7,319,538	1,606,175	-	8,925,713
Highway	904,654	-	2,132,599	456,585	3,493,838
Public Works	6,621,526	791,049	219,183	36,324,586	43,956,344
Library	-	-	12,084	-	12,084
Recreation	2,610,952	323,206	141,769	2,067,014	5,142,941
Health	280,500	681,648	-	108,305	1,070,453
Airport	21,375,571	-	-	-	21,375,571
City Wide	1,360,300	8,600	-	-	1,368,900
Storm Water Utilities	30,000	154,994	616,202	479,044	1,280,240
Water Pollution Control	488,000	13,170,884	352,619	811,308	14,822,811
Water Department	-	-	6,506,827	-	6,506,827
Total General Capital Assets	35,119,514	30,163,841	13,958,471	40,246,842	119,488,668
Less: Accumulated Depreciation	-	(17,867,061)	(6,149,151)	(32,442,281)	(56,458,493)
Net General Capital Assets	\$ 35,119,514	\$ 12,296,780	\$ 7,809,320	\$ 7,804,561	\$ 63,030,175

See accompanying independent auditors' report.

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2011

	General Capital Assets 7/1/10	Additions	Deletions	General Capital Assets 6/30/11
General Government	\$ 1,803,881	\$ -	\$ -	\$ 1,803,881
Ambulance	185,169	-	-	185,169
Fire	9,520,966	22,930	-	9,543,896
Police	8,812,854	112,859	-	8,925,713
Highway	2,205,950	1,287,888	-	3,493,838
Public Works	43,956,344	-	-	43,956,344
Library	12,084	-	-	12,084
Recreation	5,111,998	30,943	-	5,142,941
Health	1,070,453	-	-	1,070,453
Airport	4,547,137	16,828,434	-	21,375,571
City Wide	1,300,300	68,600	-	1,368,900
Storm Water Utilities	1,280,240	-	-	1,280,240
Water Pollution Control	14,691,589	131,222	-	14,822,811
Water Department	6,292,269	214,558	-	6,506,827
Total General Capital Assets	100,791,234	18,697,434	-	119,488,668
Less: Accumulated Depreciation	(54,699,360)	(1,759,133)	-	(56,458,493)
Net General Capital Assets	<u>\$ 46,091,874</u>	<u>\$16,938,301</u>	<u>\$ -</u>	<u>\$ 63,030,175</u>

See accompanying independent auditors' report.

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2011

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Thru Grantor Number	Federal Expenditures
U.S. Agency of Transportation			
Passed through Vermont Agency of Transportation:			
Federal Aid Highway:			
Butler Farm SW Pond	20.205	08126-SW0047	\$ 4,228
Transportation Action	20.205	08126-TAG09-4	88
Market Street	20.205	01826-CA0118	72,459
Stormwater	20.205	08126-SW0031	832
Kennedy Drive	20.205	08126-CA0006	594,196
Tilly Drive	20.205	08126-13EH07	557
Staples 3rd Lane	20.205	08126-CA0241	172,377
Total Agency of Transportation			<u>844,737</u>
U.S. Department of Housing and Urban Development			
Passed through State of Vermont Secretary of State:			
Community Development Block Grant	14.228		<u>590,124</u>
U.S. Department of Energy:			
Direct Program:			
Energy Efficiency and Conservation Block Grant	81.128	N/A	<u>202,317</u>
U.S. Department of Defense			
Direct Program:			
Military Construction	21.400	N/A	<u>30,247</u>
National Foundation on Arts and Humanities:			
Passed Through Vermont State Libraries:			
Library Services & Technology	45.310	01130-PI-FFY08	<u>323</u>

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 JUNE 30, 2011

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Thru Grantor Number	Federal Expenditures
Environmental Protection Agency:			
Direct Program:			
Congressionally Mandated Projects	66.202	N/A	104,187
Edward Byrne Memorial Justice Assistance	66.202	N/A	10,026
Passed Through Vermont Environmental Protection:			
Revolving Loan Fund	66.458	06140-AR1-014	108
Airport Parkway Expansion/Revolving Loan	66.458	06140-AR1-067	16,837,554
Revolving Loan Fund	66.458	06140-AR1-070	10,422
Revolving Loan Fund	66.458	06140-AR1-071	24,485
Revolving Loan Fund	66.458	06140-AR1-072	95
Revolving Loan Fund	66.458	06140-AR1-073	27,896
Total Environmental Protection Agency			<u>17,014,773</u>
Department of Homeland Security			
Direct Program:			
FEMA Mimic Grant	97.044	N/A	332,675
Staffing for Adequate Fire and Emergency Response	97.044	N/A	338,055
Passed Through Vermont Public Safety:			
Homeland Security Program	97.067	02140-77252-106	1,271
Total Department of Homeland Security			<u>672,001</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 19,354,522</u>

CITY OF SOUTH BURLINGTON, VERMONT
NOTES TO SCHEDULE OF FEDERAL AWARDS
JUNE 30, 2011

1. General

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

2. Basis of Accounting

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

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

- 1) 14.228 – Community Development Block Grant
- 2) 66.458 – Revolving Loan Fund



Proven Expertise and Integrity

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

November 2, 2011

City Council
City of South Burlington
South Burlington, Vermont

We have audited the financial statements of the City of South Burlington, Vermont, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of South Burlington, Vermont's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not necessarily designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of South Burlington, Vermont's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

RHR Smith & Company

Certified Public Accountants



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

November 2, 2011

City Council
City of South Burlington
South Burlington, Vermont

Compliance

We have audited City of South Burlington, Vermont's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of South Burlington, Vermont's major federal programs for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of South Burlington, Vermont's management. Our responsibility is to express an opinion on City of South Burlington, Vermont's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of South Burlington, Vermont's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of South Burlington, Vermont's compliance with those requirements.

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In our opinion, City of South Burlington, Vermont, complied, in all material respects, with the 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, 2011.

Internal Control over Compliance

Management of City of South Burlington, Vermont is responsible for establishing and maintaining effective internal control over with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of South Burlington, Vermont's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

RHR Smith & Company

Certified Public Accountants

CITY OF SOUTH BURLINGTON, VERMONT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued : Unqualified

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: Unqualified

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant
66.458	Revolving Loan Fund

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

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None